Educating for a New Economy: The Struggle to Redevelop a Jim Crow State, 1960–2000

by

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Helen Ladd

Dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of History in The Graduate School of Duke University

2018
ABSTRACT

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Abstract

This dissertation shows how an array of policymakers, invested in uprooting an unequal political economy descended from the plantation system and Jim Crow, gravitated to education as a centerpiece of development strategy, and why so many are still disappointed in its outcomes. By looking at state-wide policymaking in North Carolina and policy effects in the state’s black belt counties, this study shows why the civil rights movement was vital for shifting state policy in former Jim Crow states towards greater investment in human resources. By breaking down employment barriers to African Americans and opening up the South to new people and ideas, the civil rights movement fostered a new climate for economic policymaking, and a new ecosystem of organizations flourished to promote equitable growth. At first, they sought to create a high-wage economy based on the industrial North. But as branch-plant recruitment faltered as a development strategy, these policy advocates turned to worker co-operatives, entrepreneurial incubators, and improved education as an alternative. Kids were the new cash crop in part because policymakers came to believe that economic growth—for the locality, for the state, for the nation, for all countries at all times—depended on innovators and entrepreneurs. American workers, too expensive to perform physically grueling industrial chores in an unevenly governed global economy, had to be ready and willing to toss away old skills and acquire new ones to fit whatever tasks the innovators found humans still useful to perform. By stressing the economic value of education, these policy advocates succeeded—for a time—in boosting state and local spending. But this came at the cost of democratic rationales for public schools. Moreover, this approach failed to stabilize rural communities hurt by manufacturing job losses.
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## List of Abbreviations

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<tbody>
<tr>
<td>AFL</td>
<td>American Federation of Labor</td>
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<tr>
<td>ALEC</td>
<td>American Legislative Exchange Council</td>
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<tr>
<td>ARA</td>
<td>Area Redevelopment Act of 1961</td>
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<tr>
<td>ARC</td>
<td>Appalachian Regional Council</td>
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<tr>
<td>BWFJ</td>
<td>Black Workers for Justice</td>
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<tr>
<td>CADA</td>
<td>Choanoke Area Development Association</td>
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<tr>
<td>CAFO</td>
<td>Concentrated animal feeding operation</td>
</tr>
<tr>
<td>CDC</td>
<td>Community Development Corporation</td>
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<tr>
<td>CETA</td>
<td>Comprehensive Employment and Training Act of 1973</td>
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<tr>
<td>CIO</td>
<td>Congress of Industrial Organizations</td>
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<tr>
<td>CORE</td>
<td>Congress of Racial Equality</td>
</tr>
<tr>
<td>CPRC</td>
<td>Coastal Plains Regional Commission</td>
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<tr>
<td>DOJ</td>
<td>U.S. Department of Justice</td>
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<tr>
<td>DOL</td>
<td>U.S. Department of Labor</td>
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<tr>
<td>ECS</td>
<td>Education Commission of the States</td>
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<tr>
<td>EDC</td>
<td>Economic Development Corporation of Eastern North Carolina</td>
</tr>
<tr>
<td>EEOC</td>
<td>Equal Employment Opportunity Commission</td>
</tr>
<tr>
<td>ENC-LISC</td>
<td>Eastern North Carolina – Local Initiatives Support Corporation</td>
</tr>
<tr>
<td>ESEA</td>
<td>Elementary and Secondary Education Act of 1965</td>
</tr>
<tr>
<td>FCD</td>
<td>Foundation for Community Development</td>
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<tr>
<td>FDA</td>
<td>Federal Drug Administration</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>FHA</td>
<td>Federal Homeowners Administration</td>
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<tr>
<td>GTP</td>
<td>Global TransPark</td>
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<tr>
<td>HEW</td>
<td>U.S. Department of Health, Education, and Welfare</td>
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<tr>
<td>HUD</td>
<td>U.S. Housing and Urban Development Department</td>
</tr>
<tr>
<td>IECs</td>
<td>Industrial Education Centers</td>
</tr>
<tr>
<td>ISS</td>
<td>Institute for Southern Studies</td>
</tr>
<tr>
<td>JTPA</td>
<td>Job Training Partnership Act</td>
</tr>
<tr>
<td>LINC</td>
<td>Learning Institute of North Carolina</td>
</tr>
<tr>
<td>LISC</td>
<td>Local Initiatives Support Corporation</td>
</tr>
<tr>
<td>MDC</td>
<td>Manpower Development Corporation</td>
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<tr>
<td>MDTA</td>
<td>Manpower Development Training Act of 1962</td>
</tr>
<tr>
<td>N&amp;O</td>
<td>Raleigh (NC) News &amp; Observer</td>
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<tr>
<td>NAACP</td>
<td>National Association for the Advancement of Colored People</td>
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<tr>
<td>NAEP</td>
<td>National Assessment of Educational Progress</td>
</tr>
<tr>
<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
</tr>
<tr>
<td>NAM</td>
<td>National Association of Manufacturers</td>
</tr>
<tr>
<td>NEA</td>
<td>National Education Association</td>
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<tr>
<td>NCAE</td>
<td>North Carolina Association of Educators</td>
</tr>
<tr>
<td>NCCA</td>
<td>North Carolina Citizens Association</td>
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<tr>
<td>NCCBI</td>
<td>North Carolina Citizens for Business and Industry</td>
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<tr>
<td>NCEA</td>
<td>North Carolina Education Association</td>
</tr>
<tr>
<td>NCF</td>
<td>North Carolina Fund</td>
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<tr>
<td>NCTA</td>
<td>North Carolina Teachers Association</td>
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NLRB  National Labor Relations Board
NGA  National Governors’ Association
OEO  U.S. Office of Economic Opportunity
PPOP  People’s Program on Poverty
REAL  Rural Education through Action Learning
RTP  Research Triangle Park
SEJ  Southerners for Economic Justice
SGPB  Southern Growth Policies Board
SRC  Southern Regional Council
SREB  Southern Regional Education Board
SSC  Superconducting super collider
STC  Southern Technology Council
TFA  Teach for America
TVA  Tennessee Valley Authority
UFE  United Forces for Education
UNC  University of North Carolina
USDA  U.S. Department of Agriculture
UOCI  United Organizations for Community Improvement
WOSCO  Workers’ Owned Sewing Company
WTO  World Trade Organization
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The phrase “You didn’t build that!” earned Barack Obama a lot of flak on the campaign trail in 2012, but it fully applies to this dissertation. My labor producing this document has depended on the support of many, many others. Only a sliver of them are listed below.

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life, Chris Martin and Michael Ripski have always jerked my feet firmly back to the
ground. My wife’s family has supported me with welcome laughs, drinks, and
conversation.

I have been blessed with remarkable friendships from my own days as a public
school student in the North Carolina foothills (as I suggest in this dissertation, it is no
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Preface

As with almost any endeavor of this kind, a personal interest undergirds the research and framing. The story ends just as I enter the stage. In the summer of 2002, I came back to North Carolina, after four years of college in New Haven, Connecticut. Not knowing what else to do—uninterested in the pursuit of mammon, dismayed by the legacy of Americans abroad, ambivalent about the value of a life dedicated to the arts—I at least wanted to give back to the place that had given me so much. Growing up in a small foothills town, technically rural but (at that time) full of manufacturing employers, I benefited from an educational infrastructure created by many of the people discussed in this dissertation. My public high school offered sports, debate, student government, and a variety of college-level classes. I took advantage of as much as I could. I attended residential summer programs in science, mathematics, and English, paid for by the state, where I met ambitious fellow North Carolinians who raised the bar for me.

I came back as part of Teach for America. With hundreds of other fresh-faced 20-somethings, I crammed during six weeks of summer training in Houston, a kind of boot camp on creating units, setting “big, hairy, audacious” achievement goals, and—especially—the fine arts of classroom management. I thought it would be familiar, maybe even comfortable, teaching high school in my homestate, as opposed to Baltimore, the Rio Grande Valley, or East L.A.

I was wrong. Halifax County—a place that relatives on both sides of my family tree had once called home—felt like another world. I was astonished by the segregation in the area, more like the Mississippi Delta than the town where I had grown up. The county’s school system was divided into three districts. Only 5 percent of my students
were white, yet whites made up more than 70 percent of students in the Roanoke Rapids Graded District, a few miles up the road from my school. Even more stunning were the disparities of opportunity. The school where I taught offered no Advanced Placement or International Baccalaureate coursework and only a slim set of extracurriculars. The situation paled in comparison to Roanoke Rapids High. I trained as an AP English Literature teacher to foster more advanced courses. I started a Drama Club, and we put on a few fly-by-night productions.

Those three years were well spent. I loved my students. Miraculously, some of them got something out of our time together. I learned a great deal about local cultures and histories my elder relatives had shunned and ignored. But I hardly pierced the fabric of unequal opportunity in Halifax County. I was increasingly bothered by my inability to explain, to my students and to myself, why going to college mattered beyond a wage premium, and why it was more challenging to get there from our school in comparison to the one up the road.

Drilled into our brains as TFA teachers was the organization’s vision statement: “One day all children in this nation will have the opportunity to attain an excellent education.” It was, and is, a noble goal, despite the statement’s hedge (might we excise “the opportunity to attain”?). A number of prominent academics and educators have critiqued Teach for America for busting unions, promoting charter schools, and playing into the hands of anti-statists who want to dismantle public education. While I agree that much of the education reform movement has been coopted by libertarian ideologues, my experience with TFA was positive. TFA teachers filled pressing staff shortages in Halifax County; by the end of three years, I was among the senior half of the faculty at my high
school. Many TFA teachers moved into anti-union roles, but many also learned how necessary it is for teachers to have some countervailing power against the demands of the work environment, which otherwise eats you whole.\textsuperscript{1} The organization has seeded a broader set of people to engage with education issues, and TFA alumni are scattered across the vast educational policy ecosystem on all sides of the debates.

Still, I have come to believe that to achieve that “one day” pledge, we must change more than the school system. Sure, we should pay teachers more in this country, in both material and psychological terms, whether those teachers are K-12 or preschool or college instructors. But even that will not yield a day where all children have a great education. If that day comes, it will be because other aspects of the political economy have changed. One day, perhaps, hard work will not yield such wildly uneven dividends. One day, perhaps, all of us will be secure enough not to worry that our children need more than the children in the neighborhood on the other side of town. In other words, education is not enough to create an equitable political economy; America has “educationalized” its problems long enough. North Carolina Gov. Jim Hunt frequently used to say that “if we had just one generation of properly born, adequately educated, healthy children, developed in character, we would have Utopia itself.”\textsuperscript{2} Rather than putting our energies to nurturing one perfect generation, punting all other problems to it, now is the time to reinvigorate our efforts to share prosperity.

\textsuperscript{1} Teaching as missionary calling has a long history, and that history says clearly that it is not a sustainable model.
\textsuperscript{2} Memory F. Mitchell, ed. Addresses and Public Papers of James Baxter Hunt Jr., Governor of North Carolina, 1977-1981, vol. I (Raleigh, NC: Division of Archives and History, Department of Cultural Resources, 1982), 485. Unbeknownst to Hunt, the quote was probably a paraphrase of Herbert Hoover, who hoped the perfect generation would obviate the need for a “thousand other problems of government.” 486n5.
That was, and is, politically difficult. This dissertation shows how a generation of policymakers tried to build a more equal economy and why, because of political constraints and unintended consequences, their ambitious sights fell back on education. I hope the next cohort of policymakers can learn from their failures—and, in many instances, their successes.
Introduction
The Rise of Education for Economic Development

On November 15, 1963, North Carolina Governor Terry Sanford gave a speech at the Harvard Graduate School of Education that framed the connection between the state’s economic and educational problems. Not even three years in office, Sanford had already earned a reputation as an “education governor” with his creative moves to improve and elementary schools and to build out a state system of community colleges and public universities. Sanford saw education as the answer to all the state’s social and economic troubles, from its racial inequality to its perennial low wages. He turned to agricultural metaphors to explain his approach to his Harvard audience: “Genius develops where the educational ground has been plowed for the talented, the crop has been nurtured, the plants have been protected, the sun has been allowed to get through to them, and the harvest is more plentiful.” After a long drought in North Carolina—its effects most clearly shown by massive outmigration—signs indicated “that perhaps the rains are beginning to fall.”¹ As Sanford framed it, education was a form of husbandry, one that cultivated people instead of livestock or plants. Upon its bounty depended the fortunes of the state.

In essence, he proposed that kids—rather than cotton, tobacco, or forest products—should be the state’s new cash crop. This dissertation shows how an array of

policymakers, invested in uprooting an unequal political economy descended from the plantation system and Jim Crow, gravitated to education as a centerpiece of development strategy. But it is also about why so many are still disappointed in its outcomes.

For a time in the late 20th century, improving its human capitalization rate became the state’s chief strategy to compete in a global economy, the pillar of North Carolina’s “great consensus” in state politics. Kids were the new cash crop in part because policymakers came to believe that economic growth—for the locality, for the state, for the nation, for everyplace everywhere—depended on innovators and entrepreneurs, visionaries who harnessed knowledge to their smarts and created new processes and products. Society had a vested interest in nurturing these would-be saviors, randomly distributed across the population, whether born to the richest family in Charlotte or the newest Salvadoran immigrant to Durham.²

Yet finding a talented tenth did not suffice to propel growth. It depended as well on the majority of children, now needed less for brawn than brains. The jobs of the future were highly unpredictable. American workers, too expensive to perform physically grueling industrial chores in an unevenly governed global economy, had to be ready and willing to toss away old skills and acquire new ones to fit whatever tasks the innovators found humans still useful to perform. Whether men or women, black or white, the worth and value of people was in their smarts deployed. By 2000, in the crude dichotomy of

² The term “great consensus” comes from a conversation with seasoned North Carolina journalist and writer, Ferrel Guillory, 23 June 2015. Human capital is a funny if familiar term, as I discuss later in the dissertation, but “human capitalization rate” is a little stranger. It is not often used in policy circles, but it is, in fact, what many people mean when they discuss maximizing student potential. Without using that expression, Nicholas Lemann tells well the story of how standardized testing germinated from efforts to improve human capitalization rates in the U.S. to build a meritocracy, to find the members of what Thomas Jefferson called the “natural aristocracy.” Nicholas Lemann, The Big Test: The Secret History of the American Meritocracy (New York: Farrar, Straus and Giroux, 1999).
policymakers, people-based policies had triumphed over those based on place.\(^3\)

This people-centric approach to state development favored some places, however, over others. The transition from the old cash crops to the new one proved especially challenging for many rural communities—which were far more populous in North Carolina as a state and the South as a region than elsewhere in the country. As farming became an endeavor fit only for corporations and migrant workers and as manufacturing employment diminished, communities stayed afloat with eds, meds, and social services. Funded largely through government, school and health systems became the dominant employers.\(^4\)

For a while, policymakers believed that educating for economic development might help rural places, replacing low-road industrial recruitment of labor-intensive branch plants: highly educated children would attract highly skilled jobs, yielding fat salaries to circulate locally and stimulate even more growth. But in the new service economy of research, marketing, and financial services, a good education proved far more valuable in urban labor markets. To reap this harvest required outmigration, putting many communities in an almost untenable position of generational isolation. The dollar store was paltry recompense. Those in rural communities have been left searching for a different approach to development. Of late, many of their elected politicians have spitefully stymied education and urban growth policy, leveraging long-simmering rural

\(^3\) For further analysis of the people- v. place-based split, see Chapter 3.
frustrations with strategies that did not, in fact, work for all.⁵

***

This dissertation focuses on the policymaking decisions behind the state’s transition from a Jim Crow political economy, which long hamstrung efforts at human development. In 1960, despite a progressive reputation compared to other southern states, North Carolina had the nation’s lowest manufacturing wages and an abysmal record of educational attainment. Most of its people organized their lives around the production of textiles, apparel, tobacco, and wood products for most of the 20th century.⁶ Only 19 percent of North Carolinians had completed four years of high school; 40 percent of families earned less than $3,000 a year, worse than all other states save Arkansas and Mississippi.

Yet, several decades later, North Carolina became an emblem of the “New Economy.” The banking industry took off in Charlotte while the area surrounding the Research Triangle Park (RTP) boasts one of the highest concentrations of PhDs in the country. Public intellectuals of economic geography, such as Richard Florida, Thomas Friedman, and Enrico Moretti, praise RTP as an exemplar of the postindustrial knowledge economy.⁷ By 2000, North Carolina per capita income had climbed to 91

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⁵ The House Bill 2 saga over the ability of local governments to legislate protections for LGBTQ people—and the ensuing boycott of North Carolina by businesses and commercial groups—is but one sign of this trend. See Epilogue. For a broad, contemporary portrait of rural distress, see Robert Wuthnow, The Left Behind: Decline and Rage in Rural America (Princeton: Princeton University Press, 2018).

⁶ By this, I mean the gamut of the value chain: farming of crops such as cotton, tobacco, and trees; manufacturing them into wholesale goods; and researching and marketing at the opposite ends of the chain. For a primer on value chains, see “Concepts & Tools,” Duke Global Value Chains Initiative (website), accessed 2 Aug. 2018. https://globalvaluechains.org/concept-tools.

percent of the US average from 72 percent four decades prior; earnings in Charlotte and Raleigh were 20 percent higher than the national average. By 2000, educational completion rates for both high school and college finally matched or exceeded southern averages and nearly converged with the nation for the first time. North Carolina’s postwar economic catch up was comparable in many ways to the development success stories of Korea and Taiwan.8

Education across all levels played an important role in building this New Economy—such was the argument from an array of policy advocates, from those who wanted to address racial and rural poverty to those who simply sought to fund public schools, community colleges, and state universities. They drew attention to southern deindustrialization and the new realities of the global economy. Under these conditions, continued economic growth in North Carolina necessitated a flexible workforce, molded by an array of educational institutions: public schools to impart foundational literacy and numeracy, community colleges to teach technical skills, and universities to produce both research knowledge and professionals. From 1975 to the late 1990s, North Carolina outspent most states on education as a percentage of state GDP, a period that correlated with both the state’s highest per capita income growth since World War II and state GDP growth that outpaced the rest of the southeast (see Figure 1). In the late 1950s, North Carolina Gov. Luther Hodges argued that industry had to come first before the state could

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afford to provide good schools. By 1980, that chicken-and-egg formulation had been wholly reversed. “Education for economic growth” became the state mantra. It held even as Republicans and Democrats traded places as governor, a consensus that only recently has shown evidence of crumbling.

Figure 1: North Carolina education spending above US average (as percentage of GDP) coincided with strong per capita income growth in the 1980s and early 1990s, and both tailed off around 2000. Both figures expressed as fraction of US averages. 

To understand how and why economic development policy changed in North Carolina, this dissertation takes a close look at the actions and ideas of policymakers and policy advocates: governors, legislators, economic and education advisors, and those at nonprofits who had influence over policy. I am interested here in the interplay between

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10 Governors were especially inclined to pursue bold new policy initiatives, given their executive power,
ideas and politics: how people, at various proximities to the levers of policy change, grafted high concepts or generic projects to their own agendas in their own context. For insight into this process, I have drawn in particular on the records of two regional think tanks—MDC, Inc. and the Southern Growth Policies Board—that advocated with state-level officials. Inspired by other scholars, I also include biographical details about many of people in this study, a way of illuminating the intent behind certain policy choices. By examining policy ideas in the context of the lives of their authors, a combination of intellectual history and biography reveals more clearly the particularities behind the abstractions, political valences that might be missed by only looking at public rhetoric.\textsuperscript{11}

If place-based southern development policies dominated during the mid-20th century, as historian Bruce Schulman argues, I contend that since the Great Society, people-based policies have been far more central tools in southern policymaking. Behind this shift was a bulwark of policymaking enabled by the civil rights movement.\textsuperscript{12} By the


late 1970s, as leading civil rights organizations such as the NAACP, SCLC, and the Southern Regional Council struggled to reinvent themselves, they were joined in the fight for economic equality by an array of new groups arguing on behalf of those left behind. Some were pointedly nonpartisan, some more clearly liberal, and others advanced a more radical agenda (see Figure 2). As but one example, in 1976, an alliance of civil rights, religious, and labor groups created Southerners for Economic Justice to amplify the campaign to unionize J.P. Stevens, one of the nation’s largest textile firms. For the first time since the 19th century Fusionist moment, and over a far longer span, progressives did not have to dress their positions in the guise of moderation.

Each targeting different aspects of the South’s political economy, these new interracial groups sought to build a new economy, with high wages for ordinary workers, a system that might at last uproot the vestiges of plantation slavery. They usually embraced a southern identity to connect the problems of the southern past to a vision for a more equitable southern future. By the 1980s, such men and women steered

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Figure 2: The Expansion of the Liberal Economic Development Non-profit Ecosystem in North Carolina and the South
significant portions of state government and curried favor in the legislature, wielding real
influence on economic policy. One of the most influential such policy advocates in
North Carolina during the late 20th century was George Autry, president of MDC, a
small but well-connected think tank that grew out of the state War on Poverty. In 1996,
he pointed to three factors that had allowed the modern South to rise: air conditioning,
community colleges, and the end of Jim Crow. “It’s a helluva story—from the land of
sowbelly and segregation to the land of the Golden Age of the South,” said Autry. “We
dismantled Jim Crow—I don’t think anyone could predict how important that was
economically for us—and it opened opportunities, not only for minorities to work, but
more businesses sought us out as a place to bring new plants.” The civil rights
revolution created the conditions for a new approach to economic growth, with the
expansion of educational opportunity a leading component of the development agenda.

North Carolina provides an illuminating case of education for economic
development because it was the southern state where such a strategy had the strongest
chance of success. Since the 1930s, the lion’s share of its public schools budget has come

13 MDC and Southern Growth Policies Board in particular both shaped and were shaped by the scholarly
discussion of southern economic development. Two reports in particular set an agenda for understanding
the divergence of fortunes in the New South, the continuities of poverty and underdevelopment from
previous eras, and the dead end of industrial recruitment: the Southern Growth Policies Board’s Halfway
Home and a Long Way to Go and MDC’s Shadows in the Sunbelt: Developing the Rural South in an Era of Economic Change (Chapel Hill, NC: MDC, Inc., 1986); Doris Betts and Jessie L.
White, Jr., Halfway Home and a Long Way to Go: The Report of the 1986 Commission on the Future of the
South (Research Triangle Park: Southern Growth Policies Board, 1986). Many scholars have taken these
and other MDC and SGPB reports at face value, drawing on them to condemn southern policymakers for
creating an unequal region and painting a gloomy portrait of change, particularly regarding equitable
development. In this dissertation, I interpret these reports as more deliberately strategic documents. See
Chapter 5. For academic works that lean on these reports to condemn southern policy, see esp. Schulman,
From Cotton Belt to Sunbelt (1994); Bryant Simon, The Hamlet Fire: A Tragic Story of Cheap Food,

14 George B. Autry, excerpts from keynote speech to First Annual Basic Skills/HRD Partnership
Conference, Charlotte, NC, 30 July 1997, in series Speeches, MDC, Inc. archival records (unprocessed),
from state coffers, which helped equalize funding for less prosperous communities.

Moreover, it had one of the South’s best-supported university systems and was one of the first movers in building out community colleges. From the early 1970s onward, North Carolina had—at least for a time—one of the most integrated school systems in the country at the K-12 level, and its public postsecondary system featured an expansive and relatively affordable combination of flagship and regional universities with geographically dispersed community colleges.¹⁵

But North Carolina also reveals how this development strategy could prove so uneven, a case of both exception and rule to the broader trends of widening economic inequality since the 1970s.¹⁶ To understand the limits of this approach to economic

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development, I examine the community struggles over education and economic development in northeastern North Carolina. In the age of plantation slavery, it was the state’s most economically robust area and became the site of some of the state’s most entrenched poverty. Following the convention of many people who live there, I call this the North Carolina black belt (see Figures 3 & 4). It is in these communities, where African Americans and whites lived in roughly in equal proportion, that one might expect the civil rights revolution to deliver a greater improvement in economic equality.


17 I am considering the black belt counties as Bertie, Edgecombe, Halifax, Hertford, Martin, Nash, Northampton, and Warren. Some North Carolinians, including residents of those areas, may dispute this classification, and certainly portions of those counties are not strictly part of the old plantation cotton belt. I pay strictest attention to Nash, Edgecombe, Halifax, and Warren counties, core black belt counties that because of their locations adjacent to major transportation links had decent chances for economic transformation in this period. Eastern North Carolina is even harder to define. The “fall line” of physical geography excludes Vance, Franklin, and Warren counties from the 41 county “coastal plain,” often used synonymously with eastern North Carolina. ENC’s border in the sand hills, in the southern part of the state, is especially contentious. The federal Coastal Plains Regional Commission, however, used an expansive definition of eastern North Carolina that encompassed 45 of the state’s 100 counties, including Wake and all of the black belt.

Figure 3: Map of areas of study, North Carolina, Eastern North Carolina, and the state’s black belt, one of the state’s poorest rural regions.

Figure 4: Poverty in 2000 in the North Carolina black belt, by census tract. Source: U.S. Census Bureau via Social Explorer

Focusing on the North Carolina black belt helps illuminate how the post-civil rights era was no simple progression or declension regarding economic inequality. For the northeastern communities, as in other rural areas, industrial recruitment had been the core economic development strategy since World War II. Policy advocates empowered by the civil rights revolution challenged the white supremacist assumptions of local white boosters who operated myriad economic development corporations in pursuit of industrial growth. New champions for economic justice ensured that low-wage branch plants offered a chance at employment to both whites and blacks in the black belt. They also brought the problems of eastern North Carolina to the attention of state and federal policymakers, creating new planning mechanisms to address structural issues of rural poverty.

Uplift became more fraught as globalization undercut rural manufacturing. By the early 1980s, these policy advocates argued that fewer factories were choosing the South and that the state should stop pursuing branch plants all together. They searched for alternative rural development strategies. They found venture capital to support worker cooperatives and convinced state government to provide support for local business incubation. They continued to argue that if local communities improved local education

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for all students and presented a racially united front to prospective employers, they could land high-wage jobs. Yet homegrown entrepreneurship could not replace jobs lost to offshoring and automation. In rural areas, the “blue collar” service work of the New Economy seemed all too analogous to the drudgery of the blue collar industrial economy, but without compensatory labor protections and wage gains accrued over decades by collective bargaining.  

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This approach to seeing the change in North Carolina’s strategy for economic development, with close attention to its impacts on the ground, highlights how the civil rights movement enabled more state and federal resources to go towards education. It proved crucial to breaking the decades-long federal impasse on school funding. In southern states, a new array of policy advocates could focus attention on human development and outmigration. While this was especially significant for southern states, it had ramifications for the rest of the country, given how the southern diaspora reshaped American life.

Prior to the civil rights revolution, North Carolina was a Jim Crow state, its political economy more similar to than different from its Deep South brethren, as I argue in the first chapter. Historian Paul Escott contends that the elite Democratic takeover of the state in the late 1890s, including, most dramatically the infamous Wilmington Coup

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21 Like many such terms, the “New Economy” is a capacious framing of the transition to a service economy. It dates back at least to the 1980s. Thomas M. Stanback, Jr., ed. Services, the New Economy (Totowa, NJ: Roman & Allanheld, 1983). In contrast to “postindustrial,” it usually has an upbeat connotation in policy circles, though their meanings overlap significantly and both imply precarity in place of economic security. For other historical work explicitly on the New Economy, see Michael Dennis, The New Economy and the Modern South (Gainesville: University Press of Florida, 2009); Mac McCorkle, “History and the “New Economy’ Narrative: The Case of Research Triangle Park and North Carolina's Economic Development,” Journal of The Historical Society 12, no. 4 (2012).
and ensuing statewide violence, “froze political thought and kept it from evolving for decades.” The ensuing Jim Crow political economy, operated for the benefit of a narrow band of property owners, made for an uninviting place that pushed away many of the state’s best and brightest. From the 1910s through the 1960s, North Carolina, like other southern states, shed millions of people born on its farms, its back hollers, its mill towns, even its manors.22

Radical opposition to Jim Crow was exceedingly difficult from within the South. Through physical violence and economic reprisal, those who benefited from the Jim Crow order imposed a high price on dissent. The more ties that bound one to place—children, family, property, as well as more metaphysical tethers such as pride or memory—the more one had to lose by standing against white supremacy and elite rule. To borrow economist Albert Hirschman’s legendary trio, the fundamental choices were exit or loyalty. There was little room for voice. This repression of voice and opportunity had concrete implications: it pushed people whose visions did not comport with this political economy away from the region, African Americans as well as many white southerners. In historian Numan Bartley’s estimation, the South lacked “the institutional foundation to produce liberal thinkers.”23 The threat of exile—or death—was a key

23 Albert O. Hirschman, Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States
reason why.

Given such penalties for speaking out, little wonder then that the most robust and enduring reform tradition in the Jim Crow South, with roots in the 1880s “New South” movement, favored gradualism and pinned its hopes on public education. Its lineage was particularly robust in North Carolina. Politicians elected in statewide contests, especially governors, were usually more receptive to attempts to raise educational attainment and devote more resources to schools at any level. But disproportionately rural legislatures—made even less representative by African American disenfranchisement—stymied efforts to increase government resources for education. Even Terry Sanford, as determined an “education governor” as there ever was anywhere in the country, fundamentally came up short because of these constraints, the subject of chapter two.

Ending Jim Crow encouraged both state and nation to invest more in education. At the state level, the regional labor market was a serious roadblock that disincentivized investment in human resources. Economic historian Gavin Wright notes that “as a low-wage region in a high-wage country, the South had no expectation that it could capture the return on investment in its own people.” Such a “brain drain” further reduced the

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incentives for state investment in educational opportunity. Thus, southern legislators looked to federal support, but segregation was a repeated stumbling block. The dam to federal funding was only broken in 1965 by the civil rights movement.25

The civil rights movement turned up the heat, to follow Escott’s metaphor, thawing political thought in North Carolina and the South. In general, this dissertation supports Gavin Wright’s argument that the civil rights revolution upended the “societal equilibrium” of Jim Crow and has been far more consequential for reshaping the region’s political economy than Bruce Schulman and James C. Cobb allow in their landmark accounts.26 While imperfect, the Civil Rights Act of 1964 and the Voting Rights Act of 1965 were far reaching legislative accomplishments of the civil rights movement, itself part of the long black freedom struggle that stretched back to the first enslaved Africans who arrived in 17th century American colonies. As numerous historians have demonstrated, the civil rights movement both before and after 1965 had economic goals.27 This dissertation examines in detail how a set of policy advocates sought to enact

25 Gavin Wright, *Old South, New South: Revolutions in the Southern Economy since the Civil War* (New York: Basic Books, 1986), 80 (quote); Anthony J. Badger, *New Deal/New South: An Anthony J. Badger Reader* (Fayetteville: University of Arkansas Press, 2007), 58-71; Schulman, *From Cotton Belt to Sunbelt* (1994), 193. Education histories usually narrate the passage of the Elementary and Secondary Education Act of 1965 as if “reds” and “religion” were equivalent stumbling blocks to “race”—the three r’s that all contributed to previous failures. Stephen K. Bailey and Edith K. Mosher, *ESEA: The Office of Education Administers a Law* (Syracuse: Syracuse University Press, 1968); Gareth Davies, *See Government Grow: Education Politics from Johnson to Reagan* (Lawrence: University Press of Kansas, 2007). What this analysis typically downplays is how crucial the 1964 Civil Rights Act was for allowing the other impasses to be broken. Southern bills sought to preserve race-specific schools, but these bills were regularly killed by the “Powell Amendment”—so named for Adam Clayton Powell, a black congressman elected in part by North Carolina emigrants in Harlem—stipulating that no funds go to segregated facilities. The telling exception to these failed attempts at federal funding was the 1958 National Defense Education Act, sponsored by Hill and fellow Alabaman Carl Elliott, who leaned on Cold War fears of the Soviet’s Sputnik launch to pass the measure. Wayne J. Urban, *More Than Science and Sputnik: The National Defense Education Act of 1958* (Tuscaloosa: University of Alabama Press, 2010).


27 Though I use “black freedom struggle,” I find both that framing and the “long civil rights movement”
those economic goals, building on the legal possibilities of federal legislation. I include
the one-person, one-vote Supreme Court rulings of Baker v. Carr and Reynolds v. Sims as
part of the package of civil rights reforms that upended Jim Crow.

This emphasis on the importance of state policymaking also sets this dissertation
apart. Accounting for the end of Jim Crow and the South’s rise to economic parity with
the nation, some observers claim that a national equilibrium was an inevitable product of
economic law, bound to happen no matter what governments did or did not do, as firms
took advantage of wage differentials and workers flocked to warmer climates made
 hospitable in summer months by air conditioning.\textsuperscript{28} Certainly, this had been the wistful
hope of many southern economists and politicians in the Jim Crow period as they
justified inaction on racial injustice and devastating poverty. And to be sure, other factors
were important and probably necessary to end Jim Crow.

But historians have demonstrated clearly that behind the decisions by thousands

of firms and millions of people to come South (or to remain where they were born) lay
government policies that—sometimes intentionally, sometimes not—encouraged these
choices. Southern legislators, dominant in Washington, ensured that military
industrialization benefited their home states. Manufacturers leaned on government-
funded and regulated transportation and communication systems to shift operations to the
South, providing new sources of employment in the region. Federal defense and space
budgets fueled many southern communities as farms mechanized. In the period between
1940 to 1960, the region grew faster on metrics of per capita income and
industrialization, seeming to experience a suburban “bulldozer revolution” similar to that
elsewhere.29

And yet, southerners—especially African Americans—continued to fly. Job
growth in the postwar period targeted employment for white men. Southern
industrialization remained remarkable sympathetic to the existing order. More than
anything else, southern outmigration set the stage for the civil rights revolution and the
end of Jim Crow, upending the agricultural labor market and enfranchising African
Americans in urban communities.30

A key indicator that the civil rights movement played a significant role in
reshaping the South’s political economy was that, a few years after federal civil rights
legislation, the black exodus not only stopped. It reversed (see Figure 5). In chapter three,

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29 Wright, Sharing the Prize (2013), 34; Schulman, From Cotton Belt to Sunbelt (1994); Ira Katznelson,
Fear Itself: The New Deal and the Origins of Our Time (New York: W.W. Norton & Co., 2013); Cobb,
Selling of the South (1993); Tami J. Friedman, “Exploiting the North–South Differential: Corporate Power,
95, no. 2 (2008); Matthew D. Lassiter and Kevin M. Kruse, “The Bulldozer Revolution: Suburbs and
Southern History since World War II,” Journal of Southern History 75, no. 3 (2009).
30 Wright, Old South, New South (1986), 37-40, 249-257. Wright persuasively contends that the civil rights
revolution was necessary to end racial wage differentials.
I shift from state level to zoom in on the black belt, showing how civil rights activists, lawyers, and War on Poverty staffers leveraged new federal supports to keep the native-born in state. New policy nonprofits arose from the War on Poverty to harness federal support for training, education, health, housing, and welfare programs. Emboldened black activists turned to politics and the federal government to support economic development initiatives, most notably Soul City, planned to be a new industrial city freed from racist subjections. Those involved in the fight gravitated to a fragmented approach to economic uplift, involving numerous public-private partnerships that harnessed private foundation and federal funding streams while limiting the ability of state and local conservatives to snuff out their programs.31

![Figure 5: Diaspora Southerners as Percentage of All Southern-Born Adults. Source: James N. Gregory, Southern Diaspora (2005), 31](image)

Thanks in part to such efforts, the tides of migration began to turn by the early 1970s, bolstering biracial political coalitions that reshaped gubernatorial outlooks on policies to develop human resources. This was a promising era for improving economic and educational outcomes for African Americans in the South, despite the limited and imperfect desegregation process. Empowered in the political process, many blacks saw liberating possibilities in education. Education had been a way out of poverty and second-class citizenship for most black politicians, and they hoped to expand it so that it could do for others as it had done for them. As they joined the school board, the city council, the county commission, the state legislature, and the governor’s staff, they promoted and helped approve bigger school budgets. Remarkably, by the mid-1970s, North Carolina had caught up economically such that observers lumped it together with Texas, Florida, California and the Southwest as part of a massive Sun Belt of American growth. This time, growth was not for whites only.32

In chapter four, I examine how policymakers both encouraged and worried about this growth, seeking new ways to improve the quality of economic development in order to avoid “northern mistakes.” A southern consensus began to emerge among leading politicians that investments in human resources would pay off with a higher wage economy. Some began to argue that the South could shorten the industrial stage of

32 The question of whether the South and the Southwest can be seen as a homogenous Sunbelt has occupied many scholars. For recent work, see esp. Moreton, To Serve God and Wal-Mart (2009); Darren Dochuk and Michelle M. Nickerson, eds., Sunbelt Rising: The Politics of Place, Space, and Region (Philadelphia: University of Pennsylvania Press, 2011); Dochuk, From Bible Belt to Sunbelt (2011); Elizabeth Tandy Shermer, Sunbelt Capitalism: Phoenix and the Transformation of American Politics (Philadelphia: University of Pennsylvania Press, 2013). Though not especially vested in this debate, I tend to see the black belt as an area with a distinct political economy, which tremendously influenced state politics. See the classic account: V. O. Key, Southern Politics in State and Nation (New York: A. A. Knopf, 1949). For that reason, I find the Sunbelt generally shrouds more than it reveals, at least for this project.
modernization and leap into the postindustrial era. All this was framed as a way to “balance growth.” In North Carolina, however, balanced growth policy seemed little different in practice from the longer pattern of development. Policymakers still sought to channel industrial employers into rural areas, while targeting high-wage, capital-intensive manufacturing for urban areas. Balancing the political coalitions in the state, the South, and the nation was a delicate task for politicians, especially as union supporters fought to organize the textile industry, a new conservative movement took root in the state, and growth faltered during the Carter years.33

By the early 1980s, researchers at southern economic policy nonprofits were the first to draw attention to southern deindustrialization and the need for a new form of rural development to replace the old style of branch-plant recruitment. In the fifth chapter, I look at how Governor Jim Hunt, encouraged by a coterie of progressive policy advocates, marketed and implemented a policy of “education for economic growth” in North Carolina. Replacing the balanced growth focus of the previous decade, this strategy would endure for decades. It became an economic development paradigm that crossed party lines and helped unite governing coalitions made up of business, public sector employees, and metro area voters, who all saw strengthening education as a road to

higher-wage job growth and shared prosperity. Hunt’s infectious emphasis on education for economic growth influenced not only North Carolina politics but also southern and national interest in educational investment and reform.\textsuperscript{34}

In the black belt during the 1980s, equity-focused policymakers promoted a new rural development strategy that centered on education and “indigenous” entrepreneurship, the focus of the sixth chapter. The Center for Community Self-Help responded to factory closings by organizing worker cooperatives and increasing credit access to would-be entrepreneurs. The North Carolina Rural Economic Development Center promoted small business incubation and leadership programs. These policy advocates argued for improved educational systems—both for creating small business and attracting higher-skill manufacturing. As they tried to help rural communities move “beyond the buffalo hunt” for ever fewer industrial branch plants, however, they struggled to create jobs.\textsuperscript{35} Educational investments, on the other hand, at least expanded public sector employment in communities across the state, while providing a public good valued by residents.

Chapter seven examines how North Carolina policymakers dealt with the ever clearer loss of employment in the state’s “traditional industries,” textiles, apparel,
furniture, and tobacco. Rather than bemoan these job losses, equity-oriented policymakers encouraged free trade, so long as government provided compensatory training to “re-skill” those displaced. Jim Hunt, once again governor for two additional terms, continued to stress the need to invest in schools and impart, in Hunt’s words, “the skills that the jobs of the twenty-first century will require.” Federal policy under Hunt’s fellow southerner—Bill Clinton, also tutored by many of the same policy advocates while governor of Arkansas—largely mirrored this emphasis on education for economic development.36

Even as eastern North Carolinians explored new commodities to make a living from the land, children had become the principal cash crop. Alternative economic development strategies fell by the wayside if they were not institutionalized in the education system. Policymakers continued to emphasize to community leaders that attracting new industry was predicated on raising their kids’ scholastic achievement, as now measured by standardized tests. More prosaically, the only dependable way to the middle class in these communities was through the education or health systems, which provided an increasing share of living wage jobs. Textiles and tobacco plants were gone; eds and meds were the best that could be had.

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This close examination of economic development policy in North Carolina from 1960 to 2000 reveals why southern elected officials—influenced by policy advocates at

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36 Jan-Michael Poff, ed. Addresses and Public Papers of James Baxter Hunt Jr., Governor of North Carolina, 1993-1997, vol. 3 (Raleigh, NC: Division of Archives and History, Department of Cultural Resources, 2000), 8 (quote). The 1990s are only starting to get their due in historical scholarship. I stress the continuity of Clinton’s policy choices with the advice he and other southern governors received in the 1980s from organizations like the Southern Growth Policies Board.
organizations like MDC, Inc. and Southern Growth Policies Board—led the way on education reform, adopted the language of human capital, supported free trade, and saw public-private partnerships as particularly promising organizational forms. These strategies helped avoid conservative political interference and gin up popular support for public spending. They believed that trade, entrepreneurship, and education reform could ameliorate the inequalities inlaid by slavery, sharecropping, and low-wage industrialization. Ironically, a group of people who cared fundamentally about creating shared prosperity contributed to the rise of a suite of government–market relationships often described as neoliberalism.37

I am shy about using that word in this dissertation. The neoliberal label seems to create more confusion than clarity in academic—much less more general—conversations.38 Nevertheless, I invoke it here because this story aligns with an emerging

37 Much of this work, best typified by David Harvey’s Brief History of Neoliberalism, sees in it a well-orchestrated effort of global economic elites consolidating power and extorting the working class with a set of policies naturalized by the justice of the market. More nuanced scholarship on the leading intellectual lights of neoliberalism—Friedrich Hayek, Milton Friedman, and Ayn Rand—show how these contrarians of the postwar liberal consensus cultivated market-oriented antistatism through a network of like-minded academics and donors. James Buchanan stitched his Virginia version of public choice—grounded in theories of government failure and rational actors within bureaucracies—to the political project of big-money libertarians like Charles Koch, who had much to gain by tearing down the regulatory state, progressive taxation, and the welfare programs it funded. Almost all of this work shows how the neoliberalism that swept the globe in the late 1970s and 1980s was connected to a conservative project. The liberalism it harkened back to was that of the laissez-faire Lochner era, at its height in the U.S. and Europe during the 1870s through the first World War. David Harvey, A Brief History of Neoliberalism (New York: Oxford University Press, 2005); Monica Prasad, The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States (Chicago: University of Chicago Press, 2006); Phillips-Fein, Invisible Hands (2009); Jennifer Burns, Goddess of the Market: Ayn Rand and the American Right (New York: Oxford University Press, 2009); Angus Burgin, The Great Persuasion: Reinventing Free Markets since the Depression (Cambridge, MA: Harvard University Press, 2012); Daniel Stedman Jones, Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics (Princeton: Princeton University Press, 2012); Monica Prasad, "The Popular Origins of Neoliberalism in the Reagan Tax Cut of 1981." Journal of Policy History 24, no. 3 (2012); MacLean, Democracy in Chains (2017).

body of scholarship that helps contextualize why market-based governance—often thought to originate solely from political projects of the right—became common sense to so many politicians, journalists, and policy advocates from the 1970s through at least the Great Recession in 2008.³⁹

It is hardly surprising that policymakers, liberal or conservative, would focus on economic growth. Stimulating growth on behalf of its citizens (though not its denizens) has been a central function of American government, whether at the federal, state, or local level, since the nation’s colonial origins. Policymakers saw growth as crucial for providing economic opportunity, the release that made an unequal U.S. seem to be a classless society. Those moments when such opportunity appeared stifled have led to some of the country’s most pitched political—and literal—battles. Undergirding policies to build canals and railroads, remove Native Americans, protect the expansion of slavery, extend American influence in Latin America and Asia, and increase domestic consumption—to name but a few examples—has been an effort to multiply resources while offering a steam valve to those with a citizen’s share in the nation.⁴⁰


⁴⁰ One could cite entire libraries here. Government pursuit of growth has often seemed so natural it has, like air, escaped direct notice. But many “commonwealth” studies were keenly interested in growth, such as Louis Hartz, Economic Policy and Democratic Thought: Pennsylvania, 1776-1860 (Cambridge, MA:
What has changed over time is how American governments have sought to stimulate growth. From 1960 to 2000, policy shifted in North Carolina—and elsewhere in the world—from a focus on increasing industrial output as a growth mechanism to focusing on its people’s talents, knowledge, and skills as a means of growth. Development would come, it now seemed, by focusing on people; education was a central investment in growth.

While too sweeping, it is nevertheless roughly accurate to say that U.S. policymakers from the postwar period through the 1970s believed that industrialization offered the best route to economic growth for agrarian societies, including the rural South. Those with a stake in growth policy—from Federal Reserve chairs to scholars at the University of North Carolina to tobacco town insurance agents—thought industrialization was the key strategy for development. To be sure, many academics, policymakers, and even insurance agents thought there could be stages of development beyond industrial capitalism—whether socialism, communism, utopian capitalism, or some other variety of postcapitalism. But for the agrarian South, the crucial and
necessary step was to become more like the industrial North. A poor region needed more factories and bigger cities. This would help not only southern people but those outside the region, as southerners consumed more, joined unions, and demanded stronger social services, thus strengthening labor’s ability to consume and reducing urban welfare rolls elsewhere.

Education was not insignificant for this quest. Policymakers, site selection consultants, and sometimes even firm managers themselves told local boosters that good public schools were important for getting factories. But good public schools were one factor among many others, from golf courses to government-backed bonds. Firm actions in site selection, rather than firm talk, made it seem that cheap, non-union labor was more important than good schools.43

Once empowered by the civil rights revolution, policy advocates in the South raised objections to these approaches to industrial recruitment. For one thing, the South remained strikingly rural despite industrialization, retarding both unionization and social service expansion. Looking for purchase with governors and legislators, those most interested in social justice borrowed from labor economists to make the case that fighting illiteracy and hunger would stimulate economic growth. Reformers, in an inverse of the Progressive Era, pitched all issues as “economic” rather than “social.”44 Poverty, health care, family structure, and—as I chart most closely in the following pages—education: policy advocates claimed that these issues were central to maximizing increased societal

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44 On all things as social problems in the Progressive Era, see Rodgers, Atlantic Crossings (1998), 12.
output, consumption, and wealth over the long term.

These policy advocates used the economic crises of the 1970s to double down on this economic framing, as globalization drastically slowed the southern in-migration of branch plants. Their move away from industrialization represented a larger move, not just in America, but in virtually all industrial or industrializing nations across the globe. The old levers for increasing growth, from building factories to macroeconomic interest rate adjustments, seemed broken. Suddenly, U.S. policymakers, like counterparts in places as different as Germany and China, grasped at a host of policy ideas that had previously received marginal attention. In the U.S., deregulation, privatization, iron triangles, tax structures, government deficits—these and more were taken seriously, even (and sometimes especially) by liberals in the 1970s. Many of these policy ideas about renewing growth had been incubated over decades by conservative intellectual networks and promoted by self-interested business elites who sought to claw back New Deal government expansion, labor rights, and the democratic revolution of the civil rights movement. But some of these ideas came from an honest search for answers in vexing times.

Politicians committed to shared prosperity, far more than conservatives, were


drawn to two particular solutions for sparking new growth: industrial policy and education reform. Industrial policy aimed to replace “sunset” industries by targeted support for “sunrise” industries, modeled on Japan, Korea, and other “Asian Tigers.” Education reform to squeeze a more productive workforce out of the school system was a related emphasis that aligned with the trend of emulating all things Japanese.47

But it also came from new theories of what caused growth. The National Science Foundation (NSF) in the U.S. and the Organisation for Economic Co-operation and Development (OECD) in Europe supported new research that pinned economic growth on “innovation,” the development of new products and processes. As policymakers experimented with new strategies for growth, economists formalized new growth theories that incorporated human capital into the equalization.48

By the late 1990s, the economic models, NSF studies, and pragmatic policymakers all seemed to agree that investing in people was the most important thing a government could do to stimulate growth. At the baseline, what this policy offered to governments was: increase your human capital. Nurture as many people as possible to


make discoveries and to create new products and services. Enhance the chances that these talents will collide and spark new ideas. Provide easy money for them to test these ideas. The only way to stay ahead of the growth game, to boost productivity, to enhance social welfare, is to innovate, perpetually. These ideas implied that government could not pick winners. It should not target support to industry, even “sunrise” sectors. What government could and should do was invest in education, the best way to up the odds of growth-producing innovation.49

Education for economic development was not new to the world in the late 20th century. Rhetorically, at least, education reformers have touted the economic miracles of education going back to Horace Mann, the leading champion of the 19th century common schools movement. But Mann trotted out the wealth-magnifying potential of schools as but an ancillary part of a much larger set of arguments to Massachusetts state and local politicians about why they should fund common schools. His principal concern was maintaining a cohesive democratic society in the midst of economic and cultural upheaval.50 In the context of this story, when Gov. Terry Sanford talked of investing in children in the 1960s, he did not mean it as literally as some of his successors. This

economic argument in favor of schooling—that money spent would double, triple, quadruple its initial investment—was usually secondary to other justifications. Even Gov. Jim Hunt eschewed economic rationales during his first years in office. When in 1980 he pivoted to “education for economic growth,” he talked up education’s economic benefits in order to increase public support and legislative funding rather than to restrict its democratic applications.  

But pointing to education’s economic impact does not always lead to the conclusion that government should spend more. The failures of education to generate growth in rural communities in North Carolina has opened the door to new political movements that wish to constrain state spending. This blinkered view of the rationale for public spending on education has helped policymakers cease concerning themselves with molding citizens for a democratic society and embrace privatization schemes including vouchers and limitless charters. Pat McCrory, a more recent governor, has discussed education as if its only purpose was its economic dividend. That view facilitated the General Assembly to cut, rather than enhance, education spending since the Great Recession. This dissertation traces how good faith efforts to stimulate support for public schools led to this paring back of a shared value in equal citizenship.

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I began this project wanting to believe that education for all improves economic growth and pays off with productivity-enhancing innovations. I still suspect that is probably true

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in most cases. Yet in the absence of better data, I do not think this is knowable.\textsuperscript{53}

Depending on how it is done, societal investments in education can yield a more unequal or less productive society.\textsuperscript{54} I document these policy arguments not because they are right in some normative sense, but because they were influential, shaping public choices about resource allocation and affecting uncounted lives of ordinary people.

Southerners were not alone, either in educationalizing social problems or economicizing education problems, but many reformers in the region did have particularly strong motivations for looking to schools rather than other policy spheres. Given the challenges of the southern political economy, they continually gravitated to education as an escape route, a way to move society forward without engendering a counter-revolution that the South’s past gave them reason to fear. They highlighted southern lag and continuities with Jim Crow and plantation slavery in order to inspire southern change. Southern identity was useful for spurring collective action, in a way that no longer appears to be the case: in recent years, both the Southern Governors’ Association and the Southern Growth Policies Board have been dissolved.

In a similar way, North Carolina’s progressive reputation, however much a myth,\textsuperscript{53}

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\textsuperscript{53} Empirically, the best I can say is that educational investment and economic growth have a strong correlation. Economic growth and education investment have gone hand-in-hand with Europe’s recovery from World War II and the rise of fast-growing Asian nations. Economists Claudia Goldin and Lawrence Katz make the case that high schools made the difference for American growth rates in the 20th century, and the failure to increase educational attainment at the college level is to blame for our stagnation. But as education historian David Labaree has impishly noted, a closer look at their data suggests the relationship may well run the other way—that societies with a growing economy subsequently have more to spend on education. Claudia Dale Goldin and Lawrence F. Katz, \textit{The Race between Education and Technology} (Cambridge, MA: Belknap Press of Harvard University Press, 2008); Labaree, \textit{Someone Has to Fail} (2010).
\textsuperscript{54} For the rare works that examines education’s role in rising U.S. inequality, see Suzanne Mettler, \textit{Degrees of Inequality: How the Politics of Higher Education Sabotaged the American Dream} (New York: Basic Books, 2014); Christopher Newfield, \textit{The Great Mistake: How We Wrecked Public Universities and How We Can Fix Them} (Baltimore: Johns Hopkins University Press, 2016).
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provided policymakers in the state with a useable past. They overplayed North Carolina
exceptionalism in order to attract support for better laws, policies, and electoral decisions.
The argument worked far more with politicians and businessmen than it did with voters,
but I do find that believing North Carolina was historically progressive, or even just
slightly better than its southern peers, helped make it so. The conservative ascendency in
North Carolina since 2010, taken up in the epilogue, underscores the contingency of the
state’s progressivism—as well as how much effort went into maintaining that reputation
in the late 20th century.

Yet though policymakers often discussed problems and solutions in southern or
North Carolina terms, the overall trend towards favoring education for economic
development is not southern. I argue here that southerners played an especially important
role in propagating this idea at the national level, but they were not alone. In California,
in New Jersey, in Michigan, in Massachusetts—not to mention Japan, Finland,
Singapore, Korea, and Poland—a similar push to develop through investment in
education unfolded in the second half of the 20th century. Indeed, many of these states
and nations invested a far greater share of their gross domestic product in schooling. In
tracking the rise of education for economic development, this dissertation looks at North
Carolina as a case study, rather than a singular exception. I hope it can be a starting point
for a broader accounting and historicization of this development strategy, which seems
less patently successful than policymakers continue to make it out to be.
Chapter 1:
Jim Crow’s Lost Harvest, 1900-1960

For generations, an array of reformers in the South saw education as a way to upend—gradually—the stifling and unequal political economy of the region. Queasy about mass politics, these critics of southern society thought schooling could iron out the ignorance of working-class whites, who seemed to fall prey again and again to the preachings of reactionary demagogues. The ideal of education-based reform was well framed by Walter Hines Page, the region’s most gifted and complex New South spokesman, in his 1897 speech, “The Forgotten Man.”

Page spoke to an assembly of soon-to-be school teachers at the State Normal and Industrial School for Women in Greensboro, North Carolina, explaining why their calling was so vital to the state’s development, both political and economic. Page hailed from North Carolina, but by that point, he was no longer a southerner. In fact, he made his name criticizing the South from a journalistic perch in New York, only once there emboldened to write his “Mummy Letters” condemning the South’s elites and their obsessions with the Confederate “Lost Cause,” arguing that only once they died off could the South move forward. His own children were preparing for Harvard at Cambridge Latin. But through his ties to North Carolina, Page provided succor for future generations of education reformers, who used him to claim a progressive tradition. Tellingly, in the 1930s, the Vanderbilt Agrarians cast Page among their southern tradition’s most

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formidable enemies.²

Speaking to North Carolina’s educational footsoldiers, young women about to disperse into the state’s schoolhouses, Page blamed “both the aristocratic and the ecclesiastical systems of society” for failing to develop North Carolina’s illiterate forgotten men and women. The state’s forgotten people were “not only a dead weight, but a definite opponent of social progress.” The most telling sign of the state’s deficiencies was “the test of emigration from the State,” with one in eight native-born having left, according to the 1890 Census.³

And yet, change was on the horizon. A wave of “public-spirited, far-sighted and energetic young men” were raising taxes and building public schools, which Page proclaimed were “the only effective means to develop the forgotten man, and even more surely the only means to develop the forgotten woman.” The white men behind this new school movement had been too young to fight in the Civil War and, like Page, they saw the destruction of slavery as a chance to create a more dynamic political economy modeled on the North. Page wanted the movement to extend beyond elementary and secondary education to include free college. After all, it was “the child” who was the state’s “most valuable undeveloped resources.” North Carolina’s development depended on nurturing its most common people.⁴


⁴ Page, Rebuilding of Old Commonwealths (1902), 27, 31, 35 (quotes); Leloudis, Schooling the New South (1996), xiii.
Yet even Page offered progressivism for whites only, which would remain the extent to which white reformers would reach until the civil rights movement. Though Page discussed both men and women in his “Forgotten Man” speech, they were all implicitly white. The “energetic young men” building schools and raising taxes made common cause with the explicit white supremacy of the state’s Democratic Party, which violently re-took power from the biracial Fusionists during the Wilmington Coup and subsequent elections of 1898.5

The North Carolina governor who presided over the institutionalization of Jim Crow, Charles Brantley Aycock, was also the state’s first “education” governor, revered for his rhetoric of equal opportunity and his policies for public school improvement. When Terry Sanford ran for governor in 1960, he consciously echoed Aycock’s talk of a “new day,” invoking Aycock at both the beginning and end of his inauguration speech. In the state’s politics prior to transformative civil rights legislation, Aycock—the white supremacist governor of the redemption Democrats—was as progressive a heritage as Sanford could publicly claim.6

The Democrats constitutionally enshrined a literacy test in North Carolina, which comported with Page’s analysis: if the illiterate “forgotten man” stymied social progress, then keep him from voting until public schools could elevate his outlook. The literacy test disenfranchised most African Americans and many poor whites. However, a grandfather


clause and selective local enforcement of such laws enabled significantly more whites to vote than blacks. While Page and Aycock feared the political impulses of the white “forgotten men,” party bosses such as Furnifold Simmons understood that their political machines depended on them. “We were determined to change the constitution of the State in such a manner as to disfranchise the Negroes without depriving any of the whites of their right to vote,” Simmons later acknowledged.\(^7\) Better education for North Carolina whites came hand-in-glove with Jim Crow.

The mantle of Jim Crow fell over North Carolina. North Carolina’s black belt was the home district of U.S. Congressman George H. White, the last African American to represent a southern state. White promised in a 1901 final address that his departure was only “the Negroes’ temporary farewell to the American Congress,” that “phoenix-like he will rise up some day and come again.” Six decades later, White’s former communities, where African Americans were a majority, were still represented by staunch white segregationists.\(^8\)

**Education and the Political Economy of Jim Crow**
The Jim Crow political economy was an entanglement of governance, production, and consumption practices operated for the benefit of a narrow band of property owners, who had far outsized voice in this limited democracy. Poll taxes, literacy tests, and race-

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segregated party primaries constrained working-class voting and disenfranchised African Americans. At its best, the Jim Crow order was a white herrenvolk democracy that provided some scant opportunities for white social mobility and allowed only limited black autonomy in segregated neighborhoods, schools, churches, and businesses. At its worst, particularly in parts of the “black belt” of rich, dark alluvial soil, the Jim Crow South was barely distinguishable from the plantation slavery that came before it.\(^9\)

As the 20th century dawned, the majority of North Carolinians toiled in the countryside. Tenant farmers and sharecroppers grew in number through the 1930s, working the land to produce cash crops, especially cotton and tobacco. They faced virtually insurmountable debt in service to creditors and landlords, who were often the same person.\(^10\)

Lillie Pierce, an African American, was born July 1907 in a farm house in Halifax County. She was the second oldest of nineteen children, many of whom died within a few months of birth. Her father sharecropped for white people, never owning land, producing cotton and peanuts. She moved so many times that the places her father farmed blurred together, though they were all in Halifax County, near the towns of Enfield and Tillery.

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They kept moving because it “seemed like my daddy and the man he worked with couldn’t agree on different things,” she later remembered—things such as whether he could eat his breakfast at home, as he wished, or in the fields, as the man wished. He liked his workers in place by sunrise, hunger and dignity be damned. Once such conflicts arose, the Pierces moved when the season ended. At settling time, “sometimes we didn’t get any money.” Her father would have to make do with “a little pinch job,” cutting logs, cleaning ditches. Her mother worked relentlessly as well, canning, quilting, cleaning, raising the children.11

Pierce’s parents fought over whether she could attend school. Her mother needed her help, and so Pierce missed most days—school attendance laws were still unenforced. She would later blame her mother for her lack of education and the reduction of her happiest days in childhood, those times when she could go to school, “and I would meet up with the children, laugh and talk and carry on with them.” But Pierce only attended school about two months of the year. The rest of her childhood was work: some of it pleasant, such as when she got to run the fields with the mules, planting corn; much of it not, like the washing and scrubbing. She married James Fenner when was around 17-years old, and she and her husband farmed, renting land and equipment from a white man, who was at least better than those her father battled. Until her husband bought a car in the late 1950s, the most expensive thing they owned was a cow. Lillie Pierce Fenner raised six children of her own, each of them born in her rented house with the help of a

mid-wife. Only one of them remained in Halifax County. The rest moved on: to Richmond, to Portsmouth, to Baltimore.¹²

The white men who Fenner and her parents worked for were some of the most politically influential in the state, by virtue of their race and geography. They lived in the black belt, the part of North Carolina longest settled by European immigrants, where cotton had once been king and slave plantations had organized its production. With black disenfranchisement, white people in eastern North Carolina had the largest bang per vote of anyone in the state. As late as 1960, North Carolina’s largest state senate district had 272,111 people, while its smallest had 45,041. Mecklenburg County, with the state’s biggest city, Charlotte, had one state senator; the black belt counties had seven altogether.

In the House, disparities could be even worse, with the biggest district comprising 82,059 and the smallest only 4,520. Theoretically, only 27 percent of the population could elect a majority of the legislature—a figure that did not reckon the further imbalance of Jim Crow disenfranchisement.¹³

Rural influence did not spring simply from malapportionment. North Carolina, even up to 1960, remained a rural state. Only forty percent of its population lived in “urban” areas, with populations above 2,500, roughly inverse the U.S. as a whole. Part of the persistence of rural North Carolina was that many farmers cultivated tobacco, a crop that had eaten out portions of the cotton belt to become more prevalent in the areas around Rocky Mount. Mechanization came late to North Carolina cotton, with the state’s

¹² Lillie Pierce Fenner interview by Chris Stewart, Halifax County, NC, 26 June 1993, Interview No. 376, Behind the Veil Collection.
uneven terrain, and it was especially delayed with tobacco, a much more delicate crop for machines to handle. Once the New Deal’s allotment system was in place, tobacco growers had more economic security than most farmers, though the federalist structure of agricultural committees ensured white control of these subsidies.\textsuperscript{14}

The continued significance of agriculture in the black belt had ramifications for the school calendar even in 1960. Over the course of decades, black educators, organized as the North Carolina Teachers Association (NCTA), had worked white state administrators and politicians to equalize teacher pay, the length of the school year, and even facility spending. But despite \textit{Brown v. Board of Education} in 1954, not a single black child attended school with white children in the black belt in 1960. Northampton County’s black schools opened six weeks earlier than white schools, so that black students could take a six week break at harvest time.\textsuperscript{15} The school schedule had to account for the need of their labor.

The agricultural and political systems in North Carolina were both a legacy of the institutions of plantation slavery. These planters leaned on the state, at whatever level, to maintain possession of the enslaved and take land from Native Americans, expanding the practice southwest and reaping enormous returns from cotton production to feed demand from the mills of New England and Europe.\textsuperscript{16} The enfeebled democracy that emerged in

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\textsuperscript{16} Sven Beckert and Seth Rockman, eds., \textit{Slavery’s Capitalism: A New History of American Economic}
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the antebellum South leaned on race and patriarchy to shore up solidarity between planters and yeomen. Most slaveholders saw little point in taxing themselves to provide common schools, content hiring tutors or paying academy tuition for their children, afraid of the labor consequences of universal literacy. Teaching the enslaved was a criminal offense, though many nevertheless learned to read and write. Though the Civil War and Reconstruction opened many hopeful avenues for freed people to join with yeomen in support of a more equitable society, planter elites ensured an outsized political role in the Jim Crow order that enveloped the region between 1880 and 1910.17

North Carolina had a smaller black belt than the slave states to its south and west. In part, this was an accident of geography: it comparatively lacked in navigable rivers to ease transport of the crop. A broader array of white yeoman farmers, including Quakers and Moravians, settled into its western reaches, people who often disagreed fiercely with eastern elite notions of political economy. Perhaps this dynamic made North Carolina a southern outlier in the antebellum era for providing some minimal state support for common schools. For instance, in 1839, the General Assembly created a “Literacy Fund” that supplemented local funding, and the system eventually educated about half of white-

school aged children. But eastern planters beat back efforts to enhance the Literary Fund. They demanded that federal population, which counted the enslaved, rather than white population, serve as the basis of its distribution. By the Civil War, the state’s white literacy rate was hardly different from its neighbors, though it boasted a vigorous state superintendent, one of the defining features of the common school movement.\textsuperscript{18}

Like surrounding southern states, North Carolina’s legislature in the Early Republic chartered a public university. It became a finishing school for slaveholders. Both university and common schools received scant public dollars, and both systems crumbled with the Civil War. They were essentially rebuilt from scratch by Page’s “energetic young schoolmen,” almost exclusively for the benefit of white people, though black emancipation had also been important: the Reconstruction Constitution of 1868 mandated a four-month school term for both whites and blacks.\textsuperscript{19}

Funding for schools became more unequal in the initial years of Jim Crow. After taking office, Aycock fought the state legislature’s attempt to limit black school expenditures to the amount paid by African Americans in taxes, defeating the bills by threatening to resign if the measures were passed. He pushed through spending increases that doubled the state budget for its schools, and oversaw an “equalization” program that increased state funding for the poorest counties. Rhetorically, Aycock promised black audiences that these educational endeavors would in time equalize racial inequalities as


well, and as schools taught literacy, black suffrage would return. Yet, when Aycock defended expenditures on black education to white audiences, he stressed the need to appease black workers who might otherwise migrate north as well as the need for white control over black education. State superintendent James Y. Joyner—who, like Aycock, threatened to resign in protest if the General Assembly passed measures to limit spending to black schools—privately counseled local superintendents how to cut corners on Negro education. “In most places,” he promised, “it does not take more than one fourth as much to run the negro schools as it does to run the white schools for about the same number of children.”

Many black and white schools started out as private only to later become incorporated into the public system. The John Graham School in Warren County, for instance, polished a generation of North Carolina leaders, including Frank Porter Graham, in preparation for college. It later became the white county high school, and expanded its mission to train local whites not bound for the university in Chapel Hill. African Americans, far more than whites, had to look to private sources throughout the period. Much of the initial funding for black education came from northern white philanthropic organizations that had a circumscribed view of education’s purpose, a way of molding a docile workforce. Such schooling risked perpetuating as much inequality as it addressed. Even money for buildings, such as the Rosenwald Fund, required that local blacks raise private financing as matches. Nevertheless, African Americans in North Carolina willingly paid this “double taxation,” as historian James Anderson calls it, in

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Kousser, “Progressivism—for Middle-Class Whites Only” (1980), 179, 186.
order to provide an education for the next generation. Halifax County had more Rosenwald Schools than any other county in the South. The John F. Slater Fund, connected to the General Education Board, financed “industrial boarding schools” throughout the rural South, and these county training schools, along with the Rosenwald schools, provided the backbone of the system.21

Unequal funding for black schools did not make them unimportant in the black freedom struggle. Except for the church, schools were the most important institutional refuge for African American autonomy during Jim Crow. Despite tattered books, crowded spaces, and subpar facilities, many of these schools offered a curriculum of resilience in addition to literacy and numeracy. Jeanes teachers, funded to oversee a demeaning form of industrial education, promoted self help and racial pride. Lax white oversight usually was a blessing for black administrators, free to install a more liberating curriculum than official standards dictated.22

Many African American principals in the black belt, such as W. S. Creecy Jr. in Northampton County, took advantage of this relative autonomy. As head of a “union


22 Thuesen, Greater Than Equal (2013), 59; Vanessa Siddle Walker, Their Highest Potential: An African American School Community in the Segregated South (Chapel Hill: University of North Carolina Press, 1996); Vanessa Siddle Walker, Hello Professor: A Black Principal and Professional Leadership in the Segregated South (Chapel Hill: University of North Carolina Press, 2009). As one example from the NC black belt, Thomas Sewell Inborden—a free born African American from Virginia with an Oberlin education—built and ran schools around the South with support from the American Missionary Association, including the Joseph Keasly Brick Agricultural, Industrial, and Normal School in Edgecombe County. By the early 1920s, it was one of the state’s only accredited black high schools. It later merged with the Franklinton Christian College and, operated by the United Church of Christ, became a cornerstone institution in the black belt for racial equity. In the 1950s it was one of the few sites where whites and blacks interacted on equal social footing. On the black church and the NC black belt from an anthropologist’s perspective, see Marla Faye Frederick, Between Sundays: Black Women and Everyday Struggles of Faith (Berkeley: University of California Press, 2003).
school” (grades 1 - 12) that was named for his father, Creecy was justly proud of the institution he stewarded, a rare school with regional accreditation. By the 1950s, it sent high school graduates on to college in comparable numbers to local white schools. But the problem remained that too few black children had the chance to graduate from high school, and sometimes even attend, given their family needs for labor at a young age.\footnote{Deposition of W. S. Creecy, 20 June 1968, in box 2, USA v. Northampton County Board of Education, Civil Action #1025, North Carolina, Eastern District, Wilson Division, RG 21, National Archives and Records Administration at Atlanta, Morrow, GA (hereafter, NARA–Southeast).}

Even after the equalization campaigns of the NCTA and the NAACP, “separate but equal” had never proven equal.

Still, black parents often remained reluctant to push for integration over equalization. In 1959, Charles McLean, the field secretary of the North Carolina NAACP met with black students and parents striking for better facilities in both Greene and Halifax counties. He noted with chagrin that he could not persuade them to pursue integration. “As they see it, to ask for reassignment to a white school would be contrary to their expressed determination to never do anything to indicate that they desire to be identified with any other race.” They were only interested in integration pursued as a class action, a collective approach that the Progressive Civic Union in Halifax would take up in the early 1960s.\footnote{Leonard A. Slade Jr., “The Days before Brown,” EducationNext, Fall 2004, https://www.educationnext.org/the-days-before-brown/; Thuesen, Greater Than Equal (2013); Kelly M. Alexander and Charles McLean, “A Program of Action Toward Greater Racial Equality in North Carolina,” North Carolina State Conference of Branches, NAACP, 1959, p. 4-5, in box C35, folder “North Carolina, McLean, Charles A., Reports, 1955-60,” Part VI: Branch Department, NAACP Papers, Library of Congress, Washington, DC; Keith Hundley, “Weldon, Halifax, Warren Petitioned By Civic Union To Integrate Schools,” Rocky Mount Telegram, 4 May 1963, 12.}

By the 1950s, North Carolina had an unusually high percentage of its children in public schools rather than private schools. In 1959, only 1.1 percent of North Carolina’s
school age population was attended non-public schools—only Utah had a smaller percentage. In large part, this resulted from its relative dearth of immigrants during the Jim Crow era, which stifled religious diversity and consequently the Catholic private schools that sprang up in so many urban areas.

Some of the most progressive southern whites worked in the South’s colleges and universities, but these institutions, inextricably bound up in larger state politics, stood by Jim Crow until forced by the courts to change. In the late 1940s, the challenge of meeting equal protection claims by African Americans—particularly following the 1938 Missouri ex rel. Gaines v. Canada U.S. Supreme Court case—led southern whites to consider pooling resources across state lines to designate regional graduate programs for African Americans. It was a method they hoped would keep each state from having to provide equal black graduate programs. North Carolina already subsidized medical school for black residents at Meharry Medical College in Nashville, Tennessee, and southern governors rallied around the idea of taking over the institution to serve the entire South. Meharry alumni objected to allowing their school to “aid damnable Southern desires to evade the law and the high court of our land,” as the Pittsburgh Courier put it. Congress would not condone the arrangement, but southern governors used a work-around, creating the Southern Regional Education Board as an interstate compact, one of the first in the country. Dealing with legal challenges to unequal black education taught southern politicians the value of regional cooperation—and how public subsidies to private schools could help them dodge regulatory constraints.26

26 Redding S. Sugg and George Hilton Jones, The Southern Regional Education Board: Ten Years of
What most circumscribed the potential benefits of education for both whites and blacks was Jim Crow’s regional labor market. Even though North Carolina was the most industrialized of the black belt states by 1960, it also had the nation’s lowest manufacturing wages. While factories helped draw in-migrants to communities in other regions of the U.S., North Carolina’s experience of industrialization was still leading to the departure of its native born.

Starting in the 1880s, a few wealthy men, backed by Northern finance, opened cotton mills, saw mills, tobacco factories, and furniture plants across North Carolina’s Piedmont, where farming yielded less lucrative results than in the black belt. While saw mills often quickly came and went, textile and tobacco mills took advantage of farmers’ struggles and created more settled communities. As had been the case in England and Massachusetts, young white women filled the seats of these factories initially, but factory managers soon put whole families to work producing cotton cloth. The Piedmont became pockmarked with mill villages, the seedbeds of urban North Carolina.27

Industrial jobs in North Carolina, as in the rest of the South, remained segregated. While African Americans found work at some of the most laborious, tedious, or dangerous positions, they remained locked out of more remunerative employment. Black

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workers made noteworthy gains in tobacco plants, aided by union movements in the 1930s and ’40s. But textiles, which employed the lion’s share of industrial workers, remained vertically segregated, meaning African Americans only had access to those job categories at the bottom of the skill and pay rung, and had no opportunity to advance to other, more remunerative positions.  

Some of these industries, especially tobacco, produced large fortunes, which congealed into significant financial reserves within foundations and banks. The Duke Endowment, the Mary Reynolds Babcock Foundation, and the Z. Smith Reynolds Foundation would become significant resources to ameliorate the penurious conditions of North Carolinians. In Winston-Salem, such charitable giving funded schools and hospitals, and Trinity College became Duke University in Durham. Perhaps more significantly, these fortunes mutually constituted a banking industry in the state, especially to finance tobacco in Winston-Salem and textiles across the Piedmont. One of the few states to allow branch banking in the 1920s, North Carolina politicians also secured a regional Federal Reserve Bank in Charlotte in 1927. Even after the many failures of the Great Depression, North Carolina continued to permit banks to operate distant subsidiaries. Enlarged compared to other states, North Carolina banks offered more of a state-wide than local outlook on growth. Power companies, such as Duke Power, played a similar role in promoting state modernization, the better to generate new customers. Still, no southern bank ranked in the top 50 as measured by assets in 1950,

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including North Carolina’s relative behemoths.\textsuperscript{29}

Textiles, tobacco, and wood products would be the state’s “traditional industries,” and their captains, along with the banking firms and corporate lawyers, composed the progressive plutocracy, as political scientist V. O. Key described North Carolina’s elite in 1949. Industrialists regularly leaned on governors for favorable treatment, from road building to labor regulation. State assistance stomping out strikes was crucial in their fight against labor organizing in the 1930s; tellingly, Governor O. Max Gardner (1929-1933) was also the president of a cotton mill in western North Carolina. They ensured that Operation Dixie, the Congress of Industrial Organizations’ 1946 campaign targeting North Carolina textiles, fizzled in defeat. In 1947, following the Taft-Hartley Act, North Carolina quickly enacted a right-to-work law. Even as late as 1958, Governor Luther Hodges helped put down a textile mill strike in northeastern North Carolina, which resulted in prison sentences for eight top union officials, including the head of the Carolinas branch of the Textile Workers Union of America.\textsuperscript{30}

Most managers in traditional industries initially saw little value in public education spending, which only served to unsettle low-wage rates in manufacturing


sectors that depended on cheap labor to be commercially competitive. They contended with organizations of professionals, small farmers, industrial workers, and women that favored improving public schools. But after World War II, many of these firms introduced more complex machinery, demanding service by brainy—or at least literate—repair men. Bankers could afford a longer time horizon on the potential return of investing in education. By the 1950s, even self-interested businessmen were coming around to the idea that North Carolina needed a better education system.31

But even more altruistic community leaders were in a conundrum regarding education funding: providing a better education only increased the incentives for outmigration. Putting more money to schools was like paying people to leave for bigger communities, usually outside the South, where railroad companies, commodity trusts, factory owners, and retail merchants rewarded the literate and numerate with middle management positions in the nation’s burgeoning industrial economy. War production, especially during World War II, drew rural southern migrants to port cities and the manufacturing belt. The Immigration Act of 1924 also stimulated demand for internal migrants in the nation’s hottest labor markets. Their children had access to a better public education, usually along with a host of other public services far more circumscribed in southern cities. As the New Deal order leveled the playing ground for trade unions, more workers could access health care, pensions, and Social Security benefits denied southern

farm laborers and domestics. Because of these departures, no black belt state increased its representation in the U.S. House of Representatives based on the 1960 Census—in fact, North Carolina, like Alabama and Mississippi, actually lost a seat.\textsuperscript{32}

While labor demands pulled immigrants from other countries to other parts of America, Jim Crow pushed away many of its best and brightest. They transformed the political, religious, and entertainment cultures of the cities of the North and the West. By leaving the South, black southerners did not escape job discrimination, school segregation, or even racial violence. Significantly, however, they could exercise the franchise far more easily, and black voting and the organizing that came with it pushed politicians and employers to address these issues, at local or state levels, and eventually, federally.\textsuperscript{33}

**Contesting Jim Crow**

Leading up to the civil rights movement, many people in and out of the South searched for a strategy to upend the Jim Crow order. During the Great Depression, some southerners embraced communist ideas, from black sharecroppers in Alabama to textile mill workers in the Carolinas. During the late 1930s and World War II, white and black tobacco workers in Richmond, Durham, and Winston-Salem allied to unionize and attack racial discrimination in and out of the factory. In the mountains of Tennessee, the


Highlander Folk School nurtured a radical vanguard to germinate the civil rights movement.\(^\text{34}\)

Yet on the whole, radical opposition was exceedingly difficult from within the South. Through physical violence and economic reprisal, those who benefited from the Jim Crow Order imposed a high price on dissent. For African Americans especially, the slightest hint of disagreement with empowered whites could turn deadly. In Selma in 1933, a white factory owner asked the town’s black ministers to support a complaint that the National Recovery Administration mandated outrageously high wages for black workers. Rev. E. D. Hughes wrote back, “We have read Mr. Roosevelt’s code. We have carefully read all phrases and have no suggestions to offer. Thank you very much for your special interest manifested in our group.” Two days later, a deputy sheriff ordered him to the courthouse. There, Selma’s white elite, including the secretary of the Chamber of Commerce, the president of the local bank, and the chief of police, gave him twenty-four hours to leave town. When Hughes failed to meet their ultimatum, he was chased out of town. By throwing himself from a moving car to hide in a ditch, he escaped, never returning to Selma. Such episodes, along with more widely reported lynchings, made clear the consequences of transgressing the boundaries of Jim Crow.\(^\text{35}\)


Twentieth century American revolutionaries were often southerners relocated, as historian Glenda Gilmore has shown, radicalized after processing their experiences in the Jim Crow South. Their exit provided a force on federal policy to address southern inequalities, even as it sapped the South of inside agitators. Yet Cold War anticommunism and the second Red Scare augmented the tools of Jim Crow’s defenders and blunted more radical efforts to reshape political economy in the nation as a whole.36

In North Carolina, African Americans pushed as hard and as publicly as in any Jim Crow state against its strictures. Despite the state’s Jim Crow constitution, African American hardly walked away from the franchise. The “manpower” demands of World War I created opportunity for black organizations, such as the Wake County Twentieth Century Voter’s Club, to re-establish voice at the ballot box. Returning soldiers from both wars became pillars of local chapters of the National Association for the Advancement of Colored People (NAACP). In Durham’s black business district, Louis Austin published the weekly Carolina Times, publicly critical of the Jim Crow establishment. Still, by 1950, only about 15 percent of African Americans were registered to vote, a smaller percentage than in Georgia or South Carolina.37

A sign of North Carolina’s Jim Crow continuity, rather than exception, was the experience of Henry Frye, the first African American to serve on the state Supreme Court. His coming-of-age exemplified the strength of the state’s voting rights deterrents. Frye grew up on a farm in southeastern North Carolina in the 1930s and ’40s. He graduated from North Carolina Agriculture and Technical College, and served as an Air Force lieutenant. By the time he was ready for law school, in the mid-1950s, civil rights lawyers had broken down the door to the University of North Carolina, with the help of the U.S. Fourth Circuit Court of Appeals. In 1951, a group of five African American students integrated the law school, including Floyd McKissick, the suit’s lead plaintiff.38 Thanks to his sterling academic record, Frye was one of a few carefully selected black candidates to follow in their footsteps.

Just before starting at UNC, the day of his wedding in 1956, Frye went to his hometown to register to vote. The white clerk then asked him to name various U.S. presidents and signers of the Declaration of Independence. Stunned, Frye challenged the man, who was well aware that Frye was heading to Chapel Hill. Nevertheless, the clerk said Frye had failed the literacy test. Frye’s example underscored that, despite North Carolina’s reputation as a progressive southern state, it was no exception to the Jim Crow political economy.39

African American women in some ways challenged Jim Crow more successfully

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than male counterparts, white or black. Charlotte Hawkins Brown, for example, was born in northeastern North Carolina but grew up in Cambridge, Massachusetts, where she was educated in its public schools. She returned to North Carolina, where she started the Palmer Memorial Institute, which bridged the Du Bois–Washington debates by offering both liberal arts and industrial education. Brown helped start the Women’s Committee on Interracial Cooperation in 1920. Building on women’s organizations that sprang from the issues of suffrage and temperance, such interracial organizing among women challenged racial violence and promoted greater social spending, including for education. Brown even tried to sue over railroad segregation. As with her male counterparts, however, Brown felt comfortable pushing the system only so far. Despite running the “private” Palmer Memorial Institute, she, like most private school leaders in North Carolina at the post-secondary level, depended on regular public funding. Moreover, Julius Cone, head of enormous Cone Mills, served on her school’s board. In the apt metaphor of historian Glenda Gilmore, Brown and her allies “worked without nets.” A slip could easily prove fatal.40

White men had tremendous advantages in the Jim Crow South, and with few exceptions, white men ran statehouses, board rooms, court house gangs, and most other seats of power. Yet even white men had to carefully couch criticism of the region’s political economy for fear of excommunication. No census of liberals provides precise counts, but considerable evidence suggests that those who publicly dissented from the Jim Crow order faced severe persecution.

Even moderate white professionals were at risk, especially during the massive resistance movement that erupted after *Brown*. In 1961, in the Young Men’s Business Club of Birmingham, two young attorneys, Charles Morgan and George Taylor, heard a reporter’s presentation on the problem of unrepresentative political districts in the state. Despite a constitutional mandate, districts had not been redrawn since 1901. Rural black belt voters had vastly disproportionate influence over Alabama’s policies. The “Big Mules,” industrial titans in northern steel towns, bargained with rural elites to uphold the system—low taxes and antiunion polices in exchange for Jim Crow and control of state purse strings. Lowndes County, with 15,000 residents, had as many state house members as Tuscaloosa County, with 109,000. The details varied, but similar practices operated in states across the nation. With African American disenfranchisement, they were especially egregious in the South.\(^41\)

Outraged by Alabama’s political structure, Morgan and Taylor set in motion a case that became *Reynolds v. Sims*, one of the most important one-person, one-vote rulings by the U.S. Supreme Court during the 1960s. Morgan and Taylor, quiet sympathizers with the civil rights movement, became increasingly active, which made their lives untenable in Birmingham. In 1963, Morgan defended Bob Zellner, a field secretary for the Student Non-violent Coordinating Committee; fearing their safety after various threats, he and his wife left the state that year. Taylor and his wife joined the Peace Corps in 1965 and went to Sierra Leone to escape their frustrations with the white Birmingham establishment.\(^42\) By that point, they were both the latest examples in a much


longer trend of Jim Crow critics driven away for their attempts to change southern society.

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During the 1920s and 1930s, an influential white southern reform vision emerged from the regionalists at the University of North Carolina, yet one that remained couched in a gradualist framework. Sociologist Howard Odum and his team of researchers mapped, catalogued, calculated, and interviewed their way across the South, breaking it apart into many Souths. In detail, they defined the distinct sub-regions, like the black belt and the Appalachians. Odum students, such as Arthur Raper, became leading chroniclers of regional poverty and supplied Swedish economist Gunner Myrdal with data for *An American Dilemma*.43

Looking to the industrial North as guide and template, Odum and his academic offspring cast the problems of southern political economy in terms of major deficiencies. Trying to understand why these many souths still ranked at or near the bottom in virtually every socioeconomic measure, they observed that industrialization was more geographically spread out in the North Carolina Piedmont than in the northeast—in other words, industrialization was not giving rise to urbanization. Odum contended that black-belt planter elites used their disproportionate influence to retard regional development. The mass of whites would “gradually adjust themselves” against racial animosity as long as they were not pushed by “tests,” such as outsider challenges to Jim Crow. Attitudes

would adjust as industrial capitalism took hold.\textsuperscript{44}

In the regionalist view, the South needed two things. For one, it lacked capital and managerial expertise to sustainably exploit its natural resources, the brains to emulate the North. And two, it did not yet have the educational institutions to develop its human resources and break its problematic “culture.” Whether to focus limited government dollars on improving educational institutions or attracting better businesses (and businessmen) was a chicken-or-egg dilemma. Odum argued in \textit{Southern Regions of the United States} that education was the place to start. Improve the skills and knowledge of the workforce, and the capitalists would come to exploit it.\textsuperscript{45}

The UNC regionalists’ work was particularly important for grounding state policy. Odum, Rupert Vance, and Harriet Herring served on the North Carolina State Planning Board, formed in 1935 and funded by the Public Works Administration and National Planning Board.\textsuperscript{46} They helped justify state intervention in the economy,


through federal minimum wages, infrastructure projects like the Tennessee Valley Authority, birth control programs to slow the region’s population increase, and, of course, education. Their work provided the bedrock for Franklin D. Roosevelt’s National Emergency Council and its “Report on Economic Conditions of the South,” which in 1938 argued that the South was “the Nation’s No. 1 economic problem” because of its low levels of consumption and the poorly schooled migrants it sloughed off. The urgency of industrialization made them more sanguine to the antiunion politics of chambers of commerce, but they shared the view of economic liberals in the New Deal era that wage and price controls could be effective tools. Most of all, they helped link the fate of the South to the fate of the nation. Their policy approach would become institutionalized in the Southern Regional Council, which Odum helped found and which exemplified white southern liberalism in the postwar era.⁴⁷

![Figure 6: Through textbooks, the regionalists at UNC promoted their vision of “balanced” industrialization in North Carolina. Source: Hobbs and Bond, North Carolina Today (1947), 390.](image-url)

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⁴⁷ U.S. National Emergency Council, Report on Economic Conditions of the South (Washington, DC, 1938); Vance and Danilevsky, All These People (1945); Sosna, In Search of the Silent South (1977); Carlton and Coclanis, Confronting Southern Poverty (1996).
Roosevelt, of course, had political hay to make from the 1938 Report on Economic Conditions of the South, part of his effort to win over southern voters to his slate of candidates in the 1938 mid-term elections and beat back the conservative southern insurgency within the Democratic Party. Southern Democratic politicians had grown alarmed that enlarged federal power might forcibly break up the Jim Crow order. One of FDR’s leading opponents was North Carolina Senator Josiah W. Bailey, born in Warren County, who prepared a ten-point “Conservative Manifesto” in 1937 to unite Democrats and Republicans against the New Deal’s second phase. Bailey’s program aimed to curtail government labor protections and public employment, reduce taxes (especially on capital gains), and bolster state rights and “home rule.” It was, in other words, business conservatism paired with Jim Crow, marking a political alignment in opposition to state power that grew stronger against the backdrop of the Cold War.48

Nevertheless, by the late 1940s, at least one of Odum’s predictions seemed like it was coming true: that industrialization would ease racial tensions. Without need of a lawsuit, the North Carolina Teachers Association had won equal pay scales for African American teachers, who received slightly more on average from 1944 onward than their white counterparts. And enough African Americans were voting in North Carolina that they helped break the Shelby Dynasty, the epitome of the conservative lawyer–banker progressive plutocracy identified by political scientist V.O. Key, by helping elect Kerr Scott.49

49 Key, Southern Politics in State and Nation (1949), 211-214.
Running for governor in 1948, Scott, a dairy farmer, tapped into the frustration of the disconnected “branch head boys,” local elites who wanted paved roads to connect their rural hollers to the rest of the world—a transportation grid that helped school buses facilitate school attendance and rural consolidation. In an echo of the old Populist strategy, Scott combined their support with organized labor and subtle appeals to black voters. Better roads and better schools were the major planks in his “Go Forward” program, demonstrating the potential of this program to stitch together a new coalition. Once in office, he appointed the first African American to the state Board of Education, Harold L. Trigg. Scott’s strategy made an impression on young men such as Terry Sanford, his Senate campaign manager in 1956, who learned the importance of appealing to backwoods kingmakers by respecting rural culture while promising a more accessible modernity—all without alienating urban (including black) voters.50

Yet a campaign just two years later proved just how difficult that needle was to thread in Jim Crow North Carolina. After taking office, Scott appointed UNC President Frank Porter Graham to fill a U.S. Senate seat vacated by the sudden and unexpected death of a popular former governor. Graham’s failed bid to win the seat in 1950 scarred a generation of white liberals in North Carolina and belied Key’s assertion that North Carolina was different when it came to race relations.

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The life’s work of Frank Porter Graham, called by admirers and detractors alike “the

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South’s leading white liberal,” offers a litmus test for what was different and the same about North Carolina compared with the rest of the South.\textsuperscript{51} Graham was a well-born son of the state, his father part of the cadre of educational advocates who pushed for better public school funding. He got one of the finest classical educations available in North Carolina, studying at his uncle’s private academy in the black belt town of Warrenton. After graduating from the University of North Carolina in 1909, Graham remained in Chapel Hill’s orbit for law school and administrative work, with a brief stint in the marines during World War I.\textsuperscript{52}

But social science studies at Columbia, the University of Chicago, the precursor to the Brookings Institution, and the London School of Economics generated an openness to a broader range of thinking on “social betterment,” as Graham thought of how to balance material and humane values. He studied how the South could “free itself” from Northern “economic bondage” and “cast off the social fetters and the feudal bonds” in order to meet “inevitable” industrial revolution. Though never doctrinaire in his believes, Graham committed himself to service to others, especially the project of lifting the South towards economic prosperity along with social and political equality.

As president of the University of North Carolina, he was called, fondly, “Dr. Frank,” though he never finished the doctorate. He tutored several waves of UNC undergraduates, including Terry Sanford, about the horrors of sharecropping. He stood up publicly for Fred Beal, a communist accused of murder in conjunction with the Gastonia


\textsuperscript{52} The two sources for this and material below are: Warren Ashby, \textit{Frank Porter Graham, a Southern Liberal} (Winston-Salem, NC: J. F. Blair, 1980), a competent biography, and Ehle, \textit{Dr. Frank} (1993), a more eclectic compendium of stories on Graham.
textile strikes in 1929, and he won passage of the South’s most liberal workers compensation bill. He was great friends with Eleanor Roosevelt and Frances Perkins on the one hand and, on the other, with textile barons such as J. Spencer Love.

Graham’s personal touch was special, but it was also reflective of how policymaking worked in his era. In trying to win appropriations from the legislature, knowing the right people proved vital. In the 1930s, Graham spotted a UNC student on the streets of Raleigh. Not only did he remember his name, Graham remembered his home town, Kinston, in eastern North Carolina. This was the crucial detail. A key senator from Kinston needed to be persuaded to save the schools, both graded and universities, from “the budget cutters.” It was “a matter of life and death,” Graham told the student, pushing him to go immediately to the Sir Walter Hotel to deliver the personal plea to the man who lived two doors down from his parents.53 This was the art of school funding.

Graham was firmly in the gradualist camp regarding racial change. His views were grounded in the same theory as Odum, but they also reflected his position as steward of UNC, which he considered a lighthouse for societal change that needed careful protection from the misplaced opprobrium of the “forgotten men and women.” That need to protect fragile progress made Graham turn his back on one of North Carolina’s brightest stars, Pauli Murray.

Murray grew up in Durham, the center of independent black business, and graduated from one of the best black high schools in the state in 1926. Nevertheless, she was desperate to leave segregation behind, choosing New York’s Hunter College and

53 Ehle, Dr. Frank (1993), 23.
remaining in the city after graduation. When a sick relative needed care back home, Murray applied to graduate school in North Carolina. But though the president of the North Carolina College for Negroes had pushed Graham for graduate funding, the state-funded liberal arts school for blacks offered no doctoral training. Eager to challenge Jim Crow, Murray applied to study sociology with Odum and Guy Benton Johnson at UNC. When Murray received a denial on the basis of her race, she wrote Graham: admitting her would be “a victory for liberal thought in the South,” she argued. Some of Odum’s students cheered her on, but Odum himself was unsupportive. Graham explained to Murray, “We must not be unwise in the present critical situation and cause a throwback to a darker time with losses all along the line.” Murray eventually went to law school at Howard University, a launchpad for a remarkable career as a civil rights activist, as responsible as any individual for breaking down both Jim and “Jane” Crow.54 But there was little room for her in that North Carolina.

Graham was at least consistent with these views. He served as a member of more than a hundred organizations, including briefly as president of the Southern Conference for Human Welfare. He was the rare white southerner on President Harry Truman’s 1947 Commission on Civil Rights, which issued the influential report, *To Secure These Rights*. On that commission, he tried to tone down the report, arguing that “the best way ultimately to end segregation is to raise the educational level of the people in the states affected” rather than force the issue at the federal level.55

Even such moderation was too much for Jim Crow North Carolina. When Gov. Kerr Scott appointed Graham to the Senate, he assured the beloved university administrator that he would win election outright the next year. Nevertheless, Graham lost that 1950 race, labeled a communist and an integrationist by his opponent. Graham handily won the first Democratic primary in 1950, but he was 5,634 votes (1.1 percent) shy of winning the nomination outright. His closest challenger, textile executive and banker Willis Smith, almost demurred his right to a runoff. But while Smith deliberated, the Supreme Court issued three civil rights rulings—*Sweatt v. Painter*, *McLaurin v. Oklahoma State Regents*, and *Henderson v. United States*—that undermined state segregated graduate education and struck down separate black and white railroad dining cars. Seeing how these rulings reshaped the issues of the second primary, Willis Smith called for a run-off. Though he would disavow many of the tactics used by his supporters (including a young Jesse Helms), Smith nevertheless benefited from the most explicitly racialized campaign since the white supremacy call that ended Fusionism and put Charles Aycock in office.56 “WHITE PEOPLE WAKE UP!” screamed the Smith campaign’s most notorious circular, and enough white voters heeded the exhortation in the ballot box to flip the election for Smith. Eastern North Carolina’s swing made the difference: Graham won the area by 16,000 votes in the first primary and lost it by 21,000 in the second. Smith attacked Graham for more than his racial liberalism, accusing him of socialist ties and pro-union positions, the other untouchable issues seared into the

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conscience of southern liberals.\textsuperscript{57}

**The School and Industry Nexus**

Besides education, the other prong of Odum’s analysis pointed to attracting capital-intensive business. One of North Carolina’s chief strategies in this regard had been road building, earning a reputation as early as the 1920s as the “good roads state” for its paving campaigns, which largely helped the textile and wood products industries expand access to cheap labor. But there were more targeted approaches for firm recruitment. In North Carolina, the job of industry hunting fell to the state Board of Conservation and Development, the most plum appointment the governor had in his patronage quiver. A seat there gave a political supporter a way to channel industry to his town.\textsuperscript{58}

By the 1950s, even black belt community leaders had joined the industrialization band wagon. They saw the courtship of industry as the best way to ensure community survival as farm mechanization reduced agricultural employment, and they found in Gov. Luther Hodges (1954–1961) a public servant willing to serve as recruiter-in-chief. A former textile executive and self-described “businessman in the statehouse,” Hodges considered education secondary in the industrialization process, focusing on winning

\textsuperscript{57} Michael J. Klarman, *From Jim Crow to Civil Rights: The Supreme Court and the Struggle for Racial Equality* (New York: Oxford University Press, 2004), 260; Pleasants and Burns, *Graham: The 1950 Senate Race* (1990), 145-246; Badger, *New Deal/New South* (2007), 115. Michael Klarman has interpreted Graham’s defeat as fitting national patterns rather than demonstrating the limits of racial moderation in the South. He writes that his defeat, as well as that of Claude Pepper in Florida that same year, “had more to do with Truman’s unpopularity and the potency of McCarthyism as an electoral weapon than with an incipient racial backlash in the South” (388). This interpretation suffers from the notable shift from the first to the second primary in the Graham-Smith election, especially the heightened and explicit racial rhetoric. Moreover, it was the racial elements of the election that made a strong impact on a generation of young white progressives in the state.

business first. Hodges’ vision of industrialization, shaped by the politics of Jim Crow, included little place for African Americans.

White local leaders in the black belt operated under the imperatives of both white supremacy and industrialization. White supremacy dictated racial separation in schooling. Industrial development required good public schools—not private schools—along with golf courses and regional airports. Warren County, with a 1960 population of under 20,000 that had declined by 16.5 percent during the 1950s, had four separate development corporations, three to serve townships and one at the county level. After building a shell building with $40,000 in local money, the Littleton Development Company lured a cut-and-sew infant wear company to open a 150-employee shop. Its vice president, a white man from Oregon in his late 20s, said that the quality of the school system was always a “primary question” of people he interviewed for management.

Satisfying relocated management was one way schools mattered for industrialization. The other was subsidizing workforce training. W. Monroe Gardner, an insurance agent in Warren County, had attended state recruiting trips with the governor to court companies in Chicago, New York, and Philadelphia. After learning about available labor, the firms’ “second interest is always the question: What type of school system do you have in your local community?” They wanted vocational departments “capable of training labor for use in industry.” When prospects came for a site visit, tours of local schools and meetings their administrators were always on the itinerary. “We can see that

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60 Carl Hoag deposition; Joe Newsom deposition, both in Turner v. Warren County Board of Education, Civil Action No. 1482, file 18, North Carolina, Eastern District, Wilson Division, RG 21, NARA–Southeast.
the economy of the county is going down because we are losing population all the time,” said Gardner, “and that’s why we continue to work all the time trying to bring in new industry.”

In line with such local demands, Hodges sought to diversify North Carolina’s traditional industries by courting branch plants of major firms. He believed they would alleviate the destitution that many small mill owners nurtured. His view fit the contours of modernization theory, though he was influenced less by economic thinkers like Walt Whitman Rostow than by his own experience rising from impoverished small town North Carolina boy to affluent New York City executive. Hodges started as a secretary at his local branch plant of Marshall Field and Company and worked his way up the ranks. Growing up in Spray (later Eden), Hodges resented the “local robber baron” who operated his town’s textile mill, “a living caricature of the overfat capitalist.” Such elites benefited from one-firm company towns. They often opposed new plants that might drive up labor costs and reduce their stranglehold over the local economy. By recruiting new industrial firms to the state—even if they sought cheap labor—Hodges disturbed these local arrangements.

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63 Quoted in McCorkle, “History and the 'New Economy' Narrative” (2012), 508; Hodges, *Businessman in the Statehouse: Six Years as Governor of North Carolina* (1962), esp. 29-56.
After retiring from Marshall Field, he ran successfully for lieutenant governor in his home state and was catapulted to the governor’s mansion by the death of his predecessor, William B. Umstead. He won the office on his own terms in 1956, campaigning on his record of industrial development. He emphasized raising per capita income, which for decades had languished near the bottom compared to other states. Hodges believed industrialization would nationalize the South both economically and socially.\(^{64}\)

In Hodges’s view, industry came first and better schools followed. After winning election to a full term, Hodges staked his political capital on a bold plan for industrial recruitment. It called for $8 million in corporate tax reductions, along with a new state plane to recruit industry, expenditures that Hodges claimed would be offset by new growth. His agenda included some educational measures, including money for vocational training and salary increases for teachers and other state employees, though the increase was considerably less than the state’s educational organizations had proposed. As economic growth increased tax revenues, Hodges argued, more could then be directed towards improving education.\(^{65}\)

Hodges had a significant political reason for de-emphasizing schools. In the mid 1950s, the kinds of “tests” of Jim Crow that Odum and Graham had feared complicated Hodges’ approach, with \textit{Brown v. Board of Education} in 1954 and the campaigns of the


civil rights movement. Yet even as massive resistance swept the South in the 1950s, academics Milton Yinger and George Simpson contended that segregation “belongs to another age” and could not survive in an industrial society and would be swept away by “the influence of mechanized agriculture, large-scale migration, urbanization, industrialization, political realignment, and new international relations symbolized by intercontinental misses and artificial moons.” Such ideas reinforced the moderate’s position of focusing on industrial development and minimizing racial conflict—regardless whether brought on by staunch segregationists or African Americans demanding equality. Yet the state’s textile mills remained vertically segregated. Even by the late 1950s, this vertical segregation in textiles showed few signs of abating, belying any simple correlation between industrialization and the end of Jim Crow.66

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By putting education second to industry hunting, Hodges disappointed North Carolina’s United Forces for Education (UFE). Formed in the late 1940s to promote the improvement of public education at all levels, UFE was really a coalition of other organizations. The precise composition shifted over the postwar period, involving associations for education (the Congress of Parents and Teachers, the State School Board Association, and the North Carolina Education Association); women (the Federation of Women’s Clubs, which included the Junior Women’s Clubs and the North Carolina branches of the American Association of University Women); and agriculture (the Farm Bureau and the State Grange).67 UFE pushed for budget increased for public education,

67 United Forces for Education, Education in North Carolina Today and Tomorrow (Raleigh, NC: Edwards
and especially for teacher pay. Low pay, UFE argued, led to a teacher shortage in the state, a lost investment on educators trained in its colleges.\textsuperscript{68}

Race, however, divided would-be allies. Some of the UFE’s organizations were integrating in the 1950s, such as the NC branches of the American Association of University Women. But its agenda was dominated by the education groups, particularly the white-only North Carolina Education Association (NCEA).\textsuperscript{69} The state parent–teacher associations were racially split as well. NCTA, the black teachers’ association, relocated to Raleigh in 1946 in order to have greater contact with the NCEA. Still, from the NCTA’s perspective, the conversation felt uneven; their white counterparts rarely initiated contact. The UFE worked with the National Education Association, which had integrated in the late 1940s, though it still had not come out publicly in support of integration.\textsuperscript{70}


Figure 7: A brochure on the proposed budget from the United Forces for Education, the state’s umbrella group of educational organizations, March 1960. The white organization depicted need in the guise of white students. Source: Terry Sanford Papers, folder 322, UNC.

A year in advance of each legislative session, the UFE would survey its constituents and hash out a budget recommendation. Yet seldom did the UFE find a receptive audience at the General Assembly during the 1950s. In 1953, William Dallas Herring, a casket manufacturer and local school board member from a southeastern farm county presented the UFE budget to the state legislature, which called for a $70 million increase. An incredulous state senator, also from eastern North Carolina, pointedly double-checked that the figure wasn’t $7 million. The uphill battle convinced even Herring that the UFE’s program was “unrealistic,” without “any chance of getting adopted.” The State Board of Education, he complained, was a “conservative group made up principally of former members of the legislature who think of the board as a fiscal control body with little if any responsibility for the schools.”

71 Dallas Herring interview by James Jenkins, 14 Feb. 1987, C-0034, SOHP, in the Southern Oral History Program Collection #4007, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill (hereafter, SOHP); Dallas Herring to Maurice Bement, 6 Apr. 1956; Dallas Herring to Maurice Bement, 5 May 1956, both in box 183, folder 7, Dallas Herring Papers, North Carolina State University,
Herring aimed to shake it up. After cultivating connections with Hodges, Herring was appointed chair of the State Board of Education, where he remained through the late 1970s. Herring allied his vision with Hodges, tempering the governor’s belief that industry came first and schools followed. But the reason that Herring came to Hodges’ attention is revealing: it was Herring’s role in the political effort to slow North Carolina’s implementation of *Brown v. Board*.

As much as anyone, Dallas Herring exhibited the promise and limitations of North Carolina’s education push before the end of Jim Crow. A self-described “liberal Democrat,” Herring returned to his small town of Rose Hill after graduating from Davidson College. His parents had both served as local officials, and Herring became mayor at age 23, serving for 12 years. He had returned to take over the family casket company following the death of both his father and uncle during the Great Depression, though he claimed that “my talents, if any, lie in the field of education rather than manufacturing.” After finishing his stint as mayor, Herring—a lifelong bachelor—was appointed to the school board in Duplin County, where he energized a local campaign of improvement by consolidating the many rural schools.72

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72 Dallas Herring to Maurice D. Bement, 29 Nov. 1956, box 183, folder 7; Dallas Herring to Roselyn Reisman, 17 Dec. 1959, Folder 1, Box 194, both in Dallas Herring Papers.
Herring concluded that the legislature was too skeptical of the demands of education professionals—more laymen were needed to convince both the General Assembly and local governments to increase educational outlays. In 1954, Herring joined a national organization created by James B. Conant, the former Harvard president. The National Citizens Commission for the Public Schools (later, the Council for Better Schools) included luminaries such as Time, Inc. President Roy Larson and writer John Hersey. Herring met both at the first meeting that he attended in San Francisco, where he heard a speech from Walter Lippman—a special thrill because Herring regarded Lippman’s columns as his “Bible” while an undergraduate at Davidson. Inspired, Herring came back to North Carolina and started a North Carolina branch to organize local “Citizens Committees for Better Schools” in support of teachers and administrators.73 Though the National Council for Better Schools folded in 1959, Herring organized with other southern liberals to establish a Southern Committee for Better Schools. They rallied at the University of North Carolina, elected Herring president of the organization, and solidified the commitment of the university’s new president, William Friday, to provide

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73 Dallas Herring interview by James Jenkins, 14 Feb. 1987, C-0034, SOHP.
institutional support for a 1960 gala. Conant accepted their invitation to headline the event; his recently released book on high school reform conformed with Herring’s emphasis on rural school consolidation as a means of school improvement.\(^{74}\)

Herring had learned the news of the \textit{Brown} decision at that May 1954 meeting of NCCPS in San Francisco. Asked what he thought the South would do, Herring replied, “Well, I can’t speak for the South. I don’t know what the South will do. I think North Carolina will do the responsible thing. It will take some time.” Herring helped North Carolina take its time. He was appointed to the Special Advisory Committee on Public Education (known as the first Pearsall Committee after its chairman, Thomas Pearsall) that Governor William B. Umstead created in the immediate wake of the decision in the summer of 1954. Eastern North Carolinians like Herring dominated the committee with fourteen of nineteen members. Only three members were African American, all of them employed by the state, which constrained their ability to dissent.\(^{75}\)

Among white easterners, Herring represented the most progressive strain, insisting vehemently that public schools must remain open and opposing interposition resolutions or other steps towards massive resistance. Unlike some Pearsall members, Herring never joined the Patriots of NC, the state’s equivalent of the White Citizens Council, organized in 1955 by staunch segregationists and led by a UNC medical professor, W. C. George, who proclaimed that blacks were biologically inferior. Herring


initially refused to sign the report, which he feared endangered public education in North Carolina; Herring acquiesced grudgingly only after a phone call from the governor, by then Luther Hodges, who pleaded for a unanimous result. In his personal copy of the report, Herring wrote that decentralizing pupil assignment to the local level, in order to divest the state of any responsibility for desegregation, would “lead to chaos and ultimately to complete decentralization of the schools if they are indeed lucky enough to survive.” He was not invited to be a member of the smaller, all-white second Pearsall Committee, which was dominated by legislators from the black belt.76

It was this second Pearsall Committee that created the “Pearsall Plan,” constitutional and legislative changes to devolve pupil assignment to localities and create a tuition mechanism for private schools in the event of desegregation. Voters ratified the constitutional amendments four to one, though African American voters largely opposed the measures. It succeeded in stalling desegregation without defying the federal courts for almost a decade. The Pearsall Plan pushed the fight for integration to the local level, forcing the NAACP and its allies to drum up plaintiffs in districts across the state rather than mounting a push against the state itself.77

Though a liberal, Herring was no champion of integration, and his response to

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Brown and the civil rights movement reveals the contradictions of white southern liberalism in the age of Jim Crow. He desperately wanted to keep public schools open, but he also wanted to maintain “racial identity” through segregation. Herring wrote that he did not know whether the “inherent mental ability of Negro pupils is lower,” but he was sure that racial differences would persist. As a member of the first Pearsall Committee, he proposed a plan of aptitude testing in order to classify school children based on both “mental age” and “chronological age,” which he argued would effectively maintain segregation. He drew inspiration for the plan from the literacy tests instituted by one of his heroes, Governor Charles Aycock, to disenfranchise blacks at the turn of the century.  

The Pearsall Committee did not adopt Herring’s testing idea but Herring persuaded his local district as well as a few other school systems, including Wake County, to adopt something similar for pupil assignments. He wrote to the Anson County superintendent, “It should be obvious...that the proposal is intended to provide almost complete racial separation on legal grounds that are at the same time fair and educationally acceptable. ...I do think it superior to any other proposal yet advanced to cope with this awful problem.” In other letters, Herring made it plain that complete segregation “seems desirable in most areas of the state at least in the years immediately ahead”; he could only imagine voluntary desegregation in urban systems like Charlotte and Winston-Salem.  

Like most white North Carolinians at the time, Herring believed that the vast
majority of African Americans wanted to maintain segregated education. His view was not grounded in dialogue. Herring was a prolific correspondent whose education networks stretched the nation and were particularly strong among white liberals in the South, yet his communication with African Americans—much less organizations like the NAACP or the NCTA—was virtually nil. He was consistently derogatory in private correspondence about the NAACP and its “determination to amalgamate.” Despite his reservations about the Pearsall Plan, Herring campaigned vigorously for the adoption of the constitutional amendments it recommended, like virtually every other white public figure.80

Herring underestimated the commitment of black North Carolinians to integration. Despite the reputation that black teachers had for caution during the civil rights era, the NCTA backed school integration efforts even though members were cognizant of the threat that desegregation might pose to black employment. Such positions drove a further wedge between the NCTA and their white counterparts at the NCEA during the 1950s. Uncertainty over desegregation splintered would be allies and complicated budgeting decisions. In general, white pro-education groups moved forward with budget requests that failed to account for what the elimination of the dual educational system would mean in terms of facilities.81

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80 Dallas Herring to Thomas J. Pearsall, 5 Sept. 1955, in legalbox 2, folder 3; Dallas Herring to Chevis Kerr Sr., 1 Aug. 1955, in legalbox 2, folder 4, both in Dallas Herring Papers; “2 More Public School Educators Support Pearsall Plan,” Asheville (NC) Citizen-Times, 26 Aug. 1956, 10; Batchelor, Race and Education in North Carolina (2015), 112-113. Tellingly, one of the few white people to publicly oppose the Pearsall Plan, Duke Professor Douglas B. Maggs, was red-baited. A rumor spread before a hearing that he had been a “character witness” for Junius Scales, convicted as a Communist. Maggs had to deny it while testifying his belief that the plan was unconstitutional. Woodrow Price, “Attempt to Pin Red Tag on Duke Professor Fails,” N&O, 26 July 1956, 1.

81 Batchelor, Race and Education in North Carolina (2015), 112; Thuesen, Greater Than Equal (2013), 229-230; Percy Murray, History of the North Carolina Teachers Association (Washington, DC: NEA,
The paradigm of industrial recruitment shaped the state’s policy response to
*Brown v. Board of Education* in 1954. Hodges leaned on the imperative to industrialize to
counter those in the state calling for massive resistance. Observers both inside and
outside the South highlighted North Carolina’s moderation on race as a foil to Arkansas
or Virginia. Little Rock was a chief exhibit of how segregationist recalcitrance would
lead to economic stagnation—industrial recruitment came to a four-year stand still
following Arkansas Governor Orville Faubus’s schoolhouse stand in 1957. North
Carolina businessmen writ large preferred the script offered by William B. Hartsfield,
mayor of the deep South’s biggest city, Atlanta: they were “too busy to hate.”

Hodges played a game one scholar has described as “strategic constitutionalism,”
designed to engender national sympathies while bending court rulings towards toothless
interpretations of civil rights. In this way, North Carolina politicians made a key
collection to the perpetuation of white supremacy beyond the Jim Crow order. Yet
Hodges thought he had no choice, if he wanted to remain in office. Tellingly, his two
major rivals for the Democratic nomination in 1956 attacked him for “opening the way to
integration” with his “soft” approach.

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83 Anders Walker, *The Ghost of Jim Crow: How Southern Moderates Used Brown v. Board of Education to Stall Civil Rights* (New York: Oxford University Press, 2009), 51; “Hodges Wins by Big Vote in Bid for Full Term,” *Greensboro Daily News*, 27 May 1956, 14; See also Chafe, *Civilities and Civil Rights* (1980); Luebke, *Tar Heel Politics 2000* (1998). Historians have debated whether *Brown* slowed or speeded desegregation in the South. In North Carolina, such discussions have centered on whether white political self-described “moderates” prolonged Jim Crow despite a more willing populace, as William Chafe and Anders Walker have argued—or whether they triumphantly navigated a narrow strait to avoid massive
resistance and speed the move away from Jim Crow, as John Batchelor contends. In many ways, we might
boil this question down to the Pearsall Plan. Was the Pearsall Plan a necessary safety valve to keep open
public schools and allow for urban and rural variance in the pace of desegregation, as Herring and other
Herring served as an important advisor to Hodges, convincing him that state-funded “industrial education centers” would aid his quest to diversify the state’s economy. In 1957, Herring helped develop the Community College Act, which initiated the creation of “industrial education centers” (IECs). His proposal to Hodges stressed their “direct bearing upon the solution of the State’s problem of low per capita income as its industrial economy expands.”

Not all of the funding came from the state. Localities were required to pony up for capital costs and businesses contributed equipment. But since no dormitories were necessary, they were cheaper than creating junior colleges. Seven IECs sprang up in the state over the next few years, teaching courses in electronics, drafting, sheet metal, welding, auto and diesel mechanics, instrumentation, air conditioning, power sewing, and furniture construction. More so than the handful of junior colleges in North Carolina, they would form the backbone of the community college system.84

The potential of these industrial education centers to increase equal opportunity was limited by their creation in the Jim Crow era, however. When the sole African American member of the State Board of Education brought credible allegations of

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discrimination at the Industrial Education Centers, Herring reacted defensively and did little to investigate. Herring followed the work of the Piedmont chapter of the American Society of Tool and Manufacturing Engineers. It created a “Return of the Native” project, handing out $1,000 in student loans to “bring back the state’s ‘exported’ engineers.” Between the lines, it was clear that the engineers were interested in returning whites only. The work of men such as Herring was vital for expanding the educational system in North Carolina and increasing educational attainment for whites, but it would take the civil rights movement to truly democratize this system.

Hodges was instrumental in getting the Research Triangle Park off the ground, and it became the quintessential symbol of North Carolina’s push beyond traditional industries towards a “new economy.” Popular explanations for the Research Triangle Park (RTP) emphasis its role in stopping brain drain. Indeed, Hodges’ work on RTP helped expand his vision of what higher education could contribute to economic development, and he occasionally brought along a professor of textiles or forestry to meetings with northern firms. But a closer examination of the migration pattern of men—

at that time still the employment target population for policymakers—shows that North Carolina was already beginning to balance out its losses of highly educated whites thanks to in-migration in the period 1955 to 1960. Older white men with less education were more likely to migrate, while North Carolina still suffered net outmigration among whites aged 25-29 across all educational attainment levels. African American men left no matter what level of education or age. 87

By the time Hodges left office in 1960, the Research Triangle Park was far from a success. It was mostly a few thousand undeveloped acres and a handful of people working at nonprofits, the Research Triangle Institute and the Research Triangle Foundation. The single private sector conquest was the Chemstrand Corporation, a synthetic fiber company, which agreed in 1959 to locate a research facility in the Park. As an experiment in public–private partnerships, it seemed more likely to fail than succeed. Recruiting research firms was difficult for a Jim Crow state like North Carolina. Firms with non-white employees had to worry about how to handle segregation, though perhaps more importantly, they had to worry about the status of federal contracts with non-discrimination clauses. Despite any enticements that North Carolina could offer from lower labor costs, facility assistance, or university expertise, research companies found that the risks of relocation far outweighed the potential benefits. 88

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The great hope that industrialization would end the Jim Crow political economy was rarely borne out by the way the process unfolded in the South during the 1940s and 1950s. North Carolina was, by 1960, a highly industrialized state when compared to its peers, yet it was also still a rural state, its mills spread out and shoring up an array of small cities and towns. Thus far, this industry had not brought the kind of political change that the Northern U.S. had experienced. North Carolina seemed stuck with low-wages and no unions. While Hodges hoped that branch plants would diversify the North Carolina economy, those that boosters courted to its small towns were hand-picked for their low wages and lack of unions. It was not hard to imagine a stasis, industrialization compatible with Jim Crow, that kept hold on the South for the remainder of the 20th century.

White progressives like Page and Odum had hoped that education would unlock a North Carolina electorate less susceptible to race-baiting demagogues, but that still seemed like a distant future by the end of the 1950s, given the Graham race and segregationist organizing. African Americans, through teacher organizations backed by the credible threat of federal court rulings, had equalized teacher pay and had made concrete strides on facilities, but they remained divided from natural allies because of Jim Crow institutions, These wedges seemed to grow rather than shrink with Supreme Court rulings that ordered an end to segregation. Empowered white liberals such as Dallas Herring, chair of the State Board of Education and founder of the community college system, demonstrated a kind of blindness to the concerns that led so many black North Carolinians to leave the state, presumably little concerned with their departure. And he failed to see how black disenfranchisement stymied his own efforts to break a
conservative legislature that was reluctant to fund public education.

Still, some core building blocks of change were apparent by 1960. Industry had helped generate banks, power companies, and philanthropic foundations that promoted economic growth and a consumption-oriented middle class. The University of North Carolina under Graham proved capable of fostering at least a moderate intellectual heterodoxy to prevailing Jim Crow elites at the local level. Black schools provided some autonomy to African Americans, who developed an even stronger critique of Jim Crow. By pointing to the necessities of industrial development, North Carolina politicians had thus far avoided confrontations with federal institutions that seemed to poison growth in massive resistance states.

Perhaps an even greater emphasis on education in North Carolina could more rapidly produce a more dynamic society. That, at least, was what 1960 gubernatorial candidate Terry Sanford seemed eager to try.
Chapter 2
Still Waiting for a “New Day”:
An Education Governor’s Jim Crow Constraints, 1960-1965

If economic fortunes depend on human capital, Quinton E. Baker was the kind of person North Carolina should have desperately nurtured. The youngest of four African American children, Baker grew up in the 1940s and 1950s in Greenville, the eastern reaches of the state’s black belt. He was curious, a quick study who chafed at “do it because I say so.” His working-class parents went out of their way to give him what they had not received: a formal education. Baker’s mother was a domestic and his father a laborer. For him, “there was never one job,” Quinton would later remember, “just a series”: the tobacco fields during priming and harvest, occasional work in a tobacco factory, odd jobs at a furniture store. His parents were “very middle class for poor people,” Baker archly observed, believing in the moral uplift and economic empowerment that education might provide. They did not force him or his siblings to drop out before completing high school, though he still had to have a part-time job to contribute to the family upkeep. Quinton did not want to work in the fields—he was afraid of horses, still the ubiquitous technology in ’50s eastern NC—so he shined shoes in a downtown store. It was his only close contact with white people.¹

The state, run by and almost wholly for those white folks, did not completely forsake Baker. Its concern for his education came only because of determined efforts by African Americans: the black educators’ organization, the North Carolina Teachers

Association, leveraged federal court rulings to win equal pay and improved, though still unequal, facilities. Black college administrators, meanwhile used similar tactics to improve their resources. In 1960, Baker got a scholarship to the state’s top public college for African Americans, the North Carolina College at Durham. He did well academically, blossoming into a student leader. He spoke at state gatherings and received a national award for his leadership, traveling to New York City in his senior year to pick up a $500 prize. But Baker did not graduate in that final semester. Instead of a diploma, he received a prison sentence.²

Baker’s crime was challenging Jim Crow. The student organization he led was the college chapter of the National Association for the Advancement of Colored People (NAACP). In campaigns in Durham, he learned tactics of organizing and civil disobedience at the feet of Floyd McKissick, attorney and national chairman of the Congress of Racial Equality (CORE). Baker served as a kind of “NAACP commando,” traveling through communities in eastern North Carolina to build the movement. He was booked many times for his civil disobedience. He spent his 21st birthday in a Goldsboro jail. But what got him in the hottest water was leading demonstrations in Chapel Hill, the state’s bastion of white liberals.³

Judge Raymond Mallard, who sentenced Baker, came from deep in eastern North

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Carolina, a product of the good ol’ boy system. He ran his Orange County Superior
courtroom in authoritarian fashion. No one—from defendants to visitors—could read,
write, talk, laugh, even knit. To like-minded whites, Mallard explained his view of the
protestors, that alien outsiders with “Yankee money” were tempting young North
Carolinians into crazy demonstrations. protest. Baker’s trial had repercussions for his
parents, who could no longer find work in Greenville. As he awaited his judicial fate,
they followed a well-worn path from the eastern black belt to New York City.4

Baker won release from prison through personal connections rather than legal
justice. One of the governor’s closest advisors, novelist and UNC communications
professor John Ehle, was moved by Baker and the other leaders of the Chapel Hill
protests, John Dunne and Pat Cusick—their willingness to risk so much to draw attention
to the stultifying social order in North Carolina. Ehle worked the upper channels of state
government to secure parole for Baker and the other civil rights protestors. Baker joined
his parents in New York and won admission and scholarship to the University of
Wisconsin–Madison. The education provided by his parents, his community, and the state
would benefit Boston, Massachusetts, where he moved after graduation.5 The Jim Crow
South had no room for a bright, brash, black man like Quinton Baker.

Terry Sanford’s North Carolina was still a place locked into a Jim Crow political

group interview, 2 June 1974, transcript, 7, in box 6, Duke Oral History Program Collection. I draw on
Ehle’s work in this chapter, but his account is not without its critics. Quinton Baker thought he “ma[de] us
sound silly,” while Terry Sanford considered the book “too sympathetic with the young leaders.” Quinton
E. Baker, group interview, 2 June 1974, transcript, 1, in box 6, Duke Oral History Program Collection;
Terry Sanford, interview with Wendy Watriss and Lois Gilman, 29 Aug. 1974, transcript, 1, in box 7, Duke
Oral History Program Collection.
5 Ehle, The Free Men (1965; reprint, 2007), 310-311; Quinton E. Baker, group interview, 2 June 1974,
transcript, 12, in box 6, Duke Oral History Program Collection; Quinton E. Baker, interview by Chris
economy in the early 1960s. “There is a new day in North Carolina!” Sanford proclaimed ad nauseam in his 1960 stump speech, during his donor meetings, at his inauguration. The line was a deliberate echo of North Carolina’s first “education governor,” Charles Aycock, as useable a progressive past as Sanford could draw on.

Like Aycock, Sanford told the state that a new day was to come through education. It was an almost religious conviction for Sanford. Yet despite four years spent trying to reorient state policy around human development, Sanford finished his gubernatorial term with his anointed successor defeated at the polls and a conservative counterassault in formation. State economic development policy still targeted low-wage, low-skill industrial employment and offered little to the best and the brightest—especially those who were African American. The limits of Sanford’s efforts suggest how crucial federal civil rights intervention was for human development in North Carolina. The work of Quinton Baker, as much as Terry Sanford, set the stage for a “new day” in North Carolina.

“Education Comes First!”
Terry Sanford, an ambitious white son of small town eastern North Carolina, made education his core issue in the 1960 campaign for governor. It was not unusual to make promises about improving schools as part of a gubernatorial campaign, and other candidates in the crowded Democratic field flagged public education. What made Sanford stand out was his single-minded focus on school improvement. He even allowed that he would raise taxes to increase teacher salaries. But in drawing attention to public

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6 Mitchell, ed. Sanford Public Papers (1966), 3; Covington and Ellis, Terry Sanford (1999), 238. On Aycock, see Chapter 1.
schools in 1960, Sanford increased the risk his campaign would get derailed by the one issue Sanford desperately sought to avoid: race.

Sanford gravitated to education as an issue in part to distinguish himself from the outgoing governor, Luther Hodges. Little in Sanford’s brief stint as state senator from 1953 to 1955 suggested that education would become his centerpiece. Because governors were limited to a single term, Sanford knew in 1957 that he would have to get out ahead of a crowded pack for the 1960 primary contest. He knew the Democratic primary was the only race that mattered in what remained a single party state. And he knew that the United Forces for Education were looking for a champion. So, as Hodges unrolled his industrial development agenda, Sanford found his campaign angle. Sanford attacked Hodges’ proposed corporate tax cuts as “wrong and dangerously wrong” in a speech to the Young Democrats Club of Wake Forest College. His line that schools were the “number one need” in the state drew thunderous applause.

That speech embarrassed Hodges into increasing the education budget and put Sanford on the map. But at that point, Sanford was not completely inverting the industrialization–education relationship. He did not claim, for instance, that investing in schools would stimulate industrial development. Rather, he argued that attracting “world class leadership to the public schools” through higher salaries was more important than industrial recruitment at the moment.

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In 1960, the state’s economy seemed stuck betwixt and between—part agrarian, part industrial, a solid step towards the diversified economies of the North but still several rungs below in productivity, skills, and wages. That, at least, was how the state’s leading economic policy advisors thought about the challenges wrought by farming mechanization, technological change in industrial production, and rural-to-urban migration. Those vying for governor knew less about the theory of economic development than the lines that drew applause at campaign rallies: better schools, better roads, and better jobs. These planks spoke to small town concerns about out-migration that troubled even the courthouse gang. What Sanford proposed to the voters of North Carolina was that education wasn’t just one of many things—it was the main thing that could make the state a place worth staying in.

The United Forces of Education’s ongoing efforts primed Sanford’s audiences, and his rise coincided with Dallas Herring’s efforts to create Citizens Committees for Better Schools. “I talked about roads and farm income and industrial development and water resources, and the audiences were interested,” Sanford recalled. “I talked about schools and they clapped.” When his campaign began in earnest, Sanford adopted UFE’s detailed education budget and soon became its chief salesman. The organization was mounting a major push for the 1961 biennial legislative session after a disappointing 1959. By this time, their proposed budget increase had grown from $70 million to $100 million.⁹

Sanford was the first North Carolina politician to hire a pollster, and Lou Harris confirmed Sanford’s intuition that education was a winner. In January, before the field was set, Harris and Associates reported to Sanford that voters had a “fierce desire for improvement,” and that “we have rarely found any state in which the educational issue is so vibrant, on top of the minds of the people as in North Carolina.” The internal report also pointed out, however, that voters associated education with another candidate, John Larkins—at that time, considered the man to beat—more strongly than with Sanford. Sanford’s task was to force voters to associate him with education. The polling reports helped Sanford figure out how to appeal to African American voters without alienating white support, suggesting he “talk…as an economic liberal” to enhance his standing with black voters, who favored Larkins slightly in the early polling. North Carolina voters seemed so enamored of educational improvement that the Republican candidate for governor, Robert Gavin, also adopted the UFE platform during his primary, though during the general election he would recant his support for the additional taxes it would require.\textsuperscript{10}

One of the complications of running on education was the long-standing problem of how to finance increased spending. Sanford initially was reluctant to say how the state could pay for his education plan. Unlike other candidates, however, Sanford began admitting he would increase taxes. As that position became public, Sanford’s Democratic opponents baited him with monikers “High Tax Terry” and “Terrible Tax Terry,”

claiming that the UFE plan was “pie in the sky.” Sanford redirected the blows. In Wake County, Sanford supporters responded with a banner that read, “If It’s Pie in the Sky, Let’s Start Cooking,” while Sanford posed for the cameras knife in hand, ready to start doling it out. As he told the campaign crowds, “the children of the state cannot wait.”

Sanford benefited from the drumbeats of educational groups during the previous decade.

Sanford was seasoned in statewide Democratic politics, having managed Kerr Scott’s U.S. Senate campaign in 1954. He created a playbook, kept in his dresser drawer, based on what he perceived to be Frank Porter Graham’s mistakes during the 1950 election. Some of the key lessons: aggressively focus on a positive issue, counterattack quickly if your opponent strikes, and never let the campaign become focused on race. This meant he could only court black voters obliquely. And he could never directly challenge Jim Crow segregation.

But as in the Graham–Smith election, outside events forced the issue on Sanford in 1960. Sanford wiggled out of a definitive statement on desegregation until the Greensboro sit-ins that started February 1, 1960. Four students from the North Carolina Agricultural and Technical College took lunch-counter seats in Greensboro’s F.W. Woolworth Co. store, where they were refused service. The next day, twenty students showed up. They promised they would return in even greater numbers—and they did, not just in Greensboro, but across the South. The sit-in phase of the civil rights movement

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11 Mitchell, ed. Sanford Public Papers (1966), 15-16; Covington and Ellis, Terry Sanford (1999), 204, 221-222. Sanford claims initially he only discussed taxes when he thought the press was not at campaign speeches.

dramatically reshaped the 1960 gubernatorial election, and much more.¹³

Until then, I. Beverly Lake, the state’s leading segregationist who had constantly critiqued Hodges for his moderate course on race relations, had demurred entering the race. But following the sit-ins, Lake announced his candidacy, underscoring his commitment to keeping North Carolina segregated: he promised to “use every power conferred upon me to continue that social order in North Carolina.” The politics of massive resistance were paying dividends to race baiting white politicians in neighboring states. Massive resistance appealed to many whites, especially those in eastern North Carolina, the Democratic stronghold. Though Lake was not a dynamic public speaker, he was able to harness the new media powers of television thanks to the support of WRAL-TV’s Jesse Helms. Fortunately for Sanford, state Attorney General Malcolm Seawell entered the field as well, covering him to the left. During the lead up to the first primary, Seawell became Lake’s sparring partner over resistance or cooperation regarding racial desegregation.¹⁴

Sanford’s focus on education helped him galvanize women to organize and vote for him. “There is one force in North Carolina which can overcome all of the forces of opposition. Women!” he told two hundred women at a Greensboro rally in February 1960. Martha Clampett McKay organized “women for education” through a postcard campaign that reached thousands of new voters. One of Sanford’s key advisors, McKay became a mentor to a succeeding generation of women in state politics.¹⁵ Support from

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¹³ Marvin Sykes, “A&T Students Launch ‘Sit Down’ Demand For Service At Downtown Lunch Counter,” Greensboro (NC) Record, 2 Feb. 1960, B1; Chafe, Civilities and Civil Rights (1980), 71.
¹⁵ “Sanford Asks Drive for Schools,” Greensboro Record, 23 Feb. 1960, 1; Covington and Ellis, Terry Sanford (1999), 213-214; Martha Clampitt McKay interview by Kathryn L. Nasstrom, 13 July 1989, C-
women would be crucial for Sanford when he entered the run-off primary.

With women’s groups, Sanford began declaring definitively that the relationship between industrial development and educational investment was the opposite of what Hodges had implied. “There is no chicken or egg dilemma,” he told women supporters in Greensboro. “Education comes first!” In revising that formulation, Sanford drew on the work of an economist and higher ed administrator, Howard R. Bowen. In 1960, Bowen was an outlier in his profession, arguing that “investment in human beings” was “even more important for economic growth than investment in plants, machinery, and equipment.” Soon, Theodore Schultz and Gary Becker at the University of Chicago would fashion “human capital” into a fully fledged concept. Still, though Sanford proclaimed education’s prominence, he made no mention of it as part of his industrial recruitment plans, which followed the course set by Hodges.16

In the first primary, Sanford won 41 percent of the vote to Lake’s 28 percent, and the two entered a run-off. Lake also talked nonstop about schools: as sites of race mixing and NAACP control if he lost. Yet even Lake remained committed to public education, promising that he could avoid closing them while maintaining segregation. Six years after Brown, 0.027 percent of black children attended school with whites in North Carolina. Sanford, meanwhile, warned voters that the state would only repeat the mistakes of

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Arkansas and Virginia if they supported Lake. “Massive intelligence, not massive resistance,” became one of Sanford’s favorite quips. He stood by “the North Carolina plan which has so well protected North Carolina, particularly eastern North Carolina.” By “protected,” of course, Sanford meant that, under the Pearsall Plan, schools had not faced court-ordered integration. “I am opposed to integration,” Sanford said. “The difference is that I know how to handle it, and he doesn’t.” Such lines would later cloud Sanford’s progressive reputation, though they may have been necessary to preserve electoral victory in eastern North Carolina, where Lake made his biggest impact. When the dust cleared on the second primary, Sanford won 56 percent of the vote, splitting eastern votes with Lake. Sanford’s 1960 election primary had been one of the bitterest elections in the state’s history—in Sanford’s view, second only to the 1950 Graham–Smith contest.  

The Democratic primary had decided the gubernatorial victor since 1896, but Republicans were making headway in North Carolina, particularly in the suburban Piedmont. Democratic strategists worried that industrial growth was feeding the state’s nascent GOP. Sanford, however, did not play it safe. His political philosophy was to be a “51-percent man,” his idea that leadership meant pushing voters so far that he only got the bare minimum needed to win. After fending off Lake, Sanford did his election odds no favors by backing the Catholic Harvard man from Boston, John F. Kennedy, rather than the white South’s safer bet, Texan Lyndon B. Johnson. At Bobby Kennedy’s

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insistence, Sanford had not simply endorsed Kennedy, but had seconded his nomination at the Democratic national convention, disquieting the North Carolina political Old Guard. Sanford seemed sincere in his belief that Kennedy would be the better president, but he justified the decision to his inner circle of political advisors by citing the pork-barrel probabilities of siding with the winner. Had Kennedy not been assassinated, it might have paid off for Sanford in other ways: Kennedy’s private secretary said the president had considered replacing Johnson with Sanford on the 1964 ticket. Supporting Kennedy hurt his numbers, but Sanford emerged a 54-percent man in 1960.18 To that point, it was the closest general election margin of the 20th century in a state governor’s race.

Suburban Republicans made the yellow dog Democrats down East all the more important. By November, with race on the backburner and tobacco allotments at the fore, eastern North Carolina firmly backed both Kennedy and Sanford. In Halifax County’s small town of Scotland Neck, in the heart of the North Carolina black belt, voters chose Sanford and Kennedy by 89 and 87 percent respectively. Few African Americans could vote in the east, but in urban areas, they had become solid members of Sanford’s coalition, with polling showing that 81 percent supported him over the Republican. Women, meanwhile, favored Sanford more than men did.19 Sanford’s victory stood on an uneasy foundation of women, education professionals, enfranchised (mostly urban)

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African Americans, and eastern whites increasingly unsettled by desegregation—a tenuous coalition that would be tested by the civil rights movement.

Dallas Herring had initially been cool to the Sanford campaign, and despite Sanford’s 1957 move to position education as his priority issue, Sanford would not meet Herring until 1959. Herring likely supported Seawell in the first primary, who was the most ardent critic of massive resistance. Yet when the contest narrowed to Sanford and Lake, Herring actively campaigned for Sanford. After Sanford won the second primary, Herring wrote to him, “Your triumph over the forces of retrenchment and reaction will go down in our history as a victory equally as significant as that of Governor Aycock.”

Herring and Sanford, like Kerr Scott and almost all white progressive North Carolinians of that era, revered Aycock without acknowledging his role in establishing Jim Crow. They cherished his rhetoric of equal opportunity and his policies for public school improvement. Sanford regularly quoted Aycock, who had proclaimed “the equal right of every child born on earth to have the opportunity to burgeon out all there is within him,” and whose programs would no longer pay teachers with only “red apples and yearbook dedications.” During Sanford’s 1961 inauguration, Aycock was the first person he mentioned, a man with “a great heart and dauntless vision” because “he made North Carolina believe in universal education in an uncertain, uneasy and difficult day.” And he closed his inaugural speech with a quote from Aycock—the only quote in the address—that “real strength consists not in serving ourselves, but in doing for others.”

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20 Terry Sanford to Dallas Herring, 20 Aug. 1959; Herring to Sanford, n.d. [circa late June 1960], both in box 55, folder 12, Dallas Herring Papers. Herring appears to have been an anonymous source for a letter advising Seawell on education issues. McPherson to Seawell, 3 May 1960, box 201, folder 1, Dallas Herring Papers.

In the state’s politics prior to transformative civil rights legislation, Aycock—the white supremacist governor of violent redeemer Democrats—was as progressive a heritage as Sanford could publicly claim.

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Sanford stood by his campaign rhetoric and started work immediately on winning legislative approval for the United Forces for Education’s $100 million increase in state educational spending. Given the circumscribed power of the North Carolina governor’s office—limited to one term, without veto powers, essentially an aggrandized bully pulpit to drum up popular support—Sanford won remarkable legislative victories from his more conservative General Assembly. To do so, he had to work to keep eastern North Carolina power brokers in the fold. His dogged commitment to educational improvement would garner him significant accolades outside the state, yet in North Carolina, his efforts at educational uplift were limited by the divisions of segregation. He and his talented young staff could not dissolve the political economy of Jim Crow without federal intervention.

Sanford embarked on his agenda even before he took office, cementing his relationship with the state’s pro-education organizations. As soon as he won the second primary, he studied the budgeting process with Herring. The pillars of Sanford’s 1961 legislative proposal were all part of that proposal: teacher pay raises of 23 percent, lower student–teacher ratios, additional funding for school libraries, expansion of the industrial education centers.22

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22 NCEA News Bulletin, November 1960, box 97, folder 1372, Sanford Papers, UNC.
Sanford filled the slot for the governor elect at Herring’s Southern Council for Better Schools inaugural meeting at UNC-Chapel Hill in late November 1960. Sanford warmed up the crowd for Harvard President James B. Conant—with whom he developed an abiding friendship, leading to their collaboration to create the Education Commission of the States. The Southern Council for Better Schools pulled together education supporters from across the region to discuss how to advocate for increased educational funding, and Sanford roused them with the details of his education plan for North Carolina. Conant wrote the conference sponsors that Sanford’s speech was “a landmark in American education,” a letter Herring passed on to the press. Sanford also used the speech to announce his first appointment as governor: he would keep Herring on the State Board of Education. Herring would be Sanford’s closest confidant on education policy while governor.23

Drawing up a grand educational proposal was far different from passing one, a task that had long eluded the United Forces for Education. Budget surpluses supplied 30 percent of the proposal. But to enact the full agenda in 1961, Sanford had to win over rural elites with a $70 million tax increase. To do so, he selected William Copeland to serve as his legislative liaison. Copeland hailed from Murfreesboro in the North Carolina black belt. He and Sanford were not longstanding allies. In fact, during Sanford’s brief career as a state legislator, Copeland had blocked Sanford from speaking on the education budget in 1953. But Copeland knew the legislative arts of vote counting and horsetrading. As importantly, he also understood the concerns of white easterner legislators like

Lunsford Crew of Halifax, John H. Kerr, Jr. of Warren, and Thomas J. White of Kinston. Crew and Kerr were members of the second Pearsall Committee, which concocted the private tuition plan for schools facing court-ordered desegregation. White was a strong potential obstacle because he chaired the senate finance committee. He and Kerr had been founding members of the segregationist Patriots of North Carolina. Sanford’s lieutenant governor, Cloyd Philpott, was an ally on education, but he was also a staunch segregationist who had sponsored a 1956 bill condemning “the oppressive usurpation of power by the Supreme Court of the United States.”

In concert with a team of legislators, Sanford’s administration poured over figures and culled ideas about tax plans in other states. They looked at exotic financial schemes, like Mississippi’s curious method of taxing illegal whisky. North Carolina was one of only three states without a cigarette tax, but taxing tobacco ruffled the powerful interests in both farming and manufacturing the product—as well as the broad swath of tobacco users across the state. They tried to tax luxuries rather than food—Representative Stedman Hines drew up a list that included luggage, jewelry, furs, toilet preparations, kilowatts, real estate transfers, gasoline, tobacco products, soft drinks, candy bars, chewing gum, and automobile parking. As William Copeland commented to Sanford, “I know nothing else that could be submitted to the Finance Committee for money raising purposes, unless somebody puts in a small tax on SEX. God Forbid.” But defining luxuries proved sticky business; Sanford quipped, “One man’s luxury, it seemed, was

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another man’s necessity.”

After deliberation, Sanford contradicted the advice of most of his inner circle and proposed that the legislature fund the education package by eliminating the sale tax exemptions, principally on food. During the Great Depression, North Carolina lawmakers had established a 3 percent sales tax, but over the years, the legislature had carved out exemptions for food, medicine, and numerous other goods. By eliminating exemptions, Sanford thought he might win over conservatives with a regressive measure that disproportionately hit the poor. Sanford tried to label it the “school tax.” Instead, it became known as the “food tax”—or “Terry’s tax.” After three months of brokering, despite the opposition of the food and grocery lobbies, the legislature passed the food tax. One eastern North Carolina state senator darkly warned that the tax was “imposed by the comfortably well-to-do” and might break the Democratic Party, long “the party of the poor and oppressed.” Sanford ended up owning the backlash, enacting regressive taxation for his progressive agenda.

That backlash exhibited itself in the fall, when state voters shot down bond referendums to fund public education capital projects. By December 1961, only 7 percent of North Carolinians polled by Harris Associates thought Sanford was doing an excellent job, while 24 percent thought his performance poor. In contrast, 37 percent thought President Kennedy was doing an excellent job and only 1 percent considered it poor.

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26 Covington and Ellis, Terry Sanford (1999), 259.
The 1960 coattails had quickly reversed.

But the food tax nevertheless paid for the full education plan, which helped establish Sanford nationally as an “education governor” and an exemplar of the New South. In between the 1961 and 1963 legislative sessions, Sanford reverently talked up educational improvement as he attended meetings of the Southern Governors’ Association, the National Governors Conference, and the Southern Regional Education Board. The SREB, an interstate compact, focused on higher educational improvement in the South, and Sanford took on chairmanship after taking office. Conant’s admiration led to Sanford delivering a major address at Harvard’s Education School in 1963.28

Conant’s praise for Sanford was consistent with accolades from the national observers who saw Sanford as lighting the way for a new South, one devoted to raising its people to meet the level of national prosperity. Syndicated columnist Roscoe Drummond wrote that the “nation should listen to Sanford,” approving of Sanford’s comments that the South had the material assets for a prosperous economy but had to bolster “the ability of its people to compete.” In the Los Angeles Herald-Examiner, a columnist called Sanford a man “who knows what [the South] needs, a Southerner who can lead Dixie out of the past and into the future.” As Sanford’s champions at North Carolina papers observed, his popularity was greater outside the state than in it.29

One way that Sanford appealed to these national audiences was by inverting Confederate allusions. “The South is rising again!” Sanford proclaimed at a South

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28 Covington and Ellis, Terry Sanford (1999), 252-260. On the Jim Crow origins of the SREB, see Chapter 1.
Carolina education conference, a quote that the *Christian Science Monitor* printed in full in a glowing 1962 piece on Sanford’s North Carolina:

> It is not rising again through secession from the Union, nor through insurrection, nor through nullification. It is rising again through education, through industry, through commerce, and through agriculture. It is rising through the exercise of its long-neglected literary talents, through its research in the scholarly fields, and in the applied sciences. It is rising to heights that will make the great accomplishments of the “Old South” pale by comparison. The South is moving again into the mainstream of American life.\(^{30}\)

Sanford’s emphasis was on a different kind of redemption, through investment in the South’s people. He spoke of the need for “a new kind of Emancipation Proclamation” that would “set us free from the drag of poor people, poor schools, and from hate, from demagoguery.” Sanford claimed that “this kind of proclamation can be written in one word: ‘Education.’” Sanford’s education language blended the sacred emblems of both white and black southerners, talk of “rising again” as well as a new Emancipation Proclamation. Sanford threw the whole rhetorical kit at his advocacy for educational improvement, arguing that education was a salve to heal virtually all concerns, from national security to poverty.\(^{31}\)

Over the course of his administration, Sanford continued inverting Hodge’s industry–education relationship. “The state has also become aware that education is the foundation of economic improvement,” he argued. But Sanford’s links between education and economic development were not the full-throated argument for economic growth through education that would take root in later decades. Education often appeared as part

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of a list, along with but not necessarily connected to “industry,” “commerce,” or “agriculture.” At a New England Board of Higher Education conference explicitly around the theme of “education and economic development,” Sanford emphasized equal opportunity and civic virtue more so than the economic benefits of education, which he claimed were “obvious.” When he connected the two, the chain was long, as when he told the Southern Regional Education Board in 1963 that “economic growth depended on technology which depended on science which depended on education.”

Here, he was drawing on Bowen’s human capital framework, passed on to him by his advisors. But it was hardly a concise argument, and that expression was not part of his standard sermon as Sanford preached his education gospel.

**The Challenge of Reshaping Industrial Recruitment**

Beyond rhetoric, education and economic development remained distinct state endeavors in his administration. Sanford kept intact the industrial recruitment infrastructure he inherited from Hodges, the state airplane still in service to his team of branch plant hunters. The state Board of Conservation and Development remained the plum appointment used to bestow favor on those who helped Sanford win the food tax battle. He continued Hodges’ precedent of branch-plant hunting in the rich northern waters of the Hudson and the Ohio. He had Kennedy come speak at the inaugural North Carolina Trade Fair in 1962, the first state-sponsored event of its kind, to signal to outside industry that the state was open for business.

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33 Covington and Ellis, *Terry Sanford* (1999), 260; Division Reports, Department of Conservation and Development, 1961, box 102, folder 1473, Sanford Papers, UNC. A few legislators composed a poem
One of the few new industrial sectors that Sanford pursued was food processing, hardly a stepping stone towards a high-wage economy. At the governor’s behest, one of the chief objectives of the Department of Conservation and Development was increasing food processing plants in eastern North Carolina. This fit the agrarian orientation of many small town boosters in eastern North Carolina and the bottom-line concerns of large-scale farmers and existing firm owners, who remained concerned about new businesses that might raise local wages. Food processing could also leverage the research capacity of the state universities, particularly North Carolina State and its black counterpart, A&T. But attracting food processing did not depend on higher teacher salaries and better schools.34

Sanford also wanted the state to profit from the space race, which did have educational ramifications. NASA head James E. Webb, a North Carolina native son, pointed Sanford toward the California model in higher education, claiming that it helped that state win a disproportionate share of NASA appropriations—evidence to Sanford that spending on education would bring dividends in terms of both private industry and federal dollars. Sanford set up a Scientific Advisory Committee to assist in the pursuit of science-related projects, institutionalized more permanently as the State Board of Science and Technology, with headquarters in the Research Triangle Park. But despite his attempts to attract NASA funding, North Carolina lost out to southern neighbors, especially Alabama, Texas, Florida, and Mississippi, whose federal legislators had more

during the food tax debates that closed with the couplet, “If you acted very good and backed the tax on food/There’ll be room for you, for sure, on C&D.”

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strategic clout.  

Webb was emblematic of the problem that Sanford and his advisors thought that North Carolina faced: he was one of its best and brightest who had departed for greener pastures. As Sanford’s staff at the Division of Commerce and Industry concluded in 1963, “The State over a period of years has been exporting much of its best brains and workers because sufficient job opportunities are not available in North Carolina.” Despite record-setting industrial investments that year, they cautioned that to retain the hundreds of thousands of people leaving the state would require “more and better employment opportunities.” Nevertheless, the handicaps that the Division staff cited were not education but inventory taxes and public financing for private projects. Despite Sanford’s blinkered emphasis on education, he failed to redirect the state’s industrial recruitment machinery towards investing in people over factories.

Following Webb’s logic, Sanford initiated major changes in the state’s postsecondary education system, the focus of his 1963 legislative agenda. Only 17 of the 62 postsecondary schools were state schools, but they educated 54 percent of students, with about half of those at the three UNC schools at Chapel Hill, Raleigh, and

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36 Division of Commerce and Industry, semi-annual report, July-December 1963, box 103, folder 1475, Sanford Papers, UNC.
Greensboro. With the baby boomers on their way to college, policymakers anticipated major upticks in enrollment. To sort through these issues, Sanford created an ad hoc Governor’s Commission on Education Beyond High School, chaired by white liberal Irving Carlyle and steered by Dallas Herring and UNC President William Friday. The commission recommended adding residential college campuses at Charlotte, Wilmington, and Asheville, upgrading them from junior colleges.\footnote{Governor’s Commission on Education Beyond the High School, “Need for Additional Senior Colleges and Recommended Locations,” Memo, 22 June 1962, in folder 21, Thomas Jenkins Pearsall papers #4300, Southern Historical Collection, The Wilson Library, University of North Carolina at Chapel Hill (hereafter, Thomas Pearsall Papers); Eamon, Making of a Southern Democracy (2014), 102-3. The regional politics of this proposal exploded in later years. See Chapter 4.}

But the major implication of the report was that the state needed to build out its community college system. Even the recommendations on expanding the senior colleges and universities noted that “logic and economical consideration would quickly point to the wisdom of North Carolina attempting to meet a far greater part of its educational needs by an expansion of its community college system.” The commission proposed joining the state’s junior colleges and industrial education centers into a cohesive community college system that drew both from the California model of higher education as well as from South Carolina’s training centers to aid relocating industry by offering state-subsidized technical skill training. These community colleges would be catch-all institutions, serving everyone from the smart but poor or timid student who wanted to live at home during the first two years of college to the high school dropout or laid off worker on the hunt for marketable skills or credentials. Sanford and his Carlyle Commission won passage of major higher education changes, infusing $10 million more towards postsecondary education in the $1.8 billion biennial budget. But the formula for
community colleges required local support for building costs as well as 15 percent of operating expenses—a funding aspect that would hurt black belt communities where political consensus over universal education was harder to muster.\textsuperscript{38}

Despite that vocational focus, which fit with the industrialists’ preference for instrumental education in support of industrial development, the architects of these higher education changes were also wedded to classical liberal arts notions. Herring especially tended to stress democratic virtues. Critical of the Chamber of Commerce and suspicious of technological improvements, he believed in the value of education far beyond any material benefits. This showed in his fight to ensure that the state funded libraries at these community colleges. “Universal, liberal education [should] liberate the minds of men and not merely polish the manners,” proclaimed I.E. Ready, Herring’s confidant and the first president of the community college system, in a 1961 speech on the role of education in southern progress.\textsuperscript{39}

This was a different vision from the more patrician conceptions of the liberal arts held by Gordon Gray, Friday’s predecessor at UNC. For Gray, college study suited only a sliver of the population. Herring, on the other hand, called for expanded general educational opportunity. “Nothing short of \textit{total education}—the fullest possible


realization of all of the useful talents of all of its educable people—will be a sufficient foundation for a prosperous New South,” he argued from his pulpit as chairman of the State Board of Education. Herring inscribed his vision of an “open door” on the community college system, language that became the title for the system’s quarterly publication and for its enrollment brochures.40 Still, with politicians, Herring focused on more prosaic challenges of industrial development: “Tenant farmers cannot be expected to wack out of the vanishing tobacco fields into the modern industrial plants of the state and perform satisfactorily without thorough training.”41

41 Dallas Herring, “The Community College System,” n.d. [circa 1964], box 102, folder 2, Dallas Herring Papers. This update was sent to Gov.-Elect Dan Moore in November 1964.
Figure 9: Dallas Herring’s “open door” rhetoric pervaded the nascent community college system. Testing, the system’s director argued, was “not in order to reject [the applicant] if he does not meet a set educational standard, but to help him get placed in the educational program for which his ability, his previous educational background, and his objectives in life best fit him.” Source: The Open Door, Mar-May 1965, 5, 4 (quote).

The other major idea generator for Sanford’s education agenda, John Ehle, also
saw a liberating potential in education. Hailing from the western part of the state, Ehle was a faculty member in UNC’s Department of Radio, Television, and Motion Pictures, focused on the arts rather than politics. His relationship with Sanford was not forged in campaign fires, in contrast to other members of Sanford’s inner circle, notably McKay, Herring, Joel Fleishman, and Tom Lambeth. But Ehle shared with Sanford an ambitious vision for North Carolina. Seeing Sanford’s plummeting approval in late 1961, Ehle suggested through Fleishman that Sanford do a televised interview to clarify his message to the state’s voters. Ehle offered performance lessons to Sanford, who took him up on the offer. Emboldened, Ehle tossed more ideas in Sanford’s lap, initiatives that would bolster arts and education in the state. Sanford persuaded Ehle to join the administration as a special advisor. Ehle’s projects translated into 1963 legislation for the Governor’s School for the gifted and the state School of the Arts for both high school and college students.42

Still, this agenda was watered down by the continued power of rural politicians in the legislature. The infamous “speaker ban,” a state law prohibiting state colleges from inviting Communists or “subversives” to campus, succeeded in 1963 on the strength of its rural support, to the consternation of Sanford and Friday. One penny-pinching legislator complained of the School of the Arts on the floor: “Do you think I could go back home and tell my people that I voted to spend $325,000 of their tax money so some guy in a bikini can get on the stage and do a toe dance?” Some black belt politicians, however,

42 John Ehle, journal, entry 10 Jan. 1962, box 81, folder 1; John Ehle to Governor Sanford, Memo, “Concerning Foundation Proposals,” 13 May 1962, in box 61, folder NC Film Board (2 of 2), both in John Ehle Papers; Mitchell, ed. Sanford Public Papers (1966); Korstad and Leloudis, To Right These Wrongs (2010), 59; Rob Christensen, “Revisit late novelist, who founded some of NC’s most innovative schools,” N&O, 27 Mar. 2018.
had a certain patrician ideal of the liberal arts, a legacy of the classical education many of them had in the John Graham School or other academies in the region. John Kerr of Warrenton defended the “toe-dance bill” with references to “the beauty and glory of ancient Greece.”

Programs for the gifted or the arts appealed to their elite sensibilities.

Appropriations for black education were a different matter. Kerr grilled North Carolina A&T President Lewis Dowdy over the Greensboro sit-ins. “And you come down here begging the white folks to give more money to your school,” Kerr chided Dowdy, implying that the state coffers were the sole property of white people. “Some of us are getting tired of it.” State government subsidized private colleges and universities with $50 annually for each enrolled North Carolina resident. Given how many African American students attended private colleges, the Senate’s presiding officer suggested the program gave them “fifty dollars to march.”

The “open door” made the community college system less attractive in the black belt. Unlike industrialists in the Piedmont who helped fund technical institutes in part to outsource training, black belt elites did not pony up local resources. They had fewer factories and more African Americans, who they did not imagine as either industrial workers or classmates with white students. The director of community colleges, I.E. Ready, said that opposition to integration kept Halifax and Northampton officials from creating a college despite the fact that there area was “badly in need of college facilities.”

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44 Covington and Ellis, *Terry Sanford* (1999), 310-311.
In terms of elementary and secondary education, Sanford struggled to keep state funding streams matched to inflation and increases in other states. Sanford squeezed out an additional $50 million for public schools in the 1963 session, but it was not enough for teacher salaries to maintain upward momentum. By the end of his tenure, North Carolina fell back to the 40s in state rankings of educational expenditures.46

Sanford was left to govern within the limitations of a rurally dominated legislature. The Supreme Court’s decision in *Baker v. Carr* in 1962 aimed to reduce the power of these rural politicians, and it forced the North Carolina Senate to take up redistricting. But after months of haggling, the session ended without new districts, forcing Sanford to call a special session. The Senate finally worked out a plan for reapportionment and legislative rebalancing that would not take effect until after voters

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approved the measure in 1964. Even that plan would not pass muster with the Supreme Court’s guidelines in subsequent cases. Not until 1967 would North Carolina finally satisfy the federal courts with a one-person, one-vote district system. Reapportionment restructured the political playing field away from rural elites and towards metropolitan districts, increasing the political power of those in favor of educational improvement as well as the new suburban Republicans. But that would only impact future governors.

**Education to Fight Poverty**
The challenges of funding programs to improve the lives of the people of North Carolina through tax dollars led Sanford to pursue private sources—in particular, the coffers of the nation’s giant philanthropic foundations. In 1962, Ehle connected Sanford to the Ford Foundation. Its leaders—especially the brash Paul Ylvisaker—were charmed by the liberal southern governor and appalled by their first real contact with rural poverty.

During their visit to Greenville, in eastern North Carolina, Leo Jenkins, the president of East Carolina College, tried to interest the Ford officials in an arts or stadium project. In Ehle’s estimation, Jenkins, who was dependent on the financial and political support of white elites in the region, sought “something his college could provide the region—cultural leadership—knowing that his backers would not support his entry into the racial matters in eastern NC.” Ylvisaker’s team was more delighted to hear “frank appraisals of the race situation in eastern North Carolina” from local black leaders. Ylvisaker saw a troubling process unfolding for the area’s “non-skilled laborers”: “the

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hope of the region was in mechanization and industrialization, but these would not
correct the human problems of the poor and ignorant, who were in for a future in city
slums or in country poverty.” That idea gave urgency to the need to address North
Carolina’s racialized rural poverty, which Foundation officials saw as a significant driver
of urban problems. The entire state of North Carolina, overwhelmingly rural, was in their
language a “gray area,” like New Haven, Oakland, and a handful of other cities where
Ford seeded funding to support antipoverty work.48

After almost a year of planning and negotiation, the Sanford administration and
several foundations chartered the nonprofit North Carolina Fund, with $7 million from
the Ford Foundation and several million from two Winston-Salem foundations. The
Fund’s initial board included Dallas Herring and Thomas Pearsall as well as two African
American members, John H. Wheeler and Samuel E. Duncan, Jr., and two women, Rosa
May Blackeney Parker and Anne Reynolds Forsyth—representative of the status of
Sanford’s political coalition, with a mix of white liberals, moneyed patricians, and
respectable African Americans and women. Though its budget paled compared with what
state or federal money might be available to fight poverty, the North Carolina Fund had
greater autonomy from political backlash, a feature that would prove significant during a
conservative assault in later years.49

For his part, Sanford thought of the North Carolina Fund as he did virtually

48 John Ehle, journal, entry 19 Jan. 1963, box 81, folder 2, John Ehle Papers. For more on the Ford
Foundation’s “gray areas” projects, their theoretical foundations, and their complications, see O’Connor,
Poverty Knowledge (2001), 131-135; Karen Ferguson, Top Down: The Ford Foundation, Black Power, and
49 Korstad and Leloudis, To Right These Wrongs (2010), esp. 59-66; 79-85. The Ford Foundation implicitly
conditioned the grant on having two African Americans on the board.
everything he did: as principally educational. Official press for the North Carolina Fund explained that it started as Sanford “came to the realization that improved education doesn’t necessarily improve, significantly, the plight of the poverty-level child.” Sanford later corrected that appraisal: “Many people in state government began to realize that we had to make education reach further than it had been reaching.” In Sanford’s formulation, the problem wasn’t in the limits of education, but in the limits of its reach. Public education had to stretch and expand, farther into the mountain hollows and isolated farms, further to tackle the early years of childhood and the illiteracy of adults.

The initial programs of the North Carolina Fund reflected this faith in education along with a paternalistic approach to fighting poverty that did not include the input of the poor themselves. To lead the Fund, Sanford tapped George E. Esser, a young faculty member of UNC’s Institute of Government. A Harvard Law graduate from rural Virginia, Esser specialized in urban issues. Little in his background spoke to any special talents for understanding or addressing poverty. He did not take the job with much faith in what he called “citizen power.” But like many who joined the War on Poverty, Esser’s views would be profoundly shaped by his experiences, and over the next decades, he would play prominently in southern efforts to foster equitable development.

For one thing, Esser worked with an interracial staff, an extremely rare situation even for someone from academia at the time. They soon worked out ambitious if naive plans to fight poverty in the state, reflecting Sanford’s educational emphasis. Just after incorporation in late 1963, it put out a call for community action programs, aiming to

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50 Mitchell, ed. Sanford Public Papers (1966), 128-129.
51 Korstad and Leloudis, To Right These Wrongs (2010), 64, 105.
distribute its resources to all areas of the state. The early programs it funded aimed at “social rehabilitation” to intervene in the cultural cycle of poverty.\textsuperscript{52} Rooting out racist and patriarchal approaches to fighting poverty was difficult given the voting and civil rights barriers that remained in place.

A plurality of the more than 50 proposals involved some form of education, whether dropout prevention, training programs for the unemployed, preschool readiness, or literacy for adults. The North Carolina Fund’s two other major programs started with education, including a $4 million “Comprehensive School Improvement Program” and a program to pay a corps of college students to spend their summer as tutors.\textsuperscript{53} Not until after Sanford left office would the Fund become a vehicle to empower the poor, rather than simply another set of programs to preach to them.

All things considered, Terry Sanford was enormously successful at promoting human development while governor of North Carolina. Backed by the state’s educational groups and building on the advice of Herring, Friday, Ehle, and his other advisors, Sanford increased teacher pay by more than any other state in the nation, created the building blocks of a mass higher education system, and established a host of experimental

\textsuperscript{52} Korstad and Leloudis, \textit{To Right These Wrongs} (2010), 96-107. Historians and other social scientists have shown how limiting the “culture of poverty” framework was, often a form of victim blaming that allowed antipoverty programs to ignore more fundamental structural issues and focus instead on individual “deficiencies.” O’Connor, \textit{Poverty Knowledge} (2001). But though most of the U.S. War on Poverty programs cited heavily to “culture of poverty” theory, it did not irrevocably undermine the overarching effort from addressing structural barriers. Indeed, as in the case of Esser and others at the North Carolina Fund, the culture of poverty was a useful starting point that led them to question more fundamental problems of political economy. For the similar case of David Riseman, see Nicholas Albert Juravich, “The Work of Education: Community-Based Educators in Schools, Freedom Struggles, and the Labor Movement, 1953-1983” (Ph.D. diss., Columbia University, 2017).

\textsuperscript{53} Mitchell, ed. \textit{Sanford Public Papers} (1966), 131-138; Korstad and Leloudis, \textit{To Right These Wrongs} (2010), 114-115. The North Carolina Volunteers evolved into a more comprehensive community improvement program modeled on the Peace Corps.
programs like the School of the Arts, the Governor’s School for the gifted, and the Advancement School for the potential drop out. The North Carolina Fund was a jumpstart on the War on Poverty, establishing the state and local infrastructure in advance of the Great Society funding that would soon be on its way. These were indeed “landmark” achievements, as James B. Conant called them, made even more remarkable by the weakness of the governor’s office, the disproportionate power of rural whites, and the financial constraints that required regressive sales taxes and private foundations to fund his initiatives.

Nevertheless, by the time Sanford left office, North Carolina had dropped to 39 in teacher pay—exactly its rank when he started—and the state was even worse in expenditure per pupil, ranked 44. Among comparative educational rankings, only the dropout rate seemed to be improving relative to other states, with a leap from 46 to 34, though at least a third of North Carolina’s students still failed to complete high school. Per capita personal income had only improved one spot, to 43. And despite the progressive national reputation of both Sanford and North Carolina, less than 1 percent of African American children attended integrated schools. In order to break with this predicament, North Carolina would require both democratization of its politics and greater involvement from the federal government—much to the chagrin of its senators, almost all of its congressmen, and a majority of its white voters. Improving human development depended on the success of the civil rights movement.

54 Taken up in Chapter 3.
**Breaking Jim Crow’s Impasse**

Terry Sanford made a regular habit of speaking at school assemblies or individual classrooms, and with only one group of students did he feel that his rhetoric fell flat: African Americans. He gave them the same message: “Stay in school. …This is the way to better jobs, to more income, to richer lives.” But as governor, he began to feel “there was something hollow about it.” He imagined a Negro student questioning him, pointing out a father who won high school prizes in French or an uncle who was valedictorian—only to end up as porters or garbagemen. “I knew very well I wasn’t telling the whole truth,” Sanford wrote in a book published just after his term as governor ended. Even with education, “their hopes at best would meet many frustrations.”

Sanford credited this realization for his January 18, 1963 statement explicitly opposing job discrimination against African Americans. Delivered at a press conference, it was the first public admission of its kind from a southern governor, remarkable for the contrast with Alabama’s George Wallace, who would soon take his “stand in the schoolhouse door.” Yet there was more to the story than the imagined prodding of a single black child.

During his term as governor, Sanford faced very real prodding from a great number of African Americans, young and old, along with a few whites. Among Sanford’s most influential black counselors was John H. Wheeler, president of the Mechanics and Farmers Bank in Durham. Wheeler was born in Vance County, on the edge of the state’s black belt, to parents who had harnessed educational opportunity to work their way into

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the black middle class. They met and trained at Wilberforce University, operated by the white Methodist Episcopal Church to educate freed people, and then moved to North Carolina, where Wheeler’s father taught Latin and Greek at a small African Methodist Episcopal college for African Americans. Though rising to become president at Kittrell College, Wheeler’s father resigned and moved to Durham, working as an agent for the North Carolina Mutual and Provident Association. The insurance company was one of the largest black-owned businesses in the country, and Wheeler grew up among the burgeoning black middle class in the city. He got a bachelor’s degree at Morehouse College and came back to Durham to work in insurance and banking. As a night student at North Carolina College at Durham, he added a law degree. By the 1950s, Wheeler leveraged his relative financial independence from white censure and deep institutional knowledge to become a vocal critic of Jim Crow, especially its racial barriers in education and employment. Robert Penn Warren observed he was a man who “knows how the machinery works.” Wheeler was one of few people could credibly call Terry Sanford “politically naive,” as he did in 1962. Sanford was stung, but he continued seeking Wheeler’s advice—as did Lyndon Johnson, who worked with Wheeler on the President’s Committee on Equal Employment Opportunity.58

Wheeler ensured Sanford did not bury his statement on “Negro rights.” At a governor’s mansion breakfast, Sanford read the draft to a group that included Wheeler.

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On this occasion, he found Wheeler’s criticism helpful. Wheeler pushed Sanford to go farther—helping Sanford claim the middle ground and obviate discussion about whether he should say anything at all. Accolades for Sanford’s boldness poured forth from the national and African American press, though he incited predictable fury from white segregationists. The speech inspired a black school principal in Bertie County. His spirits chipped by watching generations of fresh graduates board trains and buses northward, the principal collected student letters praising the governor’s actions. “After we heard your speech we organized a better citizens club so we can qualify for any type of jobs,” wrote one student. Many of them seemed to understand the organizing that would have to happen to translate Sanford’s words into economic opportunity.59

Without adequate federal civil rights legislation, however, Sanford’s actions were more symbol than substance. Following the Greensboro sit-ins, conflicts over voting rights, public accommodations, and hiring practices played out on a community-to-community basis. These were constant but ever shifting political fires that troubled moderate southern politicians like Sanford who tried to eschew racial conflict and pursue an inclusive agenda. In northeastern North Carolina, Golden Frinks led a multi-year direct action campaign against segregation. Frinks drew support from the Southern Christian Leadership Conference after growing frustrated with the reluctance of his local branch of the NAACP to support protests. The Voter Education Project helped organize local black Voters Movements throughout eastern North Carolina, including intransigent black belt communities such as Enfield. CORE and the Student Nonviolent Coordinating

59 Ehle, The Free Men (1965; reprint, 2007), 57-58. See also Korstad and Leloudis, To Right These Wrongs (2010), 81-82; Covington and Ellis, Terry Sanford (1999), 297-298.
Committee kept pressure on more urban areas, including Durham, Raleigh, Greensboro and Charlotte. Though local people often drew on the resources and organizational support of major civil rights groups, uncounted local groups came together to picket injustice.\(^{60}\)

Sanford was worried, not cheered, by these displays and did his best to stamp them out. Unlike his gubernatorial predecessors, he communicated directly with black civil rights organizers. He was the first governor anywhere, much less the South, to invite CORE’s founder, James Farmer, to a governor’s mansion. Farmer later described Sanford as “a fine and liberal gentleman,” and during the 1963 March on Washington for Jobs and Freedom, NAACP Executive Director Roy Wilkins told the crowd the country needed politicians “as forthright as the governor of North Carolina.” Yet Sanford’s flesh and blood exchanges often fell flat. At a June 1963 meeting with 150 black leaders at the state capitol, Sanford characterized the demonstrations as having “diminishing returns…destroying good will, creating resentment, losing friends, and not influencing

people.” The white man wasn’t their enemy, he said. “Your enemy and mine is a system bequeathed us by a cotton economy, kindled by stubbornness, intolerance, hotheadedness, north and south, exploding into war and leaving to our generations the ashes of vengeance, retribution, and poverty.” In other words, the history of the South was to blame, the political economy of plantation slavery and the internecine struggles born of it. “The way to fight this common enemy is education, up and down the line and across the board,” Sanford argued, along with open job opportunities, dignity, and good will.61 Such importunes did nothing to stop the demonstrations.

Sanford remained so constrained that his answer to black job discrimination did not include a call for legal change or affirmative action programs. “We cannot rely on law alone in this matter because much depend upon its administration and upon each individual’s sense of fair play,” he told the press in his statement. Instead, he created interracial “Good Neighbor Councils” in local communities, which could work out issues voluntarily as they arose. Sanford wanted them to concentrate on two areas, jobs and education: only by dealing with both simultaneously could barriers to increased black employment fall.62

Though voluntary, they likely had at least some impact. At the 1965 state meeting of the Good Neighbor Council, the city manager of Winston-Salem complained that “the majority of Negroes who apply for the better positions do not qualify because of

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61 Covington and Ellis, Terry Sanford (1999), 285, 328; Mitchell, ed. Sanford Public Papers (1966), 597-599.
62 Mitchell, ed. Sanford Public Papers (1966), 578-580; Covington and Ellis, Terry Sanford (1999), 296-297; North Carolina Good Neighbor Council, Reports and Speeches of the Seventh Meeting, 5 Jan. 1965, 78. Sanford’s official statement on establishing the Good Neighbor Council, released on January 18, 1963, said the council had a “twofold mission: to encourage employment of qualified people without regard to race; and to urge youth to become better trained and qualified for employment.”
deficiencies in skills and training.” But the white official was chided by Sarah Herbin, an African American employee of the state Employment Services Commission: colorblind policies alone were not sufficient. She argued that “preferential treatment will be required before we move forward in utilizing the human resources that we have in North Carolina.” At the very least, the Good Neighbor Councils fostered some dialogue among employers and government officials about racial biases and raised such issues higher on the agenda of both firms and government.

At the local level, however, these biracial councils proved inadequate to the task of mediating issues of segregation and employment. In the black belt community of Williamston, for instance, a retired white businessman took control of the local council with the support of black members he considered “responsible local Negroes”—people called “Uncle Toms” by the Williamston Freedom Movement. While Wheeler participated in the Good Neighbor Council, many African American civil rights leaders considered them simply a way to splinter black support for civil disobedience. Time and again, in demonstrations across the state, black North Carolinians made abundantly clear that even its most liberal communities would not set aside Jim Crow on their own.

* * *

The protests that most exemplified the ineffectiveness of white liberals, including Sanford, were those that embroiled Chapel Hill in 1963 and 1964. Among the hundreds

of civil rights demonstrations that took place across the South during those years, the
events in Chapel Hill received little national attention. Though the protesters suffered
violent treatment from shop and restaurant owners—several were hospitalized when a
store owner poured clorox and ammonia over young people engaged in civil
disobedience—they had no Bull Connor to dramatize their struggle. When the events did
receive national attention, the wire services used stories written for the Chapel Hill
Weekly, owned by a city alderman opposed to the demonstrators who ensured dampened
press coverage and ran few photographs. Yet within Sanford’s office, the Chapel Hill
protests received outsized attention, troubling the governor more than events elsewhere in
the state.65

The three most notable leaders of the Chapel Hill protests—Quinton Baker, John
Dunne, and Pat Cusick—put their lives on the line to create a more open society in North
Carolina and they were exiled for their service. Dunne had come to the University of
North Carolina from Ohio on a prestigious Morehead Scholarship. Cusick was a little
older, with a working-class upbringing in Gadsden, Alabama. He gained some “semi-
technical” skills from the Air Force, which, at Chapel Hill, he was refining as a math
major with a full-time job as a computer programer. Both were white, but they had
become increasingly alienated by the strictures of Jim Crow living. Cusick started a
Students Peace Union in 1963 to promote nuclear disarmament, which Dunne joined, but
the group drifted towards more local problems. They picketed a segregated white

65 The Chapel Hill protests are well chronicled in Ehle, The Free Men (1965; reprint, 2007). See also
Barksdale, "Indigenous Civil Rights Movement in NC" (1977), . Numerous oral histories with the
participants have also been collected. See especially, Duke University Oral History Program Collection,
restaurant. A collection of young people, white and black, organized as the Committee for Open Business, which demonstrated outside more restaurants in the late spring and summer of 1963. The effort morphed into a campaign for a municipal public accommodations law. That summer, Dunne and Cusick received training from CORE and SCLC respectively. Quinton Baker, supported by the NAACP, joined Dunne and Cusick as part of an effort by Floyd McKissick to build a movement in Chapel Hill in conjunction with organizers in Durham. Baker brought organizing tactics he had learned in the Durham protests over public accommodations, picketing hotels, theaters, restaurants, and ice cream parlors.  

Together, Baker, Dunne, and Cusick organized waves of sit-ins. James Farmer, CORE’s national director, flew down for a march, telling the press that Chapel Hill was “a key to the South and the nation.” The ostensible goal was, as SCLC’s Fred Shuttlesworth put it, “to finish it so [Chapel Hill] can be used as an example.” But more pragmatically, the civil rights activists aimed to demonstrate the stranglehold Jim Crow had on even liberal oases in a push for federal legislation.

For southern white liberals, the Chapel Hill protests seemed incongruous. Many leaders of the town and university considered Chapel Hill among the most integrated in the South. Some sit-ins had taken place in 1960 in the immediate wake of Greensboro, and a few establishments had been targeted since, but by 1963, Chapel Hill had a black alderman, black school board members, and a partially desegregated school system. A considerable portion of city and university employees were African American, unusual

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for the period. But though many businesses had desegregated—perhaps even a
majority—it was not the 95 percent that the Chapel Hill Merchants Association claimed.
After the Board of Aldermen voted 4-2 against a public accommodations law in January
1964, Farmer put the full weight of the national CORE office behind a renewed civil
disobedience campaign, an “all-out offensive,” backed by other civil rights groups.68

     Sanford was furious. He put out a statement that condemned CORE’s
“irresponsible action” and promised “every resource at [his] command” to help Chapel
Hill snuff out the demonstrations. Sanford was in his lame duck final year, though all the
major 1964 gubernatorial candidates backed him in condemning the Chapel Hill protests.
Contrary to his desire to tamp down on racial politics, here was at least one instance
where Sanford inflamed the situation, drawing more publicity to the stand off and
alienating activists. For the first week of February, marches, sit-ins, and human blockades
disrupted daily life in Chapel Hill, filling up local jails and wearing down police and
demonstrators alike. Sanford tried to negotiate a compromise directly with McKissick
and Farmer, having breakfast with the pair at the governor’s mansion, but it was a local
Chapel Hill committee that brokered a moratorium. The reactionary judge, Ray Mallard,
sentenced the protest leaders to prison time with hard labor.69

     Sanford’s inability to tamp down the Chapel Hill protests represented not his own
personal failings but the implausibility that even a moderate state like North Carolina
could have banished segregation voluntarily. The events convinced some of the
academics at Chapel Hill. “The only solution to Chapel Hill’s difficulties lies in the

passage of the Civil Rights Bill,” wrote UNC political scientist James W. Prothro in a joint statement of university professors to Congress. “Chapel Hill has come a long way on its own. It cannot manage the final step that is so desperately needed without the help of a Civil Rights Act.” Portions of the letter were read in Congress.70 The Chapel Hill protests became another piece of evidence that only a federal solution could achieve civil rights in the South.

Nevertheless, Sanford—a master of manipulating the distance between his public rhetoric and his own political goals—could not see the value in the Chapel Hill protests. He blamed Farmer and McKissick, along with other civil rights activists, for the defeat of his preferred successor, Richardson Preyer, in the 1964 Democratic primary, charging that they gave the primary just enough “racial overtones” to doom the more liberal candidate. In an oral history a few years after leaving office, he said that they “had done a disservice to the State of North Carolina by picking the timing. So not only was it the wrong place and the wrong time, but it had the wrong influence on the future of the State.” Observing the primary contest, Quinton Baker commented that there would be no difference between a moderate like Sanford and a segregationist like Lake—both would simply be “white governors in Raleigh.”71

Not all activists were unsympathetic to Sanford’s plight. An aide recalled that at a 1963 breakfast with black leaders, a day after Sanford had reproached the Greensboro demonstrations as “counterproductive,” one man told Sanford, “I understand you can’t

get too far out in front of your people in North Carolina.” Otherwise, like Stonewall Jackson in the Civil War, “You will get shot.” That same day Kennedy sent to Congress his civil rights bill, which neither Sanford nor Preyer supported. In North Carolina, during the early 1960s, the North Carolina Realm of United Klans of America grew by leaps and bounds—a sign of the brewing unrest among white supremacists who felt marginalized by politicians like Sanford. The North Carolina branch, the largest of any in the South, attracted the biggest crowds of any political organization in the state.  

Toward the end of the Democratic primary runoff, Sanford made the unusual—and desperate—move of endorsing Preyer. Typically, sitting governors did not officially endorse, even if they made their preferences known behind the scenes. But Sanford made a public proclamation supporting Preyer in a 30-minute television and radio program broadcast across North Carolina. “I want to see my work continue,” Sanford pleaded, highlighting his education record and condemning the Chapel Hill protestors. The people—or at least a two-to-one margin of eligible voters who participated in the Democratic primary run-off—did not. They preferred Dan Moore, who had received an endorsement from Lake, choosing the status quo over Sanford’s new day. Sanford’s 51-percent strategy had failed.

It is difficult to assess whether the civil rights demonstrations in Chapel Hill made the difference in Preyer’s second primary defeat, as Sanford believed. Some white voters

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may have punished Preyer for the sins of Lyndon Johnson and Congress, where the Senate had at last brokered cloture and the Civil Rights Act was all but passed. But southern liberals, whether in the governor’s mansion, Chapel Hill, or anywhere else in the South, were trapped in segregation’s equilibrium.74 Without the jolt of a new federal legal regime, civil rights activists had to pursue a community-by-community approach to achieve black equality in public accommodations, job access, or fair housing. Even public school desegregation, settled in principle by Brown, remained a local battle in North Carolina, both because of the Pearsall Plan and the lack of judicial clarity on the practical meaning of integration. If the community of Chapel Hill, among the South’s guiding lights of progressivism, could not shake off Jim Crow, where could African Americans stand a chance without federal action on civil rights?

* * *

Fortunately, the long sacrifices of civil rights activists were heading to a significant, if partial, pay off, even if it came too late to save the young leaders of the Chapel Hill movement from their prison terms. A few days after Preyer lost the second primary, Congress passed the Civil Rights Act of 1964. On July 2, Lyndon Baines Johnson—the one unacceptable Democratic candidate to African American civil rights leaders during the 1960 election—signed the bill into law.75

North Carolina’s congressional delegation had been no help in the matter. Johnson’s legislative aide, Henry Hall Wilson, was a North Carolinian holdover from the

74 On the useful of this notion of equilibrium in this context, see Wright, Sharing the Prize (2013), esp. 33-34.
Kennedy administration and a close confidant of Sanford. Even he could not wrangle his homestate delegation. Most congressmen were mere footsoldiers in the southern effort to defeat the bill, but Senator Sam Ervin proved particularly vocal in fighting against equal citizenship for African Americans. Ervin owed his seat in large part to his support for segregation; he originally was appointed to office by Governor William Umstead in 1954 after the first choice, Irving Carlyle, spoke bravely in support of obeying the Supreme Court and desegregating immediately in the wake of *Brown*. During the debates over civil rights in the early 1960s, Ervin—a former judge with a Harvard Law degree and a country bumpkin’s affectations—cloaked his objections in constitutional garb. “The pending civil rights proposals are the most monstrous blueprint for government tyranny presented to an American Congress since George Washington took his oath of office,” he argued. He filleted Attorney General Robert F. Kennedy during the proceeding. The state’s progressive reputation was certainly more myth than reality when it came to its elected representatives to Washington.

The Civil Rights Act of 1964 unlocked federal legislation for people-based programs, which would disproportionately benefit poor states like North Carolina. With the Powell Amendment obviated, significant federal education legislation could at last move forward. It did not, however, take the general aid form that the NEA, AFT, and other education lobbyists had long championed. Federal aid to education became

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76 Covington and Ellis, *Terry Sanford* (1999), 126, 195-196; Terry Sanford–Henry Hall Wilson correspondence, folders 296-7, Sanford Papers, UNC.
intertwined with the antipoverty and economic development efforts of the Kennedy and Johnson administrations.  

Though Kennedy had initiated antipoverty proposals—famously influenced by Michael Harrington’s poverty exposé, *The Other America*—it was Johnson who seized on the idea and made it the centerpiece of his Great Society in 1964. The same Ford Foundation network that worked with Sanford’s team to develop the North Carolina Fund contributed similar ideas to the plan for the Office of Economic Opportunity. Sanford was one of three men shortlisted in January 1964 for the position as OEO director, considered in part because of the overlap between the North Carolina and national programs. John Ehle served on the White House Group for Domestic Affairs, brought in especially because of his growing experience fighting rural poverty. He considered himself the only southerner.

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80 Korstad and Leloudis, *To Right These Wrongs* (2010), 166; John Ehle, journal, entry 13 Jan. 1964; John Ehle, journal, entry 22 Mar. 1964, both in box 81, folder 4, Ehle Papers. There was someone there from Texas. “Maybe that is part of the South—though not really,” Ehle commented.
With the Civil Rights Act passed, the Economic Opportunity Act (EOA) moved forward, signed into law August 20. Unlike the Civil Rights Act, representatives from eastern and western North Carolina voted for the EOA, though several from the more suburban Piedmont opposed it. Both North Carolina senators voted in favor of EOA, despite their hostility to civil rights. Of the twelve Democrats in the Senate who voted against it, all but one were from the South. Money would fund community action agencies, which were already forming in North Carolina as part of the North Carolina Fund, and support early childhood education through Head Start. The federal War on Poverty amplified the efforts of the North Carolina Fund, and federal funding would carry forward Sanford’s antipoverty efforts no matter who succeeded him.

The antipoverty movement stimulated pro-education policymakers to solve the remaining stalemates in the way of the Elementary and Secondary Education Act. Prior to that point, the most significant federal education program, impact aid, was grounded in the idea that school districts supporting military bases needed extra money. NEA staff and key senators expanded this notion of “impact” to include “the impact of poverty and deprivation upon youngsters in the low-standard school districts of the country and in rural and urban slums,” as Senator Wayne Morse of Oregon described the origins of ESEA’s Title I, which drew five-sixths of the act’s funding. Because of their poverty, southern states received far more per capita than most other states. The Senate, for instance, promised nearly $54 million for North Carolina, almost as much as

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81 David Torstensson, "Beyond the City: Lyndon Johnson's War on Poverty in Rural America," *Journal of Policy History* 25, no. 4 (2013). Though many bureaucrats in other departments, including Labor and Agriculture, resented OEO for taking resources for missions they felt were their own, this inter-agency competition had some salutary effects, prompting USDA in particular to redirect its energy toward rural development. Chapter 3 discusses this in more detail.
Pennsylvania, a state with more than double the population. Nevertheless, southern legislators still largely opposed ESEA out of a concern for its impacts on desegregation. No representative from Mississippi, Alabama, or South Carolina voted for the bill, and Virginia, Florida, and North Carolina had only single stray congressmen in favor of it.  

Their opposition was informed by the way that ESEA facilitated desegregation. It offered a carrot to the enforcement sticks created by the 1964 Civil Rights Act. That carrot proved irresistible to southern school administrators. A survey of school superintendents in 1966 found that 98 percent of southern superintendents submitted Title I plans, more than those in any other region. They were also more likely to view ESEA as a threat to local control and to find fault with its allocation based on poverty. But when asked about the reaction of their school boards toward participation in Title I, 68 percent responded that participation was necessary, compared with 52 percent in New England, and only 8 percent considered it undesirable. Part of what reconciled southern school systems to ESEA’s anti-discrimination provisions was that the Department of Health, Education, and Welfare (HEW) and the Department of Justice initially accepted so-called freedom of choice plans. That would soon change, but not before Title I money became integral to the operation of most southern school systems.

Southern higher education also received a dramatic boost from the Great Society,

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82 United States Senate, Committee on Labor and Public Welfare, "Estimated Federal Payments under ‘The Elementary and Secondary Education Act of 1965’," box 4, folder “Education: Elementary and Secondary Education Act of 1965,” Senate Committee on Education and Public Welfare, 89th Congress, Records of the U.S. Senate, RG 46, National Archives, http://acsc.lib.udel.edu/exhibits/show/legislation/item/44. The lone House vote from the NC delegation in favor of ESEA was by Harold Cooley, who represented parts of the black belt; Cooley was the only North Carolina Democrat to refuse to sign the Southern Manifesto and get away with it, but he would not be so fortunate in the 1966 primary. Badger, New Deal/New South (2007), 81-85.

83 Bailey and Mosher, ESEA (1968), 281-371.
allowing the top tier to rise to national, rather than simply regional, status. The principal help came from the Higher Education Act of 1965. Lacking the major funding of ESEA, it nevertheless extended federal tuition loan programs from veterans to all students. This provided a base that subsequent administrations might expand, and the move lessened the burden on North Carolina to provide additional state funding for student loans as it had been preparing to do under Sanford. By the time the Higher Education Act came up for a vote in late summer, most southern Democratic legislators had come on board, with the notable exception of Mississippi. The North Carolina delegation was mixed, with several House members flipping to support the Higher Education Act after voting against ESEA. Once again, the Johnson administration sweetened the deal for the South, targeting “developing institutions” with Title III programs designed to help small, isolated and impoverished schools along with historically black colleges and universities. 84

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Table 1: Key votes on Civil Rights and Great Society legislation. North Carolina’s legislative delegation behaved, by and large, like other southern segregationists at the time, supportive of federal programs for human development so long as they did not threaten Jim Crow. Data source: [govtrack.us](http://govtrack.us)

Other 1965 legislation bolstered the South’s higher education system, such as the creation of the National Endowment for the Arts and the National Endowment for the Humanities. With his resentment of the Ivy League elites, Johnson pushed his agencies to expand research grants beyond the favored few, and the National Science Foundation

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created a program to develop the capacity of less prestigious schools—again, a measure that would help southern schools that had long lagged behind peers elsewhere. As with elementary and secondary education, the combination of the Civil Rights Act and new federal funding proved crucial for ratcheting southern colleges and universities towards racial integration, and, later, gender parity. University administrators, in particular, had an excuse to push past recalcitrant alumni groups and build nationally competitive institutions. At last they had the tools to assault the anti-intellectualism of the white South they had long bemoaned.85

The major piece of legislation passed in 1965 was, of course, the Voting Rights Act, another vital aid to North Carolina’s human development agenda, particularly in eastern North Carolina. The forty North Carolina counties covered by the Voting Rights Act were mostly in the east, including the black belt. It would many years and some legislative tweaks before African American political power would become locally proportional in these counties, and legislative reapportionment ordered by the Supreme Court would diminish the political control that eastern North Carolina had over state government. Nevertheless, the Voting Rights Act immediately altered the state’s economic politics, ensuring that African American voters could play a potentially decisive role in determining North Carolina’s platforms and priorities.86

Truly a New Day

In his final “report to the people,” broadcast over the radio and television networks in January 1965, Sanford observed, “if our weapon against poverty and bigotry is education, we can conquer all battles and make North Carolina a leader of all the rest of the nation.” But a few days later, as he watched the inaugural parade of his successor, Dan K. Moore, Terry Sanford might have felt he—along with the people of North Carolina—were moving backwards instead of forwards. Moore’s inauguration suggested the ending of the progressive movement that Sanford had carefully cultivated the past four years in order to transform North Carolina from a Jim Crow state into one where African Americans, women, and the rural poor no longer suffered second class citizenship, one where education might create enlightened citizens and foster more remunerative employment. The recent election suggested that the people of North Carolina turned against the education that Sanford had worked with such devotion to provide.

During those moments watching the parade, Sanford might have second guessed his political philosophy of operating as a “51-percent man.” Sanford left office below that threshold in the opinion of North Carolina voters, burdened by the unpopularity of the food tax and criticism of his handling of race. And yet: despite the bleakness of that January 1965 morning for the political future of Terry Sanford and the progressive movement he represented, the future decades would usher in a version of North Carolina political economy that much more closely resembled his vision than that of senators Jordan and Ervin, or of Beverly Lake or Dan Moore. Sanford’s New South heir had lost

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to the Old South, but as the fruit of the civil rights movement matured, Sanford’s progressive vision—or, more accurately, the progressive vision that Sanford championed but that belonged to a broader swath of North Carolinians much more diverse than Sanford’s political operation of the early 1960s. However bleak January 8, 1965 might have appeared to Sanford, it was a new day for human development in North Carolina and the South—thanks to the civil rights movement.

For many North Carolina liberals, these changes would come too late, and their reward for challenging the Jim Crow political economy was exile, as it had been for Walter Hines Page and Frank Porter Graham. Joel Fleishman, Sanford’s go-getting staff member, left North Carolina to work at Yale. John Ehle, the man of a million ideas for improving education, the arts, and public life in North Carolina, chose to leave for a job with the Ford Foundation in New York. They at least left on their own terms. The state had imprisoned the young people at the center of the Chapel Hill demonstrations. They finished their educations and found jobs outside the South, in Wisconsin, Connecticut, and Massachusetts.89

Only one of those leading demonstrators—Quinton Baker, an African American child of eastern North Carolina who would later come out as gay—would return, with his partner, to call North Carolina home. That homecoming that would take decades to prepare. Still, the civil rights movement and the federal interventions that followed were the thaw that North Carolina needed so that its brightest and most iconoclastic—not to mention those most committed to fighting poverty and leveling hierarchies—would no

longer be cast out from the South but could remain to build a more equal society.\textsuperscript{90}

The civil rights revolution created a world of new possibilities for human development in North Carolina. Though journalists and historians have often credited Terry Sanford for North Carolina’s particular fascination with education, his ability to reshape the state around human development was severely constrained by the political economy of Jim Crow. Terry Sanford tested the limits of what a governor—or a politician period—could do in North Carolina of the early 1960s to advance human development without federal intervention. Even Johnson’s Great Society would become bogged down in the Vietnam War, and like Sanford, he would leave office unpopular and defeated. Nevertheless, both the Sanford and Johnson administrations set agendas in the realm of education and human development that would far outlast their own terms in office. That federal infusion of human development money and anti-discriminatory regulations would provide the lifeline that the education and antipoverty programs Sanford started would need to survive a more conservative governor.

\textsuperscript{90} Quinton E. Baker interview by Chris McGinnis. 23 Feb. 2002, SOHP.
Chapter Three
Halting the Chickenbone Special, 1964-1972

“I love the state of North Carolina,” says a senior student at the North Carolina Agriculture and Technical College. She speaks to an invisible interviewer for a documentary film. “I believe it’s a beautiful state and I would love to stay here if I could get the type of job that I would desire.” She’s aware of the camera, glancing occasionally in its direction as cigarette smoke curls through the frame. “However, it’s not the state that I don’t like. It’s the practices of some of the people in the state of North Carolina.”

In 1964, the unnamed student and a half dozen others offered a mostly white television audience their perspective on why they felt compelled to leave. Their half-hour documentary, Goodbye to Carolina, aired on commercial stations across North Carolina, the first film in a four-part “Minority Report” prepared by African American students from an array of black colleges and universities. The student producers and interviewees attended A&T during the heady days of the Woolworth sit-ins and some, including Jesse Jackson, had been leading participants. As a concession, Gov. Terry Sanford agreed to the film series as a way “to turn their protests into a genuine dialogue with the whole community.” The University of North Carolina had a television studio, but the school’s president, Bill Friday, demurred from offering its use, likely suspecting the controversy it

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2 These included St. Augustine’s College, Central Piedmont College, Johnson C. Smith University, North Carolina College, Elizabeth City State College, A&T College, Winston-Salem State College, Livingstone College, Shaw University, Bennett College, Fayetteville State College, and Mecklenburg College. Press release from the governor’s office, 16 Mar. 1964, in box 64, folder NC Negro (2 of 4), John Ehle Papers, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill (hereafter, John Ehle Papers).
might cause. The “Minority Reports” were instead produced by the North Carolina Film Board, another idea of Sanford’s polymath advisor, John Ehle. Other films in the series explained the students’ philosophy of civil rights, frustrations with the limits of voting rights, and solidarity with blacks across the African Diaspora. As Friday suspected, they did stir the pot. So enraged was an eastern North Carolina state senator, Tom White of Kinston, that he used his power over the budgeting process to kill the Film Board in 1965.

Like the other films, *Goodbye to Carolina* showed why Sanford’s efforts at equal employment opportunity were necessary as well as why his actions were inadequate. The students explained to white interviewers—and to an imagined white audience—how unequal opportunity drove the outmigration of its best and brightest African American graduates. They rattled off statistics of exit: at A&T, 90 percent of engineering majors left North Carolina after graduation, 90 percent of biology majors, 90 percent of nursing majors. Fewer English majors left, 43 percent, as more of them had the chance to work as teachers in the segregated school system. Only 20 percent of agriculture majors left; many of the students came from family farms that provided at least enough bounty to pay for state-subsidized college tuition. Remaining in the state usually meant returning to those farms—or working in the school system, whether as teachers or staff. “We have people with master’s degrees driving buses,” ruefully observed one student. Another, an

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3 These films were, respectively, *A Knocking at the Gate, We’re Not Alone*, and *Vote, and the Choice is Yours*. “North Carolina in Documentary Films, 1965,” North Carolina Film Board, in box 59, folder Film Board, John Ehle Papers.

engineer, had an offer from General Dynamics in San Diego—but not a single interview from a North Carolina. He bluntly framed the public policy challenge: “The state pays about $6,000 per in-state student for his education, and it’s nothing but a loss for the state if he goes out and gets a good job elsewhere.”

Those choosing exit from the South were not just those with college degrees. The Southern Regional Council found that in Chattanooga, 65 percent of local black high school graduates left. In North Carolina, from the Piedmont to the black belt, a familiar “mass exodus” played out following commencement from African American high schools: tearful goodbyes as graduates boarded Northbound trains and buses. If you had an education, the place to put it to use was anywhere but the South.

In the late 1960s, Dwayne Walls, a white reporter for the Charlotte Observer, took a year off to write a book on outmigration in the Carolinas. He moved in with a black family in Mayflower, a crossroads community in Warren County. In the course of his reporting, he discovered that locals called the train or bus that left the coastal plains “The Chickenbone Special.” It was an homage to the carefully prepared parting meals that these travelers received to power them through the strange journey, where Jim Crow restrictions had long limited access to public accommodations. Walls used the term for the title of his book. It made the rounds among antipoverty activists, a humanizing indictment of the indignities of outmigration.

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6 Wright, Sharing the Prize (2013), 142; Minchin, Hiring the Black Worker (1999), 33, 186.
Extensive change was required if these students were to remain in North Carolina after graduation. “We didn’t participate in these [sit-ins] to eat in the same dining hall,” said a male student in *Goodbye to Carolina*. “I think they were aimed at the whole social and economic structure of our nation.” The civil rights revolution created the policy space to tackle, however piecemeal, those structures in North Carolina.

By the time Walls published his “nonfiction novel” on the Great Migration in 1971, the rider volume was slowing on the Chickenbone Special. This chapter examines a variety of efforts to stem the tide of outmigration. The new federal laws rebalanced legal power in long-simmering disputes over voting rights, segregation in schools, public accommodations, and racial barriers in the workplace. While black civil rights activists used legal tools to open employment, desegregate the education system, run for office, and create black-owned businesses, an allied set of antipoverty liberals—including those at the North Carolina Fund and its spinoffs—focused attention on community development and displaced agricultural workers. Policymakers justified expansion of the community college system as a method to transition the workforce for an industrial, rather than agrarian, economy. The imperative of industrial development helped engender biracial cooperation.

**Equalizing Access to Industrial Work**

Industrialization was the biggest tool to fight outmigration in North Carolina, and in many ways the least remarked upon. It was one policy on which at least there was nearly

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Historical Collection, Wilson Library, University of North Carolina at Chapel Hill (hereafter, SOHP); George Autry to Staff, Memo, “The Chickenbone Special,” 20 May 1971, MDC, Inc. archival records (unprocessed), Durham, NC (hereafter, MDC Records).


unanimous consensus between white politicians and leaders in the black freedom struggle. The idea that the state needed more manufacturing plants—whether in the rural black belt or the already industrialized Piedmont—was such a part of the common sense of the time that it rarely needed articulating. Yet this solidarity broke down when it came to how to increase black access to industrial employment, especially higher wage work.¹⁰

Most African American activists understood that equal access to both jobs and education was crucial for economic equality in the South. The state NAACP and its local branches emphasized both. Schooling could provide a route to better pay in industrial employment. Moreover, education credentials became increasingly requisite once the Civil Rights Act of 1964 raised standards for equal employment and as employers hid behind these degree qualifications to explain racial disparities in hiring and promotion. This made equal and desegregated education an important part of the quest for equal access to jobs.¹¹ The school-to-employment pipeline in Roanoke Rapids, a black belt

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¹⁰ This chapter draws on secondary sources familiar to experienced scholars of the time period in the South. This account brings together work on employment and school desegregation to emphasize how both projects were crucial for making industrialization a fruitful strategy for African Americans as well as whites.

¹¹ Both during the 1960s and in subsequent historiography of the civil rights movement, journalists and scholars have debated whether the civil rights movement turned from rights to economics after the legislative victories of 1964 and 1965. Many scholars rightly underscore that economics were central throughout the movement, from the emphasis on black hiring as part of the Montgomery bus boycott to the march on Washington for jobs and freedom. The emphasis in the middle and late 1960s on achieving equal access to economic opportunity was a continuation of—rather than a break with—the movement’s goals. Yet federal legislation did reshape the possibilities for economic advance, the limits of which individuals and organizations probed in myriad ways. For the rights-to-economics thesis, see esp. Minchin, From Rights to Economics (2007), 9-13. On continuities, and the historiography of the civil rights movement more generally, see esp. Hall, “The Long Civil Rights Movement and the Political Uses of the Past” (2005); Payne, I've Got the Light of Freedom: The Organizing Tradition and the Mississippi Freedom Struggle (2007), xiii-xxiii, 413-441; Jones, The March on Washington: Jobs, Freedom, and the Forgotten History of Civil Rights (2013). On the problems with the “long movement” framework, see Cha-Jua and Lang, “The ‘Long Movement’ as Vampire: Temporal and Spatial Fallacies in Recent Black Freedom Studies” (2007). Some recent work has productively centered the economic continuities while demonstrating the significance of the Civil and Voting Rights acts of ’64 and ’65. See esp. Wright, Sharing the Prize (2013).
town near the Virginia border, demonstrated why equal access to both jobs and schools was vital for local African Americans to earn higher incomes.

By the 1960s, Roanoke Rapids was a manufacturing hub for textiles and paper products, otherwise surrounded by cash-crop agricultural production. With farm mechanization, obtaining industrial jobs stood in between remaining and leaving the area.

Two employers anchored Roanoke Rapids: J.P. Stevens and Albemarle Paper, both plants highly segregated. Stevens, the nation’s second largest textile company, operated eight interrelated plants along with three office facilities, employing 14 percent of the workforce in Halifax and Northampton counties. All but the most dangerous and physically taxing jobs were reserved for whites. As late as 1969, 45 of 48 warehouse workers were black while no African Americans worked office or clerical positions. Whites held most other high-paid jobs: loom fixers were all white, while only a handful of weavers were black. Supervisors, all white, relied on the grapevine for promotion decisions. Albemarle Paper, meanwhile, reserved roughly 86 of 100 job categories for whites. Unlike Stevens, the plant was AFL-CIO unionized: workers joined the Halifax Local 425, United Papermakers and Paperworkers, but it too was segregated. African Americans worked as janitors, laborers, and “brokemen,” who crawled under jammed paper machines to clear them. Such jobs offered low pay and no career ladder.\(^{12}\)

The local school system propped up racial inequality in Roanoke Rapids

industrial employment. The former dean of North Carolina State University’s textile school ran industrial training courses at the white high school, teaching students to operate and repair looms. J.P. Stevens supplied equipment for the courses, which prepared white men to step into higher paying work straight out of high school. Attending the white high school was akin to the first years on the job for locals who would go on to work for the textile or paper mill. Yet black schools in the area had no such industrial cross pollination.\textsuperscript{13}

Primary paper mills such as Albemarle were more capital intensive operations, increasingly automated. Running new equipment at the plants required sufficient literacy to master the training manuals, and the company incorporated computer systems for production and records. Beginning in the 1950s, managers at Albemarle administered intelligence tests to help them sort employees into more or less skilled jobs. They used written tests, such as the Wonderlic, as well as the Beta, a “nonverbal” exam given to illiterates and non-English speakers. These tests, culturally biased at their inception, helped naturalize sorting whites into higher paid job categories.\textsuperscript{14} Albemarle Paper also increasingly used high school graduation as a criterion for hiring or advancement, disadvantaging those who had dropped out to help earn money for their families. As one manager naturalized the situation, “On account of their rural background, lack of education and lack of industrial experience, many Blacks in the Roanoke Rapids area

\textsuperscript{13} Minchin, \textit{Hiring the Black Worker} (1999), 72-74; Minchin, \textit{From Rights to Economics} (2007), 86. 
were, and are, not good prospects for skilled jobs." The eastern North Carolina town was
hardly alone in segregating vocational opportunity, as the Southern Regional Council
documented in Houston and elsewhere in the early 1960s. Segregated high schools
helped perpetuate a segregated labor market.

With the passage of the Civil Rights Act of 1964, civil rights attorneys quickly set
to work testing Title VII, which prohibited employment discrimination. The textile
industry, with 45 percent of all manufacturing jobs in North Carolina in 1966, was
especially crucial. The Southern Regional Council made textile desegregation a top
priority. State NAACCP President Kelly Alexander saw opening the industry as a key to
halting outmigration, and with its many active NAACCP branches, North Carolina led the
nation in the number of EEOC complaints.16

In North Carolina, no individual was more central in the work of opening
employment than Julius LeVonne Chambers, whose firm filed suits against both
Albemarle Paper and J.P. Stevens in Roanoke Rapids. Chambers was born and raised in
rural Montgomery County, where his forbears were enslaved a few generations prior. His
mother was a high school graduate and school teacher before his birth, his father a skilled
auto mechanic talented enough to keep his job through the Depression. After a white
client stiffed his father on an exorbitant repair bill and no local attorney would take his
case, Chambers resolved to study law. The top graduate from North Carolina College at

15 Moody v. Albemarle Paper Co., 4 BNA PEP CAs. 561 (E.D.N.C. 1971); Minchin, Color of Work (2001),
23; Wright, Sharing the Prize (2013), 127-128.
16 Minchin, From Rights to Economics (2007), 45-58; Minchin, Hiring the Black Worker (1999), 9, 29,
220.
17 Chambers’s firm was responsible for most of the textile suits. Minchin, Hiring the Black Worker (1999),
29.
Durham, Chambers received a master’s in history from the University of Michigan and a law degree from the University of North Carolina at Chapel Hill. He aimed to join an established practice in Charlotte. Yet despite serving as law review editor—the first African American to do so—and earning top marks at UNC, Chambers could not land a single interview with a North Carolina law firm. He left the state for a graduate fellowship at Columbia Law School. After interning for the NAACP Legal Defense Fund, Chambers set up his own Charlotte-based law firm that took on school desegregation and employment cases across the state.¹⁸

This joint work demonstrated to Chambers and his colleagues how ostensibly neutral tests could prop up racial inequalities. One of his suits, *Griggs v. Duke Power*, resulted in the 1971 Supreme Court ruling that made effect rather than intent the measuring stick for employment discrimination. No longer could management administer the Wonderlic as an arbitrary mechanism to sort employees. Also important were the 1972 amendments to the Civil Rights Act, which gave the U.S. Equal Employment Opportunity Commission authority to seek judicial enforcement and broadened the applicability of Title VII.¹⁹ Local civil rights activists across the South teamed up with lawyers to build class action lawsuits against major employers. Despite the weak structure of Title VII and the small-staffed Equal Employment Opportunity Commission, these tools were at least sufficient to open a wider array of industrial job opportunities to

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African Americans in North Carolina. Textiles were especially important, and lawsuits hit the top employers. By the mid-1970s, a quarter of the southern textile workforce was black. “The industry is doing as much as anyone in the South to stem Negro out-migration,” reported the Charlotte Observer in 1969. In the memory of some residents, access to the textile industry stopped outmigration and “uplifted the whole community.”

Afraid of losing government contracts, Stevens created an affirmative action hiring plan in 1969, but a lawsuit from Chambers pried open greater opportunity for African Americans in Roanoke Rapids. The lead plaintiff in what became a class action suit against J.P. Stevens was Lucy Sledge. As a young woman, she was hired as a “terry hemmer” in 1966, later working in banding and binding and then as a terry inspector after maternity leave. She was laid off in July 1968, however, and forced to find work in Trenton, New Jersey while continuing to re-apply to Stevens in order to return to the area. In 1969, only 35 percent of black women who applied to jobs at Stevens were hired, compared with 54 percent of white women, 61 percent of black men, and 86 percent of white men. Theaoseus “T.T.” Clayton, an attorney in neighboring Warren County, worked with Chambers on the lawsuit, interviewing Sledge and hundreds of others at a local motel. They filed the case, Sledge v. J.P. Stevens, in 1970, later certified as a class action that historian Timothy Minchin calls the “largest and most important textile case”

in opening the industry for black workers. With 3,000 plaintiffs all told, Sledge required Stevens to conduct compensatory hiring and training programs as well as extend back pay to those in the class action.\textsuperscript{23}

The number of African Americans working at Stevens in Roanoke Rapids shot up 200 percent between 1967 and 1977. Joe Moody, the lead plaintiff in the similarly successful lawsuit against Albemarle Paper that went all the way to the U.S. Supreme Court, cited the importance of the Civil Rights Act. Before its passage, “we had no leg to stand on.” Thanks to a concerted effort by workers, lawyers, and federal officials, a generation of African Americans had access to local textile jobs and could remain rooted in northeastern North Carolina.\textsuperscript{24}

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Concurrent with the civil rights efforts to break down barriers in the workplace was the challenge of breaking down educational barriers to economic advancement. Courts would only go so far in ruling for racially proportional employment, especially in higher skill and managerial positions, where education mattered for justifying hiring and promotion. Because of how living-wage industrial employment coincided with educational access in places like Roanoke Rapids, unequal training programs and school facilities encouraged


black families to pursue the project of desegregation. Segregated high schools helped segregate industrial labor markets, with training for white students that gave them a leg up on the better work at the factory. Access to such advantages was one of the key reasons why desegregation was an important project for African Americans who wanted greater economic opportunity for their children at home.

Prior to the passage of the Civil Rights Act of 1964, North Carolina—for all the headlines of integration in Charlotte and Greensboro in the 1950s—hardly seemed a southern exception regarding school desegregation. For the 1963-4 school year, the Southern Education Reporting Service calculated that 0.538 percent of black children in North Carolina attended school with white children—a lower percentage than Louisiana (0.602) and far below all but the other Deep South states. In eastern North Carolina, only schools serving military bases accommodated assignment requests from black children requesting placement in white schools prior to the summer of 1963, when Rocky Mount’s city district agreed to allow fifteen African American to transfer to white schools.25 Elsewhere in the black belt, a few systems moved in the summer of 1964 to allow a handful of black children to attend white schools.26 The decision of the Warren County


26 Warren County Schools and two of the three districts in Halifax County adopted integration plans that summer. In late July, 1964, the Weldon City School District was the first district in the county to announce that a black student—the son of the town’s only black physician—would be the first to integrate the school system. Halifax County Schools followed suit, with five black students assigned to attend a previously all-white school in Enfield, a town that had also been the scene of direct student action against segregated facilities in 1963. In August 1965, the Roanoke Rapids school system shifted to a freedom-of-choice plan. Roanoke Rapids (NC) Daily Herald, 23 July 1964; 4 Aug. 1964; 13 Aug. 1965.
Board of Education was prompted by a civil suit filed in 1963 by attorney T.T. Clayton, with assistance from Conrad O. Pearson, a Durham lawyer who served as general counsel of the North Carolina NAACP, and the NAACP Legal Defense Fund, including its then intern, Julius Chambers. But the numbers involved were small, with only a few black students transferring into previously all-white schools.27

Desegregation, as measured by the number of black students attending formerly white schools, picked up over subsequent years. Federal legislation was crucial. Title IV of the Civil Rights Act explicitly gave the Department of Justice the power to sue school districts in order to bring about integration; no longer would action depend on local blacks filing suits. Title VI allowed the federal government to withdraw federal funds from programs that practiced discrimination. The Department of Health, Education, and Welfare (HEW) required desegregation plans, initially setting a low bar by allowing freedom-of-choice plans. School board members who refused to implement integration plans could face criminal charges. If the Civil Rights Act provided the sticks, the Elementary and Secondary Education Act—part of President Lyndon Johnson’s War on Poverty legislation—significantly enlarged the carrot.28 The greatest portion of ESEA money targeted children in poverty, which in northeastern North Carolina was highly correlated with race. Though superintendents found ways to spend some of the money on

formerly all-white schools, the lion’s share went to new cafeterias, cheaper lunches, and additional materials for all-black schools.  

The freedom-of-choice phase came to an end in the black belt following the May 1968 opinion by the U.S. Supreme Court in *Green v. County School Board of New Kent County*, a decision that shook the entire rural South. The justices condemned freedom-of-choice plans and ordered school boards to come forward with immediate plans for eliminating dual systems. The decision strengthened the hands of the private plaintiffs, the DOJ, and HEW in demanding that courts force school boards to implement desegregation plans. To that point, the segregated public educational system was remarkably intact in the North Carolina black belt. Schools remained racially identifiable based on the race of their students and teachers. Athletic teams still competed in racially defined conferences. Only a small percentage of white children attended private schools established to escape desegregation.

The court-ordered desegregation process riddled both white and black

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29 In Warren County, the white superintendent claimed that the schools had more library books than they could display, and some of the funding went unused. He tried to convince black parents to remain in all-black schools by pointing out that lunch would be more expensive at formerly all-white schools. Peeler deposition, 16 July 1968, file 6, *Turner v. Warren County Board of Education*, Civil Action No. 1482, North Carolina, Eastern District, Wilson Division, RG 21, NARA–Southeast.


communities in northeastern NC. John Larkins, the white federal judge overseeing the process, received mounds of hate mail from angry white parents—often riled up by Jesse Helms’ television broadcasts on WRAL. Yet many black parents and educators were also disgruntled by the process. For African Americans in the South, integration often came at the price of cherished institutions that fostered black independence, with numerous black educators fired or demoted in the implementation of desegregation plans. Black teachers swamped the North Carolina Teachers Association with complaints. The number of black principals in the state dropped from 525 in 1963 to 250 in 1970—only 25 of whom served high schools. In coastal Hyde County, outside the black belt but where African Americans were a sizable minority, black activists and students boycotted a segregation plan that would close a cherished black high school, demonstrating almost daily for five months and marching twice to Raleigh in protest in 1968 and ’69. As historian David Cecelski has noted, it was “one of the most sustained and successful civil rights protests in North Carolina, and in the South as a whole.”

Even carefully managed integration plans, as were negotiated in Rocky Mount, left bitter wounds. The city district opened a new school in 1969 that combined the lion mascot from the black school with the blackbird mascot from the white school to become the Rocky Mount Gryphons. It avoided dismissing black teachers and established quotas for extracurriculars, including football, cheerleading, and student government. Nevertheless, several hundred white children left the system for a private academy in

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1968, and the local NAACP leader complained that whites remained in control. “Your whites don’t know how to work in an integrated system,” he told the *New York Times*, “and the majority of them are really not trying to learn.”

W. S. Creecy in Northampton County was one of many black principals in eastern North Carolina who had carved out relatively autonomous fiefdoms that supplied a steady stream of graduates to black colleges and universities. Yet by the 1966-7 school year, even as the county had adopted freedom-of-choice plans, neither his Creecy High or any other black school in Northampton offered Industrial Cooperative Training courses, provided at the formerly all-white Northampton High. Only the county’s black schools, meanwhile, offered high school courses in “Field Agriculture.” Creecy tried to create industrial cooperative courses, but it required participation by a local business; there were no black-led manufacturers to call on. The best he could line up was with a shoe shop, but no students signed up. On the whole, most black parents interested in integration sought equal access to such advantages in post-school employment. They certainly wanted more than a “one-way street” that put African American children in formerly all-white schools.

Beliefs about the connection between public schools and industrial recruitment complicated the response of local white elites in the North Carolina black belt to the end

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35 “PTA Gives Support To Board of Education Approach to Ending Dual School System Explained,” *Scotland Neck Commonwealth*, 13 Oct. 1968. In 1968, a black parent in Halifax County pushed the school board at a public meeting to assign white children to all black schools, clarifying that, in a reporter’s words, “she was not talking about ‘a trivial issue like race’ but was interested in providing more room, better textbooks and other educational benefits for children.”
of freedom-of-choice. In Halifax and Warren counties, they exhibited no desire to integrate the school system, yet they resisted efforts to organize local private schools. As the Scotland Neck mayor told white parents in 1968 when he begged them not to flee to private schools, “the public school system is a ‘must’ if we are to continue our industrial growth.”\textsuperscript{36} While local leaders met the bare minimum of compliance, they also worked to restructure school districts to meet their understanding of what relocating plants wanted in a community—schools that were good, public, and mostly white.

To make a public school palatable to both federal courts and white parents, they leveraged political connections in the state legislature to carve out township school districts. A white wholesale oil distributor and school board member, Henry L. Harrison, worked out this solution with other Halifax County local elites as they gathered at the Idle Hour Café in Scotland Neck, a community of around 3,000. The Scotland Neck School District would serve only 700 students and require additional local taxes, but, crucially to these town leaders, it would be public and majority white.\textsuperscript{37} With extra money, these school districts could offer industrial cooperative training. In their view, private schools were a far inferior alternative. Two other towns in Warren and Halifax counties moved quickly in 1969 to set up township school districts.\textsuperscript{38}


The General Assembly authorized these township school districts, but the process was far more difficult and publicly controversial than it would have been before redistricting to address malapportionment. The *Charlotte Observer* characterized the bill as one of the hottest issues in the General Assembly. Representatives from urban and suburban districts were less willing to turn a blind eye than those from rural areas. The state superintendent of education, Craig Phillips, vociferously condemned the move for threatening the ongoing project of consolidating school districts. With the rash of “local bills” for township school districts, State Senator Herman A. Moore (D-Mecklenburg) quipped, “It’s about as local as the first case of the plague.” Guilford County Representative Henry Frye, the first African American to the General Assembly in the 20th century, brought considerable attention to the bill, serving as its most vocal critic in the legislature.39

A local letter writing campaign in defense of the school districts emphasized the industrial development paradigm. As a letter signed by Mr. and Mrs. Carl E. Harris put the syllogism: “Littleton is a small town, but it is growing. Growth depends upon industry, and industry depends upon the school system. We must have our school (1-12 grades) to attract industries and bring more people to our town.”40 As soon as the bills passed, the townships of Scotland Neck, Littleton, and Warrenton held referendums and

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hiked property taxes, to create new districts.\textsuperscript{41}

Local NAACP chapters organized against the districts and filed suit, working with the Department of Justice. In Warrenton, T. T. Clayton and his law partner, Frank W. Ballance Jr., organized African American students to transfer out of the city districts, which undermined the integrationist claims of the system’s architects. Federal judges awarded an injunction against establishing the school districts before the new year could get under way.\textsuperscript{42} To the dismay of local white elites, private school attendance shot up in the two counties from around 100 in 1968-9 to almost 400 in 1969-70. The case wound through the judicial system, reaching the U.S. Supreme Court in 1972, which declared the township schools unconstitutional.\textsuperscript{43}

By that point, local schools had operated under more complete integration plans for three years. Most black belt counties built new consolidated high schools, located outside townships, that had no history as either white or black schools. Some of the white children had moved on to private schools, though it was not a complete exodus: 15 percent of Halifax County Schools’ students and 21 percent of Warren County students were white in 1975.\textsuperscript{44} Black students in Warren, Halifax, and Northampton could—

\begin{itemize}
\item In Scotland Neck, the election yielded the largest registration and turnout for a local election in Scotland Neck history. Blacks organized a campaign in opposition. Registration shot up to 1,352 from 725, with 1,176 votes cast, compared to only 102 votes cast in the 1967 municipal election. The new school district and property tax—the maximum allowed under state law—won approval with 69 percent of the vote. “Negro Voters Have Chance To Help Their School Children With ‘Yes’ Vote,” \textit{Scotland Neck Commonwealth}, 4 Apr. 1969; “Scotland Neck OK’s Separate School Unit,” \textit{N&O}, 9 Apr. 1969.
\item \textit{Statistical Profile, North Carolina Public Schools}, Feb. 1975, Division of Management Information
\end{itemize}
the first time—count on the possibility of local industrial employment thanks to the intertwined efforts to offer equal employment and schooling.

**The War on Poverty, the Battle for Human Resources**
The imperative of industrial recruitment shaped the response of black belt elites to the War on Poverty, as it did their response to educational desegregation. The initial community action agencies in eastern North Carolina opened as adjuncts to the boosters at the chambers of commerce and industrial development boards. So long as they maintained control over these resources, they welcomed funding for human development in service to industrial recruitment. At the federal level, however, policymakers were ambivalent about whether to direct resources toward draining or stabilizing rural communities. Equity-oriented state policymakers found the framing of rural outmigration an effective way to bolster state and federal resources. The rural War on Poverty programs became major vehicles for encouraging rural development, a way to reverse the trend of poor whites and blacks flooding the metropolis.

North Carolina black belt elites were ambivalent and often divided on whether to encourage or discourage black outmigration. As agricultural mechanization reduced the need for farm labor, large landowners across the southern black belt often encouraged outmigration of workers they considered “useless as a mule,” in the words of a Delta plantation owner. White business boosters, whose interests diverged from many large farmers and absentee landowners over questions of local political economy, had courted new factories for the black belt, mostly with an eye to retaining or attracting white

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45 de Jong, *You Can’t Eat Freedom* (2016), 18. Eastland’s workers were down from 600 to 40 by the mid 1960s. (19).
families, with little concern for black tenants, sharecroppers, and laborers. Yet as black
voting steadily increased in the black belt and as activists forced open a wider cross
section of industrial jobs for African Americans, growth-oriented white elites, whether in
retail, professional services, or as factory operators, saw benefits to retaining black labor.

They had assistance drawing such conclusions: staff from the U.S. Office of
Economic Opportunity and the North Carolina Fund helped convince rural white elites
that training and education programs could retrofit agricultural workers, white and black,
for an industrial economy, rejuvenating small towns and cities in the region. Many initial
programs sought to redirect rural-to-urban mobility from the Northeast corridor to the
“Piedmont Crescent” that ran from Charlotte through Greensboro. But as they learned
from the people they tried to help, War on Poverty staff gravitated towards rural
initiatives that would allow more people in eastern North Carolina to remain in the
region.

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Those who designed and implemented War on Poverty programs were torn about people-
to-jobs approaches (typically seen as “people based”) and jobs-to-people approaches
(often coded as “place based”) to address the poverty of those who could (and, in the
minds of most policymakers, should) work. Should policy encourage rural people to
move to cities with tight labor markets, or should policy encourage job creation closer to
rural people? Adam Yarmolinksy, the poverty program’s “chief midwife,” noted that
“one of the choices we said we had to make was whether to concentrate on preparing jobs
for people or preparing people for jobs.” Economists and “urban fundamentalists”
dominated the OEO task force and argued that encouraging rural migration to job centers
was the most efficient policy. In their view, urbanization was inexorable; to spend on rural areas was to burn money. James Sundquist, who as deputy secretary represented the U.S. Department of Agriculture during War on Poverty planning, thought they viewed rural people as “unenterprising and hardly worth saving, because if they had any gumption, they’d get up and leave.” He was among those who argued for targeted assistance programs that helped rural people remain in their communities.46

The people- v. place- based dichotomy has long persisted in policy circles, and the framework was central to historian Bruce Schulman’s critique of “place-based” federal efforts to develop the South’s economy in the 20th century.47 Regional development programs generally have been classified as place-based, while education, training, and welfare efforts are largely seen as people-based. But regional development has often targeted people rather than places with interventions to increase regional wealth, while efforts to improve skills and well-being for people typically have implications for specific places and create infrastructure needs that would be considered “place-based” investments. People- and place-based categories were never as neatly opposed as they often became in abstract discussion.

Indeed, antipoverty policy in the 1960s often pursued both simultaneously. The same experts, in fact, designed policy to aid distressed areas through a jobs-to-people logic and also shepherded manpower programs aimed at arming people with skills to relocate for better jobs. The Area Redevelopment Act of 1961 (ARA) is typically seen as

47 Schulman, From Cotton Belt to Sunbelt (1994), xii.
the progenitor of a new line of regional, place-based development policies extended in 1965 by the Economic Development and Public Works Act and the Appalachian Regional Development Act. Yet ARA was the product of the same set of “crusading liberals” in the Senate, chiefly Joseph Clark (PA) and Paul Douglas (IL), as the Manpower Development and Training Act of 1962, a quintessential set of people-based policies that aimed to expand employment through training.48

Senators Clark and Douglas were supported by a new generation of labor economists who framed “manpower” policy, originally descriptive of war-related labor policy, as a way to improve equity. A prime example was labor economist Sar Levitan, remembered at his death in 1994 as “one of the last of the New Deal liberals.” A Lithuanian immigrant expected by his family to become a rabbi, Levitan instead studied in labor economics at the City College of New York and Columbia University. Levitan helped Douglas and Clark craft the Area Redevelopment Act of 1961 and quickly became its leading chronicler. Such “federal aid to depressed areas,” the title of Levitan’s 1964 book, centered on improving transportation infrastructure, creating industrial sites, providing tax abatement, and otherwise lowering the costs for private industry to set up shop off the beaten path. Originally focused on deindustrializing urban communities in the midwest, depressed area legislation included rural areas—both because of the severity of rural poverty and, practically, in order to win over influential southern Democrats.49

Yet, in addition to improving infrastructure to attract industry, regional development policy often involved “manpower” programs to refashion former coal miners, tenant farmers, and field hands for factory jobs. After working on the ARA, Levitan became instrumental in the theory and implementation of manpower policy as a mechanism to address the problems of the poor. He often collaborated with Garth L. Mangum, a Utah Mormon who worked as a coal miner and truck driver before getting an economics degree at Brigham Young and a Ph.D. at Harvard. Mangum served as Clark’s research director during 1963 Senate subcommittee hearings on what Clark called the “manpower revolution.” With 150 expert witnesses, the hearings demonstrated a split on the causes of unemployment between the “expansionists” and the “structuralists.” Expansionists, such as Council of Economic Advisers Chairman Walter Heller, thought that demand-generating measures—tax cuts, monetary policy—were enough to increase employment. The structuralists, on the other hand, thought unemployment came from significant technological change—often simply described as “automation”—that created a mismatch between the skills that new jobs required and the supply of capable workers. Education and training programs, in their view, needed to bridge that gap.50

Patently enshrining the male breadwinner ideal, manpower policy developed tiered programs to respond to issues in different geographies. For those laid off from industry with low education levels, it offered training programs to impart skills that might


Over the next several decades, Mangum and Levitan would be key advisors to North Carolina manpower and education policymakers, bridging the seeming divide between place- and people-based policies.

Levitan tried to reconcile jobs-to-people and people-to-jobs approaches, his reasoning suggesting its false dichotomy. He discussed both in testimony to the National Commission on Rural Poverty in 1967. Levitan considered “channeled migration” out of rural areas as the best short-term strategy, given the effects of the Vietnam War—it was heating up war-time manufacturing hot-spots while gobbling up federal funding that might go to regional development. “Channeled migration” meant encouraging migration to cities with tight labor markets and providing “necessary social services” to ease the transition. Too often rural migrants did not know which cities offered the best economic opportunities, and the role for government was to address these information asymmetries. “It is more realistic to rely upon migration of the rural poor to places where jobs are
available,” he told the Commission—with the proviso that the federal government needed “to carry out its commitment, namely, that there would be ample jobs for the poor outside of rural America.” He endorsed full employment policies, including government as employer of last resort.52

In the longer term, however, Levitan told the Commission that government had a stronger role to play in “bringing jobs to communities.” Optimistic that the Vietnam conflict would soon end, Levitan suggested the federal government spend “several billion dollars annually to build necessary school facilities and to increase salaries of teachers in slum areas as well as in rural areas.” Down the long road lay a broader solution to economic insecurity: “I would hope that someday we will achieve a guaranteed income for all.”53 For Levitan, people-based or place-based antipoverty policies were not either—or. Both were useful for shaping a more equitable American society.

* * *

Those engaged in the War on Poverty in North Carolina pursued both jobs-to-people and people-to-jobs policies to stop—or at least reshape—outmigration from the state. Education and training programs could serve regional development, if they attracted firms to take advantage of improved local skills. But they could also further outmigration, by giving rural people credentials and skills that would pay off in bigger labor markets. Like the “culture of poverty” framing that historian Alice O’Connor has demonstrated was central to the structure of the War on Poverty, the idea of a “manpower revolution”

was also a core concept that animated its policies and programs.\textsuperscript{54} In North Carolina, this focus fit well with the way that Terry Sanford and his staff emphasized education in designing the agenda of the North Carolina Fund. Yet as federal support kicked the War on Poverty into another gear, philosophic and geographic rifts soon developed between North Carolina Fund staff and rural powerbrokers.

Education was the centerpiece of the North Carolina Fund as originally designed, and the passage of the Elementary and Secondary Schools Act in 1965 promised more funding for North Carolina’s experimental approach.\textsuperscript{55} The Advancement School expanded its operations to help eighth grade “underachieving” boys, an early experiment in tackling the “dropout” problem. That high school “dropouts” were considered “a wastefulness which society cannot afford” was a relatively new phenomenon.\textsuperscript{56} While the Advancement School served a sliver of the state’s underacheivers, about a hundred per term, its goal was to develop best practices on dropout prevention that might spread across the state (and beyond). The Fund staff were wary of the state’s educational establishment, preferring “unbridled, quasi-private groups” to foster “significant innovation—with its implied criticism of current educational practices.” The Fund used federal and Ford funding to set up a research organization, the Learning Institute of North Carolina (LINC), which administered the Advancement School. It intended LINC as the mechanism that would study such programs in order to determine what worked and what

\textsuperscript{54} O’Connor, \textit{Poverty Knowledge} (2001), esp. 117-123.  
\textsuperscript{55} The educational aspects of the North Carolina Fund, including the Advancement School and LINC discussed here, received scant attention in Korstad and Leloudis, \textit{To Right These Wrongs} (2010).  
\textsuperscript{56} Mangum, ed. \textit{Manpower Revolution} (1965; reprint, 1966), 425. As Daniel Schreiber of the National Education Association told Sen. Clark’s manpower subcommittee, about two thirds of the unemployed were high school dropouts.
didn’t, come up with new demonstration projects, and ultimately help disseminate practices to the mainline school system.\textsuperscript{57}

As the War on Poverty progressed, the Advancement School and LINC ruffled feathers at the state Department of Public Instruction and Board of Education while also failing to please Fund staff. Many young educators appreciated the Advancement School, which focused on boosting self-esteem, combined remedial education with exploratory programs, and eschewed formal grading for a multitude of conferences and self assessments. But in 1967, an administrator claimed financial improprieties and “immoral conduct” between staff and students—code for homosexuality. In a power play, the educational establishment in the state took the school over from LINC. Almost all the staff, including the director, turned over that year, and it essentially started from scratch, though after legislative wrangling, it secured $1 million in annual state funding to continue its operations.\textsuperscript{58}

The North Carolina Fund staff did not rise to defend LINC, which by that point they considered a failure. Sanford, Ehle, and Esser initially thought LINC highly promising and secured their first choice for its initial director, Harold Howe II. But Howe, the grandson of Hampton founder Samuel Chapman Armstrong, was soon tapped by the Johnson administration to serve as U.S. Commissioner of Education and LINC’s


promise quickly faded. Especially to African American staff at the North Carolina Fund, LINC seemed more interested in research than ending poverty. Being quasi-private was not enough: having the superintendent of public instruction on its board was “always an obstacle to innovations which might seem to put the public school system and its past administration in a bad light.” Still, if the Advancement School and LINC were disappointing given their costs, they helped develop a policy and research agenda around underachievers, literacy, pre-school, and adult education. They marked North Carolina as a pioneer in running state programs to address these issues.59

As the decade wore on, Fund staff increasingly tried to integrate education into more radical efforts at community development, and education and training programs played a prominent role in the black belt War on Poverty. The Fund used its bureaucratic remove from conservative leadership—both the state legislature and Gov. Dan Moore—to organize and assist local African American groups pursuing economic equity. Of the eleven initial community action programs in North Carolina, four were in the east: Tri-County Community Action in the southeast; Craven Operation Progress (later Coastal Progress Inc.) in New Bern; Nash-Edgecombe Economic Development Inc. in Rocky Mount; and the Choanoke Area Development Association in Roanoke Rapids. In all four cases, conservative white elites thought they could operate antipoverty agencies as extensions of their local political networks in an effort to attract new industry. And yet, all four programs provided important local institutional vehicles to build political

involvement of the poor—especially African American and Native American communities—that challenged white elite community control within a few years of their establishment.  

The Office of Economic Opportunity, once it was created in 1964, shifted the War on Poverty in North Carolina into a different gear. Rural and small towns received a disproportionate share of OEO’s community action budget, the largest single rural antipoverty program. All told, about half of the $40 million that North Carolina received under the Economic Opportunity Act came to the Fund and its organizations. The Fund’s eleven community action agencies received $15 million from federal agencies along with $4.5 million in Fund money from private foundations by September 1966. Moreover, the federal infusion of money for education under ESEA freed the North Carolina Fund to focused its funds on technical assistance, program development, and research—efforts that would more effectively organize the poor.

In 1965 and 1966, tensions between the racial equity goals of the Fund and the controlled growth agenda of local white elites in eastern North Carolina escalated. The white leaders of community action agencies in Rocky Mount, in New Bern, and in the Choanoke—under the thumb of established politicians—resigned in frustration. In New Bern, for example, Robert Monte, a conservative businessman and executive director of

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Coastal Progress, Inc., complained to Gov. Moore and federal congressmen that Fund staff “condemn[ed] all our elected Washington representatives”—white male representatives of the Jim Crow Democratic Party—and “attempted interference in my own community with regard to primary elections.” Congressman David Henderson passed those complaints directly to OEO Director Sargent Shriver. Henderson approved of the “noble goals” demonstrated by vocational and job training, but “there have been far, far too many people associated with [NCF] whose primary concern was not to help poor people of all races to enhance their earning power, but was instead to use the program as a battering ram to promote social integration of the races.” He objected to attempts to involve local civil rights groups on local boards—to Henderson, as with most white political elites in North Carolina, black governance was a step too far.63

The North Carolina Fund, under Esser’s leadership and with Sanford still on the board, stood by its community action technicians. In coastal Craven County, civil and voting rights for African Americans helped them push segregationists off the local community action agency, installing racial moderates. In Rocky Mount, working-class African Americans reconfigured leadership of Nash-Edgecombe Economic Development, transforming it from a white paternalist effort to help industrialization into “a comprehensive antipoverty project dedicated to collaboration with the city’s black

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63 David N. Henderson to R. Sargent Shriver, 16 Sept. 1966 (quotes) in folder 316, NC Fund Records.
working-class communities and supportive of their civic participation,” according to historian Lisa Gayle Hazijian.\textsuperscript{64} The relative autonomy of the North Carolina Fund from normal political channels provided the space to support working and middle class African American interests over the grass-tops elites.

The rural community action agency that best exemplified the tensions around local antipoverty approaches—and most tested the Fund’s cohesion—served four counties deep in the state’s black belt. The Choanoke Area Development Association (CADA) was formed in November 1961 as part of then governor Terry Sanford’s efforts to create multicounty industrial and economic development organizations. The name combined the major area rivers, the Chowan and the Roanoke. African Americans were not allowed to attend its first meeting of 225 whites at a segregated restaurant in Roanoke Rapids. After a series of demonstrations in Enfield around voting rights, CADA added a single black director from each county, four African Americans on a 40-member board in an area with a black majority. Nevertheless, poverty in Northampton, Halifax, Bertie, and Hertford counties was too high to ignore, with between 53 and 64 percent of families in each county with incomes below the federal poverty line. The counties also had outmigration rates, regardless of race, near the highest in the state.\textsuperscript{65}

While black belt elites did not muster the funds to create community colleges, at least initially, community action programs seemed far easier to align with white supremacy. CADA’s initial proposal to the North Carolina Fund betrayed a narrow view

\textsuperscript{64} Hawkins, Everybody’s Problem (2017); Hazijian, “Negotiating Poverty” (2003); ; Hazijian, “Combating Need: Urban Conflict and the Transformations of the War on Poverty and the African American Freedom Struggle in Rocky Mount, North Carolina” (2008), 658 (quote).

of the potential of the poor in the area. CADA suggested training the poor in “some craft such as basket weaving, rug weaving, bead making, [or] leather work” marketed to tourists.\footnote{Korstad and Leloudis, To Right These Wrongs (2010), 101.} The point of such a proposal was not social mobility; it was akin to the demeaning idea of gradual racial uplift through “industrial education” that preoccupied white philanthropists going back to Hampton Institute’s benefactor, Samuel Armstrong.\footnote{Korstad and Leloudis, To Right These Wrongs (2010), 96-107 (quote on 101); Anderson, The Education of Blacks in the South, 1860-1935 (1988).} This was a far cry from the kind of industrial skills offered at community colleges elsewhere in the state or even the practical industrial textile courses offered at whites-only Roanoke Rapids High.

Despite hoping to serve the region, the North Carolina Fund staff denied CADA’s initial application, noting the “thorny problem” of unrepresentative black involvement. Later in 1964, however, the Fund—anticipating additional funding streams from OEO—accepted a revised proposal. CADA changed its by-laws and shifted its purpose from promoting industrial development to acting as a local antipoverty agency. Its board, however, remained much the same, dominated by white landowners and businessmen. Local African Americans saw its first director as “just another white person who was unsympathetic to the needs and aspirations of the Negro community.” Failing to meet OEO requirements, CADA initially only received funding for a summer Head Start program that was quickly discontinued after conflict with the local school board regarding integration requirements.\footnote{“Choanoke Area Development Association, Inc.,” folder 7410, NC Fund Records.}

Yet the funding guidelines from the North Carolina Fund and OEO—along with
pressure from African American organizations—eventually forced CADA to become more responsive to the stated needs of the poor (see Table 2). The Halifax County Voters Movement, initiated in 1963 with assistance from the Southern Conference Educational Fund, organized a March 1965 “Black Belt” conference of African Americans on how to eliminate “all vestiges of discrimination” in the area, where Ella Baker—originally from Warren County—was a speaker.\(^69\) As CADA changed to meet funding guidelines, it hired a new director as well as a black assistant director. It received federal grants for a Neighborhood Youth Corps program and several other education programs.\(^70\)

<table>
<thead>
<tr>
<th>Composition of CADA Board of Directors</th>
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<tbody>
<tr>
<td><strong>Representation</strong></td>
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<tr>
<td>Government</td>
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<tr>
<td>Agencies (Public &amp; Private)</td>
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<tr>
<td>Business, Professionals &amp; Farmers</td>
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<tr>
<td>Elected Representatives of Poor</td>
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<tr>
<td><strong>Racial</strong></td>
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<tr>
<td>Negro</td>
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<tr>
<td>Indian</td>
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<td>White</td>
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Table 2: Pushed by PPOP, CADA became increasingly representative of African Americans and the poor in the black belt region it served. Source: “Choanoke Area Development Association, Inc.,” p. 5, folder 7410, NC Fund Records.


\(^{70}\) “Choanoke Area Development Association, Inc.,” 17-19, folder 7410, NC Fund Records.
Such changes were driven in part by competition. A group of African Americans vied with CADA for OEO and NCF funding. The People’s Program on Poverty (PPOP) organized a “Poor People’s Conference” in July 1966. It was pushed forward by the North Carolina Fund’s most publicly recognized employee, Howard Fuller. He spent his early years living under Jim Crow in Shreveport, Louisiana, before his mother joined the Great Migration and brought him to Milwaukee. He was nurtured by Catholic school and Urban League programs and got involved in CORE activism. After getting a master’s in community organizing, Fuller worked as an employment relations specialist, finding black employees to break racial barriers in Chicago firms. But he wanted a more frontline role, and two black friends working at the North Carolina Fund recruited him for the Durham community action program.\(^{71}\)

A gifted organizer, Fuller became a lightning rod for conservative critics eager to link the organization to black power. As one Ford Foundation report gushingly described Fuller, he was “dark, tall, lean, handsome, an eloquent exponent of black consciousness and black manhood and a profound humanist.” At the Poor People’s Conference, Fuller—angry at how CADA’s director had talked down to his black audience—delivered a “fiery” 25-minute address that argued that the black poor had to take control of the board if it were to have value. The local television station castigated Fuller’s speech as a “tirade of heaped up, packed down, and running over hatred for the white race.” From the get-go, PPOP was associated with the black power turn in the civil rights movement.\(^{72}\)

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\(^{72}\) Mitchell Sviridoff to McGeorge Bundy, 23 Dec. 1969, Grant out of Appropriation to Foundation for...
But in practice, PPOP vision of economic development matched the emerging community development paradigm that the Ford Foundation and other antipoverty organizations promoted in the late 1960s. PPOP’s proposal to the North Carolina Fund and OEO included projects on housing, adult basic education, recreation, sanitation, and small grants for community improvement. The concerns of the African Americans who organized against CADA centered on control and administration of these programs rather than the underlying aim of equitable industrialization. Several PPOP members traveled to Washington in February 1967 to speak to the National Advisory Commission on Rural Poverty. PPOP’s initial chairman, Rev. James Felton, argued that African Americans needed direct federal funding “without power-structure control,” discussing the economic coercion exerted by white landlords. As for CADA, Felton said, “basically, what they have to show for their program is mahogany desks and men smoking cigars.” But he also emphasized the “vast resources of land, people, forest,” and water for industrial sites in the area. “Industry in the Choanoke area would be a great factor in helping to get the Chonaoke area out of poverty.” Fay Bennett, executive director of the National Sharecroppers Fund, also looked to industry to address the economic plight of rural blacks—so long as hiring practices were nondiscriminatory. The equal opportunity

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policies that grew from the civil rights movement helped unlock a biracial local interest in industrialization.

While OEO was reluctant to fund dueling local community action agencies, the North Carolina Fund did support PPOP and a related black-led organization of the poor in Durham, United Organizations for Community Improvement (UOCI)—though at some cost to internal cohesion. Advocating on behalf of PPOP and UOCI at the Fund were the organization’s most influential African American staff members, including Fuller. The insistence of Nathan Garrett, the Fund’s controller and deputy director, was particularly instrumental in bringing Esser and other leading staff around on support for PPOP. PPOP received an initial grant of $163,600 to operate in a “complementary relationship” to CADA.74

Garrett played key roles behind the scenes fleshing out Fund programs and articulating the organization’s theory of change. He was born in Tarboro in the black belt, but his family came to Durham, where he attended a better resourced high school. He went to Yale for college, became a certified public accountant, and was brought on to the Fund by John Wheeler. The conflict with Garrett over PPOP funding led Esser to believe “that future programs should be the responsibility of organizations which were controlled and staffed by black people,” influencing his decision to shut down the North Carolina Fund. It convinced him of the need to train and orient “indigenous” leaders from poor

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communities in order to push government institutions through the democratic process. For the next several decades, antipoverty and community development policy advocates would come back time and again to the necessity of leadership training as a core piece of the process.

By 1968, CADA relied more heavily on OEO, while PPOP leaned on the North Carolina Fund. NCF staff described the split as part of a fundamental tension over “the purposes and ultimate objectives of the war on poverty.” While Garrett, Fuller, and even Esser had come to believe that “neighborhood organization should precede all else,” CADA aimed to start with essential services to the poor. The editorial board of the 

Northampton County News lamented the “chaos” created in the region by the Fund’s vision. “The theory of anti-poverty war has changed from being a coordinated multi-racial effort to enlist the total resources of the area to eliminate the economic, cultural and educational conditions that breed poverty into a segregated social experiment to develop the ‘demands’ of the poor without regard to what the other segments of the community want.” In contrast to CADA, PPOP focused more extensively on housing conditions, working with HUD on housing development and FHA on home improvement loans, while coordinating with local churches to provide rent-supplement programs. And it proposed to open “small business development centers” in order to assist local black entrepreneurs. PPOP aimed to make material the economic vision of the civil rights


movement.

But it too emphasized education and training as a means of uplift, an area of common ground with CADA that brought the organizations back together by the end of the 1960s. Of the $3.4 million that came to CADA between 1963 and 1968, more than half went to education and “manpower” programs—principally Head Start and the Neighborhood Youth Corps (see Table 3). PPOP worked with the Department of Education and Pitt Technical Institute, a community college in Greenville, to run adult basic education classes. It also took OEO funding to run a High School Equivalency Program, though only 6 of 115 received equivalency degrees in the summer of 1967.

Felton discussed the need for a youth corps program to help high school dropouts “left at times to roam the streets in search of jobs or to migrate to northern cities, big cities in which they only end up in spreading their own problem elsewhere.”

In 1968, CADA and PPOP worked together on an adult education project after CADA’s leadership changed and its board became more racially representative of the black belt area that it served. The joint program, designed for thirty “heads of households” (who could be women), used an aptitude test to target capable adults who were unemployed or employed only three months the previous year. The idea was to boost them up to the eighth grade level and then plug them in to state vocational training programs. The program also offered “pre-vocational training” on family planning, consumer training, and budgeting. CADA would help match them with jobs after

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Poverty, organized by People’s Program on Poverty, 30 July 1966, in folder 7412, NC Fund Records.
graduation, though the reporter for the *Hertford County Herald* noted that “the program can succeed only if jobs are found for the students, for to have to return to the dole after showing initiative would be more frustrating than never having tried at all.”\(^{78}\) It was a suggestion that education without jobs might be worse than no educational opportunity in the first place.

Their shared belief in industrial development helped bring CADA and PPOP together. Local organizations could only do so much to attract industry. But they plowed OEO money into education and training programs with the hopes that a more educated labor force would signal the communities’ viability in the site selection process.

<table>
<thead>
<tr>
<th>Funding Expenditures by Type</th>
<th>NC Fund</th>
<th>CADA</th>
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<tbody>
<tr>
<td>Education</td>
<td>21%</td>
<td>36%</td>
</tr>
<tr>
<td>Manpower</td>
<td>44%</td>
<td>20%</td>
</tr>
<tr>
<td>Community Development</td>
<td>5%</td>
<td>31%</td>
</tr>
<tr>
<td>Admin Support</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Housing</td>
<td>5%</td>
<td>—</td>
</tr>
<tr>
<td>Research and Planning</td>
<td>7%</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>—</td>
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Table 3: More than half the money spent by the North Carolina Fund and the Choanoke Area Development Association from 1963 to 1968 went to education and manpower. *Sources: Historical Information, NC Fund Records finding aid, SHC; “Choanoke Area Development Association, Inc.,” chart IV, folder 7410, NC Fund Records.*

\(^{78}\) “Poor Students Struggle For Jobs and Education,” *Hertford County (NC) Herald,* 26 Apr. 1968, clipping in folder 7412, NC Fund Records.
In the rural South, the structure of the War on Poverty reflected the failings of the US Department of Agriculture (USDA) to address systemic racism in agricultural policy or to acknowledge a post-agrarian hinterland. It was the federal hand with the most potential to create a more equitable rural South, with its extension agents and committee system for allotments that stretched into every farming locality. Yet, as described by historian Pete Daniel, the 1960s USDA was “so vast, its constituency so demanding, its programs so contradictory, and its lines of communication and responsibility so tangled that it often seemed at war with itself.” The civil rights revolution and the War on Poverty pushed the agency to respond to discrimination and rural poverty, and by the end of the decade, it adopted a stronger role in development.

Whether USDA could serve the racial equity goals of the War on Poverty was hotly debated in Washington during the 1960s. Secretary Orville Freeman faced increased pressure to address rural poverty with Johnson’s abrupt ascendance. The White House directed USDA to step up its efforts. Freeman adopted some language from the Great Society, calling Rural Areas Development a “people’s program” in a July 20, 1964 address. Still, Freeman’s chief antipoverty ideas focused on stabilizing the family farm. In congressional testimony on OEO legislation, Freeman argued for helping the 1 to 1.5 million “often illiterate or barely literate” farmers “boxed in” by age, education, or disability and “totally unprepared for city life.” Freeman did not propose retraining, adult literacy classes, but rather help to keep him farming. “It is far cheaper—and far better—to buy a farm family a cow than to buy milk, in bottles, day after day, for the children of

that family in the city.” The farmer’s children were another matter; they needed education to break from rural poverty. “The young people in the poverty class can be retrained, and many of them may have to leave their home communities,” he allowed. He explored new programs to encourage them to stay. Freeman proposed an agenda for “the Great Society in rural America” that emphasized “non-farm” programs, including some funding for rural industrial development.  

For good reason, the task force staff putting together the OEO Act distrusted the USDA. “They thought we were a department of racists and that the best thing we could do for the program was get out of it,” remembered James Sundquist. The U.S. Commission on Civil Rights underscored racist practices in the USDA in a blistering report released in March 1965. It found that the segregated cooperative extensive service offered fewer resources to African American farmers, that the Farmers Home Administration provided smaller loans based on race, and that blacks were frozen out of committee posts. USDA’s difficulties weeding out racial discrimination confirmed to Sargent Shriver and his staff at OEO the wisdom of operating its own rural development programs. By June 1967, close to 38,000 families in North Carolina received loans under Title III A of the OEO Act, the only portion that OEO’s architects allowed USDA to administer. Nevertheless, the shortcomings of the USDA made the efforts against rural

80 Administrative History of the Department of Agriculture, Volume 1, Chapter 1, “The President and the Department—An Overview,” pp. 8, 31, 14, 33, box 1, Department of Agriculture, Administrative History, Papers of Lyndon Baines Johnson, Lyndon Baines Johnson Presidential Library, Austin, TX (hereafter, LBJ Library). Freeman even proposed changing the USDA’s name to the “Department of Food, Agriculture, and Rural Affairs.” Freeman kept exploring ideas aimed at family farms, such as a “homestead opportunity” program to encourage a rural return.  

81 Gillette, Launching the War on Poverty (2010), 306. In his view, the OEO’s top brass had an urban orientation (307). But even Sundquist admitted that the USDA’s initial proposal to use its Extension Service to organize community action would not have worked well.  

82 U.S. Commission on Civil Rights, Equal Opportunity in Farm Programs: An Appraisal of Services
poverty funded by the Ford Foundation, OEO and the Department of Labor vital to redressing the political economy of the black belt.

The national attention on urban unrest gave rural development advocates a way to frame the stakes and get more federal funding. Conservatives linked inner city upheaval to black power rhetoric and the politics of community action, especially after the Newark and Detroit riots in the summer of 1967, fueling a “law and order” agenda. In North Carolina, politicians and white newspapers repeatedly pointed to Fuller’s organizing, forwarding the idea that he was instigating a black uprising. Congressional inquiries came from white segregationists, including black belt congressman L.H. Fountain, as well as more liberal, urban newcomers such as Nick Galifianakis. Every time, Esser defended Fuller to the fullest, arguing that his presence palliated potential violence rather than inciting it. But the attacks took their toll on popular support for the Fund. In part to distance himself from Sanford, gubernatorial candidate Bob Scott picked up the “law and order” theme, which he first put forward in a Kiwanis Club speech in Dunn, a small town in the black belt.83

Yet liberals found political purchase from the much televised events by pointing to the necessity of urban antipoverty policy. This was the tack in both the milquetoast

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report from the McCone Commission, created in response to the Watts riots in 1965, and the more far reaching report from the National Advisory Commission on Civil Disorders (the Kerner Commission), which Johnson established to investigate the 1967 urban riots. The McCone report centered jobs and especially education in its recommendations. With its national orientation, the Kerner report stressed broader structural forces, including “white racism,” and underscored public and private job creation on the order of two million jobs. Both reports discussed the southern roots of urban poverty, and the Kerner Commission recommended rural investment “in order to offer the rural poor an alternative to migration to urban centers.” Otherwise, one federal poverty specialist said, the government would have to keep creating urban jobs to meet the needs of new migrants from rural areas. In North Carolina, Bob Scott told Farmers Home Administration staff that “if we expect to avoid the ills of New York, Detroit and Los Angeles, we must provide economic opportunities in rural areas to hold our people there.”84 Urban fears fed rural development.

The connection between urban and rural poverty was codified by the National Advisory Commission on Rural Poverty, created by Johnson in 1966. Its final report, entitled The People Left Behind and released after a three-month delay in December 1967, argued that the riots “had their roots, in considerable part, in rural poverty.”

People Left Behind did not make the waves that the Johnson administration had intended when it established the Commission. The Vietnam War increasingly overshadowed the Great Society, taking both monetary resources and public attention away from the War on Poverty. Yet The People Left Behind provided a template for articulating the problems of rural poverty and its significance for all Americans. Moreover, it signaled the beginning of a shift at USDA away from a farm-centric mission to one that included rural development. As George Esser told the Rural Poverty commission—mostly a mix of politicians and academics—“our attention has been focused on crops, not on people.” Even after the counterattacks on the War on Poverty in 1966 and 1967, the rural poverty commissioners remained convinced that “the abolition of rural poverty in the United States, perhaps for the first time in any nation, is completely feasible.”

The report suggested that most rural people should be able to make a living without migrating. “The Commission deplores the fact that the richest, most powerful nation in history compels millions of its citizens to engage in aimless wandering in search of jobs and places to live.” America, it argued, would be a better place if these wanderers could prosper where they came from. The twelve major recommendations to eliminate poverty for 14 million rural people ran a wide gamut, from improving local government and planning to food and housing welfare programs to federal full employment policy. The recommendations included both people- and place-based policies: regional

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development, healthcare improvements, and better education and manpower training. The commission endorsed community organizing, despite the critiques that OEO struggled to fend off in 1967. The report also highlighted the need for “equal opportunity for rural people,” emphasizing discrimination against “Negroes, Indian Americans, Spanish Americans, Puerto Ricans, and other minority groups” and recommending enhanced civil rights legislation.86 The People Left Behind pulled together the civil rights and War on Poverty strands to articulate a new vision for rural development, one oriented around factories as much as farms and on investments in people as well as roads.

The North Carolina Manpower Development Corporation
Given the Fund’s generally impressive track record, the Ford Foundation expected and encouraged the North Carolina Fund to apply for a five-year renewal. “If the state is to continue to move, there has to be a North Carolina Fund,” concluded the Ford review team, calling it “one of the most effective, unique instruments the Team has seen for mobilizing resources and talents.”87 But instead, Esser chose in May 1967 to unwind the Fund at the end of its original grant.

This was not a white flag of defeat. Certainly, like OEO nationally, the North Carolina Fund had come under serious assault from conservatives, including an ambitious congressman from eastern North Carolina, James C. Gardner, who used racially charged denunciations against the organization to build a new Republican Party that joined white rural conservatives with the party’s suburban base. But the Fund navigated the politics of the backlash such that Gardner fell short in his bid for governor in 1968, losing white

86 National Advisory Commission on Rural Poverty, The People Left Behind (1967), 9, 22-23.
eastern North Carolina voters who, at the presidential level, largely chose George Wallace over Richard Nixon or Hubert Humphrey. Disabused of naive notions about ending poverty, Esser nevertheless seemed invigorated by what community organizers such as Fuller had taught him. Fuller, for his part, was shocked by Esser’s decision.88

But Esser had drawn an important lesson from the conservative attack: breaking up the Fund’s mission into multiple organizations would make antipoverty efforts stronger. Esser wrote several memos to think through the decision regarding the Fund’s future. “In some fashion, we must learn to live with the complexities of the federal system and with plural, not consolidated, institutions,” he mused. “Experience shows that in some situations new institutions may have to be formed to prod and encourage the response of existing institutions.”89 Such division would multiply the work for opponents. Nonprofits, nimble and insulated from conservative backlash, could leverage federalism, shifting their funding sources and policy targets as reform opportunities arose at the local, state, and federal levels.

Moreover, Esser—pushed by Fuller, Garrett, Sarah Herbin and others—became more firmly convinced that ending poverty required the inclusion of the poor in the democratic process, rather than simply addressing individual deficits with education. “We have had a continuous struggle to demonstrate that poverty means not only lack of

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education and jobs and income and opportunity, but also reflects sterility of the political system and the virtual exclusion of the poor, and particularly of the poor Negro, from realistic exercise of his rights of citizenship.” The “free funds” provided by private foundations “should not be used to complement existing resources so much as to experiment in the areas where problems are serious but the resources to experiment are limited.”

Multiple nonprofits devoted to fighting for economic equity—some more moderate, some more radical—would create a richer ecosystem and drive the reasonable point of compromise further left.

The most enduring of the three major nonprofit organizations that spun off from the North Carolina Fund was the North Carolina Manpower Development Corporation (MDC), launched in 1967. It was created to take on several Fund programs, most of them funded through the Manpower Development and Training Act of 1962 and administered by the Department of Labor. The root concept of these manpower programs was to re-channel outmigration from rural communities to growth centers in the state rather than outside it, helping larger projects of urbanization and industrialization. These programs included Manpower Improvement Through Community Effort (MITCE), which involved agents who combed communities for unemployed and underemployed workers (mostly men) to assist with job training and employment; a “Mobility” program that provided training and housing for rural residents to relocate to urban areas; and a computer-based job matching program to connect potential employees to employers.

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91 The other spin offs were the Foundation for Community Development (discussed later in this chapter) and the Low Income Housing Development Corporation.
Esser gave MDC a mission of incorporating them into existing government institutions if they proved scalable.\textsuperscript{92}

The North Carolina manpower programs originated with planning sessions for the federal War on Poverty. While serving on the federal OEO task force, Esser met Larry Houston, director of special projects in DOL’s Office of Manpower and Training, who wanted to “do something experimental in the South.” The programs they drew up aimed to “develop more rational roots of migration” by stitching those leaving rural North Carolina to urban labor markets in the state. Houston observed that one could trace New Jersey newcomers in the state’s low income census tracts “to 30 or 40 counties to North and South Carolina, most of them in North Carolina, and everyone of them in your Coastal Plain area.”\textsuperscript{93} He and Esser wanted the “Chickenbone Special” out of the black belt to run west rather than north, to the Piedmont rather than Philadelphia.

In late 1966 and early 1967, Esser, Garrett, and a few other staffers began plotting for a “state-wide human resources development corporation” that could push state government to create a “step-by-step process” to improve the labor force and “reverse the present trends in economic development.”\textsuperscript{94} This new organization could take on the Fund’s manpower programs, but more fundamentally, it could draw attention to the downsides of the state’s low-wage, low-skill economy.

In a report on “alarming facts” to Gov. Moore, Carol Van Alstyne pointed out that

\textsuperscript{92} George B. Autry to George H. Esser Jr., 18 Apr. 1972, box 19, folder MDC Planning 1972, George Esser Papers.

\textsuperscript{93} “Manpower Development Corporation,” interview with George Esser Jr by Day Piercy, 29 Mar. 1969, folder 6547, NC Fund Records; Larry Houston, speech to NC Community Action Directors, March 1965, Charlotte, NC in Folder 368, NC Fund Records.

not only did North Carolina tie Mississippi for the lowest average hourly industrial wage, two thirds of new jobs since 1960 paid wages lower than even North Carolina’s average. This was because the state was gaining employment from industries in decline nationally—principally textiles, apparel, and furniture. The state’s farm population, meanwhile, remained the largest of any state, with an average of 338,000 farm workers—employment that would rapidly decline with tobacco mechanization, staff pointed out. In the black belt, tenants worked 80 percent of Edgecombe County farms. These reports pointed especially to the plight of African American men, claiming a net decrease in jobs for black men from 1950 to 1960. “Whites are able to move from the diminishing agricultural sector to new industrial jobs, but few Negroes can do so,” Esser noted. A nonprofit corporation composed of “industry, government, Negro leaders, and the poor” was necessary to “coordinate efforts and begin to attack the problem.”

Esser tried to entice North Carolina state government to take up this work through the fledgling community college system. But the Moore administration sat idle on the Fund’s state-level manpower proposal. Moore, at best, remained aloof to the North Carolina Fund and its antipoverty efforts, concentrating instead on his own program for “total development” in the state. He had been a surprisingly strong supporter of education, which factored into his “total development” agenda. As he argued in his 1965 inaugural address, state government had a firm role to play through a “capital investment” in education. Moore was rarely an outspoken critic of the North Carolina

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Fund. But when white elites in eastern North Carolina shared concerns about the economic and political effects of the Fund, he sympathized with their cause, rather than the plight of the economically and politically disenfranchised.

The Fund’s “mobility” program, sponsored through DOL’s Manpower office, was a case in point. An initial 18-month contract aimed to relocate 2,000 unemployed and low-income farm workers from the coastal plain to the Piedmont. Staff went door-to-door hunting for such people—typically young men—and matched them to a boarding house in Charlotte, Greensboro, or High Point. The original proposal included western North Carolina, but the community action agency in the mountains opposed the program for fears of depleting their communities. The promotional material enshrined the male breadwinner ideal type, discussing the problems of “equip[ing] a man and his family with the tools they need.”

The mobility program rattled the Rocky Mount Chamber of Commerce and the Tarboro-Edgecombe Development Corporation, which worried that it would facilitate brain drain and stymie industrial development. Hugh Sawyer, the Chamber’s vice

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96 George Esser to Terry Sanford, Memo, “Manpower Corporation: Current Status,” 17 Feb. 1967, folder 6567; “Manpower Development Corporation,” interview with George Esser Jr by Day Piercy, 29 Mar. 1969, folder 6547, both in NC Fund Records; Memory F. Mitchell, ed. Messages, Addresses, and Public Papers of Daniel Killian Moore, Governor of North Carolina, 1965-1969 (Raleigh: State Department of Archives and History, 1971), 8. At the time, Esser was frustrated by Moore’s remove, given how critical state support and cooperation were to institutionalizing the War on Poverty, though later in life, Esser appreciated that Moore used the Fund’s nonprofit status to deflect calls that he intervene in Fund affairs. 


president, wrote Moore that it would siphon off “those intelligent, trainable people” who were “among our major assets in making this area attractive to new industry.” Eastern North Carolina had just landed a GE subsidiary that manufactured colored televisions. With a reduced labor pool, these white elites thought such branch plants would by-pass the state’s coastal plain.98

Moore passed along their letters to the North Carolina Fund, and Esser sought to smooth the ruffled feathers of the Rocky Mount white elite. He described the mobility project as “aimed at improving the capacity of North Carolina for better economic development.” Rather than bleeding eastern North Carolina of the best and the brightest, the mobility program would target those with “less than an eighth grade education and who have been affected by automation in agriculture or other changes in the economy.” Esser underscored that the program helped reduce the dole, but “so long as employment or training for employment is available in the community in which a person lives, the North Carolina Fund would not undertake to relocate him.”99 By pointing to the prospect of local training, Esser’s note revealed how the formula for rural industrialization now included such programs as a necessity.

The mobility program proved less a threat to eastern economic development than Rocky Mount elites feared, failing to hit its target of 2,000 relocations. From March 1966 to May 1967, it moved 495 people—84 percent of them men, 92 percent of them classified as either Negro or Indian, and 64 percent between the ages of 18 and 24.

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Finding adequate housing was the biggest challenge—a finding that underscored the need for other Fund programs that addressed public housing. But staff were shocked at how many of those relocated returned to their home communities, abandoning jobs with better pay. “Family tradition and ‘roots’ are strong enough to pose serious problems in relocating families hundreds of miles from where they have lived for generations.”

Such discoveries underscored why the economic argument for relocation, moving people to jobs, was not as practical as it seemed on paper. It also signaled how the employment and education opportunities being pried open by the civil rights movement increased the hope that industrial development in the rural east might address the economic needs of African Americans and Native Americans.

Once Esser decided to shut down the Fund, he began setting up a new corporation to take on mobility and the other manpower programs that had funding streams from OEO and DOL. He convinced the Ford Foundation to help—along with the National Association of Manufacturers (NAM). Esser took advantage of a brief thaw internally at NAM regarding the War on Poverty and the responsibility of business to address social unrest. The business group was convinced that “manpower was industry’s biggest problem” and that it must play a role in solving it. Allying with NAM was in many ways easier than allying with North Carolina-based business groups, which had become wary of affiliating with the North Carolina Fund after its racial controversies. By teaming

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with NAM, Esser hoped MDC would “develop a statewide model for industry-oriented training,” one that sprang “from an alliance of industry, education and state and community agencies.”

The person Esser tapped to lead the North Carolina Manpower Development Corporation was George Autry, a politically astute white lawyer working at the time in DC for Senator Sam Ervin. Autry grew up in southeastern North Carolina where a crossroads community, Autryville, bore the family name. He could remember when his grandparents farm house got iconic upgrades in rural living: running water, an indoor bathroom, electricity. His father, only a high school graduate, married an Ohio woman from a more established family and they set up in Wilmington, where Autry attended public schools. He was the first in the family to graduate from college—Duke, where he also got a law degree. His obituary discussed his lifelong engagement with the issues of rural poverty in the South, but in an oral history interview a few years before he died, Autry noted that “My defining issue is really race.”

Autry played a more conflicted part on racial issues early in his career than he would later with MDC. Out of law school, Autry got a fellowship to study with any North Carolina congressman or senator—and, “after a great crisis of conscience,” he chose to work for Senator Sam Ervin on the subcommittee on constitutional rights. Ervin was

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104 George Autry interview by Robert Korstad and Neil Boothby, 9 Mar. 1992, Chapel Hill, NC, p. 3, Southern Rural Poverty Collection, DeWitt Wallace Center for Media & Democracy, Sanford School of Public Policy, Duke University (hereafter, Southern Rural Poverty Collection); Growing up, Autry couldn’t understand why other white kids did not root for the boxer Joe Louis, and he led campaigns to integrate the law school at Duke.

105 George Autry interview by Robert Korstad and Neil Boothby, 9 Mar. 1992, Chapel Hill, NC, p. 8, Southern Rural Poverty Collection; Campbell, Senator Sam Ervin, Last of the Founding Fathers (2007),
“an implacable foe of rights legislation,” as the *News and Observer* noted at the time. Autry later said he focused on civil liberties issues for Ervin, but the senator himself noted that he depended on Autry as he battled against civil rights legislation. “During the voting rights fight, the whole Justice Department was on the other side,” Ervin said in 1965. “I had George Autry.” For those seven years, Autry’s wife, Bess Powell Autry, worked for Hubert Humphrey. The juxtaposition did not escape George: “It was fascinating that I was working for Ervin who was a genius at stopping government from doing unto the people, while Hubert Humphrey was our generations’ most creative legislator in getting government to do for people.” Autry remained active in North Carolina’s Young Democratic Clubs, and when Esser sought out Autry for the MDC job, he jumped at the chance to return to North Carolina.106

Esser saw in Autry someone who could hold together the MDC coalition of industry, education, and government. As Autry said wryly, “this was the first—and perhaps the last time the NAM and OEO agreed on anything.” Autry could “cajole, con, convince people to work together toward a larger, fundamental goal of a better economy and a healthier economy, with less poverty.”107 Autry’s long career at MDC—from 1967 until his death in 1997—spoke to his underlying convictions in shared prosperity and the need for government intervention to address economic inequality.

Autry found that almost all audiences responded to a language of economic change that undergirded a need for co-ordinated public–private intervention. Autry saw “twin phenomena of transformation” in North Carolina in the late 1960s. One was workplace integration. The second was the shift in employment in North Carolina from agriculture to manufacturing. Here, Autry leaned on the “structuralists” arguments about automation as the source of unemployment. Farmers—or increasingly “agribusinessmen”—no longer needed the help once required to guide mules, process tobacco, and chop cotton. When harvest still required labor, coastal plains farmers increasingly looked to migrant workers.108

Autry also leaned on the new ideas of economic growth that centered human capital’s role in increasing productivity. Put in a regional framework, this meant that the South’s poverty and underdevelopment came from its poor cultural climate for entrepreneurship and invention. In 1967, James G. Maddox, an economist at North Carolina State University, Vivian Henderson, and two other colleagues explained the “southern economic lag” by pointing to plantation slavery and King Cotton, which concentrated political power in the hands of white patricians and set a pattern of depending on cheap labor rather than ingenuity. “White supremacy,” “backwardness in education,” and “stunted technology” perpetuated the South’s economic plight. Yet the

“manpower prospects” for an industrializing South were brighter, thanks to the Civil Rights Act of 1964, “a modern Magna Carta for Negroes.” By defanging the “southern patrician…southern society is rapidly moving into the urban-industrial mainstream of American life.” MDC became a vehicle that sucked up and popularized these new economic ideas about the drivers of development.109

While some policy advocates sought to rebuild those “rural worlds lost” through mechanization, Autry—drawing on economists including Maddox, Henderson, Levitan, Mangum, and Ray Marshall—was persuaded that the “urban-industrial mainstream” would prove more equitable. An industrial economy would not require “legions of poor [people] anymore,” thought Autry.110 Policy should facilitate the demise of sharecropping and tenant farming with interventions in the labor market that helped workers find “tight labor markets” within the state—and help employers break down racial employment barriers. Autry thought of manpower development as dealing with those with the worst chances of success in the labor market, “the products of an educational system that has failed to meet the needs of a goodly portion of our citizens or the waste product of a dynamic economy.”111

MDC’s sundry programs fit into this framework. Its Human Resource Development program provided “prevocational” training to high school drop outs and

other unemployed adults. Its mobility and computer matching programs overcame
information inefficiencies between employees and employers, especially geographic mis-
match issues. Its Management Awareness Program provided employers the kind of
diversity and sensitivity training that would become increasingly commonplace in
corporate America—helping textile companies, government offices, and other businesses
take advantage of an expanded labor pool. It was the flip side of the same underlying
project that Julius Chambers, T. T. Clayton, and other civil rights lawyers pursued
through lawsuits.112

Autry adroitly tailored his arguments to his audience. He sought to scare
Piedmont businessmen with the threat of “government subsidy for all,” warning them that
if they didn’t employ the ex-farmers, “the government will.” He sold the organization’s
North Carolina heritage—“MDC is a homegrown agency.” With “the hardest-headed
businessman,” he showed programatic effectiveness “on a cost-benefit chart.” With other
audiences, however, Autry discussed how “you can’t put a dollars-and-cents figure on
human suffering, bitterness, hurt pride.” He fed arguments to the state newspaper
editorial writers conference on why national manpower resources should be spent in
Washington, North Carolina, rather than Washington D.C.113

Like others working in rural development, Autry made hay of urban riots to
advocate for more money for rural manpower programs. In May 1968, Autry testified
before the Senate Subcommittee on Employment, Manpower and Poverty. He argued that

113 George B. Autry, speech to Central Piedmont Industries’ Top Management Conference, Sea Island,
Georgia, 23 Feb. 1968; George B. Autry, speech, Editorial Writers’ Conference, Southern Pines, NC, 18
May 1968, both in folder Speeches, MDC Archives.
spending on urban poverty would only stimulate further outmigration from the South. Two would come for every new job. “A bigger ghetto can be the only result.” North Carolina, “the biggest current feeder state to the northern ghettos, is left with no money to attack the disease at its source.” Worse still, the work in North Carolina’s Piedmont meant that “the people North Carolina needs and wants are worse than useless to New York City and Baltimore.” More than a hundred rioters in D.C. were from the Carolinas, he said. “We would all be better off if these people could have found productive jobs back home.”

MDC gained some national publicity when Richard Nixon took a “nonpolitical, educational trip” to see MDC’s computer two months before the 1968 election. Down in a university basement, Nixon created a hypothetical job seeker for the massive machine, enclosed in glass, which spit out a job match profile. Nixon queried MDC leaders: “Could this be done on a nationwide scale?” It could be done today, replied MDC Chairman Luther Hodges Jr., a bank executive and son of the former governor. Hodges took the opportunity to remind Nixon that North Carolina “is a major feeder of migrants to the ghettos of the North.” The computer whirring before Nixon could help the state enhance its human capital while simultaneously defusing urban tensions across the Northeast.

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Esser’s initial plan for MDC was that it, like the North Carolina Fund, would shut down in five years once it accomplished its goals of spinning off its experimental

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114 George B. Autry, Statement on S. 3063 Before the Senate Subcommittee on Employment, Manpower and Poverty, 10 May 1968, in folder Speeches, MDC Archives.
demonstration projects to state agencies. Autry initially told audiences, “Our fondest hope is that we may leave behind for the community colleges, the employment security commission, the various poverty programs, and all the other layers of local and state government a manpower system that works,” one Autry hoped would be “the most comprehensive such system in all America.” Five years later, MDC had successfully implanted its prevocational training program in the community college system. The Employment Security Commission had taken on aspects of the computer matching and mobility programs. Goaded by civil rights attorneys and their clients as much as by MDC, industry had grown more involved “in the training and upgrading of the work force.”

And, taking advantage of a more receptive governor elected in 1968, MDC convinced Gov. Robert Scott’s administration in 1971 to create a State Manpower Council to coordinate employment and training issues across the many agencies and departments that took on the role. The central device for illustrating the need for greater manpower investment was four profiles of North Carolinians who would benefit as a result. Three of them were underemployed residents: a young African American high school graduate in Charlotte, a Lumbee Indian farm worker in his thirties, and an illiterate 53-year-old white woman in Asheville. The fourth was a textile manufacturing manager


who had trouble finding qualified applicants in Kinston. MDC presented manpower development as a necessary policy for all four—especially the manager. What training might do was give the underemployed more than “just” a skill: “They need to know how the profit system works and why, what it means to get to work on time, and how to work in the regimentation that our economic system imposes.” These workers needed help adjusting to a lifestyle “as alien to them as the cultural patterns of those in the poverty cycle are to most middle class North Carolinians.”

It was a classic “culture of poverty” framing, but it was also indicative of the larger strategy of industrializing an agrarian economy.

For eastern North Carolina, MDC made a special appeal for a “Public Service Employment” program that would put former agricultural laborers to work in building public infrastructure like schools and hospitals and cleaning roadsides and rivers. This was especially necessary in the subregion because “high quality industries—the type most needed in the Coastal Plains—are attracted by a high quality physical and cultural environment.” MDC justified spending on worker training by showing the increased tax revenue created by higher wages that might be made by the unemployed or underemployed, repaying the investment in 4.6 years, in the case of a pilot program in Lenoir County. As the State Manpower Council got to work, data analysis helped show that though northeastern North Carolina got its “fair share” in per capita terms, most of the money went to Neighborhood Youth Corps programs that “in effect produces more sophisticated young people who move out of the region.”

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119 North Carolina Manpower Development Corporation, “A Report to the Governor of North Carolina on
early 1970s, the goals of manpower policy in North Carolina had flipped, from preparing rural workers for urban employment to finding ways that education and training could help them remain where they grew up.

Table 4: Manpower programs, institutionalized through the War on Poverty, bolstered the state community college system. Training programs increasingly became a feature of industrial recruitment. Source: North Carolina Manpower Development Corporation, “A Report to the Governor of North Carolina on Manpower Needs of the 1970s,” January 1971, in MDC Library.

<table>
<thead>
<tr>
<th>Manpower Programs</th>
<th>Total Money (est.)</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Colleges: Voc.-Tech., Adult Basic Education, Adult High School, Occup. Extension, Vocational</td>
<td>$27,300,511</td>
<td>166,670</td>
</tr>
<tr>
<td>Dept. of Public Instruction: Secondary School Vocational Education</td>
<td>23,243,002</td>
<td>216,020</td>
</tr>
<tr>
<td>Community Action Agencies: Operation Mainstream, New Careers, Neighborhood Youth Corps</td>
<td>21,960,475</td>
<td>206 participants</td>
</tr>
<tr>
<td>N. C. Dept. of Labor/U.S. Dept. of Labor: Apprenticeship Program</td>
<td>17,500,000</td>
<td>7,268 participants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>369,304 agric. job placements.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>89,179 non-ag. job placements.</td>
</tr>
<tr>
<td>ESC/Community Colleges: Manpower Development &amp; Training Act Institutional Programs</td>
<td>3,776,888</td>
<td>1,803 participants</td>
</tr>
<tr>
<td>ESC/Concentrated Employment Program: MDTA Institutional Programs</td>
<td>2,377,213</td>
<td>1,600 participants</td>
</tr>
<tr>
<td>ESC/Community Action Agency: Concentrated Employment Program</td>
<td>6,025,000</td>
<td>3,340 participants</td>
</tr>
<tr>
<td>National Alliance of Businessmen: Job Opportunities in the Business Sector ‘70</td>
<td>2,180,700</td>
<td>1,234 slots</td>
</tr>
<tr>
<td>Dept. of Social Services/ESC: Work Incentive Program</td>
<td>1,683,032</td>
<td>505 participants (out of 1680 slots planned)</td>
</tr>
<tr>
<td>Dept. of Conservation &amp; Development: Industry &amp; Commerce Division</td>
<td>777,436</td>
<td></td>
</tr>
<tr>
<td>Dept. of Local Affairs/Community Action: MDTA/On-the-Job Training</td>
<td>515,000</td>
<td>1,388 participants</td>
</tr>
</tbody>
</table>

*Excludes Vocational Rehabilitation and Blind Commission
**Excludes Secondary Vocational Education and Vocational-Technical Portion of Community Colleges
By institutionalizing manpower policy with a state-funded council, Autry appeared to have achieved all the goals initially laid out for the organization. But Autry did not unravel MDC as Esser had the North Carolina Fund. No doubt he did not wish to throw his own staff out of work, but with the help of a Ford Foundation review, he saw other ways that MDC could contribute—especially in the area of rural economic development. It was one of the “problems we haven’t been able to solve,” as he told the state NAACP in 1971. He noted “until we can find a way to bring industry to our depressed eastern and far western parts of the state, we will not solve the state’s problems.” He argued that North Carolina’s rural areas reminded stuck in a chicken-or-egg dilemma regarding education and jobs. Until career education got better, dropouts would persist, yielding “people unprepared for good employment.” The speech signaled that Autry was looking for reasons to keep the North Carolina Manpower Development Corporation in business.¹²⁰

In consultation with Ford Foundation reviewers, Autry refocused the organization as a southern regional outfit, rather than one focused on North Carolina alone, concentrated on experimentation and evaluation rather than just “an ‘outpost’ for the Department of Labor,” as Autry phrased it.¹²¹ He hoped it would prepare southern states to manage funding redirected to states from Nixon’s “New Federalism” policies. Autry


drew on his federal connections to find a place for MDC in the Comprehensive Employment and Training Act (CETA) of 1973, which replaced the Manpower Development Training Act of 1962. Autry lobbied his local congressman, Ike Andrews, as well as his former boss, Senator Sam Ervin, to make a push for rural assistance in a bill that was heavily tilted toward urban communities. Ervin threatened to filibuster if the bill did not provide some funding for manpower programs in the rural South, and he and Andrews won concessions for training programs in rural areas.122

The passage of CETA gave new life to MDC, but it also changed its direction. As Autry put it in a 1992 oral history interview, “What it meant was that it took us more away from program design and research and put us more into technical assistance and monitoring and evaluation.” MDC stopped developing and running demonstration projects and instead operated more like a consulting firm, evaluating the effectiveness of both government and private nonprofit programs.123

The Coastal Plains Regional Commission
North Carolina could also appeal to the Coastal Plains Regional Commission for support, another promising institutional vehicle to fight poverty. It was created out of Title V of the 1965 Public Works and Economic Development Act, the legislation that replaced the Area Redevelopment Act of 1961. Along with eastern South Carolina and Georgia, the Coastal Plains Regional Commission (CPRC) served forty-five counties in eastern North Carolina, including those in the black belt (see Figure 11). Its central goal was to

eliminate the “regional lag” in per capita income between the coastal plain counties and
the national average. Though its budgets paled in comparison with its big sibling, the
Appalachian Regional Commission (ARC), many North Carolina policymakers hoped the
CPRC would grow to match the ARC’s status and structure. They also saw the ostensibly
place-based organization as a way to fund “manpower training and industrial
development drives,” connecting its focus on physical infrastructure to human
development.\(^{124}\) Especially during the 1970s, it provided significant seed money to the
state’s community college system, necessary in areas such as the black belt where both
poverty and white animosity stymied local fundraising.

In contrast to the ARC, the Coastal Plains Regional Commission was more
circumscribed financially and politically. The Appalachian Regional Commission had a
large budget and significant bureaucratic autonomy. Though 80 percent of its
appropriations went to highway construction, roughly $300 million annually funded
nonhighway projects, helping build hundreds of health facilities, community colleges,
and vocational schools. Administered by the Department of Commerce and subject to
congressional budget squabbles, CPRC never garnered appropriations above $10 million
annually. It depended on the will of its constituent governors to use it as a vehicle for
development—and at least initially, those such as Lester Maddox of Georgia seemed
little inclined to leverage its assets.\(^{125}\)

\(^{124}\) U.S. Coastal Plains Regional Commission, Annual Report 1972; “Coastal Plains Body Seeks Federal
Assistant Secretary’s Office: Balanced Growth File, Department of Administration, Administration Record
Group, State Records, State Archives of North Carolina, Raleigh, NC; Roy Parker Jr. “3 States Asking

\(^{125}\) U.S. Coastal Plains Regional Commission, Annual Report 1979; Roy Parker Jr. “3 States Asking
Manpower Funds,” \textit{N\&O}, 1 May 1968, 6. The Coastal Plains Regional Commission was governed by four
Figure 11: Map of federal funding circa 1968. Federal funding for regional development, whether from the Appalachian Regional Commission or the Coastal Plains Regional Commission, reached all but the “Piedmont Crescent” counties in North Carolina. Much it supplemented the build up of the state community college system.

The brightest potential for the CPRC was that it could coordinate regional development across federal, state, and local lines. In 1968—after delays that frustrated the governors—it released its first major report on how to raise the region’s personal income average to the national level. In absolute terms, the gap had grown from $769 in 1960 to almost $1,000 in 1968. To boost regional income, the CPRC report requested $169 million in federal funding to match $44 million in state and local funds. As with the ARC, the early plans for the CPRC centered on infrastructure: $115 million for highway development, along with sundry funding for transportation studies. The request flagged $24 million for site development and other amenities to attract industry, as well as $16 million for regional manpower centers.

people: a federal “cochairman” along with the three state governors, one of which was designated the “state cochairman.” On the ARC, see Ronald D. Eller, Uneven Ground: Appalachia since 1945 (Lexington: University Press of Kentucky, 2008), esp. 186-193.


127 Hansen, Rural Poverty and the Urban Crisis (1970), 125; “Coastal Plains Body Seeks Federal Funds,”
In North Carolina, Governor Moore tied the CPRC to his “total development” package, something that could help eastern North Carolina “attract more high-technology industry, which will mean higher paying jobs for our citizens.” Land was available for industrial sites along with “the large pool of human resources to man the new jobs.” But challenges remained, including the need to “upgrade our educational systems and training programs to ensure that our citizens will be equipped to man the new jobs of the future.” Moore’s successor, Bob Scott, expected it to be “a great aqueduct to answer all the big roadbuilding dreams of Eastern North Carolina.” Yet according to N&O reports, Washington insiders confessed privately that such money could not be expected any time in the foreseeable future.\(^{128}\)

Many regional policy advocates feared that Nixon’s 1968 presidential victory signaled the end of the experiment in regional development even as it was getting started. But as with black economic development initiatives, the Nixon administration was intrigued by the political possibilities. The Coastal Plains Commission seemed to offer a way to “make political friends” in the Democrat-dominated area. Soon after taking office, Nixon replaced the federal co-chair, a former Georgia congressman, with Fred Steele, a Durham insurance agent who had unsuccessfully contested the local U.S. House seat as a Republican. At least one Democratic representative complained that Steele “played politics” in granting eastern Republicans access and visibility with planned projects.\(^{129}\)

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CPRC’s initial years showed how difficult it was to move the needle on relative per capita income. By 1970, the per capita income gap increased in absolute terms. Congress never fulfilled the $169 million funding request, nor elevated the Coastal Plains Commission to the status of the ARC. Still, appropriations increased each year, such that by fiscal year 1971, the commission spent nearly $8 million, including $2.4 million on “demonstrations,” which largely went to “marine resources programs” in the three states.¹³⁰

Without funding for big infrastructure projects, the staff members of the CPRC and its consultants—who were in regular communication with George Autry and George Esser—targeted the potential for the Coastal Plains Regional Commission to coordinate “the development of [the region’s] human resources.”¹³¹ They had initially aimed to promote promising opportunities in poultry, livestock, and soybeans. But they realized such changes were unlikely to trickle down, nor did they expect much help from “independently wealthy” absentee landowners, who “have tended to regard change as being more trouble than it is worth.” The limitations on agricultural development meant that it was in “the development of its human resources” where the greatest potential lay for the coastal plains region, especially since otherwise they might prove “a constant drain on its wealth through welfare programs.” Without government intervention to boost economic development, it predicted 100,000 would leave the region.¹³²

¹³¹ Those connected to Autry and Esser included Walton Jones and Joe Grimsley. Another staff member, Lynn Daft, went on to serve in the Carter administration, focusing on rural development policy.
The central idea was to dot the coastal plain with “multi-county Regional Manpower Training Centers,” which matched the manpower focus that George Autry was promoting through MDC. These centers, sited at community colleges in North Carolina, would be almost alchemic in their ability to transform lead into gold: illiterates turned into literates, displaced farm workers imparted industrial skills, young people not bound for college educated for a trade. Not only that: these centers would provide outreach to local communities and establish strong ties to industry to keep up with technological advancements. The Coastal Plains Regional Commission intended “to place relatively greater emphasis on human resource and manpower development programs than on public works projects.” From 1967 to 1971, North Carolina received $2.2 million in supplemental grants for “human resources,” most of which went to these “manpower training centers.”133 The institutional beneficiary, as with programs spun off from MDC, was the community college system, increasingly accessible to black, white, and Native American in eastern North Carolina.

**Black Capitalism in the Fight Against Outmigration**

As MDC pushed North Carolina to develop more comprehensive manpower policies, other groups organized more political and ostensibly “place-based” efforts to bring jobs to rural people in eastern North Carolina. Another North Carolina Fund spin-off, the Foundation for Community Development, sought to build up black enterprise in a way that enriched communities rather than individuals. Black professionals made a major electoral push in 1968 and drew on federal funding to promote black-led economic

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development in eastern North Carolina. Floyd McKissick tapped federal “new towns”
funding to create Soul City virtually from scratch in the black belt, aiming to attract tens
of thousands of African Americans. Each of these endeavors depended on the new
politics enabled by the civil rights revolution. They also were predicated on the continued
industrial development of the rural South, aiming to tie their efforts to build a more
equitable economy to the branch plants that showed few signs of slowing their migration
to North Carolina.

Like MDC, the Foundation for Community Development (FCD) was a major
spin-off from the North Carolina Fund, carrying forward the more holistic antipoverty
vision that Fund staff had developed. Nathan Garrett took charge of the organization,
hiring Howard Fuller as director of community development training. FCD’s founding
documents discussed its purpose as sponsoring “further experimentation in the concept of
maximum feasible participation by the poor in programs and processes affecting their
welfare.” They made no mention of race, yet Esser and others at the Fund understood it to
be a “black organization” tasked to build up African American communities. FCD took
on oversight of the black-led organizations in Durham and the black belt that had
challenged the established community action agencies.\textsuperscript{134}

The FCD proposal to the Ford Foundation, mostly written by Garrett, pointed to
the necessity of political restructuring. “Since this nation has the wealth to wipe out
poverty,” they argued, “any anti-poverty effort which does not attempt to deal with the
problem by simply giving away the money or the goods and services required for a life

with dignity in America, must have as its basic aim the improvement of the decision-making process.” FCD would provide the poor with “financial and technical resources” that would help the poor form stable organizations capable of expressing their voice in the decision-making process. Modeling this logic, FCD’s board structure included a majority of its members from low-income organizations.135

With an annual budget of around $1 million and about thirty employees, FCD began with two areas of concentration for its programs: leadership training and technical assistance for community-owned business ventures. Soon, it was funding operations across the state, with notable political and economic development organizations in urban areas (Greensboro, Raleigh) and eastern North Carolina (Wilson, Rocky Mount, Fayetteville, and the Choanoke). Its initial goal was to create twenty-four industrial or retail operations that would gross $10 million. One of its most promising economic development ventures was a supermarket project in Durham, backed by a community development corporation that issued Class A stock for low-income community residents, building a base of 2,000 such shareholders, and Class B stock for other investors, who numbered about 700 shareholders.136

While some of the leading lights of Durham’s “Black Wall Street,” including John Wheeler, saw FCD’s “community capitalism” as essentially the same as the black capitalism that had propelled their careers, Garrett described it as a much more explicitly communal project than the individualized accumulation that took place during Jim Crow. “We are moving toward more capitalism in low-income communities,” he explained to

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the North Carolina Fund board of directors in 1968. “I think the philosophy is one of retention and creation of wealth within these low-income communities as opposed to simply the creation of business enterprises. That may sound like a subtle distinction but to us it’s a very, very important one.” FCD’s vision of economic development involved “resistance to exploiting black consumers,” distributing profits “rather than hoard them for the benefit of the privileged few directors and executives on the inside of the corporations.”

FCD initially relied on financial support from the North Carolina Fund along with around $100,000 in smaller grants from the Economic Development Administration and various foundations, banks, schools, and individuals. It solicited seed capital from various North Carolina businesses, but few commitments came through. It did not help that Fuller’s role marked FCD as a radical organization in the eyes of its opponents. Congressman Jim Gardner challenged an OEO grant to FCD, and the organization had to deal with an investigation by the U.S. Senate subcommittee on campus unrest headed by conservative southern Democrat John McClellan. When an outside review team that included civil rights leader John Lewis noted that Fuller’s reputation as a “dangerous extremist” impeded the organization, Fuller decided to move on, resigning in July 1969 to lead the short-lived Malcolm X Liberation University.

FCD’s major backer was the Ford Foundation—in no small part because George

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Esser, after winding down the Fund, was hired in 1969 as Ford’s program officer for the South. The Tax Reform Act of 1969, which curtailed the use of nonprofit foundation funding for political activity, had a significant impact on which organizations the FCD could fund. With the loss of FCD support, PPOP withered in the early 1970s, though many of its leaders remained politically engaged and its former community action agency rival—CADA—persisted to facilitate housing, health care, and education programs.139

The Ford Foundation pushed FCD to focus more intently on “catalyzing” community development corporations, a form of antipoverty organization that its leadership promoted in that era. Mitchell Sviridoff—a veteran of the New Haven Gray Areas program that had been a pattern for the North Carolina Fund—promoted the emphasis on community development corporations after he took charge of National Affairs at the Foundation. A Ford position paper on community development in 1971 argued that locally-based corporations offered “the most promise for improving the conditions of life in depressed minority communities, and the most effective use of Ford Foundation funds toward this end.” The Ford-funded Bedford-Stuyvesant Restoration Corporation in Brooklyn became the measuring stick, with its housing programs and IBM manufacturing plant as signs of neighborhood revitalization.140

FCD was Ford’s prime southern model, standing out even in a largely critical assessment of Ford-funded economic development operations in the South in 1971.

Despite targeted opposition from conservatives, FCD seemed to be finding its stride in fostering projects, including an industrial park. In Esser’s monitoring reports, he wrote in February 1970 that “Ford Foundation staff have viewed FCD as having perhaps the best economic development program based on the concept of community ownership anywhere in the South.” FCD continued to pursue an ambitious array of projects, including cooperative economic ventures, leadership training, legal research, and social research.141

Yet by 1972, Ford’s support seemed unsteady to FCD leadership. Partly this was because of the whims of philanthropy, and partly because George Esser had moved on, hired as executive director of the Southern Regional Council by Vivian Henderson and his fellow SRC board members. The Ford Foundation’s 1972 review team challenged FCD to focus its operations more tightly, suggesting that it cut loose less successful programs in legal and social research and emphasize the economic development operations. One of its flagship investments, the Durham supermarket, finally opened, but it faced lukewarm sales and struggled to stay afloat. FCD staff was excited about a collaboration with the National Sharecroppers Fund to create a rural farming cooperative in the black belt’s Bertie County. This “unique strategy for blacks to reclaim large acreage of land in the South for productive use” would take advantage of the southern diaspora by offering “Northern black investors a sense of property ownership in the ‘homeland.’”142 But the project never emerged from the planning stages.

Nevertheless, Ford remained supportive of FCD’s idea of community capitalism

and it considered it a vital part of the larger political ecosystem. “FCD’s existence as an independent black resource foundation,” wrote its Ford evaluator, “is essential because local black community organizations cannot rely for expertise and guidance upon politically-controlled community action programs, model cities agencies or other institutions controlled by the Southern white business and political establishment.” Ford and FCD hoped that proposed federal legislation would provide significant funding for community development corporations, money that would “flow to those smaller cities and rural areas where experienced [local development corporations] already have programs and ventures in operation.” To Ford, FCD held promise as a catalyst for generating local community development corporations.143 Ford renewed FCD’s grant in 1972, and the organization continued operation for several years more like a traditional community development corporation.

But FCD was also internally divided. Younger employees, influenced by broader conversations about black power and black capitalism, charged that FCD has been coopted by the Ford Foundation and that its efforts were “palliative and designed to frustrate rather than foster the acquisition of economic and political power by black people.”144 Garrett left in 1972 to devote himself to his own accounting and consulting company.

When FCD was founded, one of the negatives Esser noted was that it “hinges on two personalities”: Fuller and Garrett. By 1972, both were gone. Garrett had groomed a successor, Allard Allston, who had a similar background.\textsuperscript{145} But with funding tenuous and its business ventures disappointing, Allston left for law school in 1974. The Ford Foundation brought on Frank Ballance to close down the organization in 1976 after it did not renew its grant.\textsuperscript{146}

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While FCD worked through foundations and corporations to foster black “community capitalism,” other African Americans tried more overtly political routes. In 1968, black candidates put their names on ballots across the state in an organized effort to boost African American registration and test the possibilities of the Voting Rights Act. They ran as Democrats—still the only party that mattered in most parts of the state, but one increasingly vulnerable to Republican challengers. At the top of the ticket was gubernatorial candidate Reginald Hawkins, a Charlotte dentist who had grown increasingly militant in the push to end segregation in the Queen City. In eastern North Carolina, Eva Clayton took on the conservative incumbent, Congressman L.H. Fountain—his only challenger of any party. Hawkins and Clayton ran, and often campaigned, along with other black candidates who wanted to demonstrate that white politicians would have to fight for African American voters. They operated on the belief that, as Clayton later put it, “politics is the road to improve economics.”\textsuperscript{147}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{145} Like Garrett, Allston had grown up in the South and received a bachelor’s degree from Yale.
\item \textsuperscript{146} FCD Proposal to NC Fund, Oct. 1967, folder 850, NC Fund Records; Nathan Garrett interview by Karen Kruse, 10 Jan. 1996, Durham, NC, O-0015, SOHP.
\item \textsuperscript{147} Jack Childs, “Efforts to Register Negroes in High Gear,” \textit{N\&O}, 21 Apr. 1968, 1; Michael B. Richardson, “‘Not Gradually... But Now’: Reginald Hawkins, Black Leadership, and Desegregation in
\end{itemize}
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In northeastern North Carolina specifically, Clayton saw her campaign as part of a larger effort to build opportunity and end outmigration, especially for African Americans. Born in Savannah, Georgia, she came to college at Johnson C. Smith in Charlotte and ended up in Warren County, the childhood home of her husband, the attorney T.T. Clayton. She taught in high school and junior colleges, worked toward a master’s degree, and raised four children. Together, the Claytons fought Jim Crow in Warren County. In 1963, T.T. Clayton filed the lawsuit against the school system that would result in a first court order to desegregate. Eva and T.T. held workshops on voter registration, and her husband ran unsuccessful for the state house in 1966.\textsuperscript{148} 

\textsuperscript{148} Eva M. Clayton interview by Kathryn L. Nasstrom, 18 July 1989, C-0084, pp. 8-10 (quote on 10), SOHP.
That experience encouraged Eva to run for Congress in 1968. She campaigned on economic development, stressing the area’s low income, low educational attainment, and outmigration (see Figure 12). Fountain, in contrast, stressed farmers’ interests and too-large welfare rolls. Understanding George White’s legacy, she hoped to “fulfill that prophecy” from his final speech on the house floor in 1901 that African Americans would return to Congress. In the black belt, Clayton, Hawkins, and other black candidates

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received help from the People’s Program on Poverty (PPOP), which carried out voter registration drives and worked with the North Carolina Voter Education Project to set up citizenship classes. Roughly six in 10 new registrants were black, according to the state board of elections, and Fountain began “running scared,” according to local papers. Martin Luther King, Jr. promised to tour the state on April 4 as part of the campaign, though he cancelled at the last minute to return to the sanitation workers’ strike in Memphis. Black participation in the May primary disappointed the coalition, but Hawkins claimed 130,000 of 800,000 ballots cast, while Clayton garnered one of every three votes in her district. Henry Frye, an attorney, won a state house seat in Guilford County, the first African American elected to the state legislature since 1898.  

After losing in 1968, Clayton, Hawkins and several other African American professionals came together to create the Economic Development Corporation of Eastern North Carolina (EDC) in February 1969, initially with a headquarters in Goldsboro. The goal was to generate and expand black businesses by fostering networks and connecting entrepreneurs to federal agencies. EDC signaled to white Democrats that they should not be complacent about keeping black voters. From the get go, EDC had help from the Nixon administration—Robert Brown, a special presidential assistant on black enterprises, provided consultations to the group.

As an early article on the organization mentioned, it aimed to be a “sort of industry hunting team for Negro North Carolinians”—doing for African Americans what

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white leaders at the state and local level had long pursued for whites only. Hawkins defended the organization’s for-profit status: “Negroes in this state can no longer afford to do anything for no money.” The officers of the corporation included luminaries of the North Carolina civil rights movement, including Julius Chambers in Charlotte and Dr. George Simkins Jr., Greensboro’s NAACP president. Hubert Eaton, a doctor from Wilmington, was the first president, claiming that no business was “too small for us, or too large.” Yet the organization was undercapitalized for such an ambitious endeavor, with assets around $10,000. It aimed at the retail and service sectors: shopping centers, fast food franchises, and motels.151

As EDC struggled to grow for-profit businesses, it operated a nonprofit wing that took advantage of federal programs to become a partner on efforts to improve health and offer day care to working mothers. Clayton—more critical of Nixon—soon took over as field secretary, and shifted its headquarters to Warren County. In the summer of 1970, it provided breakfast and lunch to a thousand children at thirteen centers in four black belt counties. Clayton said the program aimed to “sensitize” people in North Carolina to the levels of deprivation in the state, from hunger to the lack of indoor plumbing. Children over the age of 8 still worked the tobacco or cucumber fields in the summer. EDC was already running in debt, according to Clayton, though it had raised funds from Episcopalian, Presbyterian, and Catholic church organizations.152

EDC continued to serve as a forum for black politicians—in 1972, presidential candidate Shirley Chisholm spoke at its annual meeting as part of her historic campaign. At a banquet in 1973, John Ford, the black mayor of Tuskegee, Alabama told a crowd of 200 that “the South would rise again, and this time, we will rise together as a people…interwoven together because of economic progress.” He pleaded with young people to “come back to the South, stay home and use their talents, especially for economic development. Political and economic power go hand-in-hand, and the reason we are able to make progress in Tuskegee is because we control the political strings in our community.”

While Clayton criticized Nixon, EDC stayed afloat in 1972 thanks to a $91,609 contract from the Commerce Department’s Office of Minority Business Enterprise, covering Bertie, Franklin, Halifax, Hertford, Martin, Northampton, Warren counties. In 1973, as part of the contract, EDC held workshops on banking, small business loans, seed money, rural cooperatives, and government contracting. However, this was part of the Nixon administration’s arrangement to gin up black support in 1972. Alice Ballance—who as part of PPOP had testified in Washington in 1967—told the New York Times that in order to get the Commerce Department grant, her organization was forced to hire a Republican director; after he was fired in 1973, the project’s funds were cut, and EDC withered.154

The Claytons remained in Warren County in part because of their involvement in another, particularly promising local project: Soul City. McKissick stepped down as director of the Congress of Racial Equality (CORE) in 1968 to focus on entrepreneurship. He was an Army sergeant who served in World War II, inspired by the Marshall Plan’s template of government stimulus for economic growth. Since the mid-1960s, McKissick and T. T. Clayton had discussed the idea of staking a new community built by and for African Americans. In January 1969, after optioning a 1,810 acre former plantation owned by a lumber company, McKissick and Clayton held a press conference in Washington with outgoing USDA Secretary Orville Freeman to unveil plans for “Soul City” in rural Warren County. In a place where Warrenton was the largest township with 2,000 people, McKissick promised that in ten years Soul City would boast a population of 18,000.

Developing the rural black belt would reduce the pressure of inner cities, they argued. “Warren County was selected because it is a great migration area,” said McKissick. “The roots of the urban crisis are in the migratory pattern of rural people seeking to leave areas of economic and racial oppression.” With Soul City, he wanted “to demonstrate that good jobs, quality education, and cultural enhancement can be created in decaying rural areas.”

federal funding offered for “New Town” projects under the Housing and Urban Development Act of 1968, but they also received private loans along with planning assistance from UNC and North Carolina Central University students and faculty. Soul City would be “open to all races,” but, especially when McKissick addressed predominately black audiences, he stressed that Soul City would provide economic opportunity for African Americans. Whites were welcome as allies—and also because of federal anti-discrimination guidelines—but McKissick made clear that Soul City was primarily about black advancement.158

In Warren County, local white politicians were blindsided. Congressman L.H. Fountain only had enough notice to call a few county commissioners the night before McKissick’s announcement. Frank W. Reams, executive director of the county’s Industrial Development Commission, heard about it on the radio. At a joint local meeting of the Board of Commissioners and the Industrial Development Commission, they grilled Eva Clayton and Soul City’s resources coordinator, Dan Pollitt, a UNC law professor, about whether it would attract “hoodlums and hippies.” Clayton explained, “It’s an opportunity city” that “will probably attract many intellectual Negroes.” In the 1968 presidential election, Warren County voters had favored George Wallace by a single vote.

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158 “$30 Million Guarantee Is Sought by ‘Soul City,’” N&O, 28 Mar. 1969; “Soul City Incorporation Is Recommended at UNC,” N&O, 28 Feb. 1971; Cornelia Olive, “N.C. College Aid Pledged to Soul City,” Durham Morning Herald, 5 Feb. 1969; Floyd McKissick, “Controversy Over Soul City?” New York Amsterdam News, 1 Mar. 1969, 15. McKissick claimed that 22 of 72 job categories in planning Soul City were positions that “no Black man has ever had.” He solicited “Black men from all over the nation to fill such capacities as: public administrators, property surveyors, railroad engineers, sewer, water and utility engineers, soil structure analysts, traffic and transportation systems analysts, energy systems analysts, forestry engineers, land development engineers, highway engineers, industrial land development engineers, landscape designers, municipal financiers, market research analysts and communications technicians—to name but a few.”
over Hubert Humphrey, and a “Klan Country” billboard hung near the Soul City site. But McKissick thought the state had “a political climate which is conducive to official cooperation.”

Gov. Bob Scott’s administration worked with McKissick, and by the end of 1972, the county commission had come around, officially endorsing the project. Federal money influenced local attitudes: Soul City received a $14 million HUD loan in July 1972, along with smaller grants and loans to open health clinics and an industrial incubator. Because of Soul City, local counties approved bonds for new water and sewer plants, with additional assistance from federal and state programs. Winning federal support might have been facilitated by McKissick’s decision to back Nixon in the 1972 election, stumping as his top African American surrogate. NAACP Executive Director Roy Wilkins called Soul City “the only definite accomplishment of the Nixon administration.” By that point, only a handful of people had moved to Soul City, mostly key staff, including McKissick himself. Nevertheless, they helped galvanize black participation in local politics, taking over local Democratic chairmanships while also registering and running in a few cases as Republicans, a way to escape the low-turnout primary.

Soul City also appeared viable to both private and public investors because, from the get go, it centered industrial development at a time when southern industrialization

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seemed inexorable. North Carolina and the South in general was making rapid gains in manufacturing employment. Textile employment reached its all-time peak in North Carolina in 1973. In the site selection game, Soul City could appeal to the many branch plants searching for cheap labor in a right-to-work state with a demonstrated commitment to supporting roads and infrastructure. As a reporter noted in 1969, Warren County had two resources: nearby water and “unskilled labor, black and white.” With desegregation of southern industry, McKissick, Clayton, and their allies could count on equal employment in any Soul City factory. The future of Soul City—and for African Americans in the North Carolina black belt, for the first time since Radical Reconstruction—was beginning to look brighter.

### Ready to Develop the South’s Human Resources

The conservative assault on the civil rights movement and the War on Poverty would reshape the politics of Jim Crow into the new conservatism of the coming decades. But the emergence of the LQC Lamar Society in the late 1960s signaled how the Great Society opened up liberal politics in North Carolina and the South. The Lamar Society appealed to a progressive younger generation of middle- and upper-class southerners with the message that, with the departure of Jim Crow, they might remain in the South.

The Lamar Society started with 1966 conversations between James Leutze, a young historian at UNC, and Thomas Naylor, a Duke economics professor. These white

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161 Most of the scholarly postmortems on Soul City have argued that HUD requirements that it attract industry before building housing doomed the project. Yet before 1973, given manufacturing growth in the South, this was hardly an onerous requirement, and little in the record shows that McKissick or his allies thought so at the time. Christopher Strain, "Soul City, North Carolina: Black Power, Utopia, and the African American Dream," *Journal of African American History* 89, no. 1 (2004), 68; Minchin, *From Rights to Economics* (2007), 61; Fergus, “Black Power, Soft Power” (2010), 164-5. See also Chapter 4.

southerners grappled with the role that people like them might play in charting the region’s future. As Naylor described their chats, they “observed with dismay the fact that an increasing number of young Southerners were choosing to leave the South after becoming frustrated by the intransigence of some of the region’s political leaders in dealing with the South’s more pressing socio-economic problems.” They wanted to create an organization “whose common bond was not political ideology, but rather a desire to see the South achieve its full potential.” That organization, as they envisioned it, would be rooted in the problems of the South: “low wages and per capita income, rural poverty, unemployment, poor housing, an inadequate educational system, population growth among families which can least afford it and inadequate planning by state and local governments.”163 These were the problems that Terry Sanford and the North Carolina Fund had set out to address, and for a decade, the Lamar Society would carry that mission in its own way.

The organization’s name, the Lucius Quintus Cincinnatus Lamar Society, was suggested by Frank Smith, a Mississippi politician serving on the board of the Tennessee Valley Authority.164 Lamar was an imperfect mascot. Like Smith, Lamar was a Mississippi politician navigating dramatic shifts in the region’s political economy, a Confederate firebrand who gave a eulogy for abolitionist Charles Sumner as a U.S. Senator in 1874. John F. Kennedy included him in Profiles in Courage. Naylor and his

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164 Smith was also as close as it came to a white “Mississippi liberal.” Dennis J. Mitchell, Mississippi Liberal: A Biography of Frank E. Smith (Jackson: University Press of Mississippi, 2001).
colleagues emphasized Lamar’s “struggle for reconciliation” rather than his lifelong devotion to white supremacy and his fight to end Reconstruction.165

Working their networks, Naylor and Leutze cobbled together an assortment of about 80 young southerners for a meeting in November 1969 at the Quail Roost, a retreat outside Durham. White professionals predominated: fellow academics; newspaper editors Hodding Carter III and Brandt Ayers; Mike Cody, a Memphis lawyer who had helped the sanitation workers in their strike; and local nonprofit leaders like George Esser and George Autry. The Southern Regional Council brought a large contingent of staff and board members, including Vernon Jordan, director of the United Negro College Fund. Other African Americans present were Curtis Graves, a U.S. House member from Houston, and Benjamin Brown, a Georgia state representative. In opening remarks, Hodding Carter called the moment “the fifth ‘New South’ we have had since Reconstruction,” and as during so many New Souths of old, the group struggled to find consensus. Still, it planned a symposium for the following year and began trading “pragmatic” ideas on solving the problems of the South.166

In the early 1970s, the Lamar Society spread into universities, pressrooms, and legislative chambers across the region. The organization advocated for busing integration plans such as those in Charlotte and Louisville that produced some of the nation’s most


integrated school systems. Its members enthusiastically articulated what this newest of New Souths could do to create a “better developed educational system.” It was steeped in what historian Charles Reagan Wilson calls “the myth of the biracial South,” the idea that the region could become a fully integrated society more swiftly and thoroughly than any other society. The Lamar Society got good press generally, though in The Saturday Review, journalist Peter Schrag presented a more measured portrait of moderates whose “natural habitat is the academic study, the board room, the hotel convention, and the country club.” Still, he thought the Lamar Society a positive sign that “a growing number of Southern university graduates—lawyers, teachers, social workers—resolved to stay in the region and launch legal services, community action programs, and other reform organizations.” At the very least, the Lamar Society helped persuade the rising generation of educated southerners that they could do more in the South than outside it. From it sprang numerous centrist and liberal organizations that fought for rural development in the 1970s, including the Southern Growth Policies Board and the North Carolina Center for Public Policy Research.

The Lamar Society provided a bridge. It connected the smaller, older generation of southern liberals who had backed the Southern Regional Council with a swelling, younger cohort, touched with the spirits of Henry Grady, Walter Hines Page, and Martin Luther King Jr., who saw promise in racial integration for tackling southern

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underdevelopment.

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At the 1970 Southern Governors’ Conference, two Lamar Society members tried to argue what investment in human resources could do for the South. Stewart Gammill III, a lumber company executive from Mississippi, introduced Ray Marshall, an increasingly influential labor economist. Gammill noted that “we are a poor region, materially,” its physical resourced extracted “for the gain of outside capital.” The South’s true bounty was “a vast human resource, which, if adequately developed, can become a contributing part of our society.” Developing it would require setting aside “attempts to maintain a segregated way of life” as the “number one priority.”¹⁶⁸

The governors present—Democrats Lester Maddox of Georgia, John Bell Williams of Mississippi, Claude Kirk of Florida, and John McKeithern of Louisiana—were off-put. McKeithern pressed Gammill about his origins, probing whether an outsider stood before him with this criticism of segregation. Gammill assured him that he was Mississippi born, bred, and educated. McKeithern then argued that the South was not a poor region materially but one rich in vast stores of oil and gas. He and the other governors showed no interest in the points that Marshall made about how economic development and education programs could solve “both urban and rural problems.” Maddox, in fact, left the room for an impromptu press conference, intentionally diverting media attention from Marshall’s address.¹⁶⁹

Southern governors were on the cusp of becoming much more receptive to the case for human resource development, however, thanks to the maturation of biracial politics. A cohort elected in 1970—Reubin Askew in Florida, Dale Bumpers in Arkansas, Jimmy Carter in Georgia, and John West in South Carolina—would embrace the pitch for developing the human resources of the South. They would build on the achievements of the civil rights movement and the War on Poverty, their burden eased by the institutions inlaid in the process.

As George Esser took the helm at the Southern Regional Council in 1972, he wrote a state of the South, noting the persistence of poverty and white recalcitrance to black advancement. Both problems would require African American political involvement. “Black southerners today unquestionably have the beginning of a genuine political power base,” he wrote. “The task now is to enlarge the base and translate political power into economic power. Then, black and white together, southerners must meet the one great challenge of the Seventies: the development of the South’s human resources.”

The War on Poverty won its most impressive victories in the South. By 1969, the number of African Americans below the federal poverty line had barely budged in the North and West compared with ten years earlier. In the South, however, the drop was dramatic: 2.5 million fewer southern blacks lived in poverty compared with 1959, a decline of roughly 35 percent. White poverty declined in all regions, but in the South, the reduction was greater by about 2 million, a 42 percent decline. The distribution of the

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poor in the South, however, remained predominately rural with both races.\textsuperscript{171}

Demographers and historians would mark 1970 as the end of the Great Migration. Three hundred thousand black Northerners moved South between 1970 and 1975. In North Carolina, the black percentage of the population stabilized at 22 percent, where it would remain the rest of the century.\textsuperscript{172} The Chickenbone Special had run its course.

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Chapter Four
Growth, a Delicate Balance
1971-1980

By 1978, North Carolina was a “Sun Belt superstar.” That at least was what the Boston Globe called the state. The appellation was not entirely a compliment, and the article was as much about Massachusetts warily eying a parasitic southern rival as about the splendors of the Research Triangle Park, which Fortune had just declared “a park that reversed a brain drain.” The Globe focused more sharply on the “dark side” of North Carolina’s growth strategy. “The attractions that turn the heads of business executives,” noted the Globe staff writer, “are healthy profits, lower taxes, lots of land, rural settings, few unions, a sunny climate and available, hard-working, inexpensive labor.” Data General, a manufacturer of “minicomputers,” had opened a plant outside Raleigh, close enough to the country to attract labor off the farm and close enough to the city to provide outlet for the professionals. Burroughs Wellcome chose an even more remote site for its latest pharmaceutical manufacturing facility: Greenville, in eastern North Carolina, home to a burgeoning regional university. The article suggested that cozy cooperation between local and state government helped it “get that business edge” over the industrialized North. North Carolina, it claimed, was a place without “any substantial support to have the state spend more to alleviate poverty.”¹

In North Carolina, this was called “balanced growth” policy, in many respects a continuation of the branch plant and research park strategy that Luther Hodges had

pioneered in the 1950s. Yet there was more tension in the state about Sun Belt growth than the Boston reporter suggested. During the 1970s, an emerging cohort of southerners reframed the economic priorities to favor urban growth management, workforce development, and unionization to encourage higher-wage job gains. New organizations sprang up to reshape the political economy of North Carolina and the South, creating by the end of the decade a robust policy ecosystem, including the Southern Growth Policies Board, the Institute for Southern Studies, the North Carolina Center for Public Policy Research, and Southerners for Economic Justice.

These groups were not as sanguine about industrialization as a step in the development process. They sought to speed up the process by which it dispersed its benefits while mitigating its environmental and social damage. They found southern identity helpful, a way to leverage the legacy of inequality as a way to avoid “Northern mistakes.” That capacious rhetoric of “balanced growth,” en vogue at national and regional levels as well as state, covered up growing political tensions in North Carolina about economic development policy.

**Planning: No Longer a Feared Word**
One of the most politically significant new economic organizations was the Southern Growth Policies Board, the most enduring legacy of the Lamar Society. In the winter of 1970, the society’s president, Brandt Ayers, called Terry Sanford’s former aide, Joel Fleishman, comfortably ensconced at Yale University as vice provost for urban studies. Both Ayers and Fleishman were feeling the call to home. After a stint at the Raleigh News and Observer, Ayers returned to his hometown in Alabama to take over the family paper, The Anniston Star. Fleishman, a native of Fayetteville, North Carolina, would soon
heed Terry Sanford’s request that he join him to create a policy sciences department at Duke University, where Sanford was president. During their phone call, Ayers commented how preposterous it was for a small town hick like him to be talking urban affairs with a national expert. “It’s not at all preposterous,” Fleishman replied. “You know more about the good life than we do.” Inspired, Ayers took up the issue at the next annual Lamar Society meeting with a theme, “The Urban South: Northern Mistakes in a Southern Setting?”

Both Ayers and Fleishman were fascinated with how to build an equitable South while avoiding the problems of the North. Fleishman thought the South had a very limited window of opportunity to build more humane cities than the industrial metropolises elsewhere. At its second annual meeting, the Lamar Society picked up this urban vision. It hoped to preserve the “small-town sense of community and place,” “cities of neighbors rather than strangers.” Its members chased “a bigger, better, more humane dream.” At a time when the South seemed to be shedding its regional distinctiveness, the liberals drawn to the Lamar Society—mostly but not exclusively white—still believed there remained something worth preserving in their southern identity. Otherwise, like the North, the urban South might face the “death of civility,” skies filled with “grit-storms of

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3 Fleishman’s view echoed an urban vision from the UNC regionalist school. One of Howard Odum’s students, sociologist Rupert Vance, suggested in 1932 that industrialization without the metropolis might prove to be a great boon for the South, a way to avoid “traffic congestion, the creation of slum areas, the loss of time going to and from work, and the corrupt and inefficient municipal housekeeping.” Rupert B. Vance, *Human Geography of the South: A Study in Regional Resources and Human Adequacy* (Chapel Hill: University of North Carolina Press, 1932), 507. Quoted in Hansen, *Rural Poverty and the Urban Crisis* (1970), 48.
particulate matter,” dirty highways slowed into “glaciers of steel,” streets roamed by “armies of poor strangers.” These “northern mistakes” provided grist for the southerners in the Lamar Society who hoped to reshape their home region in the 1970s. Some southern politicians, such as Mississippi Senator John Stennis, sought to use the problems of northern cities to draw the spotlight away from southern inequalities. But the Lamar Society, which promoted busing integration plans in Charlotte and Louisville, sought to use northern problems as a spur to create a more sustainable and equitable political economy in the South.

In contrast to Stennis, the Lamar Society desperately wished to jettison white supremacy. African American politicians featured prominently in the two-day conference, including Maynard Jackson, the vice mayor of Atlanta; Howard Lee, mayor of Chapel Hill; Curtis Graves, a Houston congressman and organization vice president; and Andrew Young, who had just lost a race for a congressional seat he would win in 1972. The conference also drew four recently elected “New South” governors, all white Democrats: Dale Bumpers of Arkansas, Reuben Askew of Florida, John West of South Carolina, and Jimmy Carter of Georgia. On a joint panel, moderated by Sanford, their role model, they urged an end to racial rhetoric and a serious focus on problem solving. It

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5 Sanford was most dubious of Carter’s liberal bona fides among these new governors, given the racially coded language that Carter used in the 1970 Democratic primary against Sanford’s friend, Carl Sanders. Covington and Ellis, Terry Sanford (1999), 394.
was a “Southern epiphany” in the words of Ayers. He later observed that those “two days in Atlanta” were “the specific date when we knew that Jim Crow was forever dead and gone, along with the civilization that had nurtured him.” Ayers overstated the death of Jim Crow when he observed the importance of that spring weekend in Atlanta in 1971, but the biracial politics on display from white southern governors and African American politicians did signal a remarkable transition. Given the social and economic problems in cities outside the South, some pundits even began looking South for hope, a point that a Southern Regional Council writer made in the *New York Times*.⁶

During a speech at that Lamar Society annual meeting, Terry Sanford—preparing for a presidential campaign—put forward the idea of creating a regional interstate compact to mitigate the “growth syndrome.”⁷ Drawing on concepts mapped out by Fleishman, Sanford proposed a new regional organization that could coordinate virtually every aspect of government service—environmental resource management, transportation planning, housing, medical care, job training, rural life enhancement, birth control, and school improvement. Sanford wanted to move beyond industrial recruitment. He argued that southern politicians must be “much more concerned with what job-training programs companies may offer, what wages these incoming industries will pay, what revenues they will provide (in fair-share arrangements, not in tax-reducing enticements), what they do

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⁶ Ayers, *In Love with Defeat: The Making of a Southern Liberal* (2013), 172 (quote); Conference program, “The Urban South: Northern Mistakes in a Southern Setting?” Apr. 30-May 1, 1971, Atlanta, GA, in box 84, folder “Lamar Society, The L.Q.C.,” Sanford Duke Records; Pat Watters, “Way Up South in the Land of Hope,” *New York Times*, 16 Sept. 1971, 43. This perspective could easily overstate southern change, as journalist Peter Schrag observed. “From the outside, where things have been more doubtful, if not actually worse, the prospects of the South appear even more hopeful than they really are.” ultimately, the new moderate biracial South was fragile, he argued, and “not in a position to save anyone.” Schrag, "A Hesitant New South," (1972), 58.

⁷ Sanford’s speech overshadowed Edward Muskie’s keynote later that day. Thomas Naylor to Terry Sanford, 5 May 1971, box 168, folder Lamar Society LQC, Sanford Duke Records.
to our air and water, and their practices in equal employment opportunities.” It was, in essence, a call to upend the assumptions of “business climate” that had become engrained in the economic development establishment of not only the South but much of the nation.8

Sanford began his call for a southern planning organization with a colorful depiction of New Jersey’s industrial wasteland as seen from a train to New York. Sanford was on his way to beg at corporate headquarters for North Carolina branch plants, but the sight of “stagnant winding streams colored by chemical wastes” and the “backside of a city with dingy tenements, crowded against each other” filled him with loathing. “My impulse was to turn around,” he said. “If this, I thought, is industrialization, when why do we want to kill our land?” Sanford further cataloged the plagues of northern cities, no doubt eliciting an element of schadenfreude from his audience accustomed to hearing their own region vilified. The panacea of industrialization was another southern “half-myth,” Sanford said. “Now, and I believe just in time, we have become aware that industrialization in itself can be highly detrimental to our region and our people, unless we ourselves regulate it to our best interest.” The planning organization would help ensure a new order of regulated industrialization in the South, an idea that aligned with the swelling environmental movement.9

Sanford, like other modernizers of the Lamar Society, sifted southern agrarianism

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9 “To the LQC Lamar Society, Concept of Regional Planning for the South, Atlanta, GA, April 30, 1971,” box 142, folder “To the LQC Lamar Society,” Sanford Duke Records. Environmentalism played a big role in the conference and was the subject of the keynote by Edmund Muskie. His invitation to headline the event underscores the place the environmental movement had in uniting Democratic politics nationally during the early 1970s.
for a useable part, even as he sought to disown the racial hierarchies that the Nashville writers inscribed on the region. What he worked to draw out was the agrarian emphasis on quality of life, those non-monetary aspects of human flourishing. Yet Sanford acknowledged that the agrarian instincts sometimes led to dead ends. “Our agrarian atmosphere seems also to stimulate creative imaginations, including a disposition for nourishing mythology,” including the many Old South myths that “enslaved” white southerners. Only by “rend[ing] the curtain of racial discrimination, a cloth woven out of long strands of various mythologies” could southerners now see “the real South.” Sanford did not define this “real South” in his speech. The closest he came was a claim that “there is in the South a civility, a reasonableness, a certain graciousness, a patience born of travail, and a sensitivity to minorities because we have been one.” That forbearing southern identity was difficult to square with the violent white South on display against the civil rights movement in places like Birmingham and Selma. Perhaps for that reason the only southern individual he named was Martin Luther King, Jr., citing his belief that “the South might become a redemptive force (‘black and white together’) against the impersonal, mechanical amoral forces of our time.”

The method that Sanford proposed to head off such problems was planning. Sanford claimed that “planning is not any longer a feared word, or a feared undertaking.”

even as Lewis F. Powell Jr., the future Supreme Court justice, prepared his memorandum for the U.S. Chamber of Commerce on the “Attack on the American Free Enterprise

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System” and business leaders sought to free the market from government guidance. In his speech, Sanford grounded planning, away from an elite to a pragmatic exercise, boring perhaps but necessary, “the best use of human judgment.” As an example of a southern area in need of technocratic guidance, he pointed to eastern North Carolina. It was a place “beset with all the ills of the rural South—not enough jobs, not enough transportation, not enough medical care, schools that are not good enough, out-migration of our talented young people, to name a few.” Planners could plot highways and rail lines to connect eastern North Carolina’s corridors to Atlantic ports and select population centers every twenty-five miles, reserving space for rapid mass transit in the future, “perhaps a monorail riding over the highways.”

The economic future that Sanford envisioned for eastern North Carolina and the rest of the rural South would necessitate human development.

Lauded for his speech, Sanford worked with Fleishman and others at Duke to turn his words into institutional flesh. They invited seventeen states to participate, taking an expansive approach to southernness, and the Southern Growth Policies Board was officially born on December 16, 1971. Over the next twenty years, it would play a


12 Wilma Dykeman called the speech “eminently practical and inspirational.” Wilma Dykeman, “Southern Growth Board Urged,” in box 56, folder Fleishman, 1970-1971, Sanford Papers Duke. Sanford made sure that copies of her column reached statehouses around the South as he drummed up support for the new organization.

13 Finding an executive director and filling out the staff took longer than the planners anticipated, but in August 1972, William Bowden, president of Southwestern in Memphis, Tennessee, was hired to lead the organization. James A. (Dolph) Norton to Governor Linwood Holton, 7 June 1972, box 119, folder SGPB: Foundation Correspondence, 1971-1972; Temporary Staff to John Ritchie, Memo, “Thoughts on 6/28/72 Executive Committee Meeting,” n.d., box 119, folder SGPB: Employment Applications, 1971-1972; Thad
formative—though often obscured—role in shaping southern state policy.

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The chief first task of the Southern Growth Policies Board (SGPB or Southern Growth) was to set regional objectives. To do so, it created a Commission on the Future of the South; every six years, a new commission would update these goals. The first Commission met for three days in 1974 at Unicoi Station in the Chattahoochee National Forest. It took the token approach to diversity of its era, with fifteen white men, three African Americans, and two women. Business presidents, CEOs, and other private professionals predominated. Vice chairman David Mathews, the president of the University of Alabama, proudly proclaimed it was “peopled by lawyers, educators, businessmen, bankers, blacks, whites, females and males.”14 The chairman, businessman Jim Cushman, observed, “One reason the commission may succeed where other have failed is that the objectivity of the blacks and whites at these meetings is refreshing.” Such formulations overstated the commission’s representativeness and cohesiveness. No union official, for instance, had a place on the Commission.15 Nevertheless, it was a far

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15 Colleen Teasley, “Onward! Commission’s Aim is South’s Gain,” Atlanta Constitution, 6 May 1974, 1; Commission on the Future of the South, The Future of the South, ed. E. Blaine Liner (Research Triangle
cry from what such a body would have looked like even a few years earlier.

The SGPB staff framed problems to push the Commission in its preferred direction: urban sprawl, environmental degradation, inadequate public services, per capita income below the national average, and “human and natural resources that are misused or disused.” Like the Lamar Society, the Commission sought to jettison the “old South of poverty and retrogression.” Noted one commissioner, a newspaper publisher from McComb, Mississippi, “It will require some imagination to avoid the picture of the old, orthodox South, the South of provincialism, conformity, inherited prejudices, backwardness and those other negative aspects which could easily creep into the report and which will require purposeful effort to delete.” He hoped instead that the report would be “positive, even romantic and possibly eloquent.” In the end, the report reflected, as Mathews put it, a “tri-cornered tension between the planners, the poets and the politicians.”

Much of the report focused on the core areas of expertise of the SGPB staff at the time—environmental management and municipal planning—but a significant portion focused on “human development.” SGPB contracted George Esser and his colleagues Vivian Henderson and Emory Via at the Southern Regional Council (SRC) to produce that portion. They leaned on economic rationales for equitable support for African
Americans, the poor, the old, and others left behind by southern growth. Henderson, for instance, presented the Commission with the case for welfare spending and improving education for the disadvantaged in terms of maximizing productivity. While some members used Henderson’s presentation to attack welfare recipients, Carter defended Henderson’s position. “I used to think all welfare recipients were absolutely worthless,” he allowed, but now he better understood “the desperation that faces many people who live in poverty.” The exchange showed the uphill battles for SRC’s human development agenda as well as how the region’s new politics allowed for an ambitious politician like Carter to stand up for welfare recipients.

The perspective of the SRC, shaped by the experiences of Esser, Henderson, and Via in the civil rights movement and the War on Poverty, was also infused with data and ideas from labor economist F. Ray Marshall. Marshall’s personal background, academic chops, and ability to translate ideas to policymakers made him increasingly influential in the 1970s. Born to Louisiana Delta tenant farmers in 1928, Freddie Ray Marshall (he preferred to abbreviate his first name) was schooled in a Mississippi Baptist orphanage with four siblings after his mother died. Farm work and “raw poverty” left him with few illusions of rural life, appreciative of the joys of working with animals and cognizant of the suffocating traps set for most farmers. Escape for Marshall and his relatives came not from the soil but from Civilian Conservation Corps camps and war. At fifteen, Marshall lied to a Navy recruiter about his age and became a radioman during World War II, where he first met Catholics, Jews, and Republicans. The GI Bill provided access to

higher education. He got a bachelor’s at Millsaps College in Mississippi and a master’s in economics at Louisiana State University. He had once confided in a professor there about the foolishness of Jim Crow. “Ray, you’re right, you’re dead right,” he replied, “but you are going to be dead nevertheless.” The General Education Board offered Marshall a Ph.D. fellowship at an institution of his choosing, provided he come back South to teach. He went to Berkeley and focused on topics verboten at LSU. Marshall studied programs to end racial segregation in labor unions and his book, *Labor in the South* (1967), wrestled with the relationship between industrialization and unionization in the region. At the University of Texas, he created a Center for the Study of Human Resources.  

Marshall joined the Lamar Society, shaping its economic agenda and pitching the urgency of “upgrad[ing] our region’s underdeveloped human resources, white and black, if the South is to succeed in its climb to national equality.” His outlook on rural development, with a sharp focus on addressing poverty and improving the lot of African Americans through federal manpower programs, appealed to George Esser, who ensured Marshall had an influential voice at the Southern Regional Council. Like the National Commission on Rural Poverty, he saw “displacement from agriculture and rural/urban migration” as “the nation’s biggest problem.” To address these issues, he founded a National Rural Center to promote federal solutions to rural development.  

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Marshall’s fundamental diagnosis was that the South had “backed into one of the worst economic strategies…the low wage development strategy.” Policy should aim towards a “high wage economy.” For the United States to succeed with a “high-wage, high-productivity strategy” required a political economy that incentivized unions, employers, and government to train and educate the workforce “to develop and use leading age technology.” With an economist’s outlook, he considered southern convergence with national standards inevitable, but he nevertheless thought federal policy could and should catalyze the process. Redistributive federal intervention, in the form of employment programs, education funding, and minimum wage laws, would “build incentives for people to improve their productive capacities.” He thought “a national income maintenance program probably would have greater significance for rural areas than for anywhere else.”21 While Marshall emphasized a broad array of redistributive federal level programs, what many Lamar Society politicians and journalists took away was that the South needed to raise the educational level of its rural poor and stop relying on low-wage industries.

Marshall’s vision for a high-wage economy had significant overlaps with the “postindustrial” framing in ascendance in the early 1970s. On the 1974 Commission for the Future of the South, John Osman pushed the hardest for goals that matched the

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“postindustrial” age. “Postindustrial” often blended together with other descriptors of the U.S. economic shift like “knowledge economy” or “information age.” Eclectic Harvard sociologist Daniel Bell brought it to popular prominence with his “essay in social forecasting,” *The Coming of Post-Industrial Society*, released in 1973. His detailed analysis included red flags about what these trends portended, but generally he presented an optimistic account of an inevitable evolution. In his view, the industrial giants that had lately dominated America’s political economy were becoming subordinated to planners, researchers, and knowledge workers in and out of government. It was a move he characterized as “a turn to non-capitalist modes of social thought.” In Bell’s view, that was “the long-run historical tendency in Western society.”22

From his perch at the Brookings Institute, Osman popularized the postindustrial concept for policymakers. He thought the South, in comparison to the North or Midwest, was a place better suited to the “post-industrial, service-oriented age.” “I think we’re on the threshold of a new era and the South is going to be the spearhead.” Osman’s contentions that the South was swiftly skipping from agrarian to service economy “without fully developing the intervening industrial stage” carried a strong emphasis on human development through education.23


The final report of the Commission on the Future of the South picked up these themes of human development to hasten economic transition. Mathews allowed that it did not quite achieve poetic grace, lacking “fire” and “soul.” It was “certainly not the Ten Commandments” nor a “Southern-fried version of a Five-Year Plan for Collective Progress.” The report was a practical document that aimed to set an agenda of biracial uplift. It fired shots at industrial recruitment, urging a “complete end of the ‘cheap labor’ era in the South.” Mathews compared low-wage, low-skill employment to kudzu, which no “sane Southerner would plant” to beautify his community. Mills E. Godwin Jr., governor of Virginia, declared at the 1974 annual meeting that Virginia would not offer major tax breaks in order to lure industry. In the estimation of the Commission on the Future of the South, the new southern strategy would give priority to “knowledge and communication,” with some attention to agriculture, “quality” industry, and energy.24

Unlike Marshall’s work, the report was silent about the role that organized labor might play in ending that era of “cheap labor.” Still, that was in itself a kind of compromise. During the drafting of the report, commission member and former North Carolina bank executive Archie K. Davis pushed for an explicit endorsement of “right-to-work” laws, praising them as a “tremendous inducement to outside capital” that “should be retained at all costs.” In less prominent Lamar Society publications, Alabama’s AFL-CIO president, Barney Weeks, made the point that if southern governors truly wanted

higher wages, they should take aim at their antilabor legal frameworks.25 Both points were silenced in the final report, which mentioned neither right-to-work nor unions. It was the sort of pragmatic compromise that was central to the work of the Lamar Society and the Southern Growth Policies Board.

Education was one of many aspects of “human development,” framed as a pillar if not the keystone for a modernized southern economy. The report stressed the links between education and economic development, blending Marshall’s and Osman’s vision of political economy. “Advancing technology” and “complex services” had “increased the demand for human knowledge and improved productivity and have revealed more than ever the need for a higher level of educational attainment.” Knowledge and skills were “indispensable catalysts” for southern growth. It stressed that better education had to benefit women, African Americans and rural people generally who had once made a living from manual labor. Better adult educational offerings were required to address the “gloomy” prospects of those without high school degrees. The report suggested that southern states could not depend on federal largesse to catch up on educational attainment. Arkansas Gov. Dale Bumpers noted that the Supreme Court’s decision in San Antonio Independent School District v. Rodriguez kicked the ball back to the states and it was up to states to provide equitable funding to disadvantaged students.26 The report


created political common sense of ideas that Esser, Henderson, Marshall, and other civil rights and War on Poverty veterans had advocated for at least a decade.

In the press, the upbeat SGPB report was overshadowed by gloomier news: Nixon’s resignation, the OPEC crisis, the bankruptcy of New York. Sanford had proposed the Southern Growth Policies Board at a moment when it seemed like the region’s growth was unstoppable. But by late 1974, given the turbulence of the oil crisis, such assumptions could no longer hold. At the national level, the report’s relatively rosy gloss exacerbated the perception of northern decline and southern rise, even though southern unemployment climbed. Possibly, the new growth South would be hit the hardest by recession. Reg Murphy, editor of the *Atlanta Constitution*, lampooned the Commission. As the Georgia unemployment rate climbed, southern planners “went off to some mountaintop and talked about slowing down the rate of growth in the South.” He took aim at its stance against low-wage industrial recruitment. SGPB should stick to environmental issues and “leave alone the efforts of individual towns to revitalize themselves.” Other commenters noted SGPB was not “calling a halt to industrial expansion” nor for “a high fence along the Mason-Dixon line.” Instead, as Gov. Carter clarified, it was about stopping “runaway growth.”

The rhetoric of this effort was steeped in the language of “balanced growth,” a capacious but often confusing term employed by politicians across the nation during the 1970s. According to North Carolina Gov. James E. Holshouser Jr., the work of the

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Southern Growth Policies Board was “simply an effort to have balanced growth.” The term echoed longstanding southern efforts to “balance agriculture with industry,” the name of Mississippi’s industrial recruitment program in the 1930s and a common framing used by the UNC regionalists. But the balancing act was quite different by the 1970s, with the new assumption that southern industrial development was inevitable. The challenge was in directing that growth rather than stimulating it, balancing it with the environment and rural job needs. Balance became a key term in the discussions of the Lamar Society, Southern Growth, and the broader talk of southern economic development during the 1970s.

What was being “balanced” was not always clear. It was balancing the imperatives of industry and environmental protection. It was balancing “economic well-being and human social intercourse,” according to David Mathews. It was economic growth that wasn’t too fast or too slow. Reubin Askew, governor of Florida, equated “balanced growth” with “selective economic development.” To him, it meant increasing employment, raising wages, and meeting energy needs without damaging the environment. In the broader national context, the balancing act in the 1970s was framed as how to combine full employment with low inflation. Everyone, it seemed, was trying to find a balance in economic policy during the 1970s—suggesting, of course, how

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perilously off-kilter everything seemed.

**Balancing Growth in North Carolina**

In North Carolina, “balanced growth” was not just rhetoric but state policy, aimed at industrializing rural areas and stimulating the growth of small towns. Three successive North Carolina governors representing both parties maintained a commitment to such balanced growth policy. Its architect, Arnold Zogry, survived the administrative turnover and guided state planning throughout the decade.

Born and raised in New England, Zogry was a planning consultant who landed in Raleigh in the late 1960s. He was trained at a joint Harvard–MIT program during the peak influence of balanced growth and modernization theory. At those leading institutions, balanced growth was orthodox economic development policy, articulated by development economists Paul Rosenstein-Rodan, Ragnar Nurske, and W. Arthur Lewis. They elaborated on versions of Keynesianism, rooted in 1920s technocratic debates about how to level the business cycle and, in the words of Mary Van Kleeck, create “economic balance—production on the one hand and final purchase on the other.”

Like Walt W. Rostow’s modernization theory, balanced growth theory proposed that a “big push” of investment in a variety of sectors could move a poor country out of its “equilibrium trap.” In the view of development economists, policy should increase production and

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consumption simultaneously and proportionately in order to maintain an economic equilibrium and avoid premature collapse.

Making it work required experts and capital, intensive planning and investment, in their view. The underlying model of success was the southern New Deal, with its combination of Tennessee Valley and Rural Electrification infrastructure projects to provide industry a base and expand access to cheap electricity and running water—along with public works to boost income levels and create consumers financially (and culturally) capable of absorbing industry’s bounty. Several balanced growth economists were also inspired by the rapid recovery in Europe, having worked on implementing the Marshall Plan. This version of balanced growth served as the imprimatur for “the decade of development,” as Kennedy called the ’60s, and an array of American-trained economic advisors imbedded in decolonized capital cities across the globe. In North Carolina, Zogry and Associates advised the Bob Scott administration, providing the core analysis underlying state planning policy of “balanced growth.” His work continued to inform the Republican Holshouser administration. After Jim Hunt was elected governor in 1976, he tapped Zogry to lead the state’s office of planning and policy. From 1970 to 1980, he


Balanced growth had its critics: the iconoclastic economist Albert O. Hirschman’s first notable publication, *The Strategy of Economic Development* (1958), argued for “unbalanced growth,” his original title. Hirschman proposed that development was in fact a “chain of disequalibria.” It did not happen all at once—the “big push” of the balanced growth and modernization theorists—but rather resulted from a series of small jumps in firm profitability, which in turn incentivized investments to address supply shortages (in Hirschman’s terminology, “backward linkages”) and allowed for creative new endeavors to use these outputs as inputs (“forward linkages”). One of Hirschman’s overarching points was that rural development could not be planned in a D.C. office building. It was a far less stable process, driven by an uncoordinated private sector that found unpredictable ways to make use of public investments. Hirschman’s critiques, however, did little to kill use of the term. Adelman, *Worldly Philosopher* (2013), 345; Albert O. Hirschman, *The Strategy of Economic Development* (New Haven: Yale University Press, 1958).

Zogry was not universally admired within the halls of state government, largely for a domineering management style. Jane Smith Patterson interview by author, Chapel Hill, NC, 16 Dec. 2015.
oversaw the planning and execution of balanced growth.

As implemented in North Carolina during the 1970s, balanced growth policy lost its connotation that the balance was between production and consumption. Instead, it usually described balanced urban and rural growth. The state’s 1972 official development policy document, infused by Zogry with the goal of balanced growth, was the most comprehensive planning initiative that state officials had developed to that point. Echoing the Lamar Society, it too sought to avoid the urban ills that plagued so many U.S. cities. “The central idea of the development policy,” explained a reporter, “is that the state need not stand idly by and watch people who don’t want to leave the more sparsely populated areas be forced to crowd into cities which don’t want them.” The nuts-and-bolts of North Carolina balanced growth policy centered on building up “growth centers,” small towns spread relatively evenly across the state. The idea was that these would become employment centers, sites for “jobs–people–public services.”35

Eastern North Carolina was a chief target of this growth policy, reflecting the continued political importance of the region as well as the objective needs of its people. For example, in 1972, Jim Hunt—then a young candidate for lieutenant governor, advised by North Carolina Manpower Development Corporation staff—called for a “policy of balanced growth” in order to “halt the population drain in Eastern North Carolina.” Building up those smaller centers, according to Gov. Bob Scott, would “achieve a balance between where people live, where jobs are available and where an

acceptable level of public services is available to everyone.” As part of implementing such policies, the state standardized planning districts in order to simply regional coordination. Balanced growth policy guided tax policy, wage policy, public investment policy—just about all the major economic levers in state government.36

Selecting and supporting growth centers was not merely a technocratic exercise: it was political, and community leaders fought for growth center designation. The state planning board designated 134 primary growth centers and 73 secondary growth centers—more than 200 total, an average of two per county. As a policy analyst commented, “many people feel North Carolina does not actually have this large number of true growth centers.” But state administrations could not afford to discount such demands, given the heated party contests for rural supporters. Jim Gardner’s success at building Republican support in eastern North Carolina in the 1960s was amplified in the early 1970s when Jesse Helms switched parties and won a surprise victory in 1972. In the Democratic presidential primary that year, eastern whites helped give George Wallace more votes than Terry Sanford, despite a rare front-page editorial in the News & Observer pleading with voters to chose “constructive action rather than futile anger” to uphold the state’s “national reputation.”37

In the fall, the GOP dominated. With Holshouser’s victory at the gubernatorial


level, North Carolina elected a Republican Senator and governor for the first time in the 20th century, in addition to providing landslide support for Richard Nixon. The donor list put together to retire Helms’ campaign debt soon solidified into the Congressional Club, the organizing hub of the state’s conservative movement. Its mailing lists gave Helms a sizable fund-raising base, which he used to carpetbomb television viewers with advertisements during his electoral campaigns.

Yet Helms and Holshouser became bitter rivals over the future of the state’s Republican Party, and the 1972 votes in eastern North Carolina augured their divergence. Helms won majorities in most ENC counties, though the black belt was divided: black voters tipped the balance towards his Democratic rival in Edgecombe, Northampton, Bertie, and several other coastal counties. In the governor’s race, meanwhile, eastern NC—and especially the black belt—remained a Democratic stronghold. Only five of 41 eastern counties picked Holshouser, all outside the black belt. Voters in the state’s most urban counties, Mecklenburg and Wake, chose the Republican victors in both contests, though industrial Guilford and Durham opted for Democrats. The muddled political geography suggested that all parts of North Carolina were up for grabs—one reason that growth policies sought to balance urban and rural interests.

The politics of education divided Democratic candidates in 1972, especially at the crowded gubernatorial level. Reginald Hawkins, the black Charlotte dentist and civil

38 Only two counties went for McGovern: Northampton and Orange.  
40 These were Brunswick, New Hanover, Sampson, Harnett and Johnston.  
41 Maps in News and Observer, 9 Nov. 1972, 1, 7. See also Eamon, Making of a Southern Democracy (2014), 148-156.
rights activist, ran again in 1972. Wilbur Hobby, president of the North Carolina AFL-CIO, also joined the race. They each drew similar vote totals, combining for about 15 percent of those cast in the primary. The two leading contenders, Lt. Gov. Pat Taylor and businessman Hargrove “Skipper” Bowles, appealed to different education groups.

Elementary and secondary education played a minor role in the state’s economic policy during the 1970s. Innovations from the Sanford administration withered: the legislature cut funding, shuttering the Learning Institute of North Carolina and the Advancement School, which had aimed for experimental approaches to help students at risk of dropping out. The state did move to fund a 10-month teacher calendar. Most significantly, it funded universal kindergarten, which both parties sought to take credit for. But politicians did not justify these changes as part of a plan to boost economic growth.42

The political action committee of the NEA-affiliated North Carolina Association of Educators—created in 1970 from a merger of the separate white and black organizations—endorsed Taylor, who also had the outgoing governor’s backing. It was the first time that the state teacher’s organization had endorsed a candidate; the teachers sought greater political influence after education budgets came up short in recent legislative sessions.43 Taylor lost the nomination to Bowles, a Sanford ally and MDC board member. Teachers disliked Bowles’ pledge not to raise taxes, but he ingratiated

himself with the higher education establishment, both at UNC and the nascent community college system.

Bowles drew on his experience with the North Carolina Manpower Development Corporation to campaign on the state’s manpower needs, proposing a $125 million increase for community colleges. MDC was “the glamour group in manpower in the state,” observed its president, George Autry. But this reflected the malleability of manpower policy to suit divergent purposes, rather than some crystalline strategic vision. Autry noted wryly to his staff, “Everybody was looking to us for advice and confirmation of their own theories.” Manpower dollars could court low-wage industries looking to offload training costs, or they could upgrade the labor pool sufficiently to attract higher wage “sophisticated” industries. A disproportionate amount of federal funding for technical and vocational education, 34 percent, came South in 1970, and MDC played a leading role in coordinating the allocation of that money in North Carolina. The State Manpower Commission helped Autry cultivate new supporters, such as Duke economist Juanita Kreps, who quickly impressed Autry with her “intelligence and insight.” She would go on to be a vital board member and champion for MDC and southern economic change.

During the campaign, Bowles also foregrounded his industry-hunter experience as former director of the state’s Department of Conservation and Development. He was one

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of the first candidates to discuss how integral the community college system had become for industrial recruitment. Bowles lost the general election to Holshouser, but the Republican governor maintained a commitment to both balanced growth and the states growing “manpower” infrastructure, including the community colleges.

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The community college system helped foster growth in the rural east. Federal funding remained significant for constructing the system, despite efforts by the Nixon and Ford administrations to rein in the Great Society. MDC and the State Manpower Council ensured that North Carolina took full advantage of manpower’s “new federalism” structure imposed by the Comprehensive Employment and Training Act of 1973 (CETA). CETA requirements provided a way that equity-minded county officials could force reluctant municipal department heads to create affirmative action plans.

As the community college system and the State Manpower Council institutionalized many of MDC’s early programs, MDC increasingly became a monitoring and analysis organization, with contracts from the Department of Labor, and agencies in North Carolina and a few neighboring states, including Virginia and South Carolina, that were implementing new training programs. In 1975, the North Carolina Manpower Development Corporation changed its name to reflect this geographic expansion and the feminist critiques of the term “manpower.” It dropped “North

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45 During the Scott administration, the state began allocating training money through the community colleges for new and expanding industry, which remained an under-publicized recruitment tool in 1972. George B. Autry to Luther H. Hodges Jr., 24 Mar. 1972, in series Alphabetical Correspondence, 1968-1985, MDC Records.

Carolina” from its name and became simply “MDC, Inc.”

MDC professionalized its evaluation techniques, following the econometric trends of the era. Early on, it created an “earnback index” that tracked individual participants in order to show dubious politicians that they had “earned back” the cost of their training. As it monitored programs in the 1970s, MDC honed new “program evaluation techniques,” producing a handbook that caught on in the growing world of mandatory cost–benefit analysis. But it did not become myopically focused on technocratic methods. With unemployment both growing and increasingly salient as a political issue, manpower advocates connected training programs to the broader efforts to guarantee “full employment.” MDC sponsored a regional conference on manpower and full employment, and it drew attention to the “prospect of a chronic unemployment problem in the South” as furniture and textile firms took advantage of the recession to automate production and cut back employment even at full capacity.

The Coastal Plains Regional Commission continued to provide important financial support to the North Carolina black belt and frame the region’s problems in terms of human development. In particular, it emphasized the need for African American educational advance in order to industrialize eastern North Carolina. “Labor has become


scarce due to a heavy outmigration of white males and the black population’s lag in education and skill levels,” argued its consultants. “Continued improvement of academic and vocational training is needed to upgrade the entire population, especially the black population, as it undertakes a more important role in the subregion’s economy.” The Coastal Plains Commission poured its limited resources into building the region’s community colleges.

Undergirding these arguments was that the buildings would turn community and technical colleges into engines of economic development. Grants of several hundred thousand dollars contributed to the creation or expansion of community colleges in Roanoke Rapids, Rocky Mount, and Oxford in the black belt, as in many other communities across the coastal plains.

While only representing 10 to 20 percent of the total capital costs for these new facilities, these grants leveraged other federal, state, and local dollars. To win them, grant writers in the state’s community college system pleaded poverty and drew special attention to African American beneficiaries.

The technical institute in Halifax County was a case in point. Grant writers argued in 1974 that the community college was the chicken that would lay the egg of industrial development. “Many industries will not locate unless they see significant existing [training] programs that can be expanded after the Halifax Institute is completed.”

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pitch pried $300,000 from the Coastal Plains Commission, to go along with $500,000 from federal vocational education sources, $500,000 from the state, and $1 million from local tax revenue. The facility opened in 1975. By the end of the 1970s, most of these institutions were upgraded from technical institutes to community colleges. With the help of the federal government, North Carolina built 57 community college campuses that provided sites for continuing education within driving distance of state residents as well as training locations for firms that sought state-subsidized job training.

It was not always clear that the community colleges influenced site selection, but more and more firms did chose eastern North Carolina during the 1970s. Barry Moriarty, a UNC geography professor analyzed the 530 new manufacturing plants with twenty or more employees that came to the state from 1969 to 1974. A disproportionate number chose eastern North Carolina, whether because of state balanced growth policy or simply because of cheap labor, green fields, and accessible transportation networks. The Piedmont, with 60 percent of existing plants, only got 46 percent of new plants, compared with 35 percent to the coastal plain, which only had 23 percent of existing plants. A higher percentage of the plants locating in the coastal plain were opened by firms from outside the state, and they were more labor intensive. Balanced growth policy seemed to have its intended effects, for better or worse. Moriarty found that early 1970s industrialization helped cement North Carolina as a site for low-value add, labor-intensive work.

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53 Barry M. Moriarty, “Manufacturing Wage Rates, Plant Location, and Plant Location Policies,” Popular
Department of Commerce files during this period suggest that the community college training programs did make North Carolina more attractive to some businesses. Management of GKN Transmissions, for instance, talked about training support as their chief reason for opening up a plant in eastern North Carolina. But businesses shopped North Carolina as much to gain bargaining leverage against their unionized employees. Deals that fell through during this period included a guitar manufacturer actively involved in a labor dispute in New Jersey and an automotive company concerned about the UAW.54

Tension around the balanced growth approach grew with the recession of the mid 1970s. The policies, oriented towards dispersed growth centers, dampened the state’s pursuit of industries that would push wages more aggressively upwards. Zogry himself noted the tradeoff, allowing that the focus on building up non-metro areas limited the state’s recruitment of “high technology industry.” The state sometimes pursued a client for a rural community that entrenched local elites rejected for fears of disrupting a lower wage labor market, whether through unions or better pay. In 1974, NC Gov. Jim Holshouser claimed to know of two instances where existing industry kept out higher wage relocations. Policy analysts described the 1970s as a period of “rural renaissance,” in large part because of growth propelled by industrial development, retirement, and tourism, but for most communities, it was a fragile prosperity. They depended so heavily

54 GKN Transmissions LTD Proj #2 client file, Box 1; CF Martin Guitar Co. client file, Box 2; Fantus Co. Wm Whitehead-contact client file, Box 1. In VAL:12, 1979-1980, Industrial Development Division, General Development Section: Client File (unprocessed), Economic Development Record Group, Commerce Department, State Archives of NC.
on a single industrial plant or military base that they were vulnerable to collapse if those props fell away.\textsuperscript{55} For all the talk at the Southern Growth Policies Board of a shift away from low-wage recruitment, North Carolina under balanced growth policies would be stuck recruiting branch plants.

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Balanced growth policy in North Carolina underscored what had and had not changed with the civil rights movement. The state planning documents stressed the need to raise the standard of living for “all citizens in all parts of the State,” language that suggested that state policy would at last include African Americans, Native Americans, and both rural and urban populations. But the emphasis on building up scattered, smaller communities into “growth centers” reflected considerable political continuity with the Jim Crow era: the policy steered disproportionate state and federal dollars to rural white elites, still in control of the levers of local power, rather than to the multi-racial coalitions burgeoning in the state’s urban centers.\textsuperscript{56} Many African Americans in black belt communities, especially the younger folks who stayed or returned rather than going North, were increasingly vocal about achieving proportional political representation. The political and economic balancing act that white leadership had used in the 1970s to make the state Democratic Party a biracial organization seemed to be reaching its limits.

The increasing range of industrial jobs accessible to African Americans in the


black belt helped convince more black residents to remain in these counties during the 1970s. Meanwhile, many African Americans in northern cities were “called to home.” For some, more diverse job opportunities in industries and government were part of the story, though economic opportunity alone did not reverse the Great Migration. Those who returned had a multitude of reasons: they came to care for aging parents, they came to remove their children from drug-riddled neighborhoods, they came because they lost their jobs up North. Exercising the basic rights of citizenship, accessing government programs for the poor, the elderly, or farmers, receiving equal treatment in job applications—all still required exhausting battles.\(^57\) Nevertheless, small victories began to even out defeats, in contrast to the Jim Crow era.

During the 1970s, only a handful of African Americans won seats in the General Assembly or mayoral races in North Carolina. Rep. Henry Frye was joined in the state House by a handful of black representatives: Joy J. Johnson of southeastern Robeson County (elected 1970) and Henry M. Michaux Jr. of Durham (elected 1972). Richard Cannon Erwin from Winston-Salem and John W. Winters of Raleigh won state Senate seats in 1974. Yet the black belt elected no African Americans to either the U.S. Congress or the General Assembly during the 1970s. In 1980, an African American at last won a state House seat from the black belt, Charles M. Creecy of Northampton County.\(^58\) All of them were Democrats. Though Floyd McKissick had hoped to use the Republican Party as a vehicle for black advancement, the GOP in eastern North Carolina


\(^{58}\) Wake County Daniel T. Blue Jr. also won a House seat in 1980. He went on to serve as speaker in the 1990s.

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was molded in Helms’ image rather than that of Holshouser.\textsuperscript{59}

Across the state, a few black candidates gained seats on city councils and county commissions. Even a single black official could make a difference on these boards by advocating for hiring more black public employees or ensuring that black-owned businesses had a chance in the procurement process. Serving as mayor of Chapel Hill from 1969 to 1975, Howard Lee helped fulfill the civil rights promise that Quinton Baker had sacrificed so much for in the early 1960s. Lee increased African American municipal employment and won housing improvements that benefited low income residents. In 1972, he challenged Congressman L.H. Fountain, and in 1976, Lee was the second highest vote getter in the Democratic primary for lieutenant governor, making him the most successful black statewide candidate to that point.\textsuperscript{60}

School boards were often the first successful targets for African American candidates, and in the black belt counties of Halifax and Northampton, black educators took the lead in shaping electoral coalitions. Prior to \textit{Green v. New Kent County} (1968), George Young was the top black educator in Halifax County Schools with de facto charge of black institutions. Yet in 1974, the school board passed him over as superintendent. Disgruntled, he formed the Halifax County Coalition for Progress, together with black civil rights veterans, to advance black candidates for local offices. In


1978, the group helped elect a young African American, Marvin Arrington, to the school board, and in 1979, it was crucial for building support for a local school bond referendum.61

The organization failed at attempts to elect a black county commissioner, however, and its limited success opened the door to more militant African American campaigns. In 1980, two black men won seats on the school board without the backing of the Coalition for Progress, a top-down organization that had trouble reaching across class and generational lines. A major hindrance of the Coalition for Progress was that because so many of the members worked in the Halifax County school system, they could only push so far against those in charge. Willie Lowe Jr. and Rev. Charles E. McCollum both were relatively immune to economic coercion from Halifax County whites. Lowe worked as a truck dispatcher in a neighboring county, while McCollum was a pastor who also worked as an educator in the Virginia prison system. Lowe and McCollum could criticize the incumbents without fear of reprisal. They could work to galvanize black working class support in a way that was much more difficult for black professionals. The school board victory in 1980 for McCollum and Lowe helped establish a new political order.62

Winning local office revealed new economic frustrations for African Americans in the black belt. Wendell Perry, an instructor at Halifax Community College, won election as mayor of a small town in Northampton County. But he complained in 1980

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that “the whites seemed to have dropped out of running the town,” refusing to help recruit industry. “We’ve begged [firms] to come,” said Perry. But even with roads, sewers, and cheap labor, “we just can’t get anybody to come.”63

For communities facing such predilections in industrial recruitment, the state level offered the best support and large, national firms were the best targets. During Howard Lee’s 1976 campaign for lieutenant governor, he vowed to take a major role courting “blue-chip companies,” which won him the endorsement of the state AFL-CIO. Though Lee came up short in his electoral bid, Hunt was sufficiently impressed that he named Lee director of the state National Resources and Community Development board. He hired Eva Clayton as his assistant secretary, and the two sought to ensure that African Americans shared in the state’s economic gains.64

Clayton was available to join Lee at the Department of National Resources and Economic Development because by 1977, Soul City was on ice. During the 1970s, eastern North Carolina saw major investments from the state and federal governments in two black belt communities: Warren County’s Soul City and a medical school in Greenville, the home of East Carolina University. Both investments were hotly contested in the 1970s, and both cut across party lines for support. But by the end of the decade, Greenville was on its way to becoming a regional bright spot while Floyd McKissick was forced to abandon Soul City to return to legal practice.

Soul City, in many respects, represented the balanced growth ideal. One of thirteen new cities funded by the Urban Growth and New Community Development Act

of 1970, Soul City aimed to achieve both rural development and urban renewal: bringing industrial jobs to a non-metro area and calling urban migrants away from overcrowded, underemployed cities. It was a place-based project that would help people with better jobs and health care access. At the core of its development strategy, Soul City aimed to profit from the southern migration of branch plants, capitalizing on runaway shops seeking cheap labor and land. It fit with the broader southern political economy of industrial recruitment, reaching its apex in the 1970s.

Soul City’s success was predicated on the continued southern migration of low-wage industry, but its efforts to attract national companies were stopped cold by a series of accusatory articles in the Raleigh News and Observer in 1975 and a subsequent investigation launched by Jesse Helms and L. H. Fountain, the conservative Democrat whom Clayton had challenged in 1968. Helms had been waiting for an opportunity to go after Soul City. When fellow Republican McKissick telegraphed Helms congratulations on his Senate victory in 1972, Helms attacked in response. “In fairness to you,” he wrote, “I feel I should make clear that I do not favor the expenditure of taxpayers’ funds on the project known as ‘Soul City.’” Even after a General Accounting Office report cleared McKissick and his staff of any illegal doings, Helms nevertheless kept pressing, requesting the U.S. Department of Justice to investigate what he called a “massive wasteful boondoggle.”  

The controversy likely closed the window on industrial recruitment for Soul City. The name “Soul City” had given some would-be employers pause, but until the N&O

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series, the project seemed roughly on course. Three years after it launched, many locals had come around to it. “I think it’s going to work,” said Bignall Jones, an elderly white newspaper editor and early skeptic, told the *Charlotte Observer*. Democratic Gov. Bob Scott offered manpower training, which Clayton would direct through the nonprofit Soul City Foundation. Voters in the area approved a $4 million bond to tie Soul City to the regional water system. McKissick broke ground on Soultech I to major fanfare in November 1973, with Gov. Holshouser in attendance. Hearing a passing train, Holshouser remarked, “Those trains used to carry people from places like Warren County out to other cities where opportunity seemed greater. Often they found disillusionment and unhappiness. I think Soul City will begin to reverse that trend and that soon trains will be carrying people back to North Carolina.” The South’s rural areas were on the rebound. In the 1975 update to the Census, “the rural and small-town areas are now growing faster than the urban areas,” noted the *New York Times.*

Education was key to Eva Clayton’s vision of industrial development in eastern North Carolina. After directing UNC’s Health Manpower Development Programs, encouraging African American students to go into health careers, she returned to Warren County as executive director of the Soul City Foundation, a nonprofit wing of the “new city” project. She told reporters in 1973 that “industries that come into Soul City will need trained personnel and will be interested in a good system of public education. And

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our citizens will need education to have equal access to satisfying jobs and a good life.”

She and McKissick had the help of some of the most seasoned liberals in the state; the boards of Soul City’s nonprofits read like a who’s who of North Carolina progressivism, including Daniel Pollitt, Harvey Gantt, John Wheeler, Joel Fleishman, and David Gods chalk. McKissick told reporters of tentative commitments by branch plants that would soon open to employ 300 workers—with plans to grow the industrial sites to employ close to 10,000. Eva Clayton helped open a Head Start and a daycare center in 1974, and the Soultech industrial incubator was ready by 1975.67 Soul City seemed on course to deliver on McKissick’s dream of a 50,000 person, prosperous, black-centric new community, on par with Rocky Mount, Greenville, and other large communities in the North Carolina black belt.

But the patina of corruption created by the N&O series and the GAO investigation made it exceedingly difficult to land industrial employers. By relying on federal financing, McKissick depended on approvals delayed by the investigation. He begged federal officials to move forward on paperwork so that he could secure a branch plant for the Soultech space. “You demand that we get industries,” McKissick wrote in October 1975, “and yet you place us in a position of being unable to contract and complete our negotiations because of your inability to make speedy decisions.” By the late 1970s, as McKissick tried to fan away the smoke of controversy, many firms called off expansion plans in the face of the uncertainties of stagflation. Those that remained intent on

building branch plants had a wealth of options, not only in the rural South, but also now in Mexico or east Asia. Increasingly desperate, McKissick signed off on advertising featuring the state’s right-to-work laws, drawing condemnation from Bayard Rustin. As a result of the dispute, McKissick scrubbed A. Philip Randolph’s name from the Employment Park. In 1979, a Wall Street Journal reporter suggested McKissick lived a lavish lifestyle bankrolled by government funds. Finally, in 1980, the U.S. Department of Housing and Urban Development took over the project in order to shut it down.68

![SOUL CITY—INTERLocking OFFICERS AND DIRECTORS](image)

**Figure 13:** With graphics such as this one, an investigative series in the Raleigh News & Observer suggested that cronyism ran amok at Soul City. N&O, 2 Mar. 1975, 4-I.

Among the “New Towns” funded by the federal government in the late 1960s, Soul City was the norm, not the outlier. Only one still survives, a predominately white Texas suburb.69 Compared with the better financed Research Triangle Park, Soul City was at roughly an analogous point of preparation until the N&O investigation. Unlike RTP, Soul City had to contend not only with structural racism but also a stagnating

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69 Pat Stith, “‘New Towns’ Plan Falters; Soul City Will Still Get Aid,” N&O, 2 Mar. 1975, 4-I.
economy just as it hit its crucial moment for take off.

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As Soul City foundered, the state pumped far more money—$50 million—into a new medical school at East Carolina University without drawing scrutiny from Helms, Fountain, or other conservative white legislators. No higher ed institution in North Carolina benefited as much from balanced growth as East Carolina. Its chancellor, Leo Jenkins, craftily maneuvered around the UNC system president, Bill Friday, and Chapel Hill’s progressive plutocracy to ensure that ECU gained regional university status during the 1960s restructuring battles. Jenkins then fought to create a medical school in Greenville. 70

At first, he argued a new public medical school at East Carolina would provide a greater portion of desperately needed primary care physicians, in contrast to the specialists churned out in Chapel Hill. An initial plan to counter the ECU medical school involved subsidizing private medical education for North Carolinians, which the General Assembly passed in 1973. 71 That plan was more cost effective than a new medical school. Moreover, it likely made the biggest material difference in the lives of eastern North Carolina by expanding Area Health Education Centers, which rotated medical school faculty around smaller rural hospitals.

State investment in these area health centers was intended to alleviate the need for the ECU medical school, which an outside commission recommended against. But Jenkins and his allies continued to press their claims at all levels of governance, from the

71 Link, William Friday (2013), 224.
legislature to the state Board of Governors. They argued that a medical school at ECU would improve regional health care and further regional development. Even with restructuring and the developing politics of the 1970s, the UNC Board of Governors remained, according to its critics, “white male, above average income and influence, and representing, with few exceptions, the big business, anti-union approach to doing things.” But two African Americans on the board sided with white ECU partisans in the hopes that a new medical school would produce more black physicians; despite the state’s vibrant public and private mix of historically black colleges and universities, none offered medical education. ECU supporters took advantage of infighting between Gov. Holshouser’s moderate Republicans and Helms’ new conservatives to pressure the governor into relaxing his position. Lieutenant Governor Jim Hunt, who wanted to remain in good graces with eastern North Carolina elites as he prepared to run for governor, pushed Friday to accept the medical school.\(^72\)

The strong arm tactics eventually worked: in 1974, Friday conceded to the separate medical school, which the General Assembly fully funded in 1975. It graduated its first class of physicians in 1981. The decision to create a medical school in Greenville, North Carolina—rather than in Charlotte or at one of the historically black state universities—was a political move to appease eastern white Democrats. Many UNC officials would continue to decry ECU’s medical school as an unnecessary expense.\(^73\)


at least African Americans in the black belt could hope to gain greater access to medical training in Greenville. And the obsession among ECU supporters with creating the medical school had led the usually stingy General Assembly to make noteworthy expansions of both educational opportunity and health care access.

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The influx of factories to the South, combined with the desegregation of the workforce, created opportunities for unions in the state with the lowest unionization rate in the country. Roughly 6 percent of North Carolina workers belonged to unions. The state’s improved prospects, as well as the need to stop “runaway shops” from having a tempting landing spot, led national unions and southern civil rights groups to join forces for the boldest efforts at unionization since the CIO launched Operation Dixie in 1946.  

74 The frontline was in the black belt’s Roanoke Rapids. In 1974, workers at the J.P. Stevens complex voted to unionize with the Textile Workers Union of America (which became the Amalgamated Clothing and Textile Workers Union after a 1976 merger with the Amalgamated Clothing Workers of America). The victory was built on an organizing campaign launched in 1963 by the AFL-CIO’s Industrial Union Department. Anticipating that civil rights legislation would open the industry to more black workers, union organizers selected Stevens’ black belt plant as a beach head into the southern textile industry—and the South writ large. The influx of black workers to the mills helped make

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the difference in the vote. From 1970 to 1975, the percentage of African American workers at J.P. Stevens jumped from 19 percent to 37 percent. The vote seemed particularly momentous given the employment declines in the more heavily unionized North.\textsuperscript{75}

Stevens, however, refused to negotiate a collective bargaining agreement. A strike was impractical, given Stevens ability to shift production to other plants. The AFL-CIO orchestrated a multiyear national boycott in conjunction with civil rights, religious, and consumer groups, spending millions to pressure the company to recognize the union. These groups hoped that the Stevens campaign would get the South past the tipping point, and enable a new kind of union-supported politics of equity.\textsuperscript{76}

As part of that effort, southern civil rights leaders worked with religious groups and unions to found Southerners for Economic Justice (SEJ) in 1976 in Durham. Its mission was to expose the “human toll of the South’s continued resistance to the labor movement.” Historian Timothy Minchin argues that Southerners for Economic Justice was more persuasive with African Americans than with southern whites.\textsuperscript{77} But SEJ was part of an economic policy ecosystem that was as rich as the South had seen, thanks to the openings created by the civil rights movement.

Helping establish SEJ was another pro-labor organization located in Durham, the

\textsuperscript{75} Timothy J. Minchin, "Don't Sleep with Stevens!": The J.P. Stevens Campaign and the Struggle to Organize the South, 1963-80 (Gainesville: University Press of Florida, 2005), 24-25, 61, 68.


Institute for Southern Studies (ISS). “Unionization’s the next big thing that’s going to happen in the South in the next ten years,” ISS’s Bob Hall told a North Carolina reporter in 1977. Like Ayers and Fleishmen at the Lamar Society, Hall saw in the South “possibilities” that were “better than the possibilities in a lot of other places,” where they had been “eliminated, rooted out.”

Southerners for Economic Justice and the Institute for Southern Studies had overlap in terms of both people and positions with nonprofits that appealed more directly to centrist white liberals. A prominent example was the North Carolina Center for Public Policy Research. Funded by the Mary Reynolds Babcock Foundation and overseen by policy-minded academics from UNC and Duke, the Center aimed to “fill the considerable void now existing in North Carolina between the extremes of passive research and active lobbying by those interested in government reform.” Bill Finger, a Mississippi native and the initial staff director at Southerners for Economic Justice, moved on to edit NC Insight, the magazine of the Center for Public Policy, in the 1980s. It offered a progressive, if wonkish, critique of state policymaking.

One sign that times were changing in North Carolina was the receptiveness in the halls of state government to the idea that low unionization was to blame for the state’s laggard wages and per capita income. Holshouser’s state planning chief, Lynn Muchmore, sought to put a new imprimatur on state development policy. He commissioned Emil Malizia, a planning scholar at UNC, to study the state’s “wage gap.”

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the difference in pay between comparable workers in North Carolina with those elsewhere in the country. The resulting “Malizia Report,” as it was called in government circles, started a firestorm in late 1975.\textsuperscript{81}

Malizia and his researchers honed in on the state’s lack of unions as a reason for its low wages. They acknowledged low unionization alone did not explain the gap—the most significant factors were “education, vocational training, and race.” But they pointed out that state workers were 7 percent more productive for their wages than U.S. workers in the same industry. The reason their productivity was not rewarded was the state’s anti-union climate, which reduced worker’s share of the pie. While the Malizia Report backed off recommending full repeal of North Carolina’s right-to-work law, it did recommend educational measures: sponsored teaching and research in high school and college on the status of labor in the South, better information for government agencies on the benefits of unionization, and “open hearings on the existing right-to-work law.”\textsuperscript{82}

The Holshouser administration tried to bury the report. But it leaked, creating even more extensive press coverage and raising the hackles of state industrial leaders. Wilbur Hobby, president of the North Carolina AFL-CIO, was plainly tickled, telling the \textit{N&O} he planned “to make copies available to the General Assembly and all the opinion leaders in the state.” Buzz about the report continued for years. Malizia defended the conclusions at an employee–management relations seminar in May 1976, when his findings were attacked by a sociologist and an RTI economist. Some of the sharpest criticism came from Edward J. Dowd, Jr., a Charlotte executive who chaired the State

\textsuperscript{81} Emil Malizia, “The Earnings of North Carolinians,” June 1975 (Office of State Planning, Department of Administration, State of North Carolina).
\textsuperscript{82} Malizia, “Earnings of North Carolinians” (1975), 34, 26-27 (quote 26), 38.
Manpower Council. Increased worker skills would narrow the wage differential, he argued. But Malizia insisted that the state could not avoid distributional concerns: the U.S. on the verge of “an era of scarcity.”83

Years later, sociologist Paul Luebke concluded that the sturm and drang about the Malizia Report “demonstrated the sensitivity of many corporate and political decision makers to any criticism of North Carolina’s labor relations.”84 Yet the wide hearing that the pro-union argument received also demonstrated growing political receptivity, which businessmen had to rebut rather than ignore. The diversity of policy organizations increased the pressure on southern politicians. In North Carolina, they at least tempered political anti-unionism.

One sign of union progress was the victory of the union-backed candidate in the 1976 gubernatorial election, James B. Hunt Jr. To avoid the “union” label, Sanford demanded that the state AFL-CIO president declare that Sanford received no union money; he called his opponents’ claims that his mentor, Kerr Scott, had accepted union money as a “smear [of his] memory.” But Hunt had actually courted an endorsement from labor’s political committee, and the state AFL-CIO had at last backed a winner. He also pledged to appoint women and African Americans in cabinet-level positions. Despite a crowded field, Hunt took the Democratic primary without a run-off and coasted to an easy victory over the Republican nominee in the fall. In the race for state labor


84 Luebke, Tar Heel Politics (1990), 88.
commissioner, a lawyer and former North Carolina Fund staffer, John C. Brooks, won office despite union ties.\textsuperscript{85}

After winning office, Hunt remained faithful to Hobby—at least initially. The month after the election, Hobby wrote Hunt requesting support for a labor education and research center, to be housed at one of the state’s public universities. “It is clear that such a center must have a separate faculty and staff from those who provide similar instruction to business and industry,” wrote Hobby. “This is one area where it is virtually impossible to remain academically ‘objective’ in either content or style.” The Hunt administration used CETA funding to jump start the labor education center at North Carolina Central University with the full support of its chancellor. Hunt hired a former state AFL-CIO staff member as his manpower advisor. Hobby crowed to his executive committee early in 1977 that Hunt’s administration represented “a turning point in how government relates to unions,” which made North Carolina “the labor movement’s greatest potential.”\textsuperscript{86} With labor’s backing, a pitch for “balanced growth,” and the strength of his success brokering a deal to fund universal kindergarten, Hunt put a new face—and soon, new policies—on a second wave of New South Democrats in the governor’s office.\textsuperscript{87}

**Jim Hunt’s First Term: Balancing Electoral Coalitions**


\textsuperscript{87}The first wave were the governors discussed in Chapter 4 who won office around 1970, including Dale Bumpers (AR), Jimmy Carter (GA), John West (SC), Reubin Askew (FL), and Linwood Holton (VA). The second wave included, in addition to Hunt, included Bill Clinton (AR), Bob Graham (FL), William Winter (MS), Chuck Robb (VA), Dick Riley (SC), and perhaps Lamar Alexander (TN).
Gov. Hunt solidified rhetoric around “education for economic growth,” setting a paradigm for economic development policy that carried through the 1980s and 1990s. This legacy overshadowed the actual policies of his first term. The memory congealed among staff and reporters that he had always connected education and economic development. As his education policy advisor, Betty Owen, recalled to a Hunt biographer, his 1976 economic development program could be summed up with one word: “Education.” But in fact, Hunt rarely connected education to economic development during his first term. Hunt tackled them as discrete issues.

As his biographers have pointed out, Hunt was devoted to both education and economic development in large measure from his upbringing in rural eastern North Carolina, outside of Wilson. The son of a farmer and a school teacher, Hunt, like his parents, saw government as a force for improvement. Hunt’s father farmed and worked as a soil conservationist for the U.S. Department of Agriculture, extolling the virtues of the New Deal. From his mother, Hunt developed an abiding respect for educators and the uplift offered by schooling: his mother was so dedicated to teaching that she tutored barefoot children in the afternoons and evenings (or at least so Hunt remembered). Both of Hunt’s parents had college educations, unusual for a farm couple in the ’40s and ’50s. A devout Baptist, Hunt brought a religious zeal to his political work. During college at North Carolina State, Hunt worked on Terry Sanford’s campaign, which further cemented his commitment to educational upgrading as a key state service and a necessary investment in response to the decline of agricultural employment that he saw

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88 See Chapter 5.
89 Grimsley, *Hunt, a Progressive* (2003), 107, 276n32.
first hand in the Wilson area.

During his 1976 gubernatorial campaign, Hunt made raising per capita income a chief objective; education played little role in his economic pitch. “I’m tired of being behind—behind in per capita income, behind in job opportunities” was a key line that Hunt used in his economic development campaign material. He suggested that the state’s traditional industries were not enough. “We should seek out the market-oriented manufacturing firms, research and development firms and corporate headquarters,” he told a reporter on the campaign trail, an emphasis that played to urban constituencies rather than rural elites. “Those are the employers that will pay our citizens better.” But he still stuck to the balanced growth script, with a focus on full employment and industrial recruitment. Autry and his staff at MDC advised the Hunt campaign on manpower positions, but Hunt did not make worker training or education a prominent part of his economic promises.⁹¹

Once elected, Hunt entrusted his administration’s economic policy to balanced growth veterans. Arnold Zogry ran the Goals and Policy Planning unit. Hunt’s top lieutenant, Joe Grimsley, served as secretary of the Department of Administration, the nerve center of state government during the 1970s. Hunt kept on Larry Cohick from the Holshouser administration to run industrial recruitment. As the balanced growth policy team got to work, they sought “to support and stimulate economic activity in these ‘urbanizing rural areas’ without placing undue constraints on the anticipated development of the metropolitan Piedmont.” The ever-eager Hunt proved a far more energetic industry

wooer than his predecessor. Hunt traveled to Japan in 1978, and to China in 1979, just as it was beginning to liberalize trade relations with the U.S.92

Hunt had a fraught relationship with the state’s “traditional industries,” a common shorthand for textiles, apparel, furniture, and tobacco. As a Democrat at that time, he was not alone. The party’s relationship with big business was increasingly strained at the national level and Republicans made significant inroads in courting business.93 In the South, textile boss—and Yankee transplant—Roger Milliken proved an effective party builder among these business elites. By the late 1970s, Democrats in North Carolina were ambivalent about how hard to fight to keep traditional businessmen bipartisan. Hunt’s emphasis on per capita wage growth did little to ingratiate him with the state’s textile and furniture executives, who gave sparingly to his campaign—only about 5 percent of his total dollars. Hunt relied more heavily on donations from businessmen in the construction, banking, and transportation sectors—people who by and large stood to gain from wage-raising economic growth.94

Once elected to office, Hunt offered fulsome praise of traditional industries and worked to find common ground. He promoted the successful passage of a 1977 constitutional amendment that allowed local communities to sell industrial revenue bonds; to that point, North Carolina was the only southern state to bar the practice. In 1978, the leading North Carolina business association, the North Carolina Citizens’

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Association, hailed Hunt for reducing a tax on manufactures’ physical inventory. His initial “balanced growth” policies were as much about balancing his tenuous political coalition as about directly steering industrial development.

Hunt’s openness to unions was a decided mark against him in the eyes of business elites. In 1977, Hunt helped recruit a unionized glass company to rural Person County over the protests of local officials, who expressed fears of rising wages that would disrupt local businesses. The chairman of the Person County Industrial Development Commission stated publicly, “We have a history of non-union industry around here and our labor force doesn’t think union,” and the company decided against the Person relocation. Later in 1977, Hunt persuaded Philip Morris to follow through on plans to open a union-wage cigarette-manufacturing company in Cabarrus County over the objection of the large textile company, Cannon Mills. The Hunt administration grew frustrated with the reluctance of local elites in North Carolina communities to pursue higher wage industries.

Hunt remained neutral in the standoff between J.P. Stevens and its unionized workers in Roanoke Rapids—an incremental improvement compared with most of his gubernatorial predecessors. In October 1980, Stevens settled with the Amalgamated Clothing and Textile Workers Union. The contract suggested the South was on the verge of a tipping point towards unionization. As Israel Kugler of the Workmen’s Circle in New York said of the settlement, “At long last labor’s Operation Dixie is well on its way to fruition.”

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97 Minchin, “Don’t Sleep with Stevens!” (2005), 173.
But Hunt’s relationship with Hobby at the state AFL-CIO came back to bite him. After checking out of a motel, a labor ally left a copy of memos that Hobby had written about his relationship with Hunt and his plans for the Center for Labor Education and Research. The memos found their way, via General Electric management, to an antilabor consulting firm and, from there, into the hands of the UNC Board of Governors. In the memos, Hobby said that “the North Carolina AFL-CIO expects, in effect, to hire the director and staff and design the Center’s program.” The revelation quashed the Center, just as it was reaching its final approval stages in 1978.98

98 Adams, “That Freakish Thing: A Memo Dooms the Labor Center” (1981); Luebke, Tar Heel Politics (1990), 93-95.
The next year, the Raleigh News & Observer published an investigation—by the same reporter who brought down Soul City—that culminated in a federal prison sentence for Hobby and political trouble for Hunt. The stories implied that Hobby leveraged his connections to John C. Brooks, state secretary of labor, and Howard Lee, director of the Department of Natural Resources and Community Development, to win CETA contracts for a variety of for-profit and nonprofit organizations that Hobby controlled. A state audit found inadequate documentation of how Hobby’s printing company spent money to train the “hard-core unemployed” in data entry. Prosecutors took up the case, and a jury found Hobby guilty in 1981. The scandal tarnished organized labor, Howard Lee—Hunt’s highest ranking African American official in his cabinet—and federally funded training programs generally. The Congressional Club, associated with Jesse Helms, ran ads well in advance of Hunt’s 1980 re-election campaign accusing Hunt of orchestrating a political payoff. He won re-election but began to keep his distance from organized labor.99

Meanwhile, balanced growth policy was not delivering, either in economic or political terms. As several commentators at the N.C. Center for Public Policy Research pointed out, the Hunt administration was embracing two contradictory goals: raising per capita income and diffusing growth. Spreading out industry geographically diminished “agglomeration effects” that came from clustering in particular places. UNC geographer Barry Moriarty argued that southern states should vie for the capital-intensive, high-

value-added industries that he thought would soon be on the way to take advantage of the growing southern market, amenities, and access to suppliers. Those, he thought, would come closer to urban areas—in North Carolina, the cities of the Piedmont rather than the mountains or coastal plain. Moriarty’s analysis aligned with that of Ray Marshall. Capital-intensive manufacturing, unions, urbanization: the modernization recipe was to recreate the political economy of the mid-century North, even as New York teetered on the brink of bankruptcy and laid off union workers sang the postindustrial blues.

Whatever the “right” path may have been, the economic course set by the first Hunt administration delivered disappointing results when it came to the metrics Hunt had made the centerpiece of his campaigning: per capita income and average manufacturing wages. In Hunt’s first “State of the State” address in 1977, he chided the legislature that North Carolina ranked 43rd in per capita income, and he regularly lamented that the state remained “dead last in average hourly manufacturing wages.” But to his chagrin, those numbers changed little during his first term, despite the many branch plants that Hunt’s reinvigorated Department of Commerce helped woo to the state.

Urban boosters, meanwhile, grew increasingly frustrated with Hunt’s “balanced growth” policy. A “Charlotte Insurgency”—comprising academics, journalists, and executives from Jefferson Standard Life Insurance and Duke Energy—picked public battles with Hunt’s balanced growth policy and criticized ads from the Department of Commerce that appeared in national publications. In particular, a two-page spread in an

October 1978 issue of the *Wall Street Journal* stoked their ire. The advertisement emphasized the joys of small town life and the employability of hard-working ex-farmers; it was geared to persuade firm decision makers to take advantage of eager, low-wage workers. “The ad makes us look like a state full of hillbillies,” said Brad Stuart, associate director of the North Carolina Center for Public Policy Research, in a biting critique of “balanced growth” published in 1979. In the critique, researchers charged that Hunt’s policies slowed growth in metro areas in exchange for low-wage jobs for rural areas. Hunt’s idea of balance, they claimed, worked at cross purposes: “attracting more high-wage industry to the state is incompatible with the goal of placing it in rural areas.”

Hunt’s chief economic advisor, Joseph W. Grimsley, vigorously defended the policy. Immediately after the report’s release, he derided the Center’s planning ideas “as supporting sprawling California or creeping New Jersey.” In a combative editorial response, he argued:

> The issue really boils down to a rather simple proposition. Are there enough new high-wage jobs being created in the United States which North Carolina can attract to meet most of our labor force needs? The answer, for now, is no – whether we try to stuff these jobs all into one city [or] spread them over the countryside.

North Carolina, in his view, had to continue to prioritize low-wage industry hunting.

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103 Stuart, *Making North Carolina Prosper* (1979), 38 (quotes). Stuart was a sharp commenter on North Carolina policy, but tragically, he was killed in an automobile accident at age 30. “Funeral today for ex-N&O staff writer,” *N&O*, 17 Sept. 1980, 24. See also

Rather than focusing on education’s centrality to economic development, Hunt’s policy agenda centered on basic skills and testing, in line with a broader accountability movement in American education policy. When running for governor, Hunt pointed proudly to his work with the outgoing governor, Jim Holshouser, to universalize kindergarten and add teacher aides to grades 1 through 3.105 These measures, generally popular with teaching professionals, helped Hunt win the endorsement of the North Carolina Association of Educators. But Hunt was one of the first governors to make high-stakes testing a central political issue.

This educational accountability movement—often historiographically pinned to the 1980s in the wake of the Nation at Risk report—was rooted in the 1960s and the rise of RAND’s quantitative-based systems analysis in government administration. Regardless of the ill-fated results of such techniques in the Vietnam War, administrators in state education departments and the U.S. Office of Education were excited by these promising new methods for budgeting, program evaluation, and teacher review. New knowledge offered the ability to “hold the schools accountable for results,” argued Leon Lessinger, associate commissioner at the U.S. Office of Education, in 1970. This remained a technocratic revolution, removed from the political stage, until the late 1970s. Hunt, like fellow governor Bob Graham in Florida, used the emerging language of “accountability” to frame his education reforms.106

Hunt had hoped that accountability policies—specifically, minimum competency

105 The Primary Reading Program was also known as “Hunt’s reading program.” Roger Thompson, “Educators Debate Hunt’s Proposals,” N&O, 20 Mar. 1977, 8.
testing “of the survival skills of reading and math”—would hit a political sweet spot, uniting white and black education supporters who had been divided by what the governor called the “trauma of school desegregation.”[107] Many white critics of desegregation used a language of “quality education,” complaining that the process would water down achievement for white students. This had been the principle concern of Dallas Herring, the chairman of the State Board of Education, a self-described liberal, and it had been amplified by Jesse Helms in his television commentaries that raged against integration.

By mandating that students pass a standardized test in order to ensure that a diploma reflected more than social promotion, Hunt’s accountability might appease this “quality education” crowd.

He also hoped it would satisfy educators and progressives by justifying more public resources for low performing students. Hunt boasted that he was the first governors to hire a full-time education-only advisor, and he tapped Betty Owen. A former teacher from Kentucky who came to Chapel Hill for a master’s program, Owen helped Hunt throughout his first term find ways to message his more disruptive education ideas. In Hunt’s estimation, Owen provided him an unvarnished line to the average teacher, rather than having to rely on leadership at the North Carolina Association of Educators (NCAE).[108] The problem of racial testing gaps came to public attention with the desegregation lawsuits brought by Julius Chambers and his firm, suggesting to Hunt that as an issue, it might help him with African Americans.[109] By tying accountability and

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[108] The NCAE, under the umbrella of the National Educators Association (NEA), formed in 1970 through combination of the white and black teacher organizations, the NCEA and the NCTA. Murray, History of the North Carolina Teachers Association (1984).
educational investment, Hunt saw a way to harness disparate constituencies—white critics of desegregation who nonetheless believed in public schooling’s underlying mission, educators who would receive more financial support for remedial programs, and the large segment of African American voters who saw education as a key to uplift. Uniting such a coalition was crucial to the post-Jim Crow New South vision.\textsuperscript{110}

Hunt quickly moved to institute his campaign promise regarding state testing. In Hunt’s first “state of the state” address in January 1977, he proposed statewide standardized testing in order to “measure the progress that our children are making in our schools each year.” The results would “spur us on to greater support of our schools.” According to Hunt, these tests would “restore public faith in education.” The legislature passed legislation mandating both minimum competency testing as well as annual testing in June 1977. North Carolina was second only to Florida in passing such measures. The press for Hunt’s new tests at first suggested that they hit their political targets. Hunt’s testing commission sought to weed out cultural bias from the exams, and state NAACP Chair Kelly Alexander remained in public support of Hunt. As Durham Superintendent Frank Yeager commented to Owen, “I keep waiting for the honeymoon to end.”\textsuperscript{111}

It did not take long. The testing programs did little to win over educators. Many teachers worried the annual tests would be used to penalize teachers whose students had

\textsuperscript{110} For the case of Georgia, see Tim S. R. Boyd, \textit{Georgia Democrats, the Civil Rights Movement, and the Shaping of the New South} (Gainesville: University Press of Florida, 2012).

low scores. Yeager sought to assuage such concerns by pointing out that such
comparisons were prohibited by law. He admitted that “the greatest danger…is unfair
comparisons” between students, classes and schools. “We must guard against that,
because contributing variables are not the same.”

Black political leaders and the NCAE expressed concerns that the tests would
discriminate against black children—especially those in poverty—and undermine support
for schools with low scores. Indeed, once administered in 1978, the scores were lowest in
the high-poverty eastern part of the state, where African Americans lived in the highest
concentration. Chambers, whose firm handled legal work for the NCAE, brought several
lawsuits against the state for minimum competency testing. In 1980, he sought an
injunction against denying 3,100 African Americans their diplomas. Chambers argued
that the tests penalized African Americans who had not received an adequate education in
the dual racial system, “perpetuat[ing] the effects of prior racial discrimination.”

Black mistrust of Hunt’s testing regime was part of a broader array of events that
had disfigured the progressive image of North Carolina in race relations during the late
1970s. Many of them involved questions over racially discriminatory justice, from the
Joan Little case in 1975 to the 1979 slaying of five Communist Worker’s Party protesters
by Ku Klux Klan members in Greensboro. Particularly thorny for Hunt was the
ongoing saga of the Wilmington Ten.

Annual Testing Commission Articles, Box 1/4 [OLD], Larry Poore Records, Hunt Papers I & II, State
Archives of NC.
113 Roger Thompson, “Educators Debate Hunt’s Proposals,” *N&O*, 20 Mar. 1977, 8; Baker,
114 Wayne King, “North Carolina’s Leaders Worried By Blemishes on the State’s Image,” *New York Times*,
That case stretched back to a series of African American sit-ins and boycotts in 1971 in response to a local decision to cancel a Martin Luther King commemorative program in a formerly black high school. After a firebombing, Wilmington police appeared to frame protest organizers as arsonists. Ten organizers, who included prominent civil rights leader Ben Chavis, were convicted and given excessive prison sentences of twenty to twenty-five years. Civil rights groups led an international outcry for a gubernatorial pardon. By 1978, Amnesty International labeled them “prisoners of conscience.” Hunt struggled to find a response that would satisfy both these critics and conservative white Democrats who remained a crucial component of the party’s coalition. His ultimate response—a prison term reduction but not a pardon—only appeased white conservatives. Hunt’s popularity shot up with his rural “keys,” the good-ole-boy network of white Democrats who worked politically for Hunt at the local level. As for African Americans, Hunt’s political strategists thought they would forgive him. As one advisor put it: “Where do they have to go?” Still, Hunt needed African American votes to win re-election, and as the 1970s came to a close, Hunt seemed to test the outer boundary of black patience with his policies.

As the testing program matured, it also grew less effective at appeasing the “quality education” crowd. All along, Hunt had planned to use any low testing results to justify increased spending on remediation, with expanded summer school programs and additional targeted tutoring for students who did not pass annual or competency tests. Hunt crowed as passing rates rose over successive years, and his administration

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highlighted that the biggest gains were among “minorities and children with poorly educated parents.” By 1980, 99 percent of white students and 89 percent of black students passed.116

Critics argued that Hunt was watering down the minimum-competency tests. The editor of the Greensboro Record said the exam was so easy it was, “alas, meaningless.” The News & Observer defended the “values” of competency testing, “that knowledge is better than ignorance and that being able to read and compute is better than not.” A school system without those values was “no more than a human warehouse in which students pass their time on their way to becoming unemployed and unemployable adults.”

In Kinston, Superintendent Duane Moore boasted that over 90 percent of juniors passed both the reading and math tests, including one of eight “educable mentally retarded” students. Local resident J.G. Tapscott wrote to the governor incensed that the school superintendent “could gloat when a mentally retarded [sic] passed the Competency test. To me it should tell her something and she and the state should ask if the test was too [sic] easy.”117


So by the end of his first term, Hunt had not accomplished any political goals with his education agenda. Spending had gone up nominally, but the state’s ranking on spending per pupil, after shooting up to No. 22 among states with Hunt’s initial education package, fell back to the 30s. The state’s ranking for average teacher salaries actually declined during Hunt’s first term, from No. 28 to No. 32 for the 1979-80 school year.\textsuperscript{118} Moreover, emphasizing testing had threatened, rather than solidified, his New South biracial electoral coalition. As Hunt prepared for a new term, he had every reason to look for a new way of framing education as a political issue. He would soon find it in “education for economic growth.”

\textbf{Carter’s Difficult Balancing Act}

The election of Jimmy Carter as president in 1976 brought to the White House an administration committed to rural development for the first time since Johnson. Rural development was important politically—while Nixon and Ford depended on the suburbs,

the Democrats sought to unify their urban-rural coalition, and rural development helped shore up the South and West. Poverty was one of the few social issues that Carter took deeply to heart. “He’d come from the rural South,” said Stu Eizenstat, his chief advisor on domestic policy. “He knew what poverty was all about.”

Carter picked advisors who cared deeply about equity in rural development. His secretary of labor, Ray Marshall, was fresh off chairing the Southern Regional Council’s Task Force on Southern Rural Development, which was how he and Carter became acquainted. Marshall pushed Carter to promise he would have a say on broader economic policy. Stormy economic conditions, however, led to administration infighting between urban and rural development champions.

Carter’s rural policy team—led in the White House by Lynn Daft—quickly sought to implement substantive aspects of the Rural Development Act of 1972. “Politically,” argued Daft, who had worked for the Coastal Plains Regional Commission, “it is important that we at least give rural people—who, after all, comprise over one-quarter of the population—a forum within which to make their voices heard in the same way urban voices have been heard.” Historian Judith Stein has called the Carter campaign to the carpet for ignoring policy issues that affected African Americans. But Carter, Marshall, Eizenstat and others in the administration were steeped in the economic problems of the South, where rural development was at least as much a black issue as a

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white one. The Carter team understood the disconnect between agricultural employment and rural development because of the near complete mechanization of planting and harvesting. They sought to redirect policy away from farmers and towards industrial job growth with rural development that cut across racial lines.\(^{122}\)

Evidence of a “rural renaissance” bled some urgency from the issue and created confusion within the administration. Nonmetro areas had gained 1.8 million net people over five years, breaking the old prediction models. The general consensus, reflected by Calvin L. Beale at USDA’s Economic Research Service, was that this boom was no “ephemeral phenomenon.” Still, it was easy for policymakers to lose sight of the forest for the trees. While true that metro shares declined, it was a mere 0.4 percent; urbanization, like real wages, had stagnated, but the country was not becoming less urbanized. As a senior economist pointed out, only certain rural areas experienced growth. These were warmer places and recreational areas—choice spots for retirement—as well as counties adjacent to larger metro areas.\(^{123}\) Retirees and exurban commuters, not rural industrial growth, propelled most of the rural renaissance.

\(^{122}\) George Esser worked his southern, civil rights and Democratic connections to proffer policy advice to the White House and Congress. Soon after his forced resignation from the Southern Regional Council, he was hired as executive director of the National Academy of Public Administration. On rural development specifically, Esser convened Academy members on implementing the Rural Development Act.\(^{122}\) They called for coordination of urban and rural policy. Complicating that goal was that, philosophically, the Carter administration sought local input. It wished to “confer widely before Federal policies are set, putting an end to the idea that ‘the Feds know best.’”\(^{122}\) George H. Esser to William J. Nagle, “Alternatives By Which the Secretary of Agriculture May Provide National Leadership and Coordination of Rural Development Activities,” 20 Sept. 1977, box 49, folder “Rural Development, 9/77,” Daft Files; George H. Esser to William J. Nagle, “Alternatives By Which the Secretary of Agriculture May Provide National Leadership and Coordination of Rural Development Activities,” 20 Sept. 1977, 9 (quote), box 49, folder “Rural Development, 9/77,” Daft Files.

Rural development still cast a hue of “place-based development.” By the late 1970s, economists’ disdain for place-based policy had grown. Yet some within the administration were wary of the “phony contrast” of people versus place, as a deputy in the Office of Regional Economic Coordination put it. “It makes us all appear to be dimwits by implying that some of us want to spend scare resources fixing up places absent people,” wrote Robert M. Rauner in a memo on rural development policy. Rauner, like Daft, had worked for the Coastal Plains Regional Commission, which built training capacity across some of the poorest stretches of North Carolina, South Carolina, and Georgia. Money spent on vocational curriculum (people) and on a vocational building (place) suited the same objective, he reasoned. Nobody wanted to pour money into the Mojave Desert “because nobody lives there.” “Everybody lives somewhere. …People, then, are not ‘versus’ places; they ‘are’ places.” Rauner, Daft, and others in the Carter administration sought to implement a rural development policy less “piecemeal and chaotic” that focused on uplifting the people in these rural areas.  

A significant fight for rural advocates was winning a greater share of education and training dollars. With upwards of 40 percent of the nations poor, rural areas received only 11.7 percent of CETA funds. The allocation of the Emergency School Assistance Act to help with desegregation prioritized the number of minority students in an area rather than the percentage—which handicapped black belt communities. Policymakers in the administration argued that improving rural education required outside intervention, noting the disincentives created by outmigration that made “rural people...reluctant to

pay for the education of youths who most probably will make their productive
ccontributions and pay their taxes elsewhere.” The fiscal straits of the late 1970s,
however, made changes to federal disbursements difficult to pull off.

Urban and rural interests sparred for limited federal largesse for housing, schools,
community development, and job training. When the President’s Urban and Regional
Policy Group circulated “Cities and People in Distress” within the administration in
1977, Ira Kaye in the Rural Development Service fired back that the policy statement
“ignores an essential element—the rural areas.” Kaye claimed that “core cities” did much
better than “remote rural areas” in accessing federal funding.

Even though rural outmigration had reversed in the aggregate, the issue of rural—and especially black southern—migration once more became a political football. Some
pundits blamed the New York City fiscal crisis on southern black migrants, who, in their
view, burdened the city’s generous social support services. Kaye warned that rural areas
needed more Head Start funding or else it might be “one more factor triggering
accelerated out-migration,” as desperate parents sought educational opportunity for their
children in cities without living wage jobs for themselves. A chart he included in his
response showed how many black belt counties still experienced outmigration. From
outside the administration, Lamar Society stalwart Brandt Ayers pushed for federal
intervention to help rural places by connecting rural and urban poverty. In a Washington

125 Larry Gilson to Jack Watson, Memo, “Addressing the Economic Development and Human Service
Problems of Small- and Middle-Sized Cities,” 20 Dec. 1977, in box 49, folder “Rural Development,
Responses to Rural Problems,” prepared for Council of State Planning Agencies, 1 July 1977, p. 75, box
71, Daft Files.

126 Ira Kaye, “Initial Comments on the Discussion Draft ‘Cities and People in Distress’,” November 1977,
Post op-ed, he pointed to migration from northeast Alabama to southside Chicago.

“Chicago and Grove Hill are opposite ends of the same problem—our unintentional but effective policy of depopulating areas where growth is needed and trying to cram the nation’s entire population into major urban centers.” Nixon put his faith in the free market to solve such problems, but Ayers argued that Carter knew better. His emphasis on small towns and medium-sized cities would help both places.\textsuperscript{127}

The fights over urban and rural funding provided the key basis for the Sunbelt–Snowbelt war that broke out in Washington during the late 1970s. In a narrow sense, the Sunbelt–Snowbelt wars were tedious, technocratic fights over federal funding formulas for community development block grants, federal defense, and the Elementary and Secondary Education Act, initiated by a congressional caucus from Northeastern and Midwestern states. Yet in a larger sense, these debates reflected the uncertain future of American liberalism amid economic crises. While postwar municipal deindustrialization had been dramatic prior to the 1970s, the manufacturing job losses during that decade—combined with financial insolvency in cities like New York—made concurrent southern economic gains seem particularly predatory.\textsuperscript{128}

Only a few years after the release of \textit{The Coming of Post-Industrial Society}, Bell’s forecast looked less like an irresistible march toward utopia and more like a nightmare, a


national slouch towards economic servitude. Policymakers, especially those in the North and Midwest, reckoned with a postindustrial future that might leave their communities bereft of the Fordist gears of living wage manufacturing balanced by the countervailing forces of big business and organized labor. Policy-oriented academics observed the obvious struggles of American industries—steel, automotives, electronics, and textiles, to name only the most prominent—to keep pace with the quality and price of goods imported from rebuilt Europe and Japan.\(^1\)\(^2\)

Many pundits focused attention on the Sun Belt as part of the problem. Sometimes a single word, “Sunbelt” came into common parlance in the mid-1970s more from northern and midwestern concerns with its parasitic-seeming growth than from positive marketing from the sunnier states. Journalist Kirkpatrick Sale’s *Power Shift* (1975) helped popularize the idea, defining the political economy of the “Southern Rim” around oil, space, and defense industries. Other journalists quickly collapsed his “Southern Rim” concept with the “Sun Belt” language of political strategist Kevin Phillips.\(^3\) Sale included North Carolina, even though extractive industries or the space program contributed little to state GDP—a signal of how incoherent the Sunbelt framing could be. Others marked North Carolina a “Sunbelt” state for its industrial job growth at a time when other states lost manufacturing work, such as the *Boston Globe*’s “Sun Belt Superstar” story. These attributes became more central to definitions of the “Sunbelt” as

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the decade wore on, as did a sense of greater “law and order.”[^131] Though the South was also affected by gasoline shortages and slowed growth, the effects seemed at least less troublesome than elsewhere in the country.

As the Carter administration ramped up, so too did efforts by northern and midwestern politicians to claim greater federal support. One tactic was to alter the funding formulas that they thought favored the South. If the federal pie was no longer growing, at the very least they could re-cut a larger slice. Despite hopes that the Southern Growth Policies Board could steer southern states toward a future economy with both higher wages and greater inclusivity, it soon became embroiled in these Snowbelt–Sunbelt wars.

SGPB’s role in these federal funding battles led many scholars to dismiss it as a neo-Confederate organization dominated by industrial recruiters.[^132] Yet it was a California congressman, Mark Hannaford, who drew Southern Growth into these funding formula battles because Southern Growth was the closest organizational proxy of Sunbelt interests. Under the direction of Georgia Gov. George Busbee, SGPB provided informational briefings to counter the claims of the Northeast-Midwest Research Institute—typically by playing up the persistence of southern rural poverty and the South’s continued lag in per capita income. As part of these battles, Southern Growth opened a Washington, DC office and considered changing its tax status to become a


lobbying organization.\textsuperscript{133}

In an effort to push the White House to develop a national growth plan, the liberal wing of the Democratic Party had stipulated in the 1976 amendment to the Public Works and Economic Development Act that the president hold a conference on “balanced national growth and economic development.” The Carter administration scheduled it for late January 1978, a year after taking office. In North Carolina, Hunt seized the idea to augment his “balanced growth” push. He spent six months holding “balanced growth” town halls across the state in order to solicit ideas directly from “the people” that he would then present in Washington. Hunt framed questions of balanced growth around mobility, whether “we bring jobs to the people, or people to jobs,” simplistic framing that nevertheless would dominate much of the conference discussion.\textsuperscript{134}

As urban–rural and Snowbelt–Sunbelt tension ratcheted up in the months leading up to the conference, journalists gleefully predicted a prize fight. On the whole, the conference was a more anodyne affair than anticipated. Still, Northern politicians accused the South of engaging in a race to the bottom regarding labor rights, corporate taxation, and industry subsidies. U.S. Senator Daniel Patrick Moynihan called out North Carolina for taking tobacco price supports while “the Wagner Act stops at the Mason-Dixon line.” As was his wont, Senator Jesse Helms threw gas on the fire, commenting, “I see no reason why the rest of the country should maintain a chronic bailout of the Northeast


because the political leaders of that area refuse to put their house in order.” The burgeoning academic literature on northern deindustrialization, meanwhile, painted the Frostbelt-to-Sunbelt migration of capital and labor as costly and unsustainable on a national scale.135

Following the balanced growth conference, Hunt continued pressing against “‘big city/Northeast’ bias” in federal urban policy. In February, 1978, Carter met with Hunt and Senator Robert Morgan. To please tobacco interests back in North Carolina, the pair needed a meeting to hector Carter about the anti-smoking initiatives that HEW Secretary Joseph Califano had initiated. But Hunt made sure that he hammered his points about “bringing jobs where the people were” and called for better policies to help small towns and rural areas.136

The Carter and Hunt administrations developed a strong rapport, and the connection between the Carter administration and North Carolina helped the state receive federal support for housing and community development. While a comprehensive agenda still eluded the White House, it moved in bits and pieces to implement rural development programs. Carter and Hunt met in Asheville in September 1978, where they announced a “special relationship” on balanced growth and rural development. North Carolina was also designated “a rural economic development laboratory.”137

In concrete terms, that meant it received greater aid from a variety of federal

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135 Ferrel Guillory, “Moynihan takes a few potshots at NC,” N&O, 5 Feb. 1978 (Moynihan quote); Dilger, Sunbelt/Snowbelt Controversy (1982), 43 (Helms quote); Summers and others, Industrial Invasion of Nonmetropolitan America: A Quarter Century of Experience (1976); Bluestone and Harrison, The Deindustrialization of America (1982).
136 Jack Watson to President, Memo, 27 Feb. 1978, CM 15 Exec, White House Central Files, Jimmy Carter Library
departments with the goal of coordinating for a greater impact. Several projects in eastern North Carolina received funding: a harbor development that involved Economic Development Administration support to modernize seafood processing and CETA funs to train local residents for such jobs. MDC won the contract to monitor the program. Other programs focused on rural transportation, rural health, and water and sewer infrastructure—many of the same areas of focus targeted in regional development since the 1960s. Hunt also successfully pressed the Carter administration to include a “poverty measure” as part of its EDA criteria. Carter’s staff worked with the Southern Growth Policies Board and Arnold Zogry to allow for places with more than 16.5 percent of the population in poverty to qualify as distressed subareas.138

The gears of rural policy began turning again after the watered-down Full Employment and Balanced Growth Act passed Congress in October 1978. Some efforts aimed to increase credit options for both inner cities and rural communities. For example, the National Consumer Cooperative Bank Act created a $300 million loan pool for “consumer cooperatives in blighted urban and underdeveloped rural areas.”139 But inflation, among other priorities, pushed rural development down the agenda. The bickering between rural and urban advocates in the Carter administration undercut the policy objectives of each.

By the end of 1979, the White House had less a rural policy than a “laundry list.” Nevertheless, in December, Carter—with Hunt at his side—announced a Small Community and Rural Development Policy Working Group, which would prepare

138 President Carter to Jim Hunt, 19 Apr. 1979, FG20-4 Exec, White House Central Files, Carter Library.
legislation for a renewed Rural Development Policy Act that passed in September 1980. Lynn Daft estimated it would take at least five years for the rural development initiatives to take root.\footnote{James W. Giltmier to Jack H. Watson Jr., 14 Nov. 1979, in box 52, folder Rural Development 11/6/79-11/19/79; Remarks of the President, 20 Dec. 1979, in box 52, folder Rural Development 12/79; Lynn Daft exit interview by Emily Soapes, 4 Nov. 1980, 4, all in Daft Files.}

Just as Carter’s rural development policy matured, he lost his 1980 re-election bid to Ronald Reagan. Daft reflected in an exit interview that rural development policy “could die or it could be maintained and grow into something useful.” In the election’s aftermath, Jack Watson—who led the Carter-to-Reagan transition team—wrote Hunt asking for his help to land one of his rural development staff members in North Carolina government. “I am, among other things, seeking to impress upon Governor Reagan’s aides the value of our rural development efforts. Needless to say, a great burden of leadership will fall upon you, Dick Riley [South Carolina], and the other Governors who are concerned about small communities and rural areas to see that we continue our progress in this area.”\footnote{Lynn Daft exit interview by Emily Soapes, 4 Nov. 1980, 4, in Daft Files; Jack Watson to Jim Hunt, 12 Nov. 1980, FG 6-1-4 Exec, White House Central Files, Jimmy Carter Library.}

In the next decade, rural development fell off the presidential radar. Esser’s 1977 report to the Carter administration on rural development lamented the “fragmentation of applicable programs,” scattered as they were across USDA, Commerce’s Economic Development Administration, HUD, and the Department of Labor. USDA itself had rural development in bits and pieces across its constituent agencies.\footnote{George H. Esser to William J. Nagle, “Alternatives By Which the Secretary of Agriculture May Provide National Leadership and Coordination of Rural Development Activities,” 20 Sept. 1977, box 49, folder “Rural Development, 9/77,” Daft Files.} But as the White House turned over to a new president and a new party in the 1980s, this fragmentation would
keep opponents to such federal aid from snuffing rural development with easy strokes.

“The Prototype for America’s Future”
The best hope for communities in the North Carolina black belt remained landing a big one, a capital-intensive manufacturing plant that offered steady paychecks for a broad cross-section of locals. While the regional university expanded in Greenville, Soul City foundered in Warren County, and J.P. Stevens negotiated with a unionized workforce for the first time in Roanoke Rapids, it was Rocky Mount that seemed in the most enviable position. In 1980, after two years of talks, two major diesel engine producers, Cummins Engine Company and J.I. Case, formally agreed to a joint venture to design and manufacture medium- and light-duty diesel engines. The plant was a prize catch with up to 1,400 jobs, and sixteen states competed in the site selection process. North Carolina state and local elites expended considerable sweat while landing it in job-hungry eastern North Carolina.143

Local boosters in Rocky Mount were grateful to have landed a major engine factory to help replace jobs lost in textiles. It had required an arduous courtship; they had to win the site selection twice in order to actually get the jobs. State and local officials thought they had locked down Cummins Engine Company—“the one we’ve been waiting for”—in 1978. Governor Jim Hunt came out for a celebratory banquet with company officials and Rocky Mount boosters in July. Cummins purchased a recently closed textile mill in nearby Whitakers, saying it would build turbochargers for diesel engines. With the stress of closing the deal, Bill Rose, the director of Nash County Industrial Development

Corporation, suffered a heart attack two weeks before the announcement. But he thought it was worth it, calling Cummins “one of the greatest acquisitions to occur in North Carolina.” Cummins brought in a few employees to prepare the site, but with the economic turmoil of the late 1970s—especially fuel price fluctuations that seemed to redirect consumer tastes—the company canned plans to build turbochargers in eastern North Carolina. Instead, it made arrangements with J.I. Case to research and manufacture light engines for farm equipment, which re-started the site selection process.¹⁴⁴

North Carolina officials had to recruit the engine company all over again. Cummins and Case explored 190 different locations. To beat out the $75 million that New York state appropriated for inducements—not to mention the efforts of fourteen other states—North Carolina committed to tax benefits, upgraded roads, and training programs. Local business leaders promised to rustle up $1 million in donations (tax deductible, of course) to buy 47 additional acres for the plant. With these concessions in place, Cummins re-committed to Rocky Mount in December 1980. Once again, Governor Hunt trudged out for a celebration in Rocky Mount, calling Consolidated Diesel a “once-in-a-lifetime chance to provide a prosperous economic future” for the entire eastern North Carolina region. He assured locals that “the million dollars will be returned to this region a thousandfold”—though he also warned them of the poverty and unemployment that would “stare [them] in the eye” if they did not step up. They did. In addition to raising the $1 million, local government improved water–sewer infrastructure for the plant and built an adjacent training center to be operated by the county community college. The joint

Consolidated Diesel factory opened in 1983.145

One reason that government officials worked so hard to win Consolidated Diesel was that it was more than just another branch plant. Engines represented a step into capital-intensive manufacturing—that next step, according to modernization logic, into durable, high value goods. This was the kind of manufacturing that Ray Marshall and other labor economists discussed as the goal. Not only was the manufacturing plant projected to net the standard economic multipliers through increased use of local restaurants, retail stores, and the like—it also promised additional job gains through the relocation of its suppliers. During negotiations, Rocky Mount elites visited the Cummins plant in Columbus, Indiana, salivating over the fifty satellite industries within a 100 miles of the main facility. North Carolina’s economic developers estimated that the relocation of suppliers for Consolidated Diesel would total about $200 million. In all, that meant private investments in excess of half a billion dollars and more than 4,000 new jobs.146

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New York Times journalist John Herbers drew a verbal portrait of a Rocky Mount morning around this period. Noting the old tobacco barns and rolling hills, he described a “rustic landscape” that “at first seems as remote and as hushed as in years past.” But the sun brought out a teeming road network: “sleek new sports cars and imports, wheezy old


clunkers, pickups, and the latest creations out of Detroit” that had “destinations as scattered as the dwellings they leave for the day—textile mills, small factories that make furniture, hospital equipment, safety locks, automobile parts, electrical equipment…retail stores, fast-food outlets, and offices in the towns, in shopping malls, and along the highways.” Balanced growth policy had created the “scattered growth” that Herbers observed. North Carolina, in his estimation, was “the prototype for America’s future.”

As the 1980s dawned, the economic tea leaves of the black belt—and North Carolina more generally—remained hard to read. An increasingly vocal contingent of policy advisors in and around the Hunt administration promoted a high-tech future for the state. At long last, it was becoming clear that the Research Triangle Park was a “booming success.” Yet while that seemed at last a triumph of planning, Soul City’s story provided conservatives with a cautionary tale of government folly. Years later, Clayton reflected that Soul City “is an idea that is probably still too young.” The Coastal Plains Commission failed to catapult regional income, though it had catalyzed the construction of community colleges throughout the eastern counties of North Carolina.

Unemployment remained six times higher for African Americans in the North Carolina black belt, and while almost half of white workers had white-collar jobs, that was true for fewer than 20 percent of black workers.

The most hopeful sign was the black belt’s modest population gain. In January 1980, social and economic indicators signaled “new life in [the] Black Belt,” as a

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headline in the *News and Observer* put it. Even as McKissick pulled the plug on Soul City, it had clearly advanced economic prospects in Warren County. The industrial site development at Soul City convinced Perdue, Inc. to open a 1,000-worker chicken processing plant, bringing more jobs than all other new industries combined in the 1970s. Deacon S. M. Perry, the pastor featured in *The Chickenbone Special* lamenting the necessary evil of outmigration that drained his congregation, shook his head in wonder as he spoke to a reporter: “They’re coming back.” As evidence stood his renovated church, seven times larger. In 1980, the South was home to 206,000 more African Americans than in 1970 and 3.5 million more whites. For the first time since the 1880s, more blacks came South than left.  

Nevertheless, the black belt still needed to break a “chicken-and-egg” cycle, said state Senator Melvin R. Daniels. “It’s been a Catch-22, a can’t-win situation. We’ve had low per-capita incomes, which means fewer people sending their children to school, which means lower-paying jobs.” The “big leap” to an advanced economy, in the modernization parlance, still seemed just over the horizon.

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Chapter Five

In many ways, it was just another ceremonial groundbreaking, the sort that North Carolina Governor Jim Hunt had conducted many times before. On December 5, 1980, in the Research Triangle Park, Hunt joined with officiants in hardhats from government and business speechifying on podiums, playacting at manual labor with prop shovels and exuberant smiles—a ritualistic renewal of the private-public vows of cooperative wealth creation. General Electric was investing $100 million in a facility to research, develop, and manufacture custom integrated circuits, or “chips,” a word so strange and new that it required scare quotes in the Raleigh *News and Observer*. This GE Microelectronics Center would bring 160 jobs in its first phase—a decent get, but on par with numerous other bids that the North Carolina Department of Commerce had landed in recent years.

For Hunt, however, this groundbreaking represented something far more than 160 new jobs: he saw it as the start of a sea change, washing out low-wage manufacturing and bringing in more advanced and remunerative industries of the future. Hunt, flanked by Duke and UNC presidents Terry Sanford and William Friday, stuffed his speech with even more hyperbole than usual. These integrated circuits, “chips,” were “the crude oil of the 1980s,” he claimed that cold December day. GE’s investment placed the state “on the leading edge of what can be a second Industrial Revolution—the Information and

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1 Pearce, *Jim Hunt* (2010), 111. Pearce observes that “Every time a ribbon was cut, [Hunt] was there with the scissors.”
Communication Revolution.” North Carolinians had been toiling for so long “on the bottom rungs of the ladder” as measured by per capita income and manufacturing wages. “We need a dramatic breakthrough,” said Hunt. “And I believe the microelectronics industry is our chance, perhaps the only chance that will come along in our lifetime. We must seize the moment.”3 The South, a growing array of policy advisors warned state and local politicians, had to harness its human capital to compete in the postindustrial economy.

In this particular case, seizing the moment meant state spending on a new form of economic development. The GE Microelectronics Center groundbreaking represented a shift in the way the state courted industry. The Hunt administration had lured GE away from some two dozen competing sites with a promise to create, in addition, a state microelectronics center, which would provide additional research and training. The idea that GE found attractive was that this private–public partnership would catalyze a new cluster of microelectronics firms. The new formula did not entirely supplant the old recruitment methods of tax incentives, pre-cleared sites, and infrastructure upgrades. But to the Hunt administration in the 1980s, the old “balanced growth” methods were no longer sufficient. Government had to work with business “to provide the resource that is the lifeblood of this industry—human brainpower,” said Hunt in 1982. “From the Ph.D. researchers to the skilled technicians, North Carolina will train the people to do the job.”4 Bringing higher wage industries, he was convinced, required a virtuous circle around education and economic growth. During his second term in office from 1981 to 1984, as

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Hunt promoted this new North Carolina economy driven by education, he would return time and again to the promise of the microelectronics industry made manifest by GE’s investment in the Research Triangle Park.

The November 1980 elections might have anointed a president, Ronald Reagan, who favored weakened government, but in North Carolina, the election reinvigorated Hunt’s quest to have the public sector direct, not simply aid, the private sector. In Hunt’s second term, his administration applied this template in microelectronics to nurture a pharmaceutical industry (anchored by its own state biotechnology center). And it linked this new economic development model to educational investment during a time of federal cutbacks and recession in a way that protected schools from serious setbacks. Just a month after winning re-election as governor and becoming the state’s first executive to serve consecutive terms, Hunt was pivoting both his rhetoric and policy away from balanced growth and reliance on low-wage traditional industries, and towards education for high-tech economic development.

**Silicon Valley East**  
By early 1980, as Hunt’s first term was winding down, he prepared his campaign for re-election. He was the first North Carolina governor with that option, thanks to a constitutional amendment passed in his first year on the job. Education and economic development policies had been the central issues of his 1976 campaign. But after almost four years, his pet solutions were proving less successful than he had hoped—both in terms of solving the problems they were intended to address as well as building the political support they were designed to solidify. By 1980, his administration had stumbled towards a new approach, intertwining education and economic development,
rhetorically and substantively. Two events crystalized this connection: the opening of the North Carolina School of Science and Mathematics and the state’s successful pursuit of the General Electric microelectronics facility.

Many of the Hunt administration’s most important new ideas came from the reinvigorated Board of Science and Technology. That Board, created by Gov. Terry Sanford, had been diminished by subsequent governors. But Hunt put stock in science and technology to improve the lives of North Carolinians. He elevated the Board’s standing and carved out two prominent positions for science advisors in his administration, economist Quentin W. Lindsey and geneticist Gene Namkoong.5 Their reports and advice strongly influenced Hunt’s shift away from balanced growth and towards his education for economic growth formulation.

Lindsey proved particularly influential. He had been Hunt’s professor during college, and, perhaps more importantly, Hunt’s boss and colleague during a formative two years that Hunt spent in Nepal, working as part of a four-person Ford Foundation team. Growing up in eastern North Carolina, Hunt knew of rural poverty by the standards of the U.S., but the mountains of Nepal exposed him to an entirely different level of human lack. “I guess I saw things as bad as you can see,” he recounted to a reporter. The experience taught him, he said, that “any poor person, any dirty person, they’re all human beings, they’re all children of God, all created equal.” What he did not discuss with the press was how close that poverty had come to killing his infant daughter. Shortly after that close call, Hunt begged out of the remaining three years of his Ford contract, and

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returned to start his political career in North Carolina. By 1977, Lindsey was also back in North Carolina, at the Research Triangle Institute, when Hunt tapped him as his science advisor. The development work that Lindsey and Hunt tackled in Nepal, advising the government on how to fight poverty and improve the health and economic vitality of that country, helped bolster their belief in the power of government to modernize an economy—a principle they applied to North Carolina.⁶

In one of his first projects for Hunt, Lindsey helped resurrect an old idea that John Ehle had pitched to Sanford in the 1960s: a residential public high school for science and mathematics operated by the state. This School of Science and Math became a key linkage between his science and education policy staff. In some regards, it was intended to resemble other science and math schools, like the Bronx High School of Science in New York, but the idea was also akin to the School of the Arts, established by Ehle and Sanford, that was flourishing in Winston-Salem. Lindsey led a team that drafted the school proposal, which Hunt sent out to thousands of state educators along with 200 nationally known scientists and administrators for their comments. Scientists—especially those outside North Carolina—were enthusiastic about the idea, though by this point, Hunt needed little convincing. Lindsey and Betty Owen, his education advisor, hammered out the details through a planning committee that issued its report in May 1978. Hunt worked the General Assembly for funding, and in November the committee selected a site in Durham, a former hospital near Duke University. The School of Science and Mathematics opened in September 1980 with 149 juniors.⁷

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⁷ Lindsey apparently learned of the idea during his first day on the job, at a dinner at the Governor’s
Very little in the early proposals for the science and math school suggested it was part of a broader economic development plan for the state. Initially, the planning committee discussed the school as an extension of the state’s “gifted” educational offerings, a way to meet the needs of “highly talented students” in danger of becoming “misfits.” To the degree the school fit with larger development goals, it fit generically into the plan of “improving educational opportunities in general as part of a balanced growth economy.” When Hunt officially unveiled the idea to the press in March 1978, he argued, “We have a great untapped reservoir of scientific talent in our high schools, and we need to train those students to be effective thinkers and leaders for us in the twenty-first century.” But he made no mention of how such training would stimulate economic growth. The school was more of a laboratory, justified on the same grounds that would later be used to argue for charter schools: by experimenting with new ways of educating bright students in science and math, educators could find innovative new approaches to seed throughout the public school system.8

Winning legislative approval for the science and math school proved challenging

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because the proposal, like so much of Hunt’s agenda, divided core constituencies—in this case, educators and rural supporters. All of the major K-12 establishment came out against the school, including the Superintendent of Public Instruction, the chairman of the State Board of Education, the North Carolina School Board Association, and the North Carolina Association of Educators. The principle complaints were that the school was “elitist” and would drain resources from the system. In the original proposal, the state would pay tuition but not room and board, which was expected to cost nearly $4,000 annually, a significant stretch for most North Carolina families, and up to 15 percent of students would come from out-of-state.9

Critics argued the school would be accessible only to the wealthy, and that those rural children who did gain access would not be able to “ever go home again,” a deliberate echo of North Carolina novelist Thomas Wolfe. As one school superintendent from eastern North Carolina said in a letter to the governor, “The risk of developing attitudes of snobbishness and separateness at this age could be quite detrimental in future years.” He thought that kind of specialization shouldn’t happen until after a well-rounded education at a comprehensive high school, where students experience “the joys that come from being a participating member of a wholesome home environment.” A Charlotte Observer editorial noted that the idea ran counter to the educational trend of inclusion, teaching as many students as possible in the normal classroom.10

Hunt’s team walked a delicate line in persuading rural educators and politicians of the merits of the specialized high school. On the one hand, they emphasized that the number of students drawn away was “such a small number that it will have very little effect upon student leadership in the classrooms of any one school.” Further, they stressed that the school’s ability to diffuse better science and math instruction would redound to the benefit of rural schools. On the other hand, the Hunt administration worked with legislators to balance admissions policies such that students from rural districts had a greater statistical chance than students from wealthy urban areas like Charlotte or the Research Triangle.11

As Hunt worked the legislature for crucial budgetary approval, he and his team began articulating a new rationale for the school: that it would help recruit industry. At first, that point was ancillary. In late 1978, as a board of trustees made its site selection, Hunt mentioned that the school would help “attract high technology industries,” but it was one of several supports buttressing the argument for the residential science and math school. His chief arguments still revolved around the diffusion of better science and math instruction to the rest of the public schools. The industry-attraction potential of the school steadily gained credence among the state’s legislators and editorial writers in 1979. But it remained a supplementary argument for the school, which still struck many commentators and rural legislators as an expensive symbol of North Carolina’s

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commitment to science and technology. A Republican legislator from western North Carolina complained it would cost less to send the gifted students to the nation’s finest prep schools. 12

Microelectronics helped Hunt connect the School of Science and Math to economic development. The mysterious new industry had not been on Hunt’s radar until 1980, when the state began recruiting General Electric’s research facility. That target helped demonstrate to the Hunt administration the tangible connections of research, education, and economic development. Only after Hunt began courting GE did the School of Science and Math become a marker of the state’s commitment to building a new economy.

General Electric already had some operations in North Carolina, but its microelectronics research facility represented to Hunt precisely the kind of diversification that he thought his state needed. Initially described as a $110 million investment, the microelectronics center was expected to add 160 jobs in its first phase. At that level, GE would not even crack the top ten employers in the Research Triangle Park by total job numbers. That year’s top get was the Consolidated Diesel plant in Rocky Mount. Nevertheless, to Hunt it was GE that was most important, materializing the prospect of making North Carolina into “Silicon Valley East.” 13

Hunt spent more time on the deal than all other work with the General Assembly

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session that year. The governor himself met with company representatives in March. He then set Quentin Lindsey to work with George Herbert of the Research Triangle Institute. They put together a different kind of inducement package. Instead of centering industrial revenue bonds, infrastructure improvements, or community college training programs, the state’s pitch to GE was to create a new $30 million state-financed research center dedicated to microelectronics. In the initial plans, this new state-sponsored microelectronics center would have buildings both in the Research Triangle and on NC State’s campus, and it would be run as a public-private partnership. The benefit to GE would come in the form of workers trained at the center as well as research conducted there. Both GE and the state believed they would mutually benefit from a cluster of microelectronics firms drawn by the new center. The Silicon Valley analogy, then, conveyed not only the similarities in the kind of work but also in the structure of public-private collaboration, modeled as it was on Stanford’s centrality to computer engineering and nanotechnology, of state- and university-supported research spinning off technological innovations to the benefit of the private sector.14

The new microelectronics research center—and, consequently, landing GE’s microelectronics facility—required more than the Hunt administration’s support: it necessitated funding from the General Assembly. Hunt pulled almost $1 million in initial funding from a Council of State contingency fund, which brought the GE recruitment into the public eye. The News & Observer questioned the constitutionality of the move as well

14 Ferrel Guillory, “Attempting to make North Carolina a microelectronics center,” N&O, 4 July 1980, 4; Pearce, Jim Hunt (2010), 112-113; O’Mara, Cities of Knowledge (2005), 127-141. The closest analogy to the microelectronics center in North Carolina was a textile center operated at North Carolina State University, though that was created to keep an established industry competitive rather than to attract an entirely new industry.
as its merits. “Decisions concerning the development of a ‘Silicon Valley East,’” commented the *N&O* editorial board, “are far too important to be handled in private by a committee of government insiders.” Facing scrutiny, Hunt pursued microelectronics even more ferociously. He linked the industry to his goal of raising per capita income in a meeting with the *N&O*’s editors. To plan the state microelectronics center, Hunt appointed a board that represented a mix of university leadership and growth-focused business leaders, including Hugh McColl, president of Charlotte’s North Carolina National Bank, and Sherwood Smith, president and CEO of Carolina Power & Light Co.—leading men in state banking and energy, whose companies had a vested interest in the kind of economic growth that microelectronics represented. Hunt put the microelectronics center at the “tip top” of his “budget wish list.”

Hunt publicly underscored the impact that microelectronics would have on wages and income in the state. But another reason that microelectronics appealed to state political and economic elites was that, unlike many durable goods manufacturing industries, microelectronics fit the practical reality of North Carolina’s antiunion politics. That had been the appeal of the broader electronics industry. James M. Howell, chief economist at First National Bank of Boston, noted the non-union labor in electronics while moderating a panel for the Southern Growth Policies Board in 1978. Howell listened to southern leaders dismiss unionization as a priority and observed, “I guess in a sense I’ve finally come down to the South and found out why the South has been so eager

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to attract our electronics firms in the North—because they’re non-unionized labor.” To the editors of the Greensboro Daily News, “Silicon Valley, NC seems a capital idea.”

But though states—and nations around the world—were vying to become the “next Silicon Valley,” a four-part series in the N&O questioned whether Silicon Valley, with its traffic, air pollution, and “jobs–housing imbalance,” was so worthy of emulation. Certainly per-capita income in that part of California soared above the paltry take-home pay in North Carolina, fulfilling a long-standing objective of state modernizers. But the strain on public services and the environment triggered concerns similar to those Terry Sanford expressed in 1971 about northern growth when calling for better regional planning. The N&O reporter also drew attention in the series to the woes of lower level production workers, the “stuffers” who assembled circuit boards. This feminized labor force worked in factories as well as at home on piecemeal basis, doing work that was “low-paying, tedious and even dangerous,” as the series noted. Carcinogenic chemical exposure threatened the long-term health of workers. Yet international competition kept a lid on wages, explained the founder of a Sunnyvale company, and Intel already had facilities in Malaysia, the Philippines, Barbados, and Puerto Rico. The N&O did not make the explicit comparison, but microelectronics production had many eerie

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similarities with the textile manufacturing the Hunt administration was pushing away from.

Hunt’s efforts paid off. GE committed in August 1980 to build its microelectronics facility—half R&D, half production—in the Research Triangle Park, even though the state research center still required General Assembly approval. North Carolina beat out 24 other sites on the strength of the region’s “quality of life” and the state microelectronics center. On the day of the announcement, Hunt was in Denver at the National Governors Conference, but state government spent $1,300 arranging a virtual news conference because, in Hunt’s words, “this announcement is one of the most, if not the most significant I will make as governor.” He ranked it on par with the establishment of RTP in 1959. One shortcoming in North Carolina, according to GE Vice President Donald Beilman, was that “there simply is not enough existing talent in the industry or being trained in the educational system to support this expanding industry”—a reason why the state center’s investment in training and education was so vital.18

With the GE arrangement in place, Hunt reoriented his education agenda around building the microelectronics industry. Suddenly, according to Hunt, the testing program was necessary to raise students’ skills for the microelectronics industry; pay incentives for math and science teachers were now “essential if we’re going to move into the microelectronics industry.” As he welcomed the inaugural class to the School of Science and Math at the October 1980 dedication, Hunt said that the school might be “the most profitable investment we ever make, because it’s an investment in our young minds.”

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Going forward, “brainpower” would be the state’s most important product. This time, Hunt connected the importance of “brainpower” as a “raw material” not to some abstract “high-technology industry” but to one specific emerging field: microelectronics.¹⁹

The imperative of education for microelectronics replaced “balanced growth” in Hunt’s rhetoric from 1980 onward. Buoyed by the success with GE, ahead in the polls with a week to go in the election, Hunt connected the promise of microelectronics to the long quest by North Carolina leaders to stem the tide of brain drain while speaking at a state conference on economic development. Twenty years earlier, Hunt said, North Carolina universities trained “our best and brightest young men and women” for “opportunities they couldn’t find in this state. So they left and made their contributions elsewhere.” GE’s new microelectronics plant was a sign that “no longer will many of our best young minds have to leave North Carolina to find good jobs.”²⁰ Hunt had neatly intertwined his education and economic development agendas.

In November, after winning re-election, Hunt went on a pre-scheduled tour of California, where he hammered the theme of North Carolina as a destination for microelectronics. Hunt toured in support of a program to woo company headquarters to urban areas in North Carolina. While in California, he drew special attention to the research parks in Raleigh and Charlotte, the new North Carolina School of Science and Mathematics, and upgraded vocational and technical training. North Carolina was making a commitment in “educational, training, and research facilities.”²¹ Those were the new

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keys for economic development.

The momentum from the microelectronic centers—both GE’s and the state’s—helped catapult the Research Triangle Park from tenuous experiment to international model. On the heels of the announcement, the Lord Corporation, which manufactured industrial adhesives, decided to build a $3.1 million research facility in Research Triangle Park with 42 employees. Lord’s president praised Hunt for the microelectronics center during the groundbreaking in March 1981. The deal, initiated in 1978, involved industrial revenue bonds—but it was secured in late 1980 by the expertise in the area’s universities. During the courtship, the Department of Commerce arranged for company officials to dine with Chapel Hill professors and Duke President Terry Sanford.22

The Lord recruitment also demonstrated the compatibility of anti-unionism and the knowledge economy. The Department of Commerce “fact sheet” for its recruitment mentioned five “topics of interest to clients”: engineering and technical skills available from the universities, industrial training help from the community colleges, and the high prestige of the Research Triangle Park. These were the vaunted pillars of the new development strategy that Hunt liked to discuss publicly. But the other two exhibited the hold that the older model of industrial recruitment had over Hunt’s administration and the state at large: the state’s “business climate in general” and continued support for the right-to-work law.23

22 Lord Corporation client file, Box 2, VAL:12, 1979-1980, Industrial Development Division, General Development Section: Client File, Economic Development Record Group, Commerce Department, State Archives of NC.
Hunt’s shift towards education for economic development came as Reagan’s triumph exacerbated conflicts in the national Democratic Party. There seemed a growing rift between more traditional postwar liberals and a younger array of Democratic politicians. Journalists struggled to find a name for these upstarts, who couldn’t themselves agree on a label. Bandied about were terms like “compassionate realists,” “neopopulists,” “Democratic pluralists,” and “Atari Democrats.” Colorado Senator Gary Hart tried to call himself a “Prairie populist Jeffersonian Democrat.” Disapproving observers called them merely “moderate Democrats,” but journalists enthused by the new direction settled—temporarily it would turn out—on the appellation “neoliberals.”

Washington Monthly’s editor, Charles Peters, claimed that “neoliberalism recognizes that there were a lot of things wrong with a lot of the Big Government solutions we tried, but there was never anything wrong with the ends we were seeking—justice, fair play, and liberal ideals.” Hunt’s work on education earned him both regional and national attention as the stand-out “neoliberal” working on new approaches to education and worker training policies.24

**Seeing Southern Deindustrialization**
A major reason that Hunt received so much attention is because liberal policy intellectuals were themselves seeking a new direction as they coped with the onslaught of the Reagan administration. Federal funding dried up for the kinds of welfare, development, and training programs that liberal policy shops had sought during the Carter years. Out of necessity, MDC, Inc. and the Southern Growth Policies Board

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returned to the states as agents of change. They developed a full-throated critique of the industrial recruitment model of economic development that had so long held sway through Sunbelt cities and many state capitals. Rather than continuing to sell the South as the region of cheap land and labor, they promoted a new vision for economic development oriented around a higher educated workforce and the incubation of homegrown businesses.

Even before Reagan’s victory, MDC staff were behind the scenes in the Hunt transition to education for economic development. With Hunt’s re-election looking likely, MDC President George Autry had discussions with Hunt’s team about policy plans for the next few years. MDC worked with Eva Clayton, assistant secretary of the state department of Natural Resources and Community Development as it planned a 1980 conference on “education and economic development.”

Reagan’s election solidified MDC’s move away from federal support and back towards a focus on state and local programs. Autry, ever the optimist, at first thought that the Reagan election might not be catastrophic to federal support for manpower training programs and rural development—his organization’s core areas of expertise. But it quickly became clear how vigorously the Reagan administration was cutting back federal funding for rural development and manpower training, which supported much of MDC’s work. Reagan’s budget director, David Stockman, was a small government ideologue

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who sought to enact “the most sweeping revolution in national economic policy since the New Deal.” He took aim at the remaining institutions of the War on Poverty, including the Appalachian Regional Commission and the Economic Development Administration. ARC would survive thanks to the efforts of powerful southern Democrats, especially those from West Virginia. But the administration successfully killed the regional commissions, including the Coastal Plains Regional Commission. For several years, even the Economic Development Administration appeared moribund.27

The Reagan administration’s arguments against these programs had roots in the state’s rights claims that southern politicians had perfected going back to the antebellum nullification debates and reinvigorated by the white supremacist fight against federal civil rights intervention. Yet in this instance, southern politicians had little hand in defunding these targeted federal economic assistance programs that had disproportionately aided southern states. The second-wave New South governors, in fact, were key members of the opposition to Reagan’s cuts. The Reagan war on regional development and manpower training was grounded in a newer conservatism. Stockman was swayed by neoclassical economic arguments against government planning and market intervention that thinkers like Ayn Rand and Friedrich Hayek kept afloat in the postwar era and that Milton Friedman had popularized in the 1970s. These ideas were sometimes called “neoliberal,” but they had only partial overlaps with the “neoliberal” political agendas of Hunt and his fellow Atari Democrats. In the rationale of Stockman, state interference was always

inefficient, distorting the invisible hand by picking winners or keeping losers on life-support after they had been mortally wounded by capitalism’s creative destruction.28

This new conservatism also informed the Reagan administration’s defunding of the Comprehensive Employment and Training Act (CETA), though here old conservatism played a greater supporting role. A series of scandals portrayed CETA-funded projects during the late 1970s and early 1980s—including the Hobby case in North Carolina—as poorly monitored at best and fraudulent at worst, playing into the hands of its opponents.29 MDC had depended on CETA funding for many of its projects, including its rural development agenda. Autry leveraged his relationship with the N&O to write an op-ed defending CETA after the allegations about Hobby surfaced. If CETA was sometimes a derogatory four-letter word, he argued, “it’s also a four-letter word meaning ‘hope’ for thousands of Americans,” citing stories of a Durham woman whom CETA helped transition from poultry line worker to Duke medical technician. He noted how CETA programs in eastern North Carolina trained over sixty people for higher-paying jobs in an aluminum awning fabricating plant and a newspaper chain. Such defenses would ultimately help sway Congress to preserve many elements of CETA, revised and reauthorized in 1982 as the Job Training Partnership Act (JTPA). But they did not stop the Reagan administration from sweeping reductions in its initial years. Many programs

lost 100 percent of federal funding. All told, these federal cuts threw equity projects across the rural South—and especially in the Black Belt—into jeopardy.\textsuperscript{30}

MDC leaders realized they had to carve out a new raison d’être for the organization. The rural development initiatives that Carter had launched only a few months prior—and that the organization was depending on—were going nowhere.\textsuperscript{31} Federal defunding went hand-in-hand with the Hunt administration’s pivot away from balanced growth policy, which had supported state rural development programs. The state was no longer looking to MDC to help build up small towns but to train workers for high-tech manufacturing work in the urbanizing Piedmont. Larry Cohick, the executive director of the Economic Development division, asked MDC to help formulate a long-range strategy. His office focused on bringing in new investment, and by 1980, he recognized that he couldn’t “waste time placing plants in Hyde County where they won’t locate anyway.” MDC aimed to combine Hunt’s interest in microelectronics with its own interest in using training programs to improve the lives of poor, rural women by studying a program to increase women’s access to microelectronics jobs through community college training programs. As a Hunt staffer explained, they wanted to make sure that with such new industries, “the minority communities are in on them from the beginning.”\textsuperscript{32}

The state could not provide all its necessary funding, and MDC turned back to


\textsuperscript{31} These are discussed in Chapter 4.

private foundations “traditionally concerned about improving the lot of minorities in the South”: Rockefeller, Rockefeller Brothers, Clark, and especially the Ford Foundation. MDC’s new board member, Juanita Kreps, helped significantly. The Duke economist and former secretary of commerce under Carter played a leading role in guiding MDC’s transition.

Complicating the process for MDC was that Ford, like both the federal government and the Hunt administration, pulled back on its rural development programs, killing its rural task force in 1981. The burgeoning welfare and “underclass” debates had caught Ford’s attention. Its program officer told Autry that its proposal to train rural women for microelectronics work would “have to be framed to respond to urban welfare women.” MDC spent months of work soothing out the program officer’s concerns with the women-in-microelectronics proposal in order to tailor it to Ford’s new areas of emphasis. With North Carolina support, MDC pushed Ford to fund the women-in-microelectronics study, providing much needed financial relief to the organization. Unsurprisingly, Hunt’s office was far more excited about the program, given its fascination with microelectronics.

MDC also used its final report on the rural development laboratory as a way of reframing rural development strategy as something more widely applicable. Released in November 1981, it opened by describing three communities with ostensibly different

struggles: a rustbelt city struggling to replace relocated factory work; a booming sunbelt metropolis squeezed by quality of life issues; and a stagnant farm town experiencing brain drain. What united all these cases, MDC argued, was that improving these places required “local economic development.” All three communities were realizing “that they must take a new look at the talents and resources available at home, and that they must rely increasingly on their own initiative in dealing with local economic problems.”35 The idea of local economic development, defined in the report as “economic activity in order to benefit the people living in a particular locality,” was in many respects amorphous and broad, especially compared with the satisfying metrics of industrial recruitment. There were no simple prescriptions to stimulate local economic development. Community leaders needed help, knowledge, and advice from outside experts to tailor a plan to their particular strengths and challenges.

Yet the notion of local economic development expressed in MDC’s final report aligned with a growing trend in American economic development thinking that anticipated a significant structural adjustment. Reflecting on the changes in North Carolina, MDC noted that rural gains in per capita income had come from increased labor force participation from women and the shift towards manufacturing from farming. “These trends, however, seem to have peaked,” MDC commented ominously, “and future income gains in rural North Carolina will depend largely on the development of higher-wage jobs.”36 It was a sign that even the Sunbelt South might have to reckon with a

postindustrial future.

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For almost a decade, the postindustrial and de-industrial concepts had little resonance with southern politicians and economic advisors, who felt confident the Sunbelt boom signaled the South’s time as the epicenter of U.S. manufacturing had come. In a highly influential 1982 book, Daniel Bluestone and Bennett Harrison framed the problem as the “deindustrialization of America,” but the South remained an exception to the broader American economic trajectory. Fitting with the Sunbelt paradigm, they portrayed the South as a parasite, leeching away good union jobs. In the warmer climes, these jobs were transubstantiated into more tenuous employment while cities turned into monstrously sprawling metropolises that conjoined the worst premonitions of Walter Reuther and Jane Jacobs.37

By the time that Bluestone and Harrison published their book, however, Sunbelt growth no longer appeared so inevitable, and southern policymakers were rethinking their commitments to industrial recruitment in North Carolina and beyond. The budding talk of globalization helped shift blame for America’s woes to foreign powers rather than on the Sunbelt’s political economy. Reagan’s election and the subsequent Volcker Recession, so-called for the interest rate hikes of Federal Reserve Chair Paul Volcker (appointed by Carter), changed both the realities of economic growth in the Sunbelt as well as the perception of that growth. Former Carter officials helped reshape those perceptions as they landed in southern economic policy shops.

Nowhere was this policy shift more evident than at the Southern Growth Policies Board, whose influence over southern politicians waxed during the 1980s. SGPB, like MDC, was changing in response to federal policy shifts. It too had come to rely heavily on government contracts that were drying up under Reagan. Southern Growth’s decision to open a Washington office as part of the Sunbelt-Frostbelt battles looked to its executive board, now chaired by Mississippi Governor William Winter, like a misstep. Some board members questioned whether their states should continue paying their share for the organization, threatening SGPB’s existence. Winter and Hunt led a charge to fire its executive director, Blaine Liner, in October 1981. In January 1982, they hired in his place Winter’s handpicked candidate, Jesse L. White Jr., a political appointee from the Carter Department of Education.

White’s biography reflected the uneven changes undergoing the New South. In his late 30s, he was an energetic white Mississippi native and Marshall Scholar with a Ph.D. in political science from MIT. White had been serving as director of the office of policy development in the post-secondary division of the newly created Department of Education. He owed that position to two lions of Mississippi politics with whom he had worked, John Stennis and William Winter, who represented respectively the Old South and New South Democratic Party. White attended Ole Miss during the height of the civil rights movement, and his father had worked for Governor Ross Barnett, whose belligerent resistance to James Meredith’s integration of the university helped spark campus riots in 1962. White witnessed the tumult firsthand as a freshman, and had in fact

38 Executive Committee Meeting 10/26/81 Jackson, Mississippi, box 24, SGPB Records.
spoken briefly with Barnett the night he made his infamous “I Love Mississippi” speech at halftime of a football game. Yet White’s political outlook changed thanks to his fraternity brothers. They introduced him to William Winter and his growing coalition of “modernizers.” By the time he graduated, White was among those cheering Bobby Kennedy at a 1966 university appearance. His studies in international relations at the University of Sussex in England exposed him to the issues of international political development stimulated by the decolonization movement. White brought this widened perspective back to Mississippi, where he taught at the university and later worked as secretary of the state senate on Winter’s recommendation. In 1976, White applied his political experience and Ph.D. training to run electoral campaigns for both Carter and Stennis. Three years later, he managed Winter’s successful campaign for governor, perhaps the modernist’s apex in that state’s politics.39

But rather than join his mentor’s administration, White remained in D.C., where he had been working as special assistant to Stennis before getting the policy position at the new Department of Education. A major reason that White remained in D.C. was his growing realization that he was gay. Winter might have represented the triumph of the New South in Mississippi, but the social climate had not changed sufficiently that White could contemplate life as a gay man in Jackson. North Carolina’s Research Triangle at least offered some possibility of community, and he took the executive director position when the SGPB made an offer.40

40 Jesse L. White, Jr., interview by author, 4 Dec. 2015. For more on growing up LGBTQ in the South, see James T. Sears, Growing up Gay in the South: Race, Gender, and Journeys of the Spirit (New York:
White quickly charted a new organizational direction. He decided to renew Terry Sanford’s vision for the organization, as a vehicle to promote southern cooperation and policy innovation, abandoning the fights against other regions for Washington pork. No longer would Southern Growth chase contracts or defend low-road industrial recruitment; instead, it would serve as a think tank for economic development policies for the South. He made plans to close the Washington office, cleaned out much of the old staff, and created a permanent human resources staff.\textsuperscript{41}

White used the organization’s tenth anniversary to amplify the changes he was bringing to the Southern Growth Policies Board. Sanford was a headline speaker, and he commented on the power of regional policymaking. Lawmakers in a state might be ambivalent or even hostile to a new policy idea, but if you say Mississippi or Georgia or Alabama has already done it, “you reinforce your arguments and you get beyond the political difficulties of selling a not-quite popular idea.”\textsuperscript{42} What Sanford seemed to allude to was the longstanding southern fear that certain ideas were alien, the product of meddling outsiders.

Indeed, as an organization with an explicitly “southern” outlook, the Southern Growth Policies Board stimulated political buy-in of new ideas for economic development by grafting them to historically “southern” problems. Executive Director Jesse White considered the Board’s southern identity an “asset that we should deploy,”

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something that helped unite state political leaders on policy despite the considerable
economic variations of oil production on the Gulf Coast, coalmining in the Appalachians,
and textile manufacturing in the Piedmont. Most of the Board’s work was in “defining
the southernness of a particular problem and sharing innovative solutions,” White said in
an oral history interview. “I think the southern piece was very important back then.”

It helped engender a community of fate.

One of the tenth anniversary conference speakers was the esteemed southern
historian, George Tindall. After ruminating on the promise and shortcomings of previous
New Souths, Tindall repeated what manpower economists had argued for more than a
decade: “Cheap, unskilled labor is losing its power as a magnet for industry, and the most
effective single thing communities can do to induce growth is to upgrade human
capabilities.” He imagined that “out there somewhere is a new and improved Henry—or
Henrietta—Grady…whose genius might inspire Southerners with a new vision.”

This New South, his speech suggested, would be a more inclusive one.

The governors—themselves all white, all male—assembled in the Research
Triangle Park seemed to agree. At a roundtable that included Winter, Graham, Hunt,
Lamar Alexander, Richard Riley, and Chuck Robb, none of these second-wave New
South governors argued in favor of industrial recruitment. They all agreed instead that
raising the educational and skill level of all southerners was “the basis upon which the
South will reach parity with the rest of the country.” Winter in particular argued
forcefully that this strategy was a way to repair the many American—and especially

43 Jesse L. White Jr. interview by author, 4 Dec. 2015.
44 “10th Anniversary Conference,” transcript, 11, box 24, folder Annual Meeting 6/3/82 - RTP, SGPB
Records.
southern—inequalities. “In this late twentieth century,” he said, “there really is not room in this country for us to be divided by a so-called Frostbelt and Sunbelt, a rural and an urban, a black and white, a super-rich and a super-poor, an educated and an ignorant, a well and a sick, a full and a hungry.”

At least among southern governors, the sentiment was the common sense of political rhetoric during the early 1980s.

“Human resources” or, interchangeably, “human development” had been an important but ancillary issue for SGPB during the 1970s. During White’s tenure, human development issues vaulted to the fore. Such formulations allowed a way of framing what had been seen as social issues—education, health care, quality of life improvements—as economic issues. The economic framing gave urgency to addressing these problems. It conjoined the material interests of the poor with that of business elites and the middle class, but it also helped cut through the racist politics of distribution that had stymied previous efforts to improve the lives of the poor, especially those African American.

White selected a staff that could provide such economic scaffolding to social issues. One of White’s most significant hires was his research director, Stuart Rosenfeld. Rosenfeld was the kind of applied researcher the South rarely attracted before the civil rights revolution. The son of Jewish storeowners, Rosenfeld grew up in Madison, Wisconsin where he attended college, majoring in engineering. He worked for GE before developing an enthusiasm for education that took him to rural Vermont to lead a free school. On a whim, he applied to Harvard’s Graduate School of Education, where he

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wrote a doctoral dissertation about rural school centralization in Vermont.  

Figure 16: Jesse White and Stuart Rosenfeld reoriented the Southern Growth Policies Board to focus on human development as a core aspect of economic development. Source: Southern Growth, Fall 1982, in box 95, SGPB Records.

After graduation, Rosenfeld went to work for the Department of Education’s research branch, the National Institute of Education. He participated in a massive study of vocational education for Congress, but despite holding a nonpolitical civil service position, Rosenfeld found himself on shaky ground after the Reagan administration came to power. In April 1982, he published a critique of industrial training programs offered to big business as a form of industrial recruitment in The Progressive, a liberal magazine based in Madison. That issue’s cover featured a grotesque cartoon of Reagan, and Rosenfeld was quickly told to find a new job. A few months later, White hired him for

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Southern Growth, and gave him loose reins to create new research projects and publications. In short order, two Education Department refugees from the Reagan administration with strong backgrounds in economic development found new roles steering the Southern Growth Policies Board.

Rosenfeld quickly reframed the human development agenda into an economic development strategy. Rosenfeld worked to undermine the conventional wisdom of industrial recruitment, reenergizing the organization’s publication series and re-oriented the policy program around education, technological diffusion, and higher-wage job growth.49 His approach in many ways reflected his background and the peripatetic route to his position.

Significantly, this change in direction was happening during the height of the Volcker Recession. Though most of the historiography on economic crisis discusses the “stagflation” of the 1970s, the deepest hit that the economy took during this period was the period from July 1981 to November 1982 when Federal Reserve Chairman Paul Volcker kept interest rates in the high teens in order to curb inflation. Inflation indeed fell, to 3.8 percent by the end of 1982. But GDP fell 2.2. percent in 1982, unemployment rates reached the highest point since the Great Depression, and 17,000 companies went out of business. Unlike the recessions of the 1970s, this one affected the Sunbelt nearly as

severely as other parts of the country.\textsuperscript{50}

The staff at MDC and SGPB, newly incentivized to find a way forward for the South over than the old industrial recruitment approach, were among the first economic analysts to seriously consider the recession’s implications for the future of southern growth. The concerns of “globalization” were not yet fully articulated, yet Rosenfeld’s research pieces for SGPB discussed offshoring trends. For instance, in his November 1983 “Alert” on “Prospects for Economic Growth in the Nonmetropolitan South,” Rosenfeld noted the irony that “the nonmetro South is now losing jobs for the same reasons it formerly attracted them—lower labor costs and lower taxes in other, mostly Third World, countries.”\textsuperscript{51}

Such analysis led Rosenfeld and others to conflicted positions on unions. Familiar with the case for unions from his upbringing and his studies, Rosenfeld thought they had an important role as a countervailing power; his wife worked for \textit{Southern Exposure}, the publication of the pro-union Institute for Southern Studies.\textsuperscript{52} But his analysis convinced him that labor-intensive manufacturing as in textiles, apparel, tobacco, and furniture would not remain long. Either firms would upgrade technologically, reducing their labor demands, or they would leave for other countries. The predicament reduced the urgency of tackling the political challenge of promoting unionization.

The solution to the loss of manufacturing through global competition and


\textsuperscript{52} Stuart Rosenfeld, interview by author, 17 Dec. 2015. His wife was Mary Eldridge, who served for a time as editor of \textit{Southern Exposure}. 

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advancing technology, according to Rosenfeld, was not to seek trade barriers to protect those jobs from offshoring—and as organized labor proposed in the early 1980s. Rather, the rural South needed a different business climate to deal with manufacturing’s decline. It needed government investment in education and infrastructure along with “access to risk capital,” in order to “convert new ideas—particularly those related to indigenous resources and local skills and crafts—into business opportunities.” For Rosenfeld such entrepreneurial empowerment was not something new to rural America, but a return to the older agricultural ingenuity and risk taking exhibited by farmers of yore. The appeal to the entrepreneurial virtues of agricultural education also made intuitive sense to Hunt and several other governors who in high school had been dedicated Future Farmers of America. Rosenfeld was key in changing the policy agenda towards increasing access to business-scale lending and promoting “indigenous” economic development through homegrown enterprises.53

MDC’s Autry, with his longstanding connections to influencers across the state, began pitching these findings as something far more significant than temporary setbacks for traditional industry—they augured a postindustrial structural adjustment that would require the same sort of attention demanded by the shift from agriculture to manufacturing in the postwar period. Autry popularized the argument with a metaphor that caught on in policy circles: the need to move away from the “buffalo hunt.” In 1984,

Autry laid out this critique in an N&O editorial opposing the kind of industrial recruitment for rural areas that had been a mainstay of balanced growth. “Yankee plants are like the buffalo herds that roamed the West in the 1870s: There are not enough left, and the Southern states may go bankrupt competing with each other for the last hide.” “Beyond the buffalo hunt” became a kind of shorthand in southern economic development policy circles, signifying the urgency of moving beyond industrial recruitment to a new way of selling the South.54

The emphasis on the stimulus of indigenous small businesses fit with one of Southern Growth’s major initiatives in the early 1980s: the establishment of a southern “common market” for banking. The language intentionally echoed the regional integration in the European Economic Community (the predecessor to the European Union), and SGPB’s efforts to harmonize southern banking laws proved to be one of the most successful ventures of White’s tenure as executive director. From Henry Grady to the regionalists at UNC, southern leaders had long complained about the South’s “colonial” relationship with outside capital. In 1980, no southern bank was among the largest fifteen nationally. Florida Governor Bob Graham, in particular, played on regional fears of outside capital control to create urgency for a southern initiative in advance of federal deregulation. The South needed to act, Graham argued, in order to prevent northern and western banks from gobbling up southern banks. “It is important to the southern region that we have financial institutions with a southern orientation, a southern understanding, and a southern commitment to our future,” Graham remarked at the SGPB.

10th Anniversary Meeting in 1982.\textsuperscript{55} Graham had strong support from the region’s biggest banks, many of whom had representatives on a Southern Regional Banking Committee that SGPB created in the summer of 1982—the height of the Volcker Recession, with interest rates soaring and cheap credit hard to come by—to study the issue and create model legislation. Its report, delivered to the SGPB executive committee in November 1982, argued that raising the cap on interest rates would eliminate a “rationing situation” that was creating “artificial shortages,” which squeezed out “consumers most in need from access to credit: newer and smaller businesses, farms, construction companies, and firms that are less financially stable.” The committee also recommended that states facilitate intrastate branch banking and interstate holding companies. “Removing barriers to entry would result in greater competition and better service” as well as strengthen capital formation and retention. Only one committee member, a South Carolina state treasurer, objected to these recommendations on the grounds that they would result in “an unhealthy concentration of power in a few large banks” that might be “indifferent to local community needs.”\textsuperscript{56}

In 1985, North Carolina, South Carolina, Georgia, and Florida aligned their banking laws under a Southeastern Regional Banking Compact. They were soon joined by every other SGPB state except for Oklahoma and Arkansas. As soon as the U.S.

\textsuperscript{55} Jesse L. White, Jr., interview by author, 4 December 2015; “10th Anniversary Conference,” transcript, 107, box 24, folder Annual Meeting 6/3/82 - RTP, SGPB Records.

Supreme Court validated the constitutionality of regional compacts, a massive wave of bank mergers followed. Facing little intellectual resistance and with few short-term losers from these transactions, southern policymakers were largely convinced that banking deregulation would serve the interests of small producers and individual consumers. If the new banks were behemoths—at least they were southern behemoths.

Southern critiques of industrial recruitment were not completely new, nor was the promotion of human development. But the postindustrial aspects of the policy agendas from SGPB and MDC added urgency to the need to invest in human capital and redesign the business climate. The notion of an inexorable “structural adjustment” helped convince spending-averse legislators and business leaders of the need to incubate small and medium enterprises, advance more productive—and less labor intensive—manufacturing, and stimulate innovative (and patentable) research and design. And in most respects, this led back to a crucial role for government: funding education at all levels.

**The Southern Embrace of Education for Economic Growth**

While the SGPB was highly successful at promoting bank regionalization, the most prominent part of this new agenda for economic development was its effort to improve education. The Southern Growth Policies Board, reinvigorated by White and Rosenfeld, disseminated economically bolstered arguments for the urgency of educational investment. The politics of party realignment helped make the case to these southern governors, who were looking for a way to unite African American voters and white

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moderates with significant sections of the business community. While not every southern state passed a major new education package, most did. The southern education governor became a widely observed phenomenon.58

The southern role in generating the education reform movement of the 1980s has been overshadowed in both popular and scholarly treatments of the period by the 1983 report of the U.S. Commission on Excellence in Education, A Nation at Risk. That report was certainly influential as a clarion call to education reform, given the hundreds of thousands of copies distributed. Scholars have rightly demonstrated how it signaled the crucial turn in the Reagan administration away from an agenda of budget cuts and the elimination of the Department of Education towards acceptance of a federal role in education. But the alacrity with which southern states passed reforms following Nation at Risk has sometimes led scholars to overstate the report’s significance as a catalyst to action. Nation at Risk seemed to take root with such speed in the South because of how much work had already been done by Hunt, SREB, SGPB, MDC, and like-minded organizations and political actors to promote educational reform.59


Behind the embrace of educational investment by southern governors were political realities. By 1981, the interparty fight for political support had shifted from courting newly enfranchised African American voters to seeking business support. With Reagan’s ascension, the GOP was showing diminished interest in wooing black voters from the Democratic Party. But it was increasingly successful at siphoning away business, even in rural areas where they had formed a staunch backbone of the southern Democratic Party. Hunt saw education for economic growth as a key formula for winning back businessmen who chafed at postwar economic liberalism.60

Hunt demonstrated the virtues of securing business support through his positioning of education for economic growth. In 1981, Hunt pitched his renewed education and economic growth policies to the North Carolina Citizens Association (NCCA), the state’s equivalent of the chamber of commerce. He tried to stress the imperative to teach everyone in the state. “Our most important task is to see that every single young person in the state masters the basic skills of reading, writing, and math,” he told the group in 1981 at its annual meeting.61

The NCCA, whose executive committee remained all white and all male, approved of the School of Science and Math and considered Hunt’s competency testing program “a landmark step which may help lead us out of the wilderness in which public

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education has become lost.” Yet though the NCCA considered Hunt to have a “strong pro-business stance,” some members worried about Hunt’s pursuit of high technology industry, asking—as in an editorial in the association’s March 1981 publication—“What about older industry?” After all, textile, apparel, furniture, and tobacco still “accounted for most of the industrial jobs that North Carolinians held.” In private conversations, some old-line businessmen expressed to Hunt that too much education could lead mill workers to unions and demands for higher wages.62

Hunt sought to assuage such businessmen that his administration was “not so enthusiastic [about high-technology industry] that we are going to forget who brought North Carolina to the dance,” referring to traditional industries.63 Yet if Hunt did not forget traditional industry, he became less eager to please them during his second term. He did not accede to the NCCA’s demand for a tax rollback, which would disproportionately benefit traditional industries. Instead, Hunt dedicated greater attention to those in industries that would profit from higher wage economic growth: utilities, banks, retailers, high-skill professionals, and those in real estate and construction.

In his second term, Hunt established the North Carolina Council on Business Management and Development for executives from the state’s largest companies, meeting four times a year to offer them face time with the young governor. At those meetings, his secretary of commerce was sometimes in attendance, but it was Owen, his education advisor, who was ever present. Hunt sometimes bickered with executives over dues check offs for public employees or certain taxes, but he generally succeeded in

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building support from businessmen for increasing state educational spending and focusing on industry diversification. Even some traditional industries, like cigarette manufacturer R.J. Reynolds and big textile producers, came around to the new economy imperative as they saw the benefits of reducing their labor force and competing on quality through technological upgrading.\textsuperscript{64}

It was these forward-facing businesses that Hunt meant when he talked of “a triangle, formed by government, industry and education that can be the foundation for development and growth.” Hunt’s “triangle” talk was of course an echo of the “golden triangle” that had was at root of the Research Triangle Park, and a reflection of a burgeoning policy literature on cluster development and innovation systems.\textsuperscript{65} The vision for North Carolina was similar: economic upgrading through higher skilled, higher wage work that could raise per capita income and hourly wages and replace job losses in textiles, tobacco, and furniture.

During Hunt’s second term, his administration expanded its microelectronics strategy to other areas. Soon after plans for the NC Microelectronics Center were developed, Quentin Lindsey worked out a similar idea to create a public-private research center for molecular biology, which might help the state in its pursuit of pharmaceuticals, medical devices, and other biotechnology. This approach was codified in 1982 with the “Lindsey Report,” which proposed a suite of new initiatives that harnessed the state’s universities to new public–private partnerships in technology development. The Lindsey

\textsuperscript{64} Pearce, \textit{Jim Hunt} (2010), 117. For more on the adaptation of the southern textile industry, see Maunula, \textit{Guten Tag, Y'all} (2009); Minchin, \textit{Empty Mills} (2013).

Report expanded on the strategy as more than simply a tool to recruit outside industry; it was also a way to stimulate homegrown expertise and spinoffs in burgeoning high tech industries like semiconductors and biotechnology. 56

Invigorated with his new gospel of education for economic growth, Hunt leaned on community college educators—as well as those in K-12 and universities—to embrace the challenge of developing a more capable workforce not merely for new industry but to update traditional industry as well. “High-technology isn’t just microelectronics,” he told a community college congress in May 1981. “It’s also the high-speed looms and automated equipment of a modern textile plant.” It was a segue into a larger discussion of skills training, dropout prevention, and the “unreasonable barriers”—a soft hint of structural racism—that were impeding “minorities and women” from being more productive. The community college system was crucial to “help bring about a new day for North Carolina and for all our people.”67 It was at least a gesture towards equity, albeit not the more full-throated cry for poverty eradication that Sanford had proclaimed in the 1960s.

Hunt was well positioned in the early 1980s to spread this new gospel, serving at various points as chair of the Southern Regional Education Board, the Southern Growth Policies Board, the Southern Governors’ Association, and the education committee of the National Governors’ Association. But few of Hunt’s positions proved more pivotal in


influencing education policy than his chairmanship of the Education Commission of the States (ECS), an interstate compact which had been co-founded by James B. Conant and Terry Sanford in 1965. From that platform, Hunt wrote other governors to ask that they proclaim 1983 “the year of the public schools”—as Hunt had already done in August 1982. In September, Hunt spoke to the U.S. House Committee on Education and Labor in language that presaged Nation at Risk’s martial tone:

Simply stated, we are in a war. Not a military confrontation, but a high-stakes struggle with countries like Japan and Germany for the economic leadership of the world. The nation that does the best job of educating its children, the nation that does the best job of training its people to work in the high-technology jobs of the future, is going to prevail. The victory will go not to the strong but to the smart. We must assemble an army—an army of technicians, engineers, scientists, and mathematicians. Anyone who doubts the seriousness of the challenge need only look at the tremendous strides the Japanese are making in the field of microelectronics.

In December 1982, Hunt created a National Task Force on Education for Economic Growth from his base at ECS, the name congealing the economic development pitch into a slogan. In his January 1983 State of the State Address, Hunt said, “Our strategy is to invest in education and economic growth.” It was a formulation that made equity concerns seem incidental, but it did succeed in winning business support.

The Hunt Task Force, as it was sometimes called in shorthand, released its final report, Action for Excellence, in June 1983. It concluded that “a high general level of education is perhaps the most important key to economic growth.”

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68 For more on their relationship, see Chapter 2.
Wilhelmina Delco served on the task force, and she gave Hunt credit for uniting two “warring camps in education”: educators and the business community. Hunt encouraged other governors to set up state-level task forces “consisting of leaders from elementary, secondary and high education, business, government, the scientific community” to re-evaluate educational priorities. Other recommendations included setting up statewide testing commissions, improved teacher training and certification, and new programs “to promote and reward student achievement.” But the specifics were less the point than Hunt’s ability to win business support for educational improvement. The report from the Hunt Task Force would appear two months after the release of *Nation at Risk*, and was overshadowed nationally. Nevertheless, it helped fuel the conversation around education reform, particularly concerning the role for business in school investment and the economic rationale for school improvement.

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Though Hunt in North Carolina helped fashion the rhetoric, William Winter in Mississippi was the first southern governor to put the education for economic growth slogan to work in passing major education legislation. Since the civil rights movement in the 1960s, Winter had positioned himself as a “moderate” and sought to steer clear of the “liberal” or “progressive” label. Twice Winter lost campaigns for governor, but in 1979, on the heels of an unpopular populist, Winter finally succeeded in gaining office.

The linchpin of his legislative goals was a massive education package, including

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71 Transcript of SGA Annual Meeting, 8-11 July 1984, 104, Box 1, Southern Governors’ Association Records, Southern Historical Collection, Wilson Library, University of North Carolina at Chapel Hill (hereafter, SGA Records); “Actions for Governors,” draft, folder Task Force on Education for Economic Growth, Box 4, Larry Poore Records (unprocessed), Hunt Governors Papers I & II, State Archives of NC.
funding for universal kindergarten (Mississippi was the last state without it), reading aides for primary grades (as Hunt had done in North Carolina), re-instated compulsory attendance laws (excised as part of massive resistance after *Brown v. Board*), teacher pay raises, and new teacher certification requirements. Like Hunt, Winter positioned this package as vital to increasing per capita income in Mississippi, which ranked last in the nation on that metric. Early in his governorship, Winter said that he had lost on a relocation from a major electronics company that had chosen South Carolina for its superior education system and skilled workers. As he told the General Assembly in 1982, “the concern I hear expressed by industrialists more than any other has to do with the skill level of our workers and our capacity to train workers for specific skills.”

But the legislature, dominated by the conservative white wing of the Democratic Party, did not want to fund a public education system that would disproportionately benefit African Americans, who remained in the public system in greater percentages following the privatization movements after desegregation. Education reform crumbled during the initial sessions of Winter’s term. Winter used the pitch that educational improvement would lead to job growth to organize a coalition of more than forty state organizations in support of the plan, including the Mississippi Economic Council, the NAACP, the League of Women Voters, and the Children’s Defense Fund. After it failed to pass in 1982, Winter held forums around the state to rally voters to pressure their legislators, and his administration organized businessmen to fund a nonprofit, Mississippians for Quality Education. With the heat turned on, Winter called a special

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session in December and orchestrated a “Christmas miracle”: almost the entire package passed and instituted $110 million tax increase, the largest in state history. As with almost every other major education package in the South going back to Terry Sanford, however, the legislature made sure that the tax burden was at least partially regressive: The senate finance committee chairman argued and got a sales tax increase so that the “primary beneficiaries”—assumed to be too poor to be reached by other taxes—would have skin in the game. Still, the sales tax increase was balanced by increases in corporate and personal income taxes, as well as new taxes on alcohol, tobacco, and soft drinks.  

Winter’s passage of education reform in Mississippi brought him considerable national attention, signaling to the Democratic Party that biracial southern electoral coalitions were yielding results. Historian Joseph Crespino has pointed to Ronald Reagan’s feting in August 1980 at the Neshoba County Fair as emblematic of segregationist conservatives’ ascendency. Yet from the vantage of the early 1980s, the biracial Mississippians for Quality Education and its forums in 1982 demanding public school improvements, paid for by businessmen, suggested that voting rights were paying dividends in the ways that LBJ had dreamed when he considered the positive ledger of what the 1965 bill would do.  

When the U.S. Department of Education published *A Nation at Risk* in April 1983, southern governors were already knee deep in education reform, pursuing sizable education spending packages grounded in the logic of human capital development and

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76 For an important corrective to the interpretation that Johnson thought he was giving away the South with civil rights legislation, see Zelizer, *Fierce Urgency of Now* (2015); Wright, *Sharing the Prize* (2013); Gavin Wright to the editors, “The Capture of the South,” *New York Review of Books*, 19 Jan. 2017.
modeled on the rhetoric and results of Hunt and Winter. *Newsweek* quickly put together a cover package around *Nation at Risk* for a May 1983 issue. In the lead article, “Can the Schools be Saved?” the writer allowed that “the only good news in all this is that the commission’s call to action has been anticipated in some quarters around the country.” All of the state governors mentioned as “planting flags on the issues of education” were southern: Winter, Alexander, and, of course, Hunt.77

The package included two sidebar stories on models for education reform to emulate: one on Japan, and the other on how “It’s Working in North Carolina.” What was it that was working in North Carolina? Hunt’s first term education agenda, repurposed as efforts to improve the economy. The article detailed the North Carolina School of Science and Mathematics, the late 1970s education packages to provide elementary teacher’s aides and institute competency testing, and the cooperation of the universities in raising high school standards.78 In September, at the Southern Governors’ Association meeting—coordinated by the Southern Growth Policies Board—Virginia Governor Chuck Robb singled out Hunt’s leadership on education issues, especially with the *Action for Excellence* report. Education was one of four priority areas for the South, Robb claimed, along with attracting high technology industries, market expansion for traditional industries, and civil rights. “For a change,” he told the assembled politicians, “we have a chance to offer all Americans what for generations were provided to only a few: a good education, a good job, and an equal opportunity to obtain both.”79

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77 Dennis A. Williams, “Can the Schools be Saved?” *Newsweek*, 9 May 1983.
the SGPB, southern governors received a consistent message that the old methods of industrial recruitment no longer applied.

Since almost all of these governors were Democrats—and young ambitious politicians—they found economic rationales for education reform politically useful as a way to challenge Reagan’s spending cuts. A year later at the Southern Governors’ Association, the governors did a lot of back-patting for the strides made in education during the early 1980s. But during a session on “the South’s future school rooms,” they got a bracing reminder of how fleeting their successes might be. “Let’s not delude ourselves,” said Texas State Representative Wilhelmina Delco. “Education has its moment in the sun and most of you have taken good benefit of that moment. But already other problems are looming and education will recede as those problems are given voice and priority.” Delco’s warning would prove prophetic when it came to Hunt’s political future.

*Educating for Economic Growth in North Carolina*
Though Hunt was instrumental in popularizing the idea that educational upgrading was the key component to southern economic development, he did not pass another major education package until 1984. By that point, Hunt considered it crucial to gain the electoral support of the NCAE, the teacher union with which he had frequently feuded, as he prepared to contest the seat of Republican Senator Jesse Helms. He used the language of “education for economic growth” to galvanize political support for increased spending.

The NCAE had looked askance at most of Hunt’s education agenda, concerned

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80 Transcript of SGA Annual Meeting, 8-11 July 1984, p. 102, Box 1, SGA Records.
about how testing programs, incentive pay for science and math teachers, and the School for Science and Math might divide the state’s K-12 teachers and increase public blame directed at them for low scores. But more than anything, NCAE had feuded with Hunt for not making teacher pay a higher priority. In 1982, while Hunt was earning a national reputation for his educational zeal, the teacher’s organization in North Carolina was furious at Hunt for refusing to include teacher pay increases in his austere budget. They protested at the governor’s mansion, refusing Hunt’s proffered ice cream and lemonade.81

The next year, as the fiscal effects of the recession began to fade, Hunt saw “education for economic growth” as a way to frame a politically palatable spending increase. Even before releasing the Action for Excellence report, Hunt pushed his staff to move swiftly to establish a state-level Commission on Education for Economic Growth. In establishing the commission, he set out only broad goals, such as “create broad public awareness of the link between good schools and good jobs.” Hunt and Craig Phillips, the state superintendent of public instruction, had not always seen eye-to-eye, but Phillips also thought the “flurry of reports and studies on education” gave “those of us in the world of public education the best chance we’ve ever had to renew our own commitments, our skills and our performance on behalf of students.” It was, in short, a chance to get more resources. Nevertheless, the NCAE voted in January to withhold its endorsement of Hunt against Helms until teacher pay passed in the legislature.82

Hunt assembled an unwieldy 50-member commission that met in four locations across the state in order to workshop proposals that included large salary increases for teachers, merit pay, and the abolition of tenure. Many of these ideas had a conservative valence, especially those that disrupted job security and solidarity in the teaching profession. Yet Hunt seemed less concerned with the specifics of the reform package than in using the commission to add another pressure point on reluctant legislators in the 1984 General Assembly session. His aides called it “the last crusade of Hunt’s gubernatorial career.” Behind the scenes, MDC successfully pushed to ensure that the Commission report addressed the needs of “poor kids,” who Autry worried were getting overlooked in the frothy responses to *Nation at Risk.*

When Hunt preached on the need for educational increases, he invoked other states that were passing massive new education packages. “Florida has already done it. California has done it. Tennessee and South Carolina are on the verge of doing it,” along with Arkansas and Texas, Hunt warned a group of chamber of commerce executives in March. “If the other states do it and we don’t make the great giant steps forward now, we are going to start losing those industries.” He was playing by the Sanford playbook, using the governance decisions in other southern states to justify North Carolina action. Still, Hunt did not feel he could advocate for a tax increase, and few legislators had the stomach to argue publicly for one either. Increases in education spending would have to come from economic growth in tax revenues. The NCAE spokesman commented that

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“reform without additional money…is not reform.”

When the North Carolina Commission on Education for Economic Growth issued its recommendations in April 1984, Hunt drew out the theme of “raised expectations” for teachers, students, school leaders, and “for what our schools must and can accomplish.” Of the $300 million increased budget request of the commission, $228 million was for increasing teacher pay and reducing class size in grades 4-6. Thanks to MDC’s intervention, some money targeted “exceptional” children, including those from disadvantaged backgrounds. Hunt claimed the package was part of a “great crusade” for “excellence in education,” “expanded opportunities for our children,” and for “economic growth.” By twisting arms to win passage of $272 million of the requested $300 million budget increase, Hunt at last got the endorsement of the NCAE on July 27—and as the summer wore towards the fall election, it became clear that he would need every vote he could muster.

The Hunt–Helms race was seen at the time as a monumental contest between the New South modernizer against the Old South traditionalist, the “battle for the soul” of North Carolina. It sedimented those two political poles for the state parties, which sociologist Paul Luebke would describe as the natural state political dichotomy. The outcome hinted at the limitations of Hunt’s revised political coalition around education

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for economic growth.

Luebke classified Helms as a quintessential “traditionalist,” but “Senator No” was at the forefront of the rebuilt Republican Party’s right wing. From his Senate perch, he pushed to purge moderates from the GOP. He was a pioneer in connecting white evangelicals with the Republican Party through issues such as abortion, the Equal Rights Amendment, and school prayer. While he rarely won the battles he picked against party moderates, his fights made him a figurehead of modern conservatism, a darling among those connected by the emerging mailing lists assembled by Richard Viguerie, Jerry Falwell’s Moral Majority, and Helms’ own Congressional Club.87

Pitted against Hunt in 1984, Helms used his war chest as much to smear Hunt as to positively portray his own qualifications. Helms largely ignored microelectronics or other emblems of the New Economy in his campaign, though he tried to tarnish Hunt by tying him to tax increases and unions. Traditional industry—both at home and larger national businesses that wanted to keep Helms in Washington—supported Helms over Hunt, who received greater support from the real estate and transportation sectors. These and other donations made the $26 million contest the most expensive senate race in the nation to that date.88 But Helms largely avoided economic development questions, preferring to draw attention to racially-charged social and cultural issues such as the Martin Luther King Jr. holiday that Helms opposed.

88 Luebke, Tar Heel Politics (1990), 75; Link, Righteous Warrior (2008), 301.
Helms supporters worked to associate Hunt with a smorgasbord of organizations and causes, including unions, black politicians, gay rights, gun control, the anti-nuclear movement, and New Yorkers. Source: Southern Exposure, Jan/Feb 1985.

Hunt lost to the incumbent Helms, 52 to 48 percent, and it is hazardous to use it as a meaningful referendum on Hunt’s education for economic growth pitch. Like all close contests, the Hunt–Helms race is difficult to interpret. All the early polling suggested Hunt was the favorite in the race, including internal Helms polling so negative that Helms considered not running. But the Helms ad campaign effectively portrayed Hunt as wishwashy; Hunt’s campaign was distracted at crucial moments by unfounded accusations that he was both gay and hired female prostitutes; and Reagan pulled away in a landslide, winning the state with 62 percent of the vote and dampening Democratic turnout.\textsuperscript{89}

Nevertheless, the election returns in the eastern part of the state suggested the

\textsuperscript{89} Eamon, \textit{Making of a Southern Democracy} (2014), 200-217.
The dangers of Hunt’s economic development pivot. Hunt won only 35 percent of white voters, though he won between 95 and 99 percent of African American voters. He brought in only 51 percent of the eastern vote in 1984, despite his own claim as an easterner, and white voters there seemed to abandon the Democratic candidate over cultural and social issues like abortion and the MLK holiday. A Democratic supporter drove through the state’s small towns for Hunt and could not recall meeting a white male who said he would vote for Hunt. Helms, meanwhile, “represented the small towns of the South.” This slippage with rural white voters at least suggested the work that New Economy proponents had to do in order to shore up political support in a state with few major cities.

Had Hunt won the race, the counterfactuals are dizzying for his own political career and raise questions about the direction of the Republican Party. Many observers saw Hunt as a presidential contender, and it is possible he would have won the Democratic nomination in 1988 or 1992. With a victory, Hunt might have become the face of the New Democrats in the 1990s, taking his version of New South politics to Washington. The defeat of Helms, meanwhile, might have shifted the center of gravity of the state Republican Party towards the old mountain Republicans, or at the very least allowed more centrist business Republicans to consolidate power around incoming GOP Governor Jim Martin. In Congress, conservatives would have lost Senator No and his flamboyant crusades against the LBGT community, racial justice, and humane welfare programs, reducing the temperature on the cultural wars to come.91

But even in defeat, Hunt found ways to perpetuate his education and economic agenda. For just the second time since 1900, a Republican won the state gubernatorial race, but Hunt made sure on the way out that the budget recommendation featured spending increases for teachers, state employees, and university facilities—and no room for incoming Gov. Jim Martin’s favored tax cuts. Even as he moved into private practice, Hunt continued his involvement on national educational issues through the philanthropic Carnegie Corporation of New York, where he was instrumental in developing the National Board for Professional Teaching Standards. The people he had assembled for the Commission on Education and Economic Growth moved to create a new pro-schools organization, the Public School Forum, which provided a continued avenue in particular for business involvement in educational issues. Who was coopting whom—business or education—was often unclear, but at least during the Martin administration, the group bolstered the pressure for the Republican governor to stick to the education for economic growth formula.

With Hunt’s political career sidelined, Dick Riley of South Carolina, Bob Graham of Florida, and especially Bill Clinton of Arkansas filled the void on education and “human development” issues more broadly. When the Southern Growth Policies Board prepared for its 1986 Commission on the Future of the South, White arranged for Clinton to remain past the standard term as chairman in order to guide the commission. White also hired a fiction writer, Doris Betts, to wordsmith the report with a more poetic touch. Clinton, however, came up with the report’s title, *Halfway Home and a Long Way to Go*.

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It was far and away the most influential report that Southern Growth issued, thanks to the appeal of its prose, the charm of Clinton, the dogged promotion from the organization’s board and staff, and especially the ripeness of the moment for the report’s call for improved southern human development.  

_Halfway Home_, released in November 1986, stated a general premise that “unless we _all_ move forward, nobody’s going very far.” It proposed ten objectives for the South. The first three were oriented around education, literacy, and workforce development, while the fourth sought to “strengthen at-risk families.” The report built explicitly on the “heavy load” of southern history, noting in the introduction that “other self-proclaimed ‘New Souths’ have dragged behind them like long, old chains the inevitable outcomes of the plantation system, secession and reconstruction, sharecropping, low-wage factories, and segregation. Decades after old economic systems have vanished, their high human cost remains.” The South, with its Sunbelt prosperity and its rural poverty, was “halfway home and a long way to go.”

Promoting equity was a guiding force behind the report’s objectives, according to White, but one intentionally obscured. “We had a huge concern with equity,” said White, but he notes they consciously did not often use that term. “What we call it in the _Halfway Home_ report is interdependence. In fact, we end with a declaration of interdependence. But that’s what you’re really talking about is equity.” Southern Growth framed the human development challenge in terms of southern history, arguing that the region was in

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93 Jesse L. White, Jr., interview by author, 4 Dec. 2015; Stuart Rosenfeld, interview by author, 17 Dec. 2015.
94 Betts and White, _Halfway Home_ (1986).
95 Jesse L. White, Jr. interview by author, 4 Dec. 2015.
its low-wage position because of its past failures to invest in education, public health, and quality of life services like the arts. Education was a centerpiece of the 1986 report, and by that point, Southern Growth could claim momentum if not victory.

Just a few months prior, MDC published its own Ford-funded report calling for renewed attention to those left behind after the Sunbelt boom. *Shadows in the Sunbelt: Developing the Rural South in an Era of Economic Change* also proved highly influential, amplifying the *Halfway Home* report by the compatibility of its recommendations and the proximity of its release (both reports also shared many intellectual common links, including William Winter). MDC’s report explicitly referenced the 1967 President’s Commission on Rural Poverty, *The People Left Behind*. *Shadows* directly challenged the “buffalo hunt” for industry and explicitly articulated a new development strategy geared around local initiatives—an argument developed from MDC’s 1981 reports on North Carolina rural development. *Shadows* also proposed new metrics for economic development, including median per-capita income, levels of educational attainment, and new business formation. More technical in nature than *Halfway Home*, *Shadows* did not belabor the point of interdependence, but it did conclude with an epilogue that noted that rural decay threatened to turn southern cities into “magnets for those displaced from the country.” Many of the reports’ arguments harkened back to those made on behalf of rural development and assistance to the disadvantaged that were made during the War on Poverty. But rather than promote

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96 *Shadows in the Sunbelt* (1986). Like Hunt, Winter no longer held office—Mississippi governors were limited to a single term, and his ended in 1983. For more on his role in these reports, see Bolton, William F. Winter (2013), 249-252.

97 *Shadows in the Sunbelt* (1986), 16.
industrial development in rural areas, *Shadows* pointed toward new, locally grounded strategies for economic growth.

**“Halfway Home”**
Together, these reports crystalized the new southern approach to education and economic development. They were well received across the political spectrum, though Democrats embraced them more tightly than did Republicans. By the end of 1986, the problems with alchemically turning social problems of education, health care, and poverty into economic growth imperatives were not yet manifest. It appeared more than ever that the southern political economy was shifting in profound ways, however gradually, in the direction of racial and gender equity. They spoke less of equity than the first wave of post-civil rights political leaders in the 1960s and early 1970s, but this was part of pragmatic attempts to take action on issues of education and poverty. 98

All told, the Reagan administration was less successful at reducing the federal role in education and development than its strident rhetoric and first policy steps had augured. Yet those early steps to defund education and regional development, however constrained by counter actions and upended by subsequent budgets, did alter the approach that North Carolina based policy shops MDC and SGPB took to rural development, education policy, and their broader stance on the nation and region’s political economy. In North Carolina, this policy agenda could unite a sizable portion of business leaders in a coalition that was only a minority white, but that still appealed to some old guard white Democrats in the rural east.

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98 The diminished role of equity in the education policies of these second wave New South governors such as Hunt is made by Baker, “Desegregation, Mct, and Origins of Accountability” (2015).
Southern Democrats took the lead in refashioning industrial recruitment to fit the political demands of their biracial coalition. They were aided in this pivot by the intellectual work of academics, government researchers, and the burgeoning think tanks, harnessed by the Southern Growth Policies Board and MDC. The Southern Growth Policies Board and MDC during the 1980s sought to harness southern identity for a more humane, less exploitative economy. They painted for southern policymakers an idealized postindustrial vision for a new South that stood in stark contrast to the low-wage, low-skill manufacturing hub that had seemed the only possibility to many elected officials since Mississippi’s Balance Agriculture with Industry program of the 1930s. They used southernness to create a regional community of fate, persuading politicians that the economic health of their states hung on improving education, health care, and quality of life for the broad base of southern people—black and white, male and female, young and old.

Many years later, Hunt’s advisor, Quentin Lindsey, would conclude that “in terms of effect on society, the biotechnology center probably was the greatest thing we did in the long run.” Still, the longer view of the microelectronics industry in North Carolina suggests the limits of state government’s ability to create a dynamic new cluster using the Hunt administration’s techniques. Hunt’s press secretary, Gary Pearce, claimed that by 1985, NC was “as famous for the Research Triangle and microelectronics as it was for tobacco and textiles.” But while many computer engineering and electronics assembly jobs stuck in North Carolina, microelectronic research and production never took root in

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99 As Cobb demonstrates, this was the beginning of industrial recruitment as state policy. Cobb, *Selling of the South* (1993), 5-34. See also, Friedman, “Exploiting the North-South Differential” (2008).
the way that Hunt hoped. Many of the production jobs followed the offshoring herds to factories in southeast Asia. University researchers and private companies alike struggled to find value in the state Microelectronics Center, and by the late 1980s, it shifted its purpose from research center to internet service advocate and provider for schools and rural communities.100

Moreover, the early 1980s microelectronics push did little to reshape corporate opinion on the state’s strengths. In 1985, Alexander Grant and Company asked a national sample of corporate leaders to rank North Carolina’s business climate. It came in 8th, with low wages and low level of unionization its chief attractions.101 The major challenges of North Carolina’s political economy remained as MDC and SGPB helped create new institutions based on their indigenous entrepreneurship strategies to promote rural development.

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101 Luebke, Tar Heel Politics (1990), 87.
Chapter Six

“Beyond the Buffalo Hunt”:
Developing Entrepreneurs in the Black Belt, 1980–1992

Shadows in the Sunbelt and Halfway Home and a Long Way to Go argued that the buffalo hunt was over. No more could southern leaders depend on the low-wage branch plants that had industrialized the rural southern workforce since World War II. North Carolina’s traditional industries—textiles, apparel, furniture, and tobacco—faced global competitive challenges, leading management to automate, consolidate or offshore production. In Washington, textile industry associations and unions joined voices in a fight for trade protection from imports.¹ But at the level of state and local government persisted a policy vacuum: if not recruit branch plants, what could communities do to accelerate development?

Staff from MDC, Inc. and the Southern Growth Policies Board searched intently for a solution, tapping their policy networks, traveling the country and, sometimes, the globe. What they brought back to state and local policymakers was that an equitable future lay with home-grown small- and medium-sized enterprises. Locally owned—and preferably worker-owned—small businesses would each employ fewer people than the branch plants they replaced. But in volume, small businesses promised healthier local capital circulation and accumulation. Instead of pouring resources into recruitment, government could incubate new enterprise.

Policy oriented in this direction was noticeably silent on specifically what goods

¹ Shadows in the Sunbelt (1986); Betts and White, Halfway Home (1986); George B. Autry, “North Carolina awaits new vision,” Raleigh (NC) News and Observer, 11 Nov. 1984, 5D; Minchin, Empty Mills (2013), esp. 91-117.
or services these new businesses would provide. But that was part of its genius: who
could predict the direction of technological development and innovation? As
policymakers sought to seed a new economy in rural North Carolina, they came back
again and again to educational institutions to aid their effort. Postsecondary facilities,
especially the community colleges, could offer new coursework on the practicalities of
operating a small business or worker training in the new technology of manufacturing.
But strengthening K-12 education also played a prominent role. More than ever, students
needed a strong general education, grounded in literacy and numeracy, to become capable
life-long learners, adapting to new technologies and new industries. The role of schools
was to teach students to “think for themselves,” rather than churning out disciplined
automatons for the factory floor. Educating for personal liberation stimulated economic
growth, conjoining a New Left vision with the demands of politicians.2

The results seemed positive in the Raleigh-Durham area, with burgeoning clusters
in electronics and pharmaceuticals as well as top tier universities that could generate spin
offs. The Research Triangle Park came into its own at last: its developed square footage
exploded from 2.5 million to 12 million by decades end, while employment shot up three
told, from under 10,000 to more than 30,000.3 But could indigenous entrepreneurship
really stimulate rural development? Eastern North Carolina proved an informative—and

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2 One significant but under-appreciated intellectual support for market-based education reform in the 1980s
and 1990s was the free schools movement and critiques from others who sought to instill a pedagogy of
liberation. Joel Spring wrote Sorting Machine (1976) so “that we might begin to formulate a national
educational philosophy based on individual liberty, not on service to the state and corporate interests”
Policy since 1945 (1976). Former free school movement participants, including Stuart Rosenfeld and
Jonathan Sher (discussed in this chapter), sought to ensure that schools did not produce stultified
automatons. The entrepreneurial economic development approach, focusing on innovation more than
industrialization, allowed them to promote critical thinking and individualized curriculums.
3 Link, From Seed to Harvest (2002), 26, 30.
ultimately disappointing—test case.

**Diesel Engines as Catalysts for Change**

A few years before Autry declared the end of the buffalo hunt, industry hunters in North Carolina brought down a prize specimen for eastern North Carolina: a diesel engine manufacturing plant. The story of Consolidated Diesel in northeastern North Carolina refracts the many changes in economic development strategy in the 1980s. Its presence—and the philanthropic orientation of Cummins—secured an eastern North Carolina offshoot of the Local Initiatives Support Corporation (ENC-LISC), which worked to incubate black-owned businesses and foster community development corporations. When Autry called for alternatives to the buffalo hunt in 1984, it was ENC-LISC that topped his list of promising new approaches.⁴

Cummins and Case, the two companies that joined to operate the Consolidated Diesel plant, had played the usual site selection game to extract government subsidies (on that score, North Carolina’s community college training modules offered an attractive subsidy).⁵ But Cummins in particular was rare for its commitment to social responsibility. In the postwar era, it worked to combine social and economic goals in its business decisions. In the 1960s, its CEO, Irwin Miller, stood publicly in favor of the Civil Rights Act; Martin Luther King Jr. called him the most progressive businessman in America. Cummins’ efforts to balance corporate profits and social responsibility, whether in diversity, environmental standards, or in global supply chain ethics, made it the subject of

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⁴ George B. Autry, “North Carolina awaits new vision,” *N&O*, 11 Nov. 1984, 5D.
⁵ “Institute or College: What’s in a Name?” *Nashville (NC) Graphic*, 9 Aug. 1979, 4. On the Consolidated Diesel site selection process, see Chapter 4.
numerous business school case studies.\(^6\)

The potential social impact of Cummins in eastern North Carolina represented the ideal of a long line of southern progressives who believed industrialization would create a more equitable South—an ideal that by and large remained far from the reality.\(^7\) Not only did Consolidated Diesel pay above average wages for the area: its interracial business practices pushed against vestiges of Jim Crow. Ronald Gratz, the plant’s manager, found Rocky Mount “the most biased and conservative community” he had ever encountered—and he had just relocated from Cummins’ Charleston, South Carolina plant. The same local business leaders who had raised $1 million for the company pressured Gratz to partner with the local private college, Wesleyan. But Gratz refused: Wesleyan had no black faculty members, which troubled the company’s African American employees. One black manager bought a house near the golf course. When he tried to bring a business client to lunch, club officials called Gratz to tell him that blacks were only allowed in a side dining room. Furious, Consolidated Diesel pulled its corporate membership; the manager successfully lobbied the Atlantic Coast Conference to withdraw the club as a location for college golf tournaments. Gratz complained that “other national companies with plants in Rocky Mount have shown no disposition to follow Consolidated’s lead on


\(^{7}\) On how incoming business adapted to southern social and racial culture, see Wright, *Sharing the Prize* (2013); Friedman, “Exploiting the North-South Differential” (2008); Maunula, *Guten Tag, Y’all* (2009).
black jobs or support for blacks in the community.” Consolidated Diesel was still the exception that proved the rule.

The company’s philanthropic spinoff, the Cummins Engine Foundation, had taken a strong interest in Howard Fuller and Nathan Garrett’s experimental approaches to African American advancement in North Carolina, funding both the Foundation for Community Development and the Malcolm X Liberation University. The Cummins Foundation at that time was directed by James A. Joseph, a black southerner with a divinity degree from Yale who had organized for the civil rights movement in Alabama and Mississippi. Under Joseph’s leadership, the Cummins Foundation lent its technical expertise to Mississippi Delta civil rights leaders transitioning into economic development. Its support was instrumental in the creation of Delta Enterprises, one of the largest black-owned businesses in the country and a model of success in the domain of community development. Jimmy Carter plucked Joseph for a job as undersecretary of the Department of the Interior, but David Dodson, also African American with both a divinity and business degrees from Yale, took over where Joseph left off.

As Cummins and Case prepared the new factory in 1982, Dodson and the Local Initiatives Support Corporation (LISC) discussed collaborating. Cummins wanted to leverage its presence in eastern North Carolina for the benefit of the region’s African American community. 

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Americans, who made up 40 percent of the local population. According to Gratz, the goal was to help small minority-owned companies get into “capital intensive, highly technical product development.” Through long term contracts and targeted training on production and management techniques, Consolidated would provide a “sheltered market” for minority-owned suppliers until they became established operations. LISC would help with technical assistance as well as provide start up capital to these fledgling entrepreneurs. Most black-owned businesses that Cummins contracted with were in blue-collar services, but Gratz considered this “counterproductive” in the long run because of their low margins and competitive markets. The LISC-Cummins project was geared toward incubating black-owned manufacturing businesses.

LISC’s president, Mitchell Sviridoff, called it a “high risk, high reward” proposal that he thought had strong potential. LISC was based in New York and primarily served urban redevelopment efforts in major cities facing deindustrialization. But the nonprofit supported a few projects in the Southeast. Moreover, Sviridoff had strong ties to North Carolina that dated back to his early years working with the Ford Foundation. In dialogue with Esser, Sviridoff was intrigued by the idea of creating a LISC area of concentration in eastern North Carolina, centered around the Consolidated Diesel manufacturing site. They won sizable contributions from the North Carolina-based Z.

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George Esser had left the National Academy of Public Administration in D.C. to return to North Carolina as a consultant on a variety of rural development and antipoverty initiatives. ENC-LISC became his focus. He recruited his former lieutenants at the North Carolina Fund, Nathan Garrett and Dewitt Sullivan, to help advise the fledging organization. Garrett and Sullivan ran an accounting firm, “the major predominately black firm in North Carolina,” and had contracts with the Minority Black Development Agency of the U.S. Department of Commerce. Their involvement, in Esser’s estimation, helped build bridges in divided black and white communities around Rocky Mount. One dilemma was local fundraising, a LISC requirement to ensure that local communities had stakes in the game. Esser was skeptical “that anyone can raise $200,000 in Eastern North Carolina for black economic development.” But merger-oriented North Carolina banks had incentives to contribute because of the 1977 Community Reinvestment Act, and the Cummins Engine Foundation donated $100,000. Garrett and Sullivan tapped their rolodex of individuals and companies supportive of “minority development.” In 1984, LISC officially launched a program for eastern North Carolina, establishing 44 coastal counties as an area of concentration rather than restricting it to the counties surrounding the new engine manufacturing plant.14

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Esser and LISC hoped the arrangement with Consolidated Diesel to build up black-owned local suppliers could prove a model for a wave of “capital intensive, relatively high wage branch plants of national corporations settling in the region.” A key beauty of such plants was their need of “securing nearby location of suppliers to reduce the need for maintaining large inventories”—a feature of the trend toward “just-in-time” supply chains, they claimed. The nonprofits thought they could help integrate branch plants “with imagination” into the region’s economy. They wanted these new plants to have “a demonstrable impact on poverty and unemployment in the region,” as opposed to so much of the Sun Belt growth. What LISC sought was “a strategy that produces jobs for those most in need of jobs, and this means a strategy of development that extends beyond new plants alone.”

15 It was their task to implement that in eastern North Carolina.

The belief that many more Consolidated Diesels were on the way was a continuation of the old faith that southern industrialization would create a political economy analogous to the North and Midwest. Cheap labor did continue to attract rural branch plants in the early 1980s—eight counties, in fact, saw an uptick in textile employment from 1980 to 1985, all of them rural. In the early 1980s, the idea that the unions were coming remained common sense, especially with the J.P. Stevens settlement, even to economists who were not particularly sympathetic to unions. In 1982, public choice economist Mancur Olson prophesied that southern unionization was imminent during an address to the Southern Economic Association. Sunbelt growth, he predicted—

stimulated by World War II, falling transportation costs, and the civil rights opening of the South’s labor market—would soon fizzle into a national equilibrium in terms of wages and unionization. As that process played out, ENC-LISC sought to make sure the results were racially equitable.

But those involved in ENC-LISC soon realized that they would have to adjust to new business realities. Consolidated Diesel struggled to secure contracts with black-owned businesses. By the fall of 1983, the firm had service contracts for security and janitorial, but it had found only one minority-owned contractor for engine parts. That business provided plastic jointing. It was a start-up assisted by a Durham community development corporation that had emerged during the state’s War on Poverty.

Consolidated Diesel wanted LISC’s help with another promising lead on a black businessman, Wallace O. Green, who was prepared to start a firm to produce engine parts. Green was putting little of his own equity into the deal and had no experience in auto parts manufacturing, but he did have connections to the Cummins Foundation from a stint as deputy assistant Interior secretary with James Joseph. Originally from Washington, D.C., Green was married to a woman from Ahoskie in the black belt and was planning to purchase a metal casting and stamping business in Raleigh. That was another problem: Wake County was outside the LISC area of concentration. Even more dismaying from LISC’s point of view, the business would employ only six to twelve people. In the assessment of Bill Duncan, hired to scout the project because he ran a

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17 The address was later published as Olson, “The South Will Fall Again: The South as Leader and Laggard in Economic Growth” (1983).
highly respected Appalachian economic development organization, Consolidated Diesel was “unrealistic about what this offer can be expected to accomplish” for local community development. The contract Consolidated would offer Green gave him slim profit margins of around 5 percent—reflecting the squeeze that firms like Cummins put on contractors—and he would have to generate sales from other companies. Beyond Green, the company sought only one additional minority-owned supplier for a handful of relatively simple engine parts. A black-owned manufacturer in Cary, North Carolina, served IBM and tried to get a contract for engine crates for Consolidated Diesel, but it could not produce them at sufficiently high quality and low cost.19

In the end, Duncan concluded that the Consolidated Diesel project was a “red herring”: “They want the project to become a model for other corporations,” he noted, “but do not know how much it will cost them to do it and [have] not allocated resources for the project.” Like Green, Consolidated Diesel seemed eager to avoid risks. “Really, Consolidated Diesel has nothing to lose in this whole enterprise.” It was up to Green, LISC, and the Cummins Engine Foundation “to risk the resources to pursue the idea.” Esser concluded in his final report to Sviridoff that “Consolidated does not represent a source of additional opportunities for either small businessmen or CDCs who might benefit from the LISC effort.”20

Though Esser did not articulate it this way, he seemed to realize the trade-offs of manufacturing innovation in the 1980s. Just-in-time inventory seemed to present new

opportunities for local suppliers. But import costs were falling and capital-intensive manufacturing created fewer jobs than the assembly lines of old. By the end of the 1980s, the plant was about 90 percent automated. Automation was “the single greatest factor that allows you to move into levels of quality to compete worldwide,” according to a quality control manager. Plant manager Gratz estimated that the block line would have engaged 300 workers ten years earlier; at the new Rocky Mount facility, it merely needed three. Design innovations reduced the number of component parts from 360 to 190, which could be sourced internationally. The plant would not create local suppliers on the scale of the older factories in Indiana. LISC was discovering that manufacturing could no longer be counted on for providing a bounty of employment.

Consolidated Diesel remained a model for LISC, and the state of North Carolina considered the company’s supply-chain set-asides an important new ask of incoming businesses. But another firm of Consolidated’s scale did not come to eastern North Carolina in the 1980s. According to a mid-term program evaluation in 1986, “no large plant with many subcontracting opportunities has located at a promising spot in the region since LISC began its Area of Concentration.” That eastern North Carolina did not see another new firm like Consolidated Diesel between 1982 and 1986 was indicative of a larger trend in rural America. Manufacturing firms that had been choosing nonmetropolitan U.S. sites for expansions or relocations in the postwar era were


22 In 1984, when Champion announced it would build a new paper mill in Halifax County, Esser urged the company to “adopt the Consolidated Diesel polices when construction does in fact begin,” but no evidence suggests that actually took place.
increasingly choosing “offshore” locations.23

Southerners for Economic Justice, established by the AFL-CIO, civil rights groups, and religious organizations to fight for unionization seemed positioned in 1980 to build on the J.P. Stevens Company settlement with the Amalgamated Clothing and Textile Workers Union. Yet the ink was hardly dry on the contract before SEJ turned its attention away from unionizing textile firms toward the problem of plant closures, especially in eastern North Carolina. The advice it received from the Interreligious Economic Crisis Organizing Network in 1983 was representative: push for education, infrastructure, job-creating tax incentives, and local ownership of small firms—building blocks of the new alternative economic development approach.24

Figure 18: The staff of Southerners for Economic Justice. Source: SEJ publication Fair Measure, Fall 1983, box 4, folder 98, SEJ Records, UNC.


SEJ supported an organization that sought to build the union movement on the ground in the black belt, Black Workers for Justice (BWFJ). Organized by Saladin and Naema Muhammad, the group congealed in 1981 as part of a fight over job discrimination against black workers at the K-Mart in Rocky Mount. BWFJ formed workers councils in six eastern North Carolina counties. The going was rocky and the victories few. “What we are learning through our sincere efforts to organize workplace committees in factories and on the farms…is that these tasks are not as easy as they sound,” it reported back to Southerners for Economic Justice. Nevertheless, BWFJ persisted, with a handful of core organizers carrying it through rocky funding cycles. For several years, BWFJ ran a workers’ school that it hoped would grow into a kind of Highlander Folk School for the Black Belt. This was a different form of training—the job skills taught in the BWFJ schools were how “to resist wage cuts, speed-ups and increasingly worse health and safety conditions.” As Bob Hall observed in *Southern Exposure*, the publication of the Institute for Southern Studies, “They are among the minority doing the solid, patient organizing and rank-and-file agitation for economic democracy that so many others say is needed but find too difficult, too risky, too exhausting to attempt.”

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While many whites in Rocky Mount found Consolidated Diesel too progressive for their tastes, Black Workers for Justice found it not progressive enough when it came to workers’ rights. A 1986 newsletter article called out Consolidated Diesel for hiring numerous temp workers, forced overtime for permanent employees, and discrimination against black workers. It noted the hypocrisy of a Consolidated training session for the local minority business association while mistreating black workers in its plant. “The millions of dollars in costs for installing water and sewer lines and purchasing land for [Consolidated Diesel], raised by the citizens in the Rocky Mount and surrounding areas, is being thanked with the insult of racism against Black workers.” To BWFJ, Cummins was just another “rich corporation” in the area.26

SEJ and BWFJ critiqued the free trade policies of the period, positions in line

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with the AFL-CIO. But while textile and apparel unions joined bosses in support of protectionist measures, these grassroots outfits thought low-wage plants were rarely worth keeping. Their analysis of “runaway shops” paralleled that of Stuart Rosenfeld at the Southern Growth Policies Board—and occasionally drew explicitly on Rosenfeld’s work. In BWFJ worker schools, the organization highlighted the “devastation” left by the runaway shop: “Unemployed workers, unpaid rent, repossessed cars, family crisis, alcoholism, drug addiction and divorce.” Companies used relocation as a threat to forestall unionization, but “many workers have learned the hard way that they will leave if no demands are made.” In other words, workers might as well fight for fair conditions, regardless of firm threats.

Given their negative consequences, such businesses usually were not worth having in the first place. In these exploitative enterprises, “the Black working class not only find themselves being the lowest paid workers, most of the profits made by those industries are put in northern banks, which are then mainly used to finance the development of other industries and areas outside of the Black Belt south.” BWFJ taught a version of Latin American dependency theory—seasoned with the regional colonial critique of 19th century white New South boosters. Implicitly, these criticisms pointed to the need for an alternative, indigenous form of economic development of the

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sort that MDC and SGPB were also seeking at the time.

Black Workers for Justice tried to leverage the industrial recruitment process to win higher wages for workers. In 1984, it organized a coalition of community groups in Wilson to fight an application by a ball-bearing manufacturing firm for $4 million in industrial revenue bonds to expand its plant and add 50 employees. Because its average hourly wages, $6.90, were lower than the county average of $8, the General Bearing Company needed a waiver from the state Department of Commerce. The Wilson County Coalition for Jobs and Fair Wages campaigned against the waiver before City Council and the state Department of Commerce. The hope was to win company concessions to pay higher wages. But General Bearing instead withdrew the bid and canceled the expansion. Workers at the plant were in an awkward position. Some joined the coalition publicly and most completed a wage survey conducted by BWFJ that suggested the company inflated its average in its application. But 60 percent of workers felt compelled to sign a petition that said the coalition did not speak for them. A company spokesman threatened the plant would have to look for a site elsewhere if “unfriendly” employees damaged its image.31

Such struggles to bargain with manufacturing firms led SEJ and BWFJ to oppose branch plant recruitment all together. In the late 1980s, the Institute for Southern Studies, SEJ, and BWFJ worked with local community organizations in a campaign to help workers who lost their jobs when the Schlage Lock Plant closed near Rocky Mount. As they sought compensation for the workers, they drew attention to the closing as an example of “economic development policy gone awry.” A fact sheet distributed to the press called out local and state government for supporting the company in years past:

Recruiting companies to the state with enticing public dollars to use up good workers in fifteen years and abandon them on a garbage heap, rendering many unemployable due to ruined health, offering no compensation to the workers, no retraining, and leaving the community with toxic wastes to cleanup to boot amounts to classic underdevelopment.32

The policy push from both radicals and modernizers was to end public support for industrial recruitment and abandon low-skill manufacturing all together.

The Worker Co-operative Alternative

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One promising approach to address plant closures that attracted ENC-LISC, SEJ, and Black Workers for Justice was the industrial worker-owned cooperative. The template was the Workers’ Owned Sewing Company (WOSCO) in the far reaches of the North Carolina black belt. In the late 1970s, a group of textile workers in rural Bertie County took a struggling experiment in Nixonian “black capitalism” and converted it into the state’s most successful model of worker-owned apparel manufacturing. Beginning in the early 1970s, the federal Small Business Administration had backed Bertie Industries, a cut-and-sew shop that employed about 200 people, mostly black women, with investments from around a hundred local African Americans. The company filed for bankruptcy protection in August 1979, putting its employees out of work. Timothy Bazemore, an African American lumber contractor and farmer, experienced in local civil rights protests, organized meetings with laid-off seamstresses. They would emulate an approach they had heard about in the Basque region of Spain: the industrial cooperative. North Carolina law at the time only recognized agricultural, rather than industrial, cooperatives, but Bazemore and a group of machine operators soon worked out a charter for the Workers’ Owned Sewing Company.\textsuperscript{33}

Within a year of WOSCO’s launch, twenty-somethings Martin Eakes and Barbara Marie (“Bonnie”) Wright founded the Center for Community Self-Help and began an allied effort to “reconcile socialism and capitalism.” The couple met at Davidson College

a few years prior. They were white children of the South whose commitment to social justice would have made remaining in the state unlikely in the Jim Crow era. But Eakes, after getting a public policy degree at Princeton and a law diploma from Yale, was determined to help poor people in North Carolina, where he grew up. Wright came from suburban Atlanta, her father a member of the John Birch Society. During college, she worked on health issues with migrant workers in eastern North Carolina. Afterwards, she traveled to Ecuador for social work before earning a master’s in economics and public policy at Yale’s School of Management. Eakes and Wright drew on their Davidson and Ivy League networks to create a set of organizations, devoted to community development, that gave financial agency to the poor and working class, especially women and people of color.\(^{34}\)

They stumbled on the idea of industrial cooperatives as a way to address plant closings in North Carolina’s traditional industries. Down in eastern North Carolina, Texfi Industries closed without notice in 1980, stranding 400 disgruntled workers who made polyester yarn. A community organizer, Frank Adams, facilitated a meeting between Eakes and the workers at a high school gym in New Bern. Adams, who cut his teeth with the North Carolina Fund, worked with Legal Services of North Carolina. Employing an eager crop of young lawyers inspired by the civil rights movement, Legal Services was an important hub for social justice work across the state and especially in eastern North Carolina.\(^{35}\)


The idealistic Eakes got a quick tutorial in the challenges of converting plants that had already closed in an industry that he still knew little about. The workers would need $10-$12 million to run the plant—but they would also need to scrounge for contracts to reinsert themselves into supply chains. Texfi closed the plant in part because polyester had fallen out of fashion; any worker-owned operation would have to figure out how to keep up in the retail revolution that was shifting the power of production away from textile producers and towards retail and big brand buyers. Adams connected Eakes and Wright to Bazemore at a 1980 meeting on worker-owned businesses. They were unable to scrounge up the resources to convert the Texfi plant into a workers-owned company. Without any financial resources or grant funding to speak of, the best that Self-Help could do at the moment was assist Percy White, a laid off worker, establish a New Bern bakery that opened in 1981.36

Self-Help looked to worker ownership for reasons that were in some ways similar to why, at the state level, Hunt was looking beyond traditional industries to stimulate economic growth. Their early efforts centered on helping workers take ownership over struggling businesses. “Self-Help is neither anti-business nor anti-union,” they argued in their original proposal to Z. Smith Reynolds for financial support for the Center for Community Self-Help. “In fact, the attraction of employee-ownership is the attraction of combining the best aspects of the so-called ‘conservative’ and ‘liberal’ perspectives.”

Thanks to the growing network of people interested in worker-owned businesses and

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cooperatives, Eakes and Wright did at last find substantial foundation support from the Mary Reynolds Babcock Foundation in 1982. They organized a summer conference at Guilford College on worker ownership that suggested the movement was on the cusp of taking off. Many of them were businesses run by African Americans in eastern North Carolina: a weekly newspaper in Roanoke Rapids, a casket company in Halifax County, a zipper factory, and a heating and air company, in addition to White’s bakery.37

![Map of worker ownership in North Carolina](image)

**Figure 21:** Map of worker ownership in North Carolina. Many of the initial worker-owned cooperatives in North Carolina were in the East, owned and operated by African Americans. *Source: Fair Measure, Winter 1985, box 4, folder 98, SEJ Records, UNC*

Tied to this effort at worker ownership was one that would prove more viable in the long run: the Self-Help Credit Union. Bazemore, for instance, told Wright and Eakes

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how difficult it was as an African American to secure credit to expand his businesses: he could more easily borrow $20,000 for a Cadillac than $100 to grow his logging operation. With interest rates in the double digits during the Volcker Recession, the need for affordable credit was all the greater for fledgling small businesses. It took some legal creativity to figure out how to initiate the credit union, but Eakes and Wright received a charter in September 1983 and opened for business in March 1984—aided by a New Bern bake sale from Percy White. While foundation funding had been difficult to secure for cooperatives and worker-owned businesses, the couple found robust philanthropic interest in the credit union. The Mary Reynolds Babcock Foundation, Z. Smith Reynolds, and the Ford Foundation all contributed capital to the Self-Help Credit Union, as well as operational support, with some funding flexible for riskier lending. For that, they set up the Self-Help Ventures Fund. The Presbyterian Church USA also put $100,000 in the Credit Union to get it off the ground.38

Self-Help was not alone in supporting worker cooperatives in the state. In addition to ENC-LISC, legal services offices in eastern North Carolina stepped up to pursue rural development in the face of government pull back. In 1984, it promoted “cooperative economics” as a rural development strategy, grounded in the idea that localizing suppliers for goods and services would keep more money in the area. It was a pitch to take advantage of Self-Help, of the foundations, of church grounds, of credit unions interested in this kind of community development. The benefit of “cooperative economics” was that it required “growth in people in ways that other forms of economic

development do not.” Making sure that local people grew from the experience would help “vest” control in poor people—crucial for “lasting and deep impacts” to address poverty as a whole.

Figure 22: Event flier. An array of allied organizations in North Carolina searched for alternative forms of economic development in the 1980s. Source: box 27, folder 722, SEJ Records, UNC.

MDC kept close watch on these cooperative efforts, hoping to publicize success stories.39 One of the biggest successes, besides WOSCO, was Watermark, an association of craft producers in Elizabeth City, North Carolina. After a rocky start, its manager, Carolyn McKecuen, developed a thriving wholesale business supplying baskets, stuffed animals, and wood carvings to distant markets. By 1986, with the support of ENC-LISC, Watermark counted 400 “working members,” mostly low-income women.40 All across


North Carolina, nonprofits sought to fill a void left as the federal government pared back during the Reagan administration. The number of community development corporations (CDCs) in the US more than doubled in the early 1980s to a total number between 3,000 and 5,000.41

By 1988, North Carolina was the center of the worker-owned movement, according to the San Francisco Examiner. Self-Help was advising state leaders in South Carolina, Kentucky, and Georgia on rural development and industrial co-ops—not to mention the governments of India and Canada as well. It was “civil rights, 1980s style,” as a Durham weekly paper phrased it. In 1989, more than 51 percent of the money it lent commercially went to minorities, and 28 percent to minority-owned businesses specifically. Nationally syndicated columnist Neal Peirce called North Carolina “the nation’s star” regarding rural and small-town efforts, citing its “rich fabric of co-ops, credit unions, community-development corporations, nonprofit housing producers and land trusts.”42 With such a thriving mix, North Carolina seemed to have found a more organic way of balancing growth. The work of ENC-LISC, Self-Help, SEJ, BWFJ and others—in conjunction with efforts by local and state government officials—meant that North Carolina’s “progressive” reputation for racial fair dealing, which had taken a hit in the 1970s, was bouncing back.

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Figure 23: Importing an organizational form from the Basque region of Spain, the Center for Community Self-Help nurtured industrial workers’ cooperatives to replace jobs lost in branch-plant shutdowns. *Source: box 26, folder 678, SEJ Records, UNC*

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In these approaches to equitable development—worker cooperatives, community development corporations, affirmative action and “fair share agreements”—the cooperation of big business was crucial. Big firms had to serve as stable buyers for cooperatives or to serve as anchor employers or financiers with community development corporations. Yet corporate America was facing its own transitions, with a pointed emphasis on shareholder value, “core competencies,” and a trend toward financialization. Even depending on progressive big companies such as Cummins was proving increasingly frustrating.

From afar, North Carolina may have seemed to have figured it all out, but

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sustaining black- and worker-owned businesses was consuming for both ENC-LISC and Self-Help. In its first few years, Self-Help devoted much of its time and resources to providing “technical assistance” to the worker-owned businesses in its portfolio. Support for a piedmont hosiery plant that provided thirteen low-wage jobs cost Self-Help between $40,000 and $50,000 between 1983 and 1988—leading many staff members to wonder whether it was worth it. As a Self-Help employee put it, “We had everything working against us. We had labor forces that were semi- or unskilled, no management experience, industries failing, no investment capital, and not true equity to invest. And we had no idea what the hell we were doing.”44 Self-Help begged George Esser for names of professional managers willing to take a pay hit to run cooperatives; more than financing, finding management was a sticking point in finalizing worker buy outs of family-owned firms.45
Self-Help’s impressive array of Ivy League credentials, youthful grit, and antiracist practice made little dent in the employment issues besetting eastern North Carolina. In 1989, for instance, Self-Help saved or created 110 jobs and stabilized or improved 388 in all of North Carolina, according to the nonprofit’s internal accounting. In contrast, the recently shuttered Schlage Lock Plant in Rocky Mount had employed 700 people.46

With 30 to 40 employees, WOSCO represented the best case scenario, but even it struggled to make ends meet during the 1980s. Among managers of worker-owned businesses, Bazemore stood out for his creativity and dependability. Both ENC-LISC and

Self-Help provided loans and credit lines—ENC-LISC in fact helped WOSCO with a loan before the LISC branch was officially established. Their financial support helped WOSCO expand from working tenuous subcontracts to successfully bidding for contracts directly with K-Mart and Sears. Such companies put considerable pressure on suppliers, however, and WOSCO had to cover warehousing costs. In 1988, Esser made special appeals to LISC’s national leadership to be patient with an overdue loan.47

With money from banks, black-owned insurance companies, and various foundations, ENC-LISC kept a dual focus on the creation of both jobs and black-owned businesses. But ENC-LISC discovered that these goals often worked at cross purposes. As Self-Help also discovered, business assistance proved time consuming, focused mostly on laborious advising in order to get these companies better credit (and restructure bad debt)—it too provided little “bang for the buck” concerning employment. ENC-LISC’s investments in two business incubators in eastern North Carolina proved to be expensive and inefficient. Both involved rehabilitating cherished local buildings—far costlier than building from scratch—though, in the instance of a former black high school in Goldsboro, alumni who had migrated North chipped in with personal donations.48 The black-owned businesses ENC-LISC did assist included seafood processors, a music company, a fitness center, and an ob-gyn practice, in addition to WOSCO. It helped prop up a black-owned auto parts store, but not, as intended, any auto parts manufacturers. LISC’s most successful projects—a nursing home and a chain of daycare centers—

depended on federal money, through HUD or tax credit programs, along with income-tiered user fees.⁴⁹ In other words, housing, medical care, and child care were the most sustainable enterprises in eastern North Carolina that LISC could nurture.

By 1987, ENC-LISC—like other southern economic development nonprofits—was concluding that rural economic development for eastern North Carolina must stress “indigenous resources.” Garrett wrote a program evaluation that concluded:

in depressed rural areas, we cannot continue to rely on job creation and new leadership from new plants and ventures coming into the region; rather we must strengthen existing leadership, find new opportunities in local communities, find a solution over time to the need for technical assistance skills, and build local institutions that can devise local solutions.

The promise of industrial worker cooperatives was fading. Garrett recommended no more “sustained effort” to foster cooperatives “because the resources required are great and are not easily available.” The decision echoed a similar conclusion being made at Self-Help. The branch plant buffalos were gone, and no triage could resuscitate the dying. In 1989, the national LISC organization pulled the plug on the ENC project. It had “yielded disappointing short-term results, when compared with [its] urban counterparts.” The postmortem noted that the focus on building up black-owned businesses seemed a costly mistake, yielding few jobs and fewer new firms, compared with simply focusing in increasing employment for African Americans, regardless of whom they worked for.⁵⁰

The failures of these varied organizations—SEJ, BWFJ, ENC-LISC, and Self-

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Help—to bring substantive change in rural fortunes, coupled with the slowdown of relocating manufacturing branch plants, highlighted new economic development needs for Rocky Mount in particular and for the state in general. These disappointments helped teach policymakers that, rather than leverage manufacturing branch plants to promote regional equity, they needed instead to increase rural southerners’ education levels and access to capital and entrepreneurial assistance in order to unleash the area’s indigenous economic potential. For Rocky Mount, that meant addressing the racial fragmentation over the public school system. For the state of North Carolina, that meant a better K-12 system and a bigger coordinating organization than ENC-LISC to stimulate rural small business growth. Through new organizations such as the North Carolina Rural Economic Development Center, the core community development undertaking of ENC-LISC lived on.

**The North Carolina Rural Center**
Since the early 1980s, North Carolina state leaders sought to use new tools to stimulate small business growth. Separately, state government kicked around proposals for a rural development corporation to focus on increasing employment outside the Piedmont Crescent. Drawing on these alternative ideas for economic development, the state conjoined its small business and rural development focus in a new public-private partnership, the North Carolina Rural Economic Development Center. The Rural Center, designed in consultation with MDC, SGBP, ENC-LISC, Self-Help, and other policy advocates, was “a catalyst for action in response to rural problems,” according to its initial description. It would train new, more diverse local leaders, fund demonstration projects, gather info on new ideas, and develop policy recommendations for communities.
that are “ready to act on their own behalf.” The Rural Center would build on the lessons learned from the struggle to create worker cooperatives and incubate minority-owned businesses in eastern North Carolina.

The idea of a public-private rural development organization floated around the Hunt administration in the 1980s, supported by one of Hunt’s many “blue ribbon” commissions. It was put together by Walton Jones, who had bounced around state and university positions since the 1960s, including stints with NC State’s extension service and the Coastal Plains Regional Commission. Jones hoped to use CPRC money to support a Rural Development Corporation, yet private funding had become necessary after the Reagan administration pulled the plug on the Coastal Plains Commission. North Carolina foundations, however, were lukewarm. Z. Smith Reynolds, for instance, opted to fund ENC-LISC over the proposed Rural and Community Ventures Corporation of North Carolina.

While that rural corporation was never funded, its proposal reflected the new emphasis on small business development rather than branch plant recruitment as the key to development. In 1984, two new state-backed efforts to nurture small business did get off the ground: the North Carolina Technological Development Authority, which funded small business incubators, and the Small Business Development Technology Centers,

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which seeded regional small business centers at universities across the state. Neither of these efforts were especially well funded, with annual budgets ranging from $400,000 to $1.1 million in these early years, but they leveraged other federal and state dollars. Both were informed by the new research on the limits of “smokestack chasing.” Kirsten Nyrop, executive director of the Tech Development Authority, suggested that communities that had failed to attract manufacturing firms in the last five to ten years were unlikely to see their vacant industrial parks suddenly fill. “We are not in a position to feel that a major giant industry is going to come to us,” said Winifred J. Wood, chair of Northeastern North Carolina Tomorrow in coastal Elizabeth City. “We want our growth to be with small business. It’s what fits with our area and the philosophy of people here.”

The Small Business Centers, administered by the University of North Carolina–Chapel Hill, drew on the agricultural extension service model, a way of leveraging faculty expertise to aid state economic growth in a post-agrarian, post-industrial climate.54

Both efforts were associated with Democrats in North Carolina, driven by politics as Hunt and others fought to keep business in the party fold. But it helped that the approach was also stamped by an academic imprimatur. In 1979, an MIT economist, David Birch, published a study on job creation in the United States. While industrial policy in the 1970s had focused on big firms, Birch argued that small firms generated 82 percent of all new jobs. These firms were independent and volatile. “The very spirt that gives them their vitality and job generating powers is the same spirit that makes them unpromising partners for the development administrator,” he allowed. But by focusing on

increasing the “birthrate” of new firms, he argued that policymakers would do more to create jobs than trying to resuscitate the old giants, upending the adage that “what’s good for General Motors is good for America.” Birch became a kind of celebrity in economic development policy circles, and though fellow economists later put Birch’s research through the ringer and found it wanting, his findings amplified a booming interest in small business. New Democrats, in particular, rallied around Birch—particularly since he handed them a cudgel in the politics of growth.

Democrats in North Carolina conjoined rural and small business development in 1986, a way to distinguish their approach from Republican Governor Jim Martin. The party regrouped from the losses in 1984, when Helms beat Hunt and Martin triumphed over the Democratic nominee, Rufus Edmisten. Planning a run for governor in 1988, Lieutenant Governor Robert B. Jordan III led a “Democrats Forward” task force, conducted focus groups, and gathered polling data to reorient the party’s message to core themes of economic development and education. The orientation of the task force aligned with the work done by the Democratic Leadership Council at the national level.

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Jordan created an ad hoc state advisory commission in 1986 on “jobs and economic growth,” which made a state-funded rural development organization a top priority. MDC and RTI loaned staff to supply data to the commission, steering it to the overriding theme that North Carolina should “grow from within.” The report’s recommendations were an amalgam of development ideas en vogue. Home-grown companies—not branch plants—would unlock economic growth across the state, they claimed. Its workforce and education policies were taken directly from Hunt’s North Carolina Education for Economic Growth Commission.58

Besides the rural center, the commission’s report included two other major recommendations. The lion’s share of new spending would go to education, $700 million for “basic education” to improve literacy and SAT scores as well as higher salaries for community college instructors. The third major recommendation was for the state to create a targeted incentives program to goad job creation: tax credits for businesses that created jobs in economically distressed counties. Similar to the old balanced growth plans, it aimed to direct growth to rural areas. But this commission insisted that it was not a return to industrial recruitment but an effort to stimulate local small businesses to expand in troubled counties. Some electoral successes in 1986—most notably, Terry Sanford’s victory for the U.S. Senate seat vacated by John East’s suicide—bolstered Democratic hopes to regain the governor’s mansion.59

Facing political pressure, State Republicans put together their own state plan for

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economic development, one with considerable overlap to the Jordan proposal. By this point, Autry’s metaphor of the buffalo hunt had circulated widely in policy circles, an established cliché put in service by Jordan, Martin officials, and the mayor of Greensboro. That North Carolina could not rely on branch plants for development was bipartisan common sense, as was the “growth from within” theme that MDC and SGPB established in 1986. A day before the Jordan commission discussed its major recommendations, the Martin administration released its own “blueprint” for economic development. MDC might have written its diagnosis: “fundamental structural change” toward a postindustrial economy required government action to assist lagging rural areas stuck in a quasi-agrarian, quasi-industrial stasis. The term “industrial development” was a relic of a bygone era, it argued. “The ‘name of the game’ is economic development,” a phrase that covered a new economy of services and high-tech manufacturing, diversified with businesses large and small.

The major state role was to improve “quality of life,” and—especially—to upgrade education levels. “Without question,” argued the report, “the most important ingredient required for continued future economic development momentum is dramatic improvement in the quality of our primary/secondary public school delivery system coupled with an aggressive ‘rescue’ program for the hundreds of thousands of

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functionally illiterate adults in North Carolina.” It was a sentence that might have appeared without emendation in the Jordan report. Martin’s proposed budget in 1987 continued the trend of increasing K-12 education funding, even in proportion to state spending on postsecondary education, which dated back to Hunt’s Education for Economic Growth push in 1984.\(^{62}\) The human development agenda that Vivian Henderson, George Esser, and Ray Marshall—among many others—had so long pushed on southern governments had at last taken root and flourished as bipartisan consensus.

But these Democratic and Republican economic development plans did not completely mesh. The biggest difference was over incentives and taxes. The Martin administration, influenced by libertarian disdain for industrial policy, included more language on free enterprise and dismissed “give-a-way incentives,” arguing the money was better put to “education, infrastructure enhancement and labor training.” That position set up a conflict over the proposed tax subsidies for job creation in “economically distressed” counties. The Martin administration also favored a general tax cut and a tax cut targeted at manufacturers—its top legislative priority after Martin took office—which would reduce the state’s capacity to fund anything other than education.\(^{63}\)

Politically, the parties fought a draw over economic development policy. Jordan, struggling to distinguish his approach from Martin’s in the press, aligning the rural center concept with Hunt’s microelectronics and biotechnology centers. But Martin undercut

\(^{62}\) Rob Christensen, “Budget would continue shift of money to public schools,” \textit{N&O}, 1 Feb. 1987, 27A.

Jordan by embracing the rural center idea. State Republicans and Democrats, after all, agreed on emphasizing home-grown businesses, rather than relying on industrial recruitment. In March 1987, the General Assembly passed legislation to create the North Carolina Rural Economic Development Center, as well as the job subsidy program for distressed counties.64

The Rural Center institutionalized the new development strategy at the state level. It quickly became a vital part of the state’s economic development ecosystem, fitting in with MDC, the Center for Self-Help, and, for a few years, ENC-LISC. By design, the Rural Center was insulated from partisan politics as a nonprofit with significant state funding—a feature that the Martin administration resented and which perpetuated the idea that the Rural Center was affiliated with the Democratic Party.65 Nevertheless, it fit the longer pattern of nonprofit catalysts for equitable development in the state going back to the North Carolina Fund—no surprise, given the heavy involvement of George Autry, George Esser, Dewitt Sullivan, and other veterans of the state War on Poverty.

The chairman of the Rural Center’s board, Bill Friday, helped tamp down partisanship. After retiring as UNC system president in 1986, Friday took up a second career as antipoverty advocate. The Human Services Institute in Greensboro enlisted Friday to lead the North Carolina Poverty Project, which aimed to amplify awareness of the plight of the state’s poor and “educate for action” on the issue. Friday also led a literacy commission for the Kenan Trust that operationalized adult literacy ideas from

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education researcher Sharon Darling. In 1988, he gave a speech to the North Carolina Citizens for Business and Industry, the state chamber of commerce, that spurred the business group to at least consider poverty a state problem worth addressing.66 Friday devoted the political capital he had accrued as university president to draw attention to those most in need.

Friday and others on the Rural Center board picked Billy Ray Hall to lead the organization. Hall was an eastern North Carolinian—from the “heart of pickle country”—who made lightening progress acquiring degrees at N.C. State in development economics from fear he would “have to go back home and be poor” if he failed at educating himself. Hall found work as a staff economist for Arnold Zogry’s state planning unit during the Scott administration, helping craft the “balanced growth” plans that predominated in the 1970s. Hall remained in state economic development policymaking through the Holshouser and Hunt administrations. Though not in a political position, he was one of the most prominent casualties of the new Republican Martin administration—his firing drew considerable local press. Robert Jordan tapped Hall as staff director for the Commission on Jobs and Economic Growth, and he was a natural choice to lead the new Rural Center.67

The Rural Center was supposed to help figure out what—beyond keeping kids in school—could offer hope to rural folks. MDC had been “staff and midwife” in the initial months of the new organization, and George Autry gave a speech at the opening of the

Rural Center, framing the development challenges in the post-buffalo hunt Reagan era. He told a story of a recent meeting with a mayor in southwestern Mississippi. “He was a proven, experienced leader, and he told me of his three-track development policy: recruit outside industry, attract federal funds, and keep kids in school,” said Autry. The first two were “futile responses” to economic realities, noted Autry. “Unfortunately, only the last of these carries any real hope for the future of his townspeople.”

The Rural Center was supposed to figure out what else could be done.

The early avenues the Rural Center explored aimed at three broad areas: access to capital, leadership training, and educational improvements to link schooling to jobs. Venture funds initially seemed the easiest to raise, given the state’s exploding banking industry as the southern common market facilitated bank mergers. Experts disagreed whether there was a problem of capital access—that is, if the problem was that worthy rural projects could not find investors or whether the these business ideas were just “risky, crude, and unworthy of funding.” The Rural Center studied the issue and determined that rural businesses did in fact need more “equity-type financing” for long-term investment. Bill Friday used his connections with banking elites to put together a public-private partnership, the North Carolina Enterprise Corporation, with assets of $100 million to finance loans and investments in counties without a city greater than 50,000 people.

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The Center for Community Self-Help partnered with the Rural Center to make a market for loans that commercial banks had previously deemed too risky. At the time, mortgage lending was one of the best ways that Self-Help could achieve its civil rights mission. That, at least, was what board member Abdul Rasheed thought. Rasheed was born in New York in 1949, his mother part of the Great Migration out of North Carolina, but she brought Rasheed back to her hometown, Henderson, where he grew up under his step-grandmother’s watch, not far from where Floyd McKissick tried to build Soul City. Rasheed was one of the first African Americans to integrate Henderson High, where a white counselor discouraged him from taking college level courses. Nevertheless, he graduated from Elizabeth City State University and, converting to the Nation of Islam, helped organize a Black Muslim school in Greensboro.

After graduate work, Rasheed worked for Legal Services of North Carolina and became president of the North Carolina Association of Community Development Corporations. His two heroes were his step grandmother who raised him and George Esser, a “wise, humble man” who showed Rasheed how to build local organizations to empower local people. In 1988, encouraged by Rasheed, Self-Help consciously pivoted away from technical support for cooperatives towards commercial and personal finance to reduce the wealth gap between white and black households. The Center for Community Self-Help was officially recognized as North Carolina’s “development bank,” and Micky Michaeux, an African American state legislator, worked out a deal with Robert Jordan to devote $2 million in state funding to help Self-Help expand its

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financial role.\textsuperscript{71}

The Rural Center also piloted a demonstration project based off the Grameen Bank’s model of microlending in Bangladesh in the 1980s. Loans ranged from $1,500 to $20,000 to people without usual collateral—usually “low income, female and minority borrowers,” according to the program director. “I think all of us give lip service to women and minorities,” Billy Ray Hall told a reporter, “but the wonderful thing with this is that people are actually starting businesses who wouldn’t be starting businesses.” Late in 1992, the Ford Foundation contributed $2.2 million to expand the program to 31 counties, which made it the largest in the country. During the 1990s, the Rural Center and Self-Help would continue pushing North Carolina banks to loan to small businesses run by women or people of color, rural entrepreneurs, single working moms, and others who had difficulty accessing credit.\textsuperscript{72}

Another top issue the Rural Center took on was leadership development. It was closely related to the problem of brain drain. As MDC put it in a February 1987 summary of interviews regarding the rural center, rural communities had “suffered an erosion of intellect and energy as many of their most talented and best educated young people have migrated toward cities and the North.” It had robbed rural areas of precisely those people they most needed: would-be entrepreneurs who were necessary for stimulating local economic growth. A core function of the rural center would be to coordinate various efforts at “leadership development,” finding those diamonds in the rough who remained

\textsuperscript{71} Covington, \textit{Lending Power} (2017), 47, 54-55.
in local communities and could spark new businesses, hold public office, and run local nonprofits. Leadership was difficult to teach, the experts agreed, but “it can and must be fostered and cultivated.” By 1990, the Rural Center had seeded dozens of leadership programs around the state that tried to polish local people into movers and shakers.\textsuperscript{73}

The Rural Center also played a role in the school system. As a lifelong education administrator, Friday argued that fighting poverty usually involved education and retraining. “If a man gets replaced by a computer, he’s got to learn to deal with lasers and microchips,” said Friday. To that end, the Rural Center funded a program called Tech Prep that operated in Richmond County, in southeastern North Carolina. There, the public school superintendent and the president of the local community college, former Hunt staffer Joe Grimsley, were taken by a polemic on the “neglected majority” in public education. This “neglected majority” was the precarious 50 percent of students in the middle of the pack, neither the 25 percent bound for college nor the 25 percent on the fringe of dropping out. Grimsley credited it with a sharp decline in the drop out rate from 28 percent in 1986 to 13 percent in 1991. Tech Prep became a popular model program that politicians across the South gravitated towards.\textsuperscript{74}

By the early 1990s, the center had six staffers working on policy, with several others brought in ad hoc to work on specific projects. Like its War on Poverty


predecessors, the rural center was a lean organization that catalyzed the institutionalization of policies meant to create a more equitable state. It was “an anti-poverty effort in the form of economic stimulus, not welfare,” claimed one of the N&O’s leading pundits, Ferrel Guillory. Hall’s ambition was that by 1998, the Rural Center would create 10,000 jobs, distribute 4,000 small business loans, and eliminate all outhouses by the year 2000. But still, Hall acknowledged at that time that the Rural Center “suffer[ed]” because it was born from the partisan politics of the Jordan Commission. Its existence remained conditional until it could move past its founding partisan association.75

From Third Italy to the Rural South
Stuart Rosenfeld, lead researcher at the Southern Growth Policies Board, had been one of the first to document the disappearing branch plant buffalo. He was also one of the most energetic researchers in pursuit of new strategies for economic growth. While many southern politicians were supporting protectionist policies in order to shield the textile and apparel industries from imports, Southern Growth staff championed the opportunities created by increasingly accessible international markets for agricultural products and manufactured goods. In particular, Rosenfeld searched for new methods to reinvigorate rural manufacturing. One of his chief case studies was Consolidated Diesel in Rocky Mount.76

He was impressed by the technological advances that Cummins and Case

76 Rosenfeld, Competitive Manufacturing (1992), 17. Rosenfeld used the pseudonym “Acme Engine Company,” but this was clearly Consolidated Diesel. It was a case study in Rosenfeld and Bergman, After the Factories Revisited (1989).
implemented in their factory. Automation concerned many advocates of a more equal political economy. Certainly it reduced the numbers of workers needed at a plant, which undercut unions—immediately, by reducing the numbers for collective bargaining, and down the road, when it came to financing pension plans. But Rosenfeld saw promise in automation, a way to ennoble manufacturing work for the “renaissance technician”: someone who could perform a wide array of tasks in the modern, lean manufacturing facility. At Consolidated Diesel’s eastern North Carolina plant, Rosenfeld saw “the most dramatic example of modernization, not only by using automated equipment but by completely redefining the roles of its employees and what they are expected to do in the process.”77 Instead of mindless automatons, such factory work demanded master craftsmen who knew how to think.

Rosenfeld was further inspired in this believe in the promise of automation by Michael Piore and Charles Sabel’s *The Second Industrial Divide* (1984).78 That book influenced policy debates across the western world.79 Michael Piore, the more senior

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79 Reviewers of the book, whether writing in academic journals or in the popular press, brushed aside their
 scholar, was a labor economist who worked on migration and segmentation in the labor market. Sabel compared shop-floor relations in modern industrial systems and won a MacArthur “genius” grant while working on the book. Historian David Brody aptly called them “modern-day institutionalists,” in the mold of John R. Commons.80

The titular second industrial divide was that the economic crises of the 1970s showed that this was the end of the line for mass production industrial capitalism (at least as regulated at the national level). Policymakers, they argued, had two choices: they could harmonize regulatory regimes across national borders to patch up the mass production economy with “multinational Keynesianism”—or they could institutionalize the emerging alternative pattern of production: flexible specialization. Piore and Sabel seemed to enjoy the paradox built into the term, though they spelled it out in depth in the book. Flexible specialization was an artisanal, small-batch style of production more finely differentiated to consumer demands and more capable of embracing process and product innovations. They described it as “a strategy of permanent innovation: accommodation to ceaseless change, rather than an effort to control it.” By and large, the flexibility was in the equipment and the specialization in the workers, who could repurpose machines quickly and adroitly to adapt to market changes or new production techniques—instead of being locked in to exquisitely expensive and unadaptable equipment, a deadeningly routine assembly line, and a stultifying labor–capital policy prescriptions. The National Review derided their vision as “Hobbit socialism.” Journals from the American Political Science Review to the Journal of American History were equally dismissive. See also Robert L. Heilbroner, “Beyond Mass Production,” New York Times Book Review, 6 Jan. 1985, 7-8.

80 David Brody, “The Second Industrial Divide,” Reviews in American History 13, no. 4 (1985), 613; https://www.macfound.org/fellows/126/. The pair drifted into different intellectual agendas following The Second Industrial Divide. Both remained focused on the challenges wrought by the changes in economic production, but Piore’s later work focused on the plight of the Global South while Sabel’s centered on innovation’s promise for the Global North.
relationship, the missteps of the American mass manufacturers.\(^{81}\)

Like so many writers on American political economy, Piore and Sabel found a historical tradition in which to embed their vision of flexible specialization, so that they could dismiss critics who might claim they were importing something foreign and (potentially socialist).\(^{82}\) They harkened to the “ideal of yeoman democracy,” which they claimed was most likely to catalyze American efforts to rebuild the economy on the model of flexible specialization. In this “yeoman democracy,” hierarchies were flattened, obviating the need for big, bloated, demeaning labor unions, which hardly had a sterling reputation in the late 1970s, even among progressives. Despite the “yeoman” and some allusions to the Populists, they generally ignored agrarian life for “the ideas and industrial communities of the nineteenth-century American artisans.” The Second Industrial Divide offered a post-Fordist vision that harkened back to America before the rise of industrial capitalism to reclaim a lost “craft tradition” that practiced a “small-holder democracy”: Every man was a worker, every man a creator, every man a citizen (and, implicitly, every worker a man).\(^{83}\)

The early promoters of flexible specialization, especially the template of Third Italy, largely worked in D.C. nonprofits, such as the Corporation for Enterprise Development, which diffused the concept to a broader array of policymakers.\(^{84}\) It soon

\(^{81}\) Piore and Sabel, Second Industrial Divide (1984), 17 (quote), 258-277. For their discussion of “multinational Keynesianism,” see 251-257.

\(^{82}\) On the regularity of this move, see for instance Nick Salvatore, Eugene V. Debs: Citizen and Socialist (Urbana: University of Illinois Press, 2007 [1982]).

\(^{83}\) Piore and Sabel, Second Industrial Divide (1984), 306; Cowie, Stayin’ Alive (2010); Levinson, Extraordinary Time (2016). The Second Industrial Divide was not anti-union on the whole, arguing that “some modern unions” played key roles in arrangements of flexible specialization.

reached Stuart Rosenfeld at the Southern Growth Policies Board. Rosenfeld found appealing the technological skills required by this small batch production. Piore and Sabel pointed to the computer as a central instrument for flexible specialization, something “the user can adapt…to his or her own purposes and habits of thought.”

Rosenfeld’s fascination with the production-improving prospects of computers went back to his first career, working for General Electric after college. In terms of modern examples, Piore and Sabel looked to industrial districts in Silicon Valley, West Germany and Third Italy, especially Emilia-Romagna. It was that example that most captivated Rosenfeld as a template for the South.

Rosenfeld’s research on Consolidated Diesel and automation came from a new wellspring he created at the Southern Growth Policies Board: the Southern Technology Council. The Southern Technology Council sprang from the issue of technology transfer—how to move new concepts from basic research and development into broader use, usually through commercial application. In 1984, the CEO of a private firm pitched southern governors Bob Graham (FL) and Richard Riley (SC) on a regional database of technologies with market potential. They pulled in other SGPB governors and staff for a December meeting in Austin, Texas. The National Science Foundation—the leading promoter in the U.S. of the “innovation” imperative—had begun publicizing rankings of science and technology indicators that it had developed, including federal research dollars at universities. The rankings had their intended effect on the southern governors in the

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86 Stuart Rosenfeld interview by author, 17 Dec. 2015.
1980s: the governors used the meeting on technology transfer to lament the South’s low position.87

Rosenfeld proposed a Southern Technology Council to stimulate regional action. He furthered the idea with funding from the Carnegie Commission on Education and the Economy—an outgrowth of the Hunt-led effort to position education as central to economic growth. The SGPB and the SGA passed a resolution in 1985, submitted by Bill Clinton, to create such an entity, and the Southern Technology Council was born in 1986. Rosenfeld called the Southern Technology Council the engine that would push states to implement stronger science and technology policy, rural manufacturing firms to upgrade equipment, and assist with tech transfer to the private sector. It was founded along the idea that technological investment was a public good that required collective action: “no one sector can achieve the full benefits of high technology development alone.” It was state focused in part because of federal dereliction, Reagan administration cutbacks of the agencies that otherwise might help. The STC would help southern states, through cooperation, “get back on the path toward parity in per capita income.”88

The issue of technology transfer—like education reform, industrial policy, and


growth-inducing tax cuts—was a policy issue that emerged from the economic stagnation of the 1970s. Policymakers latched on to the notion that the cure for U.S. productivity was “innovation,” the new way of encapsulating technological and process improvements in production. Increasingly during the 1980s, “science and technology” policy fit under this “innovation” paradigm. Fitting with this new paradigm, in North Carolina, the leadership at the Microelectronics Center created for GE talked less of its role in industrial recruitment and more about its role bolstering research and development in the state. Rosenfeld wanted to make the NC Microelectronics Center a prototype for regional “centers of excellence” in a variety of strategically selected industries. To goad politicians to action, he warned that Japanese invested more in R&D than all U.S. industry in 1990.\(^\text{89}\)

The southern pivot away from employment in low-wage manufacturing gave heart to Ray Marshall, who often collaborated with Rosenfeld on projects. During the 1980s, Marshall founded the Economic Policy Institute in Washington and he served on the board of Southerners for Economic Justice. In 1985, Marshall concluded “that a rapidly modernizing southern economy provided reason for measured optimism with respect to the advance of unionism.” High value-added commodities would mean more union density “as a high-wage, consumer-fueled economy steadily encroached on the South.”\(^\text{90}\) Fordism below the Mason-Dixon line still seemed just over the horizon. In the foreword to Rosenfeld’s 1992 book, *Competitive Manufacturing*, Marshall wrote that “a

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wage-cutting strategy implies First World incomes only for the educated, managerial, professional, and technical elites and Third World wages for the rest. The resulting polarization of incomes threatens democratic political and social institutions and undermines a government’s ability to solve its economic problems.” Inequality would feed on itself: unequal incomes would reduce political support for taxes necessarily to invest in human resource development.\(^91\) Southern political economy would benefit from shedding low-wage manufacturing work.

In creating STC, Rosenfeld incorporated, along with the mission of enhancing the South’s standing in science and technology, the goal of improving the competitiveness of rural manufacturing. “The key to maintaining market position is higher productivity,” Rosenfeld argued. The Southern Technology Council would be another vehicle to pursue new strategies for rural development, alongside Self-Help and the NC Rural Economic Development Center. Captured by the notion of “flexible specialization,” Rosenfeld devoted most of his attention as director of the Southern Technology Council to improving the capacity and flexibility of the South’s small and medium enterprises. One of its biggest initiatives was organizing the Consortium for Manufacturing Competitiveness, which grew out of support from the Tennessee Valley Authority and the Appalachian Regional Commission to create centers on advanced manufacturing in thirteen community colleges.\(^92\) The demonstration site in North Carolina was in the west, in large part because of the funding from TVA and ARC. The evaporation of federal

\(^{91}\) Rosenfeld, *Competitive Manufacturing* (1992), xiv.
support for the Coastal Plains Regional Commission hindered experiments in the black belt.

To Rosenfeld, the Emilia-Romagna region demonstrated how a place could create a rich cluster of small and medium manufacturers that in less than two decades could catapult a poor, rural place into one with the highest labor costs in Europe—and still maintain its manufacturing base. Rosenfeld highlighted government’s role in maintaining manufacturing competitiveness going back to the 1970s. Thousands of small firms paid to use services offered by both service-specific hubs as well as hubs that addressed computer integration and export promotion. In this way, knitwear and garment shops that employed 50 or fewer employees could access information on fashion trends. In addition to firm owners, chambers of commerce and unions had seats at the table at these hubs. Technology advice and financing was available to even the smallest firm—that was part of what allowed these 40,000 manufacturers to remain competitive in industries like textiles and apparel. At least from the vantage of the U.S. South, “Third Italy” appeared an ideal type of a worker democracy that was still fully integrated in the global economy.

Rosenfeld used the Southern Technology Council to educate southern politicians on the Emilia-Romagna region and other best practices from Europe. He held a meeting in Atlanta in March 1988 on Emilia-Romagna. Rosenfeld got funding from the German Marshall Fund—created by a 1972 gift from Germany in appreciation for the Marshall plan—to take southern politicians and economic development officials to see the region for themselves in May 11, as well as to similar locations in Denmark and Germany.

93 Rosenfeld, Competitive Manufacturing (1992), 160-161; Stuart A. Rosenfeld, Philip Shapira, and J. Trent Williams, Smart Firms in Small Towns (Washington, DC: Aspen Institute, 1992), 73.
Among them were Bill Clinton. According to Rosenfeld, Clinton became fascinated with understanding how the networked system of small manufacturers in Emilia-Romagna worked and how it might be replicated in the South.94 He backed this programming with publications to further diffuse the lessons for policymakers on how to grow globally competitive industrial clusters.95

Concrete programs flowed from this exposure. Arkansas and Kentucky created industrial marketing projects modeled on Italian programs. In 1989, North Carolina and Arkansas launched demonstration projects based on a program in Denmark. In January 1990, Rosenfeld brought in participants from Italy to a conference. By 1991, eleven states had plans for industrial modernization and networking. North Carolina created a “network demonstration grant program,” modeled on a program in Denmark. By late 1991, it had awarded seven grants of up to $10,000. One key element that Rosenfeld tried to reinforce was that such programs should not become permanent subsidies—they ought to end once they achieve their objectives. He also noted that laws prevented regions or counties from competing for plants.96

In some respects, it was jarring for southern politicians to fall for the political

95 Stuart A. Rosenfeld, Technology Innovation & Rural Development: Lessons from Italy and Denmark (Washington, DC: Aspen Institute for Humanistic Studies/Ford Foundation/Wye Institute, 1990). That report came from a collaborative program with the Aspen Institute, the Ford Foundation, and the Wye Institute—which were also key in the diffusion of policies inspired by flexible specialization.
economy of a European communist hotbed. Yet in other ways, it was easier to see why the industrial districts of northern Italy appealed to them. Here was a thriving region of small and medium enterprises producing textiles that competed on quality rather than price. Here was a way to salvage the industry that had been a cornerstone of manufacturing in the South. The South could take advantage of the global economy, to export not just to other states but to other countries fabrics and garments in small batches to suit a wide array of demands.

Moreover, most politicians paid less attention to new policy ideas than Clinton, and the value of the STC was as much in its elite networking as in the small firm networks it fostered. Rosenfeld, like most other policy advocates searching for alternative forms of economic development, saw small firms as the way forward. But major corporations bought their way onto the Southern Technology Council. Initially, the council consisted of two members appointed by each governor. In 1988, STC expanded to include four private representatives from corporate sponsors. Private firms could pay $10,000 to become supporting members. One representative frankly admitted that “if the only benefit of the Council were its work on science and technology, we would no longer be a member.” They were after face time with the politicians, an alternative route into lobbying and connecting. Vastly outnumbered by public representatives, these corporate representatives did not seem to capture the organization, however, and Rosenfeld remained steadfast in his promotion of small firms.

In many respects, the science and technology programs of the Southern Growth Policies Board reinforced the idea that a better education system was the key to growth, with reports on how crucial basic education was for small manufacturing firms. As the *N&O* editorialized based on an SGPB report, “managers trying to automate rural Southern manufacturing plants were stymied because workers couldn’t do computations involving decimals and fractions, or read and understand directions for operating new equipment.” The lesson was “painfully obvious: If the region is to keep up industrially, it is going to have to concentrate on improving its schools, avoiding trendy fashions in education and being sure students master the basics.” Though surveys done for the Southern Technology Council found that few rural firms found lack of skilled labor a problem, the lesson picked up in the press was that without a better education system, rural areas could no longer attract firms.\(^99\)

STC’s plan for the 1990s focused on human resources, from general education to workforce skills to the number of scientists in the South. “As technology gains prominence, it becomes evident that the South does not hold the same competitive edge with emerging industries it did with older, more labor-intensive industries. Lower educational levels, fewer scientists and engineers, and fewer R&D dollars threaten growth.” The investment, almost across the board, was in schools—in improving K-12 education, in fostering better workforce development in the community colleges, in

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raising the academic bar and research output at the universities, especially new technologies that might improve firm competitiveness. It was education for economic growth, backed by economic theory and research, with a “collaborative” and “international” focus. “The challenge facing the region—and the nation—is how to get the typical firm up to the standards of the best and most innovative firm.” Practical STC made it seem, that challenge was to be met through the educational system.

**Schools as Growth Engines in Eastern North Carolina**
The quest for employment in eastern North Carolina in the 1980s convinced many local leaders that improving school quality was more imperative than ever. In courting Consolidated Diesel, Rocky Mount’s industry hunter noted that the “education of the workers was the greatest concern of Cummins officials.” Before committing to the plant, officials from Case and Cummins scouted the school system and met with area superintendents, worried about moving into an isolated rural community. Once in Rocky Mount, Consolidated’s management complained that school quality made it difficult to recruit leadership for the company. The notion that site selection required quality schools helped create a “fragile coalition” in Rocky Mount between African American and business leadership on the issue of school merger.101

This was a pattern in eastern North Carolina school consolidations, one reason

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why the 1980s became the apex for school integration in the region.\footnote{A similar dynamic was in play in Durham, which consolidated city and county districts around this time. See for instance Laura Herbst, “Failure to invest in schools could dim Triangle’s future,” \textit{N&O}, 17 Jan. 1990, 1.} The eastern North Carolina merger wave in the 1980s created unlikely bedfellows where it grew contentious, uniting African American community leaders with white business boosters who saw quality schools as crucial to economic growth. In the late 1960s, local white boosters in eastern North Carolina had sought to expand the number of city school districts as a way to preserve clusters of white majority schools. But the branch plants they now courted did not have lily white managerial offices; they had to attract foreign-owned subsidiaries and integrated companies such as Cummins or Abbott Laboratories, a pharmaceutical manufacturer also in Rocky Mount. By 1994, the consolidation wave reduced the number of school districts in the state to 119 from 145 in 1978. In eastern North Carolina, 14 of 18 city school districts folded into merged county districts in that period.\footnote{Calculated from annual North Carolina Public Schools Statistical Profiles.}

White economic elites with the most to gain from growth—service professionals, those in real estate and banking, retail and hospitality operators—worked with black elected officials and community leaders to bring school districts together. In southeastern Robeson County, the six districts—a legacy of the racial separatism of Jim Crow—collapsed into one by 1988 after several years of heated debate. White, black, and Indian communities had built up their own school districts, geographically reinforcing racial segregation over the 20th century.\footnote{For more on Robeson County and the complicated politics of schooling and identity there, see Malinda Maynor Lowery, \textit{Lumbee Indians in the Jim Crow South: Race, Identity, and the Making of a Nation} (Chapel Hill: University of North Carolina Press, 2010).} Eric Prevatte, a white businessman, visited a county
school and was “ashamed at the fact I had ignored these people for years.” He concluded the county could not grow unless it addressed the disparities in the school system.

“There’s a fear among the power brokers in this county that blacks and Indians will take over, Prevatte said, “But 75 percent of our students are blacks and Indians. It’s not a matter of if the wave is coming in, it’s a matter of when.”

The consolidations were also brought on by Hunt’s testing program, which shined a light on disparate performance across the state. Among the 145 school districts in 1978, the poorest performer was Maxton, a “city” district in Robeson County where 50 percent of students were black and 35 percent Native American. The tests seemed to show that Maxton students in the ninth grade were four and a half years behind those in Chapel Hill, the top performing district. The Maxton superintendent, Douglas Yongue, lamented that “one of the most discriminatory things is the education some kids have to go through because of the county they live in.” Improving the schools he thought might require improving the economy. A food company had just announced a $100 million plant. “Campbell Soup may be our salvation.” But Yongue hoped to bolster the struggling finances of Maxton through merger: uniting these districts might create enough efficiencies to improve educational opportunity in Robeson County. The state Department of Public Instruction agreed with that assessment, and it pushed school district mergers in order to reduce the number of school systems to match, at 100, the number of counties.

A similar dynamic played out in Rocky Mount, where business leaders pursued

105 “Robeson County Wrestling with 5 School Systems,” Asheville Citizen-Times, 10 Apr. 1988, 1D, 6D.
and brokered a compromise on school district merger. The issue of school boundaries was especially difficult in Rocky Mount because the city district straddled two counties, Nash and Edgecombe. The Nash side was majority white, while the Edgecombe side was majority black. In the 1970s, more white families moved out of the city into Nash County Schools. In 1980, a realtor chided the Rocky Mount Home Builders Association that merger was necessary to address inner city sales problems. “A weakened educational system does not attract sophisticated industry. We may get some more dying and knitting mills, but we won’t get more Cummins Diesels.” White families were especially concerned that the city school population by percentage was increasingly African American.\footnote{Miki Garrison, “Area Realtor Chides Builders for Silence,” Rocky Mount Telegram, 5 Feb. 1980, 5.}

In part, that was a legacy of the white elite response to the desegregation process. Leading white families set up a segregation academy in 1970. Local business investor Mack Pearsall—son of Thomas Pearsall, who chaired the commission that laid out North Carolina’s strategy to evade the \textit{Brown} decision—recalled in an oral history interview that several “affluent, wealthy friends” asked him to contribute $50,000 towards the new Rocky Mount Academy. He declined, saying “by withdrawing their children [they] would be withdrawing their interest in the public school system,” which “would ultimately come back around to haunt them.” In the 1980s, Pearsall was one of the leading businessmen working with various African American groups in the city to find a way to merge the systems over the objections the Nash County Board of Commissioners. It had no interest in sharing public resources with poorer neighbors: “We don’t want the
dollars that we earn in Nash County to go to educating Edgecombe children,” said its chairman.108

A cohort of bankers, investors, and other local white elites blamed the school situation for the declining local economy. Pearsall was tied into the MDC–SGPB network, which was advising Rocky Mount’s neighboring community, Wilson, on economic strategies that “stretch[ed] the mind” of its Chamber of Commerce. Wilson consolidated its city and county schools in 1976, giving it an edge, according to the wisdom of the day. In Rocky Mount, noted Wilson’s Chamber of Commerce president, “all they do is sit around and complain about the schools and the country club.” An analysis by the bank BB&T goaded Rocky Mount’s elite into action. It argued that eastern North Carolina as a whole was “not keeping pace with the rest of the [state] because of a drain on its most important resource—its people.” In order to improve its economic prospects, counties in the East had to “close the gap that now exists in educational opportunities; we must do everything possible to improve the skills level of our labor force; we must reduce the social problems that still plague us; and we must continue to seek the kind of development that can make life better for all of us.”109

These were the exhortations of a banker: the Rocky Mount country club took note. Improving the school system through merger would boost economic development prospects. Charlie Lane, one of Pearsall’s allies, noted to a graduate student that “the

business community in Rocky Mount, although it is overwhelmingly Republican, when it comes to race relations, it is astoundingly liberal.” He explained this was “not necessarily because they think it is right, but because they think it is good business.”

Like whites, African Americans in the area were hardly united on what should be done about school consolidation. Most were leery of working with the Pearsall set, but the local NAACP came out favoring merger as long as it did not simply divide Rocky Mount down the county line. On the other side, Sue Perry, who worked for Legal Services and was well connected with Self-Help and ENC-LISC, was among those African Americans who argued against any form of merger. To Perry, the business community’s insistence on merger suggested erroneously that black majority schools could not provide a quality education.

Resolving the issue required a DC-based mediation firm, lawsuits, countersuits, and several rounds of senate and house bills in the General Assembly. At last in 1992, Nash and Rocky Mount districts merged, a compromise endorsed by both the NAACP and the Chamber of Commerce. Rocky Mount media at least was relieved. The Nashville Graphic argued that it should be a “foundation for hope” that would lead to “a ‘world class’ education for students.” Pearsall was ecstatic that Rocky Mount would have a better chance to “compete in an increasingly competitive and global market.”

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more Cummins and Cases would find their way to the black belt.

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In *Shadows in the Sunbelt*, MDC pointed to a concrete example of how a nonprofit used schools to promote indigenously generated economic growth: Rural Education through Action Learning (REAL) Enterprises.\textsuperscript{113} REAL Enterprises was co-founded by Jonathan Sher, one of Stuart Rosenfeld’s friends from Harvard’s Graduate School of Education. Sher too found work in North Carolina in the 1980s, landing as an associate dean at North Carolina State University’s School of Education. REAL Enterprises grew out of Sher’s long-standing focus on rural education, a personal quest to figure out how children attending rural schools could receive an equitable education without consolidating rural schools or urbanizing the communities where they lived.\textsuperscript{114}

In Georgia in the early 1980s, Sher and a local partner created a program to teach high school students by having them launch their own businesses, including a child care center, a feeder pig operation, a printing company, a community theater, a sheep farm, a tourist railway, a community newspaper, and a construction company. Sher rooted his program in an analysis of the “abiding tragedy” that “most of the pain, but far too little of the pleasure” of rural development “has accrued to non-elite indigenous rural residents...forced to pay the price of ‘progress’ and ‘economic changes and adjustments.’” Like so many others in the 1980s, he was skeptical of top-down

\textsuperscript{113} *Shadows in the Sunbelt* (1986), 12; MDC, Inc. and South Carolina ETV, “Shadows in the Sunbelt: A Workbook to Accompany the Video Documentary on Rural Economic Development,” n.d. [1990], 4, in MDC Library.

development strategies. “The only rural development worthy of the name is the kind that places the well-being of rural people and the quality of rural life above narrower calculations of corporate profit and political empire building.” Sher’s proposal reflected the “beyond the buffalo hunt” framing—industrial recruitment had “lost much of its glamor (and credibility)” with rural plant closures. As an alternative, Sher stressed what he called “the three ‘E’s (empowerment, education and entrepreneurship).”\(^{115}\)

Schools would be the vehicles to empower students, educating them to become entrepreneurs who might master their own destiny. While in high school, students would create “profit-making small businesses and micro-enterprises.” In Sher’s program, schools were both incubators as well as “the training ground for a new generation of small-scale rural entrepreneurs.” He thought such a program could both motivate students to learn and bolster rural employment, especially benefiting rural women and minorities by giving them “the encouragement, training and technical assistance they require to become successful entrepreneurs.”\(^{116}\)

In 1985, Sher started a North Carolina program in five eastern rural high schools. The project came about through financial support from the Mary Reynolds Babcock Foundation and all levels of government—local, state, and federal—in order to “focus on the human side of rural development.” Students worked with faculty sponsors to draw up business plans for a child care center, a delicatessen, a crab pot manufacturing company,


a printing business, and a silk-screening company.117

The silk-screening business, launched in Northampton County in the black belt, demonstrated both the promise and limits of Sher’s approach. With the support of the school’s textile teacher, students proposed Hurricane Screen Printing in January 1987. The students requested $20,000 from REAL Enterprises to silk-screen t-shirts and athletic gear for local school clubs and teams. The Northampton County school board gave $10,000 and a local bank provided a $5,000 line of credit. After the North Carolina Bankers Association delayed a contribution, Sher scrambled to find funding for the remaining portion. He hit up ENC-LISC, the NC Rural Center, and Self-Help and got enough money to keep the businesses afloat. It helped that many of the most influential people in this new form of economic development, including Scott Daugherthy, David Dodson, Katharine McKee, Stuart Rosenfeld, and future state superintendent June Atkinson, were on his board. Hurricane Screen Printing had some difficulties, which an assessment put down to “geographic isolation” that “made tapping their original markets much more problematic than anticipated.” But it had assistance from interns from Yale School of Management and Self-Help. After about a year of operation, the textiles teacher purchased the business with a former student. They had secured a contract with a sporting goods company in Virginia.118

Despite enthusiasm in many circles for this approach, REAL Enterprises did little to increase employment in eastern North Carolina. Like some of the businesses that it spawned, REAL Enterprises was spun off, taken up by the community college system in the 1990s. Institutionalized, it certified facilitators to run curriculum and continuing education at the small business centers across the state, a small wing of the burgeoning small business infrastructure generated in North Carolina to get beyond the branch plant buffalo hunt.119

**Connecting RTP to Eastern NC**

Not all the efforts at economic development in the late 1980s and early 1990s depended on indigenous entrepreneurship. Certainly those in charge of recruiting industry did not think the buffalo hunt was over. Alvah H. Ward Jr., director of business and industry development at the state Department of Economic and Community Development, claimed in 1990 that “the so-called buffalo-hunt theory is poppycock.” He pointed to various examples of industry choosing eastern North Carolina on the basis of its industrial training and road networks. “While much remains to be done in education and training,” he allowed, “we have made great progress in maintaining levels of employment and in attracting the highest-quality industry in the world all over North Carolina.” But though the Martin administration had gone out of its way to appease the “traditional industries,” even it recognized the need to stretch the economic success of the Research Triangle Park area out to rural areas.120 Three projects stand out in this period: Triangle East, the Superconducting Super collider, and the Global TransPark.

119 [http://www.realentrepreneurship.org/history-of-real](http://www.realentrepreneurship.org/history-of-real)
“Triangle East” was, in part, a way for Jim Hunt to remain active in economic development issues. Though out of office, Hunt jumpstarted a nonprofit in 1985 he called “Triangle East,” an effort to extend the manufacturing activity generated by RTP beyond Wake County. “Triangle East” marked the area between Raleigh, Rocky Mount and Wilson as a “triangle in which excellent, cost-competitive manufacturing is done.” The initial idea was that the nonprofit could blossom into something like the RTP Foundation, acquiring land and guiding future development of a burgeoning hub for “just-in-time” suppliers to companies in RTP, with “cheaper land and labor costs.”

In most respects, Triangle East was a new marketing plan for old-school industrial recruitment. The publication Business North Carolina noted that “What Triangle East is selling—besides Research Triangle mystique—is the area’s down-home, non-union workforce.” Unlike the old industrial development corporations, however, this one was integrated. Moses A. Ray, a black dentist and mayor of Tarboro, served on the Triangle East Board of Directors, and helped lure a Sara Lee food processing facility to Edgecombe County with highway improvement funding offered by Triangle East. UNC planning professor, Ed Bergman, argued that the project was a good idea to help traditional industries pushed out of the Piedmont relocate to the rural areas. It was a way to give back to an area that had supplied the Triangle with much of its workforce, “both the able-bodied and the most needy citizens from eastern North Carolina’s nonmetropolitan counties.” But the nonprofit never became a land developer, equivalent

to the Research Triangle Park Foundation, and it could not rid itself of its partisan connections. It faded out of existence in the early 1990s.

* * *

Republican Governor Jim Martin also tried to leverage the Research Triangle Park to the advantage of the black belt with the state’s bid for a massive, federally-funded particle accelerator. The Department of Energy set off a frenzy among state governments in the 1980s when it announced a site competition for a superconducting super collider. The Martin administration bit especially hard. Martin, a chemistry professor, had a better grasp on the scientific underpinnings than most. It would “allow scientists their greatest opportunity at resolving outstanding theoretical questions about the origins of our universe,” he told North Carolinians. He testified about its benefits to the U.S. House Committee on Science, Space and Technology. But, as with most state governors, what excited him the most was the number of high-tech jobs and spin offs that might come from winning this site selection: seven or eight thousand construction workers employed for six or more years, three thousand well-paid employees, another three thousand working in support. A few years later, he upped those estimates to 10,000 permanent jobs created by the project.


And yet, the jobs alone were not what made Martin so enthusiastic. Instead the obtuse project, with difficult to explain scientific benefits, was worthwhile because of the “profound effect that the SSC would have on education at all levels in our state.” It would reinforce the virtuous circle of education and economic growth through knowledge, stronger science education leading “directly or indirectly to discoveries that will change the world for the better.” The Southern Technology Council assisted with the mission. It organized the region’s universities to promise 100 new positions collectively in high energy physics if a southern location were chosen for the project.125

Martin initiated a working group in 1985 to put together a proposal for the state, and formed a task force in April 1986 for the $6 billion project. Among 25 states that applied, North Carolina was one of seven states chosen as a finalist in January 1988, along with Arizona, Colorado, Illinois, Michigan, Tennessee and Texas. Martin’s group settled on a rural site where the Research Triangle met the black belt, situated near an interstate. The area was close enough to RTP and the RDU airport. But the additional advantage of the was that it was cheaper to condemn land necessary for the project. Martin told the local chamber of commerce that it could be “at the very threshold of unprecedented economic development” because of the superconducting super collider. North Carolina eventually offered a $1 billion in incentives, including $300 million for new university faculty positions.126

A group formed in opposition to the project, influenced in large measure by the environmental movement that pushed back against such economic logic. With 10,000 magnets located hundreds of feet underground, the 53-mile super collider tunnel would require an enormous footprint. More than 600 property owners would be forced to sell. Many worried about its impact on water quality, while others were concerned its energy needs would lead to more power plants. It also would produce low-level radioactive waste. Protestors staged large rallies when federal officials came down for public hearings in 1988, and the area state house representative decided to oppose the project. In November 1988, the U.S. Secretary of Energy announced that Texas, rather than North Carolina, won the bid. It had offered stunning incentives in a package orchestrated by Karl Rove. Though Texas and Illinois seemed to have better cases on the merits than North Carolina, local opposition likely influenced the decision.\footnote{Monte Basgall, “Collider’s effect on water, land worries some environmentalists,” \textit{N\&O}, 29 Mar. 1988, 1; Monte Basgall, “Study says super collider a large low-level waste product,” \textit{N\&O}, 23 July 1987, 28C; Taft Wireback, “Texas wins bid for collider,” \textit{Greensboro News \& Record}, 11 Nov. 1988, 1; Taft Wireback, “The collider and N.C.,” \textit{Greensboro News \& Record}, 11 Nov. 1988, A14; Riordan, Hoddeson, and Kolb, \textit{Tunnel Visions} (2015), 106-7; Poff, ed. \textit{Martin Papers I} (1992), 792n2.}

It might have been just as well for North Carolina. In the end, the superconducting super collider was a fever dream that never lived up to its hype. Though it employed an array of construction workers, the supercollider was never completed; construction halted in 1993 after the federal government dried up.\footnote{Riordan, Hoddeson, and Kolb, \textit{Tunnel Visions} (2015).} As the Cold War’s military Keynesianism melted away, major federal projects were less and less likely to stimulate the kind of development that might transform the North Carolina black belt.
The boldest state government attempt to stimulate economic development in eastern North Carolina was the Martin administration’s investment in a “Global TransPark” in Kinston, North Carolina. Martin was convinced by a UNC sociology professor, John Kasarda, that the future of production centered around the airplane and that the state could jumpstart a new manufacturing hub, as it had decades earlier with the Research Triangle Park. As it started to get off the ground, however, the Global TransPark’s wings were clipped by a new libertarian player in the state’s policy ecosystem.

Kasarda had come to North Carolina as a Ph.D. student and had taken the helm of the Kenan Institute for Private Enterprise at UNC. Growing up in Wilkes-Barre, Pennsylvania, he was preoccupied with why his hometown was “dying,” losing factories and shops, a question that sent him on decades of research on economic development. He landed on transportation, and foresaw a baton passed to planes from the trucks and railcars of the past. His “Global TransPark” concept melded the “park” idea central to both research and industrial parks with the new tropes of global production. Kasarda called the “global air cargo industrial complex” the “fifth wave of economic development.” Complaining that academics stopped at “paper” as “the final product,” Kasarda cultivated state government officials in an effort “to go beyond paper” and make the airport-centered industrial park a reality.129

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Kasarda persuaded Martin that kickstarting an international air cargo complex was urgent. If not North Carolina, Florida, South Carolina, or Virginia would take “first-mover advantage” and dominate the market. In doing so, the state would gain 56,000 jobs and $2.8 billion annually in state GDP. In a 1991 newspaper column, Martin proclaimed the Global TransPark “economic development for the future,” and explained how the TransPark would serve just-in-time production with “the most up-to-date equipment in aviation and cargo handling, industrial production, and telecommunications to improve our access to worldwide markets.”

State planning could harness both technology and globalization to North Carolina’s economic advantage.

Figure: 24: UNC Prof. John Kasarda convinced Republican Gov. Jim Martin that North Carolina could ride the “fifth wave” of economic development into a prosperous future for the eastern part of the state. Source: Martin Papers II.

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The principal challenge to Martin’s plans for the Global TransPark came not from Democrats but from the libertarian right. Libertarians were not traditional players in North Carolina policy, making only odd-ball political appearances during the 1980s, down ballot sideshows. But a new organization chartered in 1989, the John Locke Foundation, built a larger platform for libertarian ideas.\textsuperscript{131} The Locke Foundation was largely funded by the family foundation of the Popes, who had made a fortune from a discount retail company. One Pope in particular—Art Pope—was steeped in the work of Hayek, Rand, and other libertarian thinkers, and he won election to the state legislature in 1988. There, Pope waged war, fighting as much with fellow Republicans as Democrats in his efforts to reduce spending. Relatively ineffective, he left office to lose a race for lieutenant governor in 1992. Yet his pet organization, the Locke Foundation—named after his favorite “classical liberal”—was far more successful at winning friends and influence. It put out policy papers, reports, and a bimonthly publication, the \textit{Carolina Journal}, all of which aimed to seed ideas into the mainstream press and the halls of government. The Locke Foundation bragged that it had Democrats and Republicans on its founding board, but the organization was decidedly conservative in its version of libertarianism. Its national advisory board included retired conservative politicians and leaders from the Hoover Institution and the Cato Institute.\textsuperscript{132}


Libertarian state policy think tanks burgeoned across the country during the period. The Locke Foundation considered itself allied with over 40 public policy groups “devoted specifically to state and local issues and sharing a common reverence for free markets and individual liberty.” These included the Heartland Institute in Chicago, the Mackinac Center in Michigan, the Pioneer Institute in Boston, the James Madison Institute in Florida, the Commonwealth Foundation in Virginia, and the Barry Goldwater Institute in Arizona.133 Like many of these organizations, the Locke Foundation picked up conservative legislative models from the American Legislative Exchange Council (ALEC). In North Carolina, the Locke Foundation provided a forum for a wide range of conservative and libertarian speakers (and mainly conservative libertarians) during the 1990s, with repeat guests such as Grover Norquist and Jack Kemp. It was pro-business, but throughout much of the 1990s, it was not in lockstep with the state’s chamber of commerce, the North Carolina Citizens for Business and Industry, which favored strong state support for infrastructure and education. In short, the Locke Foundation filled a void in state public policy.

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Table 5: The Emergence of Libertarian State Policy Advocacy Groups

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<th>Organization</th>
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<td>Pacific Research Institute</td>
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<td>South Carolina Policy Council</td>
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<td>Georgia Public Policy Foundation</td>
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The first president of the Locke Foundation, Marc E. Rotterman, was a veteran of the Reagan Revolution. The editor of the *Carolina Journal* was John Hood, who had grown up in Charlotte. He joined the Locke Foundation fresh out of college at the University of North Carolina–Chapel Hill, where the Pope family foundation funded his “free-market conservative publication,” *The Carolina Critic*. Hood was part of a wave of young conservatives on campus who relished conflicts with liberal orthodoxies. Yet however insulting he could be in print, he cultivated friendship and even grudging admiration from many of his liberal allies. As he said in reflection on his college debates, “Maybe years down the road, when they get out working in the real world, they will get
around to coming to our point of view.”

Even in youth, Hood seemed to keep the long view in frame.

The Locke Foundation solicited an attack on the TransPark by Robert W. Poole Jr., who argued that the Transpark was a boondoggle—the private sector would address airport needs most efficiently. Martin used the success of the Research Triangle Park as a shield against such criticism. “We have an idea that we believe has a great potential to make North Carolina wealthier,” he retorted, “and we have the proven track record of having successfully perfected such a pioneering concept decades ago at our Research Triangle Park.” At least initially, Martin appeared to have the upper hand in his battles with the Locke Foundation, but its attack emboldened urban Democrats to also criticize the project. Their alliance, in opposition to economic development gimmicks and subsidies, helped stabilize the Locke Foundation’s presence in the policymaking process.

Kasarda’s logic suggested the Piedmont—a population center surrounded by increasingly sophisticated manufacturing outfits—was the best location. Martin cautioned that the site selection should be “a business decision, not a political decision.” But in judging bids, Martin allowed for consideration of how the project would serve rural development. The two locations shortlisted for the project were both in the East, meeting the criteria that the project build around an existing airport with considerable open space available for development. During the site competition, eastern North Carolina presented a “united front” in its case for the Transpark. Frederick Turnage, mayor of Rocky Mount,

allowed that “some of the estimates seem awful high, but if you doubt the possibilities, you only have to look at the Research Triangle Park.” In May 1992, Martin announced that Kinston would receive the millions in state and federal dollars to build up the Global TransPark. As his term as governor came to a close, Martin claimed that the Transpark “will be the kind of industrial magnet for investment and employment in eastern North Carolina such as we have long enjoyed in the piedmont.”

The End of Tobacco Road
Unlike so many other branch plants that came and left the rural South, Consolidated Diesel (now wholly owned by Cummins) has continued its operations near Rocky Mount with roughly the same number of employees as it told state officials it would bring. With just under 2,000 employees, it is the third largest employer in the Rocky Mount metropolitan area, behind a Pfizer pharmaceuticals plant and the Nash-Rocky Mount school system. Consolidated continued running a modest “set aside” program for minority-owned businesses. Its management has received both positive and negative press, but in general, Consolidated’s jobs stand out for their quality in a sea of un- and under-employment in eastern North Carolina. In that sense, the $1 million that the Rocky Mount business community cobbled together in 1981—not to mention the millions more expended by state and local government—was, indeed, as Gov. Jim Hunt promised, a worthwhile investment.

Its impact on eastern North Carolina equity is harder to judge. In 1993, LISC credited the defunct ENC program for providing “catalytic funding for what has become one of the most active statewide CDC associations in the country.” The various experiments in indigenous entrepreneurship and worker cooperatives won two MacArthur genius grants for North Carolinians—Martin Eakes of Self-Help and Carolyn McKecuen of Watermark. The failure of eastern North Carolina to win another Consolidated Diesel spurred school mergers and considerable state investments. The Global TransPark was in its initial stages—perhaps, after a few years, it would do for eastern North Carolina what the Research Triangle Park did for Durham, Wake, and their surrounding counties.139

Certainly, Rosenfeld’s optimism for the rural South burst forth in his 1992 book, *Competitive Manufacturing*. “Today, the South is stepping through the door to becoming a flexible and modern industrial sector comprising large branch plants, their supplier firms, tool and equipment makers, software houses, and small, specialty manufacturers.” BWFJ’s Saladin Muhammad thought the basic trends of southern industrialization would continue—and thus he saw the prime need in industrial, rather than service, organizing. In 1992, he still made the claim that “runaway shops are coming to the South” and that

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“the high level of industrialization in many southern states makes them ripe for successful union drives.”

But by this point, with free trade policies increasingly hard to stop as the North American Free Trade Agreement moved forward, the black belt was increasing stuck. Competing labor markets in the urban U.S. offered high-skill workers, while those abroad offered far cheaper wages. In 1990, of North Carolina’s 1,292 textile mills, only 37 were unionized. The state’s union rate steadily dropped in the 1980s, both absolutely and in comparison to the United State as a whole. An analysis by sociologists did find higher rates of unionization in landed-elite–dominated, high-black–concentrated regions. But they also found that higher unionization rates were not corresponding with higher standards of living and reductions in poverty. “The unfortunate irony,” they concluded, “is that even if a higher level of worker mobilization were to occur in disproportionately Black regions of the South, capital could counter such a challenge, now more easily than ever before, by relocating south of the border.”

Southern politicians, meanwhile, were growing less inclined to indulge Rosenfeld’s “very esoteric, elitist” research findings and policy suggestions culled from worker democracies abroad. What state representatives to the Southern Growth Policies Board in 1993 wanted was an extension service, rather than information on how Italy and Germany were doing it. They wanted better K-12 science education and more Tech Prep. And they wanted to figure out how to make university start ups more likely to succeed.

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142 Survey on STC, circa 1993, 2-3, 6, in box 131, folder Southern Technology Council Proposal, SGPB
This impatience with research and analysis had to do with the fact that the governors were different people—the second wave New South governors such as Hunt, Winter, Clinton, and Riley were giving way to a more ideologically mixed set, skeptical of the value of economic planning. Fiscal and cultural conservatives took an increased portion of state-wide offices in the South, rather than governors such as Jim Martin, willing to entertain moonshots like the superconducting super collider or the Global TransPark.143

Nevertheless, the re-election of Jim Hunt as governor in 1992 and the return of a Democrat to the White House—a southern Democrat from rural Arkansas no less—signaled a golden decade ahead for the rural development paradigm of indigenous entrepreneurship. The Rural Center in North Carolina was set “to reach a higher plateau” with political backing at the state and federal levels. In June 1993, Clinton beamed at Tim Bazemore as he spoke at a White House ceremony to announce legislation to fund organizations like Self-Help, groups that, as Clinton put it, “understand how economic growth builds from the grass roots up.”144

Tobacco road was no longer just a “tired cliché,” argued Ferrel Guillory in 1993. It was wrong. North Carolina was a diversified economy, “a place of many roads…Computer Road, Banking Road, Hospital Road, Hog Road, Chicken Road, and an array of others.”145 In places both rural and urban, he might have added Education Road, one of the chief lifelines that remained in eastern North Carolina. As the decade worn on,

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it proved easier to change the education system to focus on general, rather than specific, skills than it was to create the requisite number of successful small businesses needed to replace the branch-plant buffalo.
Chapter Seven
Kids, the New Cash Crop
1990-2000

When Jim Hunt returned for his third term as governor, he doubled down on his talk of “education for economic growth.” He made the claim to everyone, everywhere—at educators conventions, with business groups, to fellow politicians in and out of the state. Hunt took the inaugural flight from Raleigh-Durham to London, where he proclaimed to a group of businesspeople, “We in North Carolina know that education is economic development.” Re-elected for a fourth term in 1996, Hunt sang that tune loud and proud for eight years, that education, whether in pre-K or at the community college, was the key to the state’s prosperity.¹

Yet in other aspects of economic development policy, Hunt changed his tune—or at least re-learned an old Dixie standard. What little North Carolina provided in terms of incentives had been targeted at attracting industry to rural areas, such as the black belt. Hunt claimed in early 1993 that the state had lost its edge in the “buffalo hunt for new industries,” twisting George Autry’s metaphor so hard he broke its meaning. Autry meant that the buffalo were dying; Hunt suggested that North Carolina needed new bait for the herds—tax breaks, low-interest loans, and relocation reimbursement. It was, in effect, a return to the old ways of selling the South.²

What spurred Hunt’s about-face was that the buffalo had returned. But they were a different species. These were not the branch plants of American textile or electronics

manufacturers but rather enormous factories to assemble high-value durable goods, the kind of capital-intensive production that economists had long predicted would one day find its way South. As of old, these companies—ostensibly foreign-owned firms—were looking for cheap labor. But they were induced to restrict their search within U.S. borders through a combination of federal trade policy, proximity to American consumers, lower transportation costs, and improvements to telecommunications.\(^3\)

Hunt, like most other state- and local-level politicians across the nation, tried to find an angle that would attract such foreign investments. He hoped to unite his emphasis on education with this new buffalo hunt. These goals did not combine neatly. In particular, the incentives approach conflicted with the home-grown entrepreneurial approach that had been the focus of rural development. Veteran policy advocates, such as George Autry, struggled to understand why Hunt and other politicians in the South were repeating the mistakes of selling the South on cheap labor. What the politicians understood was that voters rewarded them. The black belt, like many other rural regions of the state, was particularly hurt economically by the hurried integration of the global economy during the 1990s, which undercut the pillars of tobacco, textiles, and other labor intensive manufacturing.

Convinced that low-wage work wasn’t worth saving, Autry and other policymakers gravitated to education and health care as rural policy, ways to cope with

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job losses to free trade. They continued to emphasize to community leaders that attracting new industry was predicated on raising their kids’ scholastic achievement, as measured by standardized tests. More prosaically, the only dependable way to the middle class in these communities was through the education or health systems, “eds and meds,” which provided an increasing share of living wage jobs. By decade’s end, this strategy seemed increasingly unlikely to turnaround the economic stagnation of the region’s small towns.

In one way or another, the state’s approaches, as disjointed as they sometimes were, came back to the uplifting possibilities of educational investments. The new economy ratcheted up pressure on schools to provide, in Hunt’s words, “the skills that the jobs of the twenty-first century will require.”

Even as eastern North Carolinians explored new commodities, particularly hogs, to make a living from the land, children were the new cash crop.

**The New Breed of Buffalo**

North Carolina’s about face on incentives began with its failed bid to win BMW’s first assembly plant built outside of Europe. The Bavarian Motor Works wanted a plant more like those of the Japanese automakers, which were finding a hospitable climate in the South—Nissan in Kentucky and Toyota in Tennessee. The German company wanted a “small and highly flexible” assembly plant that could easily transition to produce almost any BMW model. Access to the Ohio Valley was important in part because it would outsource many parts “delivered on a just-in-time basis.” BMW promised it would employ up to 2,000 workers, a diminutive figure compared with auto manufacturing of

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old: Ford’s River Rouge plant employed 102,811 workers at its height in 1929. But with textile closures, and organizations like Self-Help struggling to create a few hundred jobs, 2,000 was enough to stabilize a community on the ropes.

Foreign automakers built factories in the U.S. starting in the 1980s as a way of accommodating voluntary quotas, avoiding luxury taxes and compensating for exchange rates as they tapped U.S. consumer markets. Trade policy, better telecommunications, and reduced transportation costs for internationally sourced parts made “reverse investment” more cost effective to assemble cars and trucks in the U.S. rather than ship them fully built across an ocean. The bet on U.S. production sites did not always pay off for foreign companies—Volkswagen flopped with a Pennsylvania plant that opened in the early 1980s and closed by 1988 because of cost and quality problems. But right-to-work states gave these companies reduced costs and more flexibility to redesign production. BMW focused on these states—primarily those in the midwest and the South.

North Carolina economic development officials pursued the Bavarian Motor Works hard in 1991, earning serious consideration from the company. This was a change in strategy. State officials had not courted Toyota and Nissan because they feared “big unionized plants and large numbers of workers subject to layoffs.” Yet as the Japanese companies settled in to southern communities in Tennessee and Kentucky, they did not seem to disturb the anti-union equilibrium. Moreover, they expanded the network of parts

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suppliers in the South, which gave the region an advantage beyond its “non-union bent.”

State officials tried to use the Kinston Global TransPark as a lure for eastern North Carolina, but that part of the state was never in the mix, despite its cheap land and job-hungry communities. BMW restricted the sites it was willing to consider to western North Carolina, in order to have closer proximity to Ohio Valley suppliers. That part of the state presented other challenges for site selection: the mountainous terrain increased the cost of construction, which priced the state out of the running. Once out of the race, state officials worked with South Carolina to strengthen its bid, with the hopes of getting some suppliers. In June 1992, BMW announced that South Carolina beat out Nebraska for the $250 million plant.

At MDC, George Autry thought the moral of the story was that the state was slipping on education and workforce development. The president of BMW’s site selection firm, PHH Fantus, Robert M. Ady, wrote in a Wall Street Journal op-ed that South Carolina’s worker training program was a leading factor in the decision. The state built a training facility exclusively for BMW. Moreover, it agreed to act as hiring manager—advertising for, collecting and screening applications. “State and local governments looking at these figures are beginning to realize that an investment in education can pay off in new jobs, a more highly educated work force and an increased tax base.” Ady estimated that South Carolina would reap a return 150 times its

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investment on workforce education. Autry warned North Carolina officials that the state’s community college system lagged South Carolina. Strong educational systems were the backbone of “modern industrial recruitment,” said Autry, which “North Carolina invented.” Suddenly, it was falling behind.

As he returned to office, Gov. Hunt agreed with Autry, but he linked workforce programs with other incentives. Though their op-eds claimed that education paid off with site selection, relocation consultants grumbled behind the scenes that North Carolina “is not a cash-cow state.” Economists at UNC were appalled that Hunt would want to adopt incentives. “North Carolina has been a leader among states in not doing such silly things,” said James Smith, a professor of finance at UNC’s business school. “It would be a very sad and an expensive lesson to change these policies that Governor Hunt had the last two times he was governor.” Autry tried to reorient the conversation about inducements to “capital formation, workforce preparedness and entrepreneurship.” But Hunt persuaded the legislature to create an Industrial Recruitment Competitive Fund that the state could use to sweeten whatever local pot that communities could amass in the site selection game.

The test of North Carolina’s revised approach to industrial recruitment came later in 1993. German automaker Mercedes-Benz began shopping for sites in the U.S. in a

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move to emulate its competitors. North Carolina officials went after Mercedes full bore. All told, North Carolina prepared an incentive package worth more than $100 million. Hunt met face to face with company executives and, on their behalf, extracted a $35 million appropriation from the legislature to build an educational training center, dubbed informally “Mercedes University.” Mercedes would have complete control of the design and construction costs of the center, modeled on South Carolina’s for BMW. If it cost less than $35 million, Mercedes would pocket the difference; after 50 years, it could buy the facility and land for only $10. Once more, eastern North Carolina was ruled out of the site selection process early, not close enough to the transportation networks of key suppliers. Rather, the company would build in the Piedmont, between the Triangle and the Triad.

Mercedes was worth the incentives, Hunt argued. “Mercedes is the prize not only of the decade, but maybe of the century,” he said in June to a gathering of local officials, echoing language he used when courting Cummins in 1978 and GE in 1980. He won over the editorial board at the News and Observer, which blessed the educational training center as “a responsible kind of incentive, not a reckless one.” They invoked David Birch, the patron saint of small business development, quoting his contention: “The places that are doing well are competing by offering a high quality of life and skilled workers, not giveaways to companies.”

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legislation to exempt Mercedes from paying state income taxes for 25 years, but a company spokesperson assured the media this wasn’t a race to the bottom. “Any state that is willing to invest heavily in training is definitely a state that piques our interest,” she said. “The area of training and the skills development of the work force, those things are close to our heart.” When the Washington Post reported in September that North Carolina had landed the plant, state officials prepared to take a victory lap, a triumph of education-based incentives that showed the wisdom of investing in workforce development over mere giveaways.15

North Carolina’s economic development team waited for a phone call that never came, however. Alabama, with an incentive package valued at between $350 million and $500 million, got the plant after all. Not only was it forgoing state income taxes for 25 years from the company: Alabama also agreed to pay salaries at the plant for the first year, a cost of roughly $45 million. State government agreed to buy 2,500 state vehicles. All of this for 1,500 jobs.16

The deal alarmed both economists and devotees of the “education for economic development” strategy. Alabama was under a court order to spend more than $500 million a year upgrading its public education system, and it was giving away that amount to Mercedes. It was an instance where cost-benefit analysis would have been handy, noted a University of South Carolina economist. “That state has a Third World economy,” decried Autry. “They’re losing money to invest in their people, their roads,

their state in general. For a state like Alabama, which needs money for education, that’s a problem.” Fifteen hundred jobs seemed like a lot to Alabama, but when speaking to investors, Mercedes highlighted how few workers it would involve and how heavily it would squeeze suppliers to lower costs.17

Though it struck Autry as a loser’s game, states across the country felt increasingly compelled to join this new buffalo hunt as the decade wore on. In the 1990s, the acceleration of global integration made it harder for manufacturers in the U.S. that competed on low labor costs. For North Carolina, this spelled the demise of textiles, apparel, and furniture as centers of employment. Textile companies that remained learned the lessons that Stuart Rosenfeld at the Southern Growth Policies Board had tried to teach manufacturers in the 1980s—that investments in technology and higher skilled employees would improve their ability to compete. Losing these jobs, which in rural communities in North Carolina still held the most dependable path to economic security, increased the pressure on politicians to engage in the subsidy scramble for foreign direct investment.

The National Governors’ Association tried to halt the subsidy race in 1993. A committee, headed by Illinois Gov. Jim Edgar, a Republican, offered a position paper for a “voluntary economic arms-control agreement.” Incentives, the paper argued, should only go to development “that would not otherwise occur.” States should not buy payroll but share information to keep private firms from playing them against each other and

tighten agreements in the event companies failed to deliver. The only acceptable bases for subsidies, it argued, were “investments in people” and “physical and social infrastructure.” The NGA argued that governors must “withstand the political pressure that may result when they announce that their state will not engage in a bidding war for a high-visibility, high-impact project.” The MDC and SGPB strategies, in other words, were the proper course for economic development. However, the position paper, backed by a resolution, offered little but moral suasion in the fight against this race to the bottom. The drain of American manufacturing jobs in the 1990s made state politicians increasingly desperate for big gets to show their voters—regardless whether the subsidies overlapped with investments in people.

**Education for Economic Development in State and Nation**

On the presidential campaign trail, Bill Clinton proclaimed that “economic growth does not come without a national economic strategy to invest in people and meet the competition.” With Clinton in the White House and Hunt back in the governor’s mansion, education for economic development guided policymaking at both the federal and state levels. Though the administrations squabbled at times over tobacco, in most other policy aspects, they were remarkably in sync. Hunt and Clinton, both informed by the work of the Southern Growth Policies Board, MDC, the Corporation for Enterprise Development, the Aspen Institute, and other liberal think tanks, sought to use government to foster innovation, nurture small business, and enhance the education levels of the

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workforce. They shared a predilection for public-private partnerships as the vehicle for instituting these policies. This approach was sometimes shaped—and stymied—by conservative legislative victories, both in Washington and Raleigh. But it represented the apex of the education for economic growth push, shaping an array of policy arenas, from trade, to technology, to regional development, to, of course, education.

One of the most surprising overlaps for two southern Democratic politicians from states dependent on low-wage industries was broad agreement on free trade. During the 1980s, Democrats in Congress had pressed to protect U.S. industries, and when it came to textiles, southerners of both parties came to the industry’s support. As the George H.W. Bush administration sought fast track approval for the North American Free Trade Agreement (NAFTA), both of North Carolina’s senators—usually oppositional Jesse Helms and Terry Sanford—voted against the measure. On free trade, both the textile industry and labor unions were also in rare lockstep, at least initially. NAFTA created a “slumber party of strange bedfellows.” South Carolina textile magnate Roger Milliken raged against NAFTA for “forcing companies to break their links with their communities,” finding himself in the same policy place as Jesse Jackson, who called it “a rich person's bonanza and a poor person's Waterloo.”

But by 1992, the industry was increasingly divided. While South Carolina’s Roger Milliken raged against NAFTA, the American Textile Manufacturers Institute, a leading trade group, came around to the idea that the pact would open the Mexican consumer market. Moreover, textile companies calculated that while Mexico would

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attract low-wage cut-and-sew apparel jobs, a North American market would allow U.S. companies—rather than Asian competitors—to supply the thread. Tellingly, when presidential candidate Clinton picked a place to announce his conditional support for NAFTA in 1992, he chose North Carolina. “I think of North Carolina as a mixture of the best in America’s economy—its traditional industries and farms, and its modern, high-tech future.”

Clinton’s secretary of labor, Robert Reich, firmly supported NAFTA, and his views reveal the overlap between the Clinton administration and the Southern Growth Policies Board. Both saw the best path to a high-wage future in letting go of low-wage work and using education as a bridge. In a 1991 book, Reich argued that “the very idea of an American economy is becoming meaningless.” Free trade, he intimated, was inevitable and beneficial. “There is no longer any reason for the United States—or for any other nation—to protect, subsidize, or otherwise support its corporations above all others.” The future belonged to the “symbolic analyst,” he argued—the problem identifiers and solvers, the strategy brokers, or, put more simply, the engineers, the lawyers, the investment bankers, the consultants, the executives, the writers, and artists. They spent their time worrying about problems, devising solutions, and executing strategies. Importantly for public policy, Reich believed that education could produce more of these symbolic analysts.

That gave America a head start against global competitors, Reich thought, since

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22 Charitably, perhaps, he included university professors in that list.
“no nation educates its most fortunate and talented children—its future symbolic analysts—as well as does America.” The problem was that this was only true of about 15-20 percent of the population. Raising the fortunes of the rest of Americans—and, by extension, the nation—“turns out to rest heavily on education and training, as well as nutrition and health care sufficient to allow such learning to occur.”24 Reich took this “invest in people” approach to Clinton’s Department of Labor, seeking to harness nationalism in much the same way that the Southern Growth Policies Board sought to harness southern identity. Both were ways of creating a community of mutual obligation that might encourage the winners to share their spoils through more progressive taxes and redistributive services.

Newspapers in North Carolina saw NAFTA as a reason to invest more in education. An editorial from the Fayetteville Observer used NAFTA to argue for increased higher education spending, especially at the community college level. “NAFTA is going to accelerate the exodus of low-skill jobs and increase the public’s demand for what the community colleges offer.” The newspaper editors, sold on the “beyond the buffalo hunt” framework, recognized that “if despair is not to take hold in some areas, North Carolina will have to quickly generate or attract higher-wage, higher-skill jobs to replace those lost.” The challenge would be met not through industrial recruitment but a “more effective system of public education, for schoolchildren and for adults who must choose between retraining to meet new job requirements, and long-term unemployment.” The News and Observer made similar arguments on its editorial page, supporting

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NAFTA while acknowledging that the gains would benefit urban areas and “bring economic strain” to the rural parts of the state. The paper chastised Helms for opposing NAFTA, saying that he ignored the “long-term benefits of free trade.” The challenge, it argued, was to “step up efforts to improve the competitiveness of its workers and industries. The state will see a net yield from the treaty only if it moves ahead quickly with education and training programs to create a more productive and better-skilled workforce.”

NAFTA passed late in 1993, with more votes from Republicans than from Democrats—though both the state’s senators opposed it. In the House, North Carolina’s African American representatives joined rural Republicans and Democrats to vote against the agreement. But the Clinton administration understood it needed to offer some strategies to help people and communities stimulate new growth to replace jobs lost to globalization. Drawing on the work of many of the same policy organizations and advocates that shaped North Carolina’s focus on indigenous entrepreneurship, the administration settled on a similar menu: job training, small business development, research spin-offs from universities, and the quality of general education.

The NAFTA Worker Security Act of 1993 lengthened unemployment benefits for workers “adversely affected by NAFTA” as deemed by the Department of Labor. The idea was that training programs could provide laid-off workers with new skills for available jobs. These policies funded “one-stop” job centers, often housed at the North

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26 These were Clayton and Mel Watts. https://www.govtrack.us/congress/votes/103-1993/hr575. For more on the vote breakdowns, see https://www.govtrack.us/congress/bills/103/hr3450.
Carolina community colleges. Nevertheless, the average displaced manufacturing worker found work that paid 12 percent less.\textsuperscript{27} For most people in rural communities, without access to higher-paying, higher-skilled jobs as in many urban labor markets, the real choice was not whether to re-skill. It was whether to relocate, take a local but lower-wage blue-collar service job, or just drop out of the labor force entirely.

The Clinton administration, like the Martin and Hunt administrations, converged on small business development, which these one-stop shops were also supposed to serve. Clinton reinvigorated the Small Business Administration, which had been under siege during the Reagan administration. In his first State of the Union, Clinton proposed “the boldest targeted incentives for small business in history.” Perhaps the most effective policies were those in federal procurement that encouraged women-owned businesses. From 1987 to 1996, the number of women-owned businesses grew from 4.5 million to 8 million, employing one of every four U.S. workers.\textsuperscript{28}

Another approach to stimulating new economic growth to replace manufacturing job losses was to invest more government resources in science and technology policy. The Clinton administration, encouraged by researchers such as Stuart Rosenfeld, sought to spark basic research to jumpstart new innovation cycles, increasing the pool of money available to research universities in 1993. To generate more applied research, the Department of Commerce administered an Advanced Technology Program that funded research proposals from private firms. The emphasis on small business and knowledge-

\textsuperscript{27} Krueger and Rouse, "Putting Students and Workers First? Education and Labor Policy in the 1990s" (2002), 719.
based growth often merged in vehicles such as the Small Business Innovative Research Grant program.29

Later in the decade, the bloom came off the rose of small business. A robust study published by the Census Bureau in 1994 undermined the job creation claims of David L. Birch. After thoroughly accounting for jobs created as well as jobs lost in small business, only one in five new jobs came from companies with fewer than 50 employees. Both small business and technology promotion efforts came under fire, from left and right, for providing money to private firms. Following the Republican congressional takeover in 1994, the Clinton administration shifted to a focus on budget deficits, gutting many of these programs in the process. Overall, the 1990s—despite the promotion of small business at the state and federal level—proved disappointing for small business. The share of self-employed non-farm workers fell during the decade, after growing since the mid-1970s.30

One of the most scathing critiques of the small business approach came from radical economist Bennett Harrison in 1994. Small businesses were no panacea, he argued. They paid less, offered worse benefits, lagged in technology, and routinely failed. Moreover, Harrison pointed out what an emerging cluster of researchers were noticing: many new small firms emerged from the increasingly ruthless outsourcing practices of “lead” firms as they focused on their “core competencies.”31 This was the world of value

chains, increasingly global, as sociologist Gary Gereffi has observed. This way of organizing production gave retail brands such as Wal-Mart the leverage to squeeze the companies that supplied them. Consolidation of the small firms in Third Italy—once the policymakers’ model for vibrant, globally competitive industrial districts—demonstrated how tenuous such ecosystems could be. The small start-ups of Silicon Valley, meanwhile, actively sought to be bought up rather than to grow at a steady pace. But even Harrison offered little in the way of coherent policy recommendations beyond the “fashionable but vacuous idea that ‘technology, training and technical assistance’ can put us on a ‘high road’ toward higher wages and a more decent society,” as James K. Galbraith put it in his review. Even for the smartest observers, it was difficult to decipher the appropriate path to a new economy that did not come back to education.

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Improving general education became more urgent to Washington policymakers, given diminished expectations of industrial policy and a theoretically grounded belief that innovation was the best national strategy to promote growth. “New growth” economist Paul Romer—whose father, Roy Romer, was a prominent Democratic politician in the 1990s—dismissed “intellectually wrong and politically naive” attempts to use his ideas to justify “big government.” The appropriate lesson to draw from his version of creative destruction, he clarified, was that government ought to educate the next creative crop of innovators, rather than trying to pick which new ideas were most likely to succeed. While

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Romer’s ideas were far from consensus among economists—“the theory of economic growth today is up for grabs,” J. Bradford De Long commented in 1997—they were at least actionable. The tech boom, along with the Asian financial crisis, seemed to confirm that innovators would and could create new sources of prosperity. And they aligned with education for economic growth policies that southern politicians had promoted for more than a decade.

Clinton and Hunt pulled in the same direction when it came to K-12 education in the 1990s. Clinton, like Hunt, stumped at schools, to the point that a *New York Times* reporter quipped “he seems to be running for PTA president.” Clinton picked former South Carolina governor Richard Riley as secretary of education, the second consecutive New South governor (after Lamar Alexander of Tennessee) to hold that position. Hunt, Clinton, and Riley—who had swapped education policy ideas regularly in the 1980s through the Southern Governors’ Association, the Southern Growth Policies Board, and the Southern Regional Education Board—pursued educational reform along similar lines in the 1990s.

Both the federal and state administrations focused attention on “standards-based reform,” which practically came down to measuring student learning by standardized test scores. Clinton and the Democratic Congress passed two major education bills: ESEA reauthorization, dubbed the Improving America’s Schools Act of 1994, and the administration’s more broad-reaching reform package, Goals 2000. This agenda, largely

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North Carolina, like many other states, had already started down the path to accountability through testing before the 1994 federal legislation.\footnote{On this trend, see Kathryn A. McDermott, "A National Movement Comes Home: State Politics and Educational Accountability in the 1990s," in \textit{To Educate a Nation: Federal and National Strategies of School Reform}, ed. Carl F. Kaestle and Alyssa E. Lodewick, (Lawrence: University Press of Kansas, 2007).} Hunt built off the momentum from his previous terms. In his eight-year absence, it was propelled by the business–education groups that Hunt had fostered, including the North Carolina Public School Forum and the North Carolina version of the chamber of commerce. Hunt’s continued focus on education was in part a response to this core constituency. Firm leaders, especially those in “new economy” industries, grumbled about the quality of North Carolina’s public schools. “Companies have all heard about our beaches, they’ve all heard about our golf courses,” said Douglas Trimble, assistant vice president at Northern Telecom, at a 1992 Greater Raleigh chamber of commerce conference. “Unfortunately, they’ve all heard about our poor educational system.” IBM’s site manager likewise complained about the state’s low-ranking K-12 schools. “If we don’t have a skilled work force someone else will.”\footnote{Kay McFadden, “Luring business called harder job,” \textit{N&O}, 2 Aug. 1992, C9.}

Hunt expanded on the accountability measures built into the Basic Education Plan, with end-of-grade tests on reading, math, social studies, science, and writing. After
some trials of the “new ABCs of Public Education” framework in the 1995-1996 school year, Hunt got the General Assembly to pass the School-Based Management and Accountability Program in 1996, expanding the testing-based school “report card” program. A state team would take over schools repeatedly marked as “low performing.” Certified staff at schools that hit “exemplary growth” targets, meanwhile, received a small monetary bonus.38

Rewarding the entire staff at the school, rather than a more individualized form of merit pay, was a policy that came from Hunt’s closer engagement with teachers. After losing to Helms, Hunt served on the Carnegie Forum on Education and the Economy’s Task Force on Teaching as a Profession, which created the National Board for Professional Teaching Standards. Through voluntary certification, carrots, rather than sticks, would promote improvement in the profession. Hunt worked closely with the National Education Association and the American Federation of Teachers throughout the process, picking up ways to align reform with the perspective of those in the field.39

Such interactions also encouraged him to take the issue of teacher pay more seriously than in his first two terms. In 1995, Hunt promised to raise teacher pay to the national average by the year 2000. As he argued at a roundtable with business leaders in June 1996, “We wouldn't settle for forty-second in new jobs or college basketball—why should we settle for being forty-second in teacher pay?” He interpreted his 1996 victory

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as an endorsement of that plan. It helped that the elections also reshaped the legislature to
be a more amenable to paying teachers. “My first priority is education,” he said after
winning. By 2000, teacher pay in North Carolina had reached the national average,
costing the state around $1.7 billion.40

Both Clinton and Hunt had to reconstruct their education agencies following the
Republican Revolution in November 1994. The new GOP was particularly disruptive of
Clinton’s plans for education reform. In Washington, Conservative Republicans broke
with party moderates on standards, and returned to the Reagan era idea of abolishing the
Department of Education. Congress eliminated the National Education Standards
Improvement Council, and the rest of Clinton’s education agenda bogged down in failed
legislative efforts during the 1990s. Still, there was some common ground regarding the
need to harness education to the goals of economic development—the GOP even
renamed the Education and Labor Committee the Economic and Educational
Opportunities Committee.41 As the parties bickered in Washington over federal education
legislation, both sides enlisted North Carolina as an example to emulate. Senator Ted
Kennedy (D-MA), in particular, repeatedly referenced North Carolina and Texas as
templates for No Child Left Behind—in part to emphasize their lack of voucher
programs. He also pointed to the school takeover aspect of North Carolina’s
accountability program.42

N&O, 7 Nov. 1996, A24; Carol Byrne Hall and Wade Rawlins, “Tax cuts, surprises sap N.C. budget,”
Administration History Project, “Domestic Policy Council [1],” Clinton Digital Library, 8-13, accessed 30
42 The Administration’s National Testing Proposal: Hearings Before the Subcommittee on Early
Childhood, Youth and Families of the Committee on Education and the Workforce, U.S. House of
More so than anything else, the state’s scores on the National Assessment of Educational Progress (NAEP) served the argument that North Carolina’s approach was working. Thanks to southern governors’ insistence, NAEP provided data to allow comparisons between the states. Decades later, Hunt would point back to North Carolina’s upticks in reading and math proficiency as measured by NAEP as proof that his education policies had worked. Certainly, NAEP provided a more appropriate and finer-grained comparison than other proxies, such as SAT scores. But by accepting and promoting the emphasis on raising NAEP scores as a metric of success, North Carolina policymakers committed themselves to a difficult bar to continuously raise.

But in the short term, Hunt’s educational accountability program satisfied the business constituency that was so important to him. By 1999, the National Alliance of Business, an organization committed to education reform and workforce development, was a strong proponent for expanding the successful North Carolina model to other areas.


Educational Opportunities Act: Report of the Committee on Health, Education, Labor, and Pensions, U.S. Senate, 106th Cong., 2nd sess., 12 Apr. 2000 (minority views of Senators Kennedy, Dodd, Harkin, Mikulski, Bingaman, Wellstone, Murray, and Reed, p. 201); What Works, Education Research: Hearing of the Committee on Health, Education, Labor, and Pensions, U.S. Senate, 106th Cong., 1st sess., 14 Apr. 1999 (Senator Jack Reed, p. 56). As NC State Superintendent Mike Ward noted at that hearing, NAEP was politically useful for North Carolina educators in the 1990s. As Mike Ward noted in Congressional testimony, NAEP “is a very useful tool for helping us remind our citizens that our students are performing in the middle of the pack nationally, because too often they rely on the SAT.” (54)

of the country. Hunt, throughout his tenure, continued to hammer his theme of education for economic growth.

At the aggregate level, nationally and in North Carolina, the proof seemed in the pudding, the economy cranking feverishly. But the conservative revolution had more significantly diminished the capacity of Clinton’s advisors to pursue education for economic growth full bore. After Clinton left office, economist Alan Krueger, briefly the chief economist at the Department of Labor, lamented that the administration did not spend more on education and job training programs. It had been distracted by deficit reduction thanks to Ross Perot and the Republicans in Congress. If reducing deficits was “not the key to the recent economic growth,” Krueger commented, “then a unique opportunity might have been lost to strengthen the skills and knowledge of the workforce by not investing more in education and training in the 1990s.”46 In the new millennium, policymakers had reasons to believe that the U.S. still had strides to make in order to truly follow the logic of education for economic growth.

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There was another K-12 parallel between the Clinton and Hunt administrations: the support for charter schools. In both cases, these Democrats saw charters as a wedge to cut off policy support for more radical school choice measures, such as vouchers or private school tuition tax credits. In the 1996 elections, both Hunt and Clinton used their support

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of charters to deflect school choice arguments from their voucher-supporting opponents.

School vouchers, an idea floating around free-market circles for decades, got a significant conservative push during the George H. W. Bush administration. In turn, Bush included support for voucher programs in his America 2000 legislative proposal in 1991. Opposition to vouchers was a major reason that bill died on the vine. But there were some signs that school choice had the chance to break the Democratic Party’s stranglehold on urban black voters. In Milwaukee, for instance, Howard Fuller—the black power radical feared by white conservatives in North Carolina during the 1960s—championed school choice as a way to increase resources and pedagogical autonomy for African American students. Having learned the idea of “interest convergence” from Derrick Bell, the Harvard Law professor and former civil rights attorney, Fuller saw vouchers as a way to align the interests of black parents and children with free-market conservatives. Though black activists who took to vouchers, such as Fuller, were a decided minority among civil rights leaders, enough pursued the agenda that it created a wedge for school choice policy.  

When Clinton took office, only two states, Minnesota and California, allowed charter schools. By the time he left, 36 states authorized charter schools. Most of these states received help from the federal government. The 1994 ESEA reauthorization created a Charter Schools Program. It awarded funding to state educational agencies for charter programs, and subsequent legislation expanded its scope. In its administrative history, the Clinton Domestic Policy Council bragged that the Federal Public Charter

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School Program put $400 million towards seeding almost 2,000 charter schools in 32 states.\(^{48}\)

By 2000, nearly 100 of these new charter schools were in North Carolina. Hunt and his fellow Democrats had been less eager to compromise on charters than the Clinton administration. During the early 1990s, Democrats and Hunt’s business–education alliance remained aloof to charter schools, an idea espoused politically only by a handful of Republican candidates around the state. But the 1994 mid-term elections created a similar dynamic in North Carolina as in Washington: Republicans took control of the House, putting the Democratic Party in the minority role for the first time in the 20th century.\(^{49}\)

The libertarian John Locke Foundation thought it was in the catbird seat following the 1994 midterms. Reducing education spending in the state had been an overriding issue for the organization, going back to its first forays into public policy. Policy Report No. 2, issued in March 1991, was called “Lessons Learned: The State of Education Reform in North Carolina.” Written by John Hood, it argued that a lack of resources was not the problem of the school system, but rather centralization, regulation, and lack of local involvement from parents and the community. The report claimed to speak from a survey of “school personnel,” but the data came not from a survey of teachers but of both


public and private school administrators. It offered solutions such as the abolition of teacher tenure and school choice, and it interpreted NAEP scores to argue that reforms in North Carolina, including additional money for schools, had made no impact.50

Policy Report No. 3, “The Entrepreneurial School: A Model for Education Reform in North Carolina,” expanded on school choice as the answer in contrast to the “bureaucratic monopoly: our current model.” It highlighted that education spending in the state had increased 4.7 percent each year since 1959, while SAT scores had declined—a spurious connection that took no account of increasing proportions of students tested. And it relied on thought experiments, rather than data, to present a false choice between resegregation from school choice and “less effective schools.”51

The organization’s bimonthly publication, the Carolina Journal, had also kept a tight focus on education policy as it got off the ground in the fall of 1991. In its initial issue, the Locke Foundation tried to reframe the issue of teacher pay, enlisting an economist to factor in cost of living and any other measure that might show that in fact North Carolina teachers had it pretty good. These adjusted rankings claimed that teachers in the state were fourth best in the nation in 1991. In contrast, the National Education Association—which for decades put out the definitive rankings for policymaking—ranked North Carolina at 29th.52 Article after article in the Carolina Journal argued that

more money would not help the school system. These claims made little immediate impact on policy in the early 1990s, barely earning coverage in North Carolina newspapers, until the organization gained a stronger hand following the 1994 elections.

Editorials in the *Carolina Journal* were gleeful over the cuts the General Assembly might enact in the 1995 legislative session. The turnabout brought Governor Hunt calling on the Locke Foundation for the first time, where he made a January 1995 speech on the virtues of tax cuts. The Locke Foundation pushed for far more than Hunt was willing to propose. It released a plan to cut taxes by $2.3 billion over the biennial budget period. Since 50 percent of the state’s budget went to education, that would have enormous ramifications for the system. The organization backed other ways of constraining state spending, such as a “Taxpayer Protection Plan” to force limits on budget increases.

The more conservative legislature of 1995-96 pursued some of the cuts that the Locke Foundation recommended, taking action on 62 of 178 recommendations for savings, according to the Locke Foundation. The House proposed massive cuts to the University of North Carolina system, more than $100 million in the biennial budget. This also aligned with Locke logic. The *Carolina Journal* nitpicked economic impact studies on the growth value the university created and argued that tuition at both the public university and the community colleges should reflect national averages—state

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residents were getting a deal that was too sweet, to the detriment of taxpayers. While the university and community college system leaned on their legislative backers to avoid the worst cuts, it marked the beginning of tuition creep that would make state schools more like their private peers.\textsuperscript{57}

But the legislative changes in 1995 and 1996 were on the whole disappointing to the Locke Foundation. With a growing overall economy, state revenue increased—despite the tax cuts, the education budget went up instead of down.\textsuperscript{58} Business support for education for economic growth staved off the worst of it.

Hood encouraged fellow libertarians to look on the bright side. “For the first time in recent memory, conservative proposals for change and reform such as school choice, privatization, term limits, welfare reform targeting illegitimate births, and signification tax reduction were seriously discussed in the halls of the General Assembly.” In other words, it was a step in the right direction: the organization’s favorite ideas at last were getting a public hearing.\textsuperscript{59} And in retrospect, the late 1990s marked the end of a sustained period during which North Carolina state and local government outspent the national average on education at all levels as a percentage of state GDP.\textsuperscript{60}

One of the Locke Foundation’s biggest victories as a result of the Republican


\textsuperscript{60} See Introduction, Figure 1.
Revolution of 1994 was a move towards school choice by authorizing charter schools. Republicans in the House persuaded enough key Senate Democrats that they would create a voucher program. One key Democrat was Durham Senator Wib Gulley. Gulley was one of the more liberal members of the General Assembly, a lawyer who cut his teeth working with the North Carolina Public Interest Research Group as well as Martin Eakes, co-founder of the Center for Community Self-Help. To forestall vouchers, Gulley introduced charter legislation in the Senate.\textsuperscript{61} The North Carolina Citizens for Business and Industry and the Public School Forum of North Carolina remained opposed to vouchers or tuition tax credits, but by 1996, both groups came around on charter schools, as did slices of the education community. John Dornan, president of the Public School Forum, said that charters “aren’t magic” but had “more potential than other reform efforts we have seen.” In 1996, the legislature reached a compromise that capped charters at 100. The state accepted 37 of 55 first-year applications, with 32 charter schools opening for the 1997-1998 school year. The federal government contributed $1 million to help the state start the program.\textsuperscript{62}

Figure 25: The John Locke Foundation’s Carolina Journal celebrated charter school growth in North Carolina on its Dec/Jan 1996 cover as a civil rights victory.

The rapid growth of charter schools in North Carolina—it hit the cap by the application deadline in 2000—was one of several surprises for state officials. They initially were afraid charters would become middle-class white-flight havens and were taken off guard by how many black parents sought out charter spot. Most charters broke state law by having unlicensed teachers. They also had comparably poor test scores, with a quarter considered low performing. Several for-profit companies won charters, hoping to squeeze a profit from management efficiencies and stoking fears of cheapening student educations. A handful of educators, such as Eddie Davis in Durham, worried about the
“balkanization of our schools.”

Yet charters remained popular with politicians and many parents. Business groups in North Carolina fell especially hard for the idea, abandoning their former caution to support legislation to “pop the cap” in 2000. They were unsuccessful. But the state’s charter school movement augured the splintering of the education for economic growth coalition.

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Federal and state policy also aligned on early childhood education expansions during the 1990s. At the federal level, the Clinton administration supported Head Start reauthorization in 1994, which improved salaries and training for teachers. In the 1990s, enrollment in Head Start increased from 620,000 children in 1992 to almost 900,000 by 2000. The programs inflation-adjusted funding increased from $2 billion to $7.5 billion over the decade (in 2008 dollars). In all, the 1990s were the most significant growth periods for the program since its founding.

This federal uptick in early childhood spending coincided with numerous state efforts to expand early education access. In North Carolina, Hunt took office promising expansion through public-private partnerships, a program dubbed Smart Start. As Hunt explained his reasoning, he said he passed a shack near his farm in eastern North Carolina in winter and saw on the porch a seemingly malnourished child, wearing only a diaper,

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desperately trying to find a last drop in a bottle. Hunt saw no adults. In Hunt’s mind, that infant “became the poster child for Smart Start.”

Hunt believed he found a bipartisan strategy for winning legislative approval, tapping a conservative Republican media executive to build support for his approach: the state would provide grants to local child-care centers—including those religiously affiliated. Hunt discussed this as something new, “not a bureaucracy run out of Raleigh—and surely not out of Washington,” a way to appease conservative critics of unbridled government expansion. As the Raleigh News and Observer put it, Smart Start blended “Democratic values and Republican methods.” Yet using state funding to encourage local public-private collaboration to address community needs had a long history. This had been the state’s approach to rolling out community colleges and, significantly, the War on Poverty through the North Carolina Fund. Like the North Carolina Fund, Smart Start was administered by a nonprofit, the N.C. Partnership for Children, though its decisions were reviewed by the state Human Resources department. Corporate donations to the program came largely from new economy firms, the big banks and the pharmaceutical industry.

To Hunt’s surprise, Smart Start quickly encountered controversy. Soon after it was announced in 1993, Christian radio stations carried warnings from a Charlotte Republican that the Smart Start program could abolish home schooling and “threaten a church day care’s right to teach the song, ‘Jesus Loves Me, This I Know.’”

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issued a rebuttal, saying “I’m not letting any band of right-wing extremists stand in the way of a better life and a better education for North Carolina’s children.” He stressed the local control allowed by the program, though he also touted the accountability rules built in that required open meetings, public records, and annual audits.\(^\text{68}\)

The program had a harder time in the legislature than Hunt anticipated. It received pilot money in 1993, allowing the state to select twelve pilot programs in the fall. The money helped local daycare centers eliminate waiting lists and provide subsidies to low-income families; centers that served poorer families had a greater chance of winning top accreditation, which often involved facility upgrades and smaller child-to-caregiver ratios. In places without such private centers, such as the black belt’s Halifax County, public schools opened Smart Start programs to provide care. Perhaps more important than the instruction was the healthcare that came with Smart Start enrollment, with immunizations, vision tests, and nutrition counselors.\(^\text{69}\)

During each subsequent budget cycle, Hunt fought to increase funding for Head Start. By 1995, the program operated in 32 of 100 counties and paid for several thousand child care teachers to take classes at community colleges. Part of the Smart Start package included a child and dependent care tax credit. Many legislators—primarily House Republicans—said they would not expand the program until it was proven effective. In the 1995 session, the legislature and Hunt bickered over how to structure funding, particularly over how much of a local match from private sources was required. The 20


percent that the legislature insisted on would burden those counties with the least amount of local resources, including most of the black belt.\(^70\) Hunt settled for a 15 percent local match—which the program continually struggled to meet—and no expansion of the program. By 1998, he finally wrestled funding to cover all 100 counties.\(^71\)

North Carolina was not alone in expanding pre-k access in this period and Hunt’s approach proved less effective, in fact, in achieving universal coverage than several other states. Georgia, New York, and Oklahoma instituted universal preschool in the 1990s, while New Jersey expanded preschool under court order. In Georgia, Democratic Governor Zell Miller used the “education for economic growth” strategy to pass universal pre-k with funding from the state’s lottery, one of his major campaign platforms. Like Terry Sanford’s food tax, the lottery was fundamentally a regressive revenue stream, pinching a larger share from those with the least means who the state actively tempted with dreams of giant winnings. Yet it expanded state education coffers by double the predicted amount, vice whitewashed as virtue.\(^72\) Elected in 1990, Miller got a head start on Hunt, opening a pilot program in 1992. But as Miller’s advisory team sought to make pre-k universal in 1995, it copied Hunt’s lead, claiming their approach showed the strengths of public-private partnerships and school choice. As in North Carolina, the approach made allies of private-sector early childhood centers, which otherwise might

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have joined the opposition. Unlike Hunt, Miller’s administration pushed to make it universal in order to create a middle-class constituency that would protect it from future cuts. As his key advisor wryly noted, it was “a middle-class program [that] just so happened [to be] helping 30,000 at-risk children.”

Some scholars have explained this uptick in early childhood funding by pointing to the popularization of brain development research, which showed the significance of the first few years of a child’s life for shaping lifelong intellectual growth. Attention from Newsweek and Time no doubt helped these campaigns—and grew the market for Baby Einstein products—but much of this popularization of research happened after politicians began moving towards early childhood programs.

Crucially, these investments in early childhood came at a time when both state and federal governments reshaped welfare policy with a goal of putting recipients—mostly women—to work. In the Clinton administration’s December 1993 discussion paper on welfare reform, child care was “the final critical element of making work pay,” once earned income tax credits and health reform was in place. “We cannot expect single mothers to participate in training or to go to work unless they have child care for their children.” When Hunt touted the benefits of Smart Start, particularly to conservative audiences, he made note that it freed their parents to work. Quality daycare and pre-k

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73 Mike Volmer quoted in Rose, Promise of Preschool (2010), 108.
served as a way to free up those women to enter the workforce or receive training to improve their human capital. By shifting government funding from entitlements to education, politicians argued they could enhance economic growth.

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Few policymakers stood by place-based policies by the 1990s, and the Clinton administration’s approach to regional development reflected the emphasis on people-based approaches such as those the Southern Growth Policies Board had promoted. Nowhere was this more evident than at the Appalachian Regional Commission. Clinton appointed Jesse White, former executive director of SGPB, as co-chair of the ARC. There, White promoted local entrepreneurship, job training, and the creation of high-tech clusters. The Ford Foundation funded a $10 million Rural Community College Initiative.

These policies often fed the mountain exodus. As Appalachia historian Ronald Eller has observed, “for larger numbers of mountain young people, higher education became a real possibility, but for many it also became another highway out of the mountains.” Yet it is important to keep in mind: while these programs did little for the central Appalachian communities in deepest poverty, they helped numerous individuals find jobs and make contributions elsewhere. And women, especially, benefited more directly compared to previous iterations of economic development that centered industrial manufacturing or resource extraction.76

The North Carolina congressional delegation supported this effort to focus on people through place-based policies. In 1992, after a decade serving on the Warren

76 Eller, Uneven Ground (2008), 239.
County Board of Commissioners, Eva Clayton won a special election to become the first black North Carolina representative to Congress since George White. In the House, she pursued legislation to provide federal aid to rural development. One of the first bills she introduced was the Rural Credit and Development Act of 1994, which Clayton framed as an antipoverty measure to “provide new sources of credit for rural residents, public services and business enterprises without spending government money.” That bill died in committee, but throughout the decade, she continued introducing legislation that would extend rural credit, improve rural housing, help farmers discriminated against by the USDA, and bolster incentives to recruit and retain rural teachers.  

While few of Clayton’s bills made their way into law, the Clinton administration’s “empowerment zones” did. They combined some of the structures of LBJ’s Model Cities with the concept of “enterprise zones” that Jack Kemp and others on the right had promoted in the 1980s. Congress passed a bill following the Los Angeles riots in 1992, which George H.W. Bush vetoed. Clinton latched on to the concept once he took over the White House. Firms received tax credits for moving to “distressed” areas and hiring local workers.  

Unlike with Model Cities, Clinton’s empowerment zones, administered by the Department of Housing and Urban Development, concentrated their financial impact on a few places rather than spreading thin over many. After 1993 legislation created the


Empowerment Zone program, HUD chose six cities and three rural areas. Two of the three were in the South: the Mississippi Delta and the Kentucky Highlands. The legislation also permitted applications for smaller “enterprise communities” that received less money than the zones. Several black belt counties quickly came together to apply for and win the designation in 1994. The initial grant only brought in $1 million for each county, for housing, job training, and community development.79

Social scientists have gone back and forth over whether these programs contributed to community uplift.80 But the program’s utility lay not only in the money but in the organizing it fostered. In 1998, the program brought together the Edgecombe Enterprise Alliance in Rocky Mount to apply for a $40 million grant for housing, retail expansion, and job creation. Organizers discussed the grant as a way of making their needs more visible to city leaders. “Whether we get this money or not, we need to challenge our local government officials,” said Joyce Dickens, a leader of the Rocky Mount-Edgecombe Community Development Corporation. “The deterioration in these communities did not just happen overnight and it can’t change overnight.”81 While the


81 Viola Harris, “Citizens discuss area’s most pressing needs,” Rocky Mount Telegram, 15 Aug. 1998, 1A.
black belt counties did not receive $40 million, the federal money augmented and sustained local CDCs, housing programs, and job training.

The North Carolina Rural Economic Development Center, like the ARC in the 1990s, continued to focus on business development and workforce retraining. “The question in my mind is how are we going to get their skills upgraded to fit in this 21st century economy?” Hall told a reporter. “If you don’t do it, [the companies] will go where they can find the skill.” The Rural Center operated programs that offered small business loans, though the bulk of its funding went towards water and sewer upgrades. It operated a Rural Economic Development Institute to “prepare community leaders to cope with dramatic changes taking place in the economy and to seize opportunity for local economic and human resource advancement.” And the Rural Center tried to take science and technology policy to the sticks, with videoconferencing that linked an “entrepreneurial education network,” offering lessons on business plans, contracts, venture capital, retirement programs, product pricing, and a gamut of other business topics.82

But by the end of the 1990s, the chattering class had largely turned against “place-based programs.” In the popular press, right-of-center economist Ed Glaeser and left-of-center journalist Nicholas Lemann separately argued that such programs at best simply did not work—and at worst, enriched absentee property owners while imprisoning the poor in hopeless places. “Economists have long argued that place-based programs are a

mistake,” Glaeser proclaimed in the *Wall Street Journal* in 1999, ignoring the fact that economists had once designed the nation’s place-based policy.83 “They strongly prefer person-based policies that create transfers, entitlements, or relief from regulation on the basis of personal characteristics.” Lemann considered CDCs and empowerment zones as, at best, inefficient but politically convenient ways to sneak additional dollars into the budget for housing, safety, job training, and education.84 The upshot was that, if the government was going to fight poverty, it might as well target particular people regardless of place, rather than groups of people in particular places.

**The Struggle to Redevelop Eastern North Carolina**
The Global Transpark in Kinston was supposed to catalyze a manufacturing renaissance in eastern North Carolina, providing a magnet for firms that fed just-in-time supply chains. It seemed on pace to deliver, with site plans unveiled in 1993. The *Rocky Mount Telegram* editorialized that the Global TransPark would remedy out migration of the region’s best and brightest: “This is an opportunity for our people to stay home and have the same advantages as the Piedmont and western part of the state.” Though started by a Republican, Hunt nevertheless embraced the endeavor. Once again, Hunt claimed it was “the chance of many lifetimes, of many generations.” More so than Martin, Hunt emphasized that workforce development was a necessary component of the project. Together, the TransPark and better education would “bring high-skill, high-wage jobs to

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83 See especially Chapter 3.
eastern North Carolina, and all of North Carolina,” Hunt claimed in 1993.\(^{85}\)

Despite the attack from the John Locke Foundation, the project had broad, bipartisan support. In Washington, eastern North Carolina representatives Martin Lancaster and Eva Clayton worked federal channels for funding the airport upgrades. The Clinton administration lauded it as an exemplary public-private partnership, “one of the cornerstones of President Clinton’s economic vision to create high-paying jobs for Americans,” in the words of U.S. Commerce Secretary Mickey Kantor. “The TransPark is the future of international trade.” Even Jesse Helms lent a hand to secure the $159 million the project was estimated to cost. Winning federal approvals and finding dollars for transportation projects slowed with the Republican Revolution of 1994, but they were also complicated by the victories of the environmental movement, which created lengthy permitting processes to address wetlands impacts.\(^{86}\)

Frustrated by the delays, state legislators increasingly lost faith in the TransPark. This in some measure demonstrated the coalition-building success of the Locke Foundation. Some urban Democrats shared the libertarian critique of the TransPark as an inefficient boondoggle; in the state legislature, one of the most prominent critics of the TransPark was Gulley, the liberal Durham Democrat.\(^{87}\) The new left and the new right


\(^{87}\) “Closing TransPark could be costly,” \textit{Rocky Mount Telegram}, 10 July 2002, 6C. Gulley was also instrumental in creating a charter school program. See Chapter 6.
came together to oppose government-led industrialization.

The TransPark’s difficulty landing firms made it easier to oppose. State and TransPark officials flew to Paris, Singapore, Hong Kong, London, and Barcelona to find tenants, but only signed two by 1998. Many in eastern North Carolina—especially white retirees—objected to a $5 additional license plate fee levied on behalf of the project. “They should change the name from Global TransPark to Global TranPork,” wrote Oliver Curtis Powell to a local paper. A retiree commented that he would “have a lot more confidence in a mixed board of businessmen opposed to a bunch of career politicians.”

Such sentiments, opposed in principle to industrial policy, reflected the growing consensus that the state could not be left in charge of planning the economy.

Those working on the TransPark pleaded for time. “You have to believe it will come about,” argued Johnsie Gantt, a member of the GTP Development Commission, comparing the project to the Research Triangle Park. In the mid 1990s, Mountain Air Cargo broke ground. It was a contractor for Federal Express that would provide up to 300 jobs—a small dent in the 25,000 jobs still estimated to materialize for eastern North Carolina within twenty years. As an inducement, it received eighteen months of free rent from the Global TransPark Foundation, even though it had targeted Kinston before the creation of the TransPark. In 1998, FedEx chose North Carolina to locate its 1,500-employee mid-Atlantic hub—but though the state tried to persuade the company to locate in the TransPark, its remoteness from established transportation and business networks

led FedEx to chose Greensboro instead.  

As with other economic development attempts in the era, the TransPark featured an education training center. It was one of the park’s least expensive assets, costing $6.3 million, about half federal and half state funded. The executive director of the TransPark claimed the training center “played a leading role” in attracting one of two tenants to the Park by 1999. State officials promised more companies would come soon. Talks were under way with a plastics company, a defense contractor, pharmaceutical firm, two aviation manufacturers, and two freight consolidators. But even state legislators persuaded that tax breaks and other incentives were necessary to win new business grew reluctant to fund the TransPark. By the early 2000s, its supporters admitted that “the benefits of the project…were overstated.” Gulley led the charge to end funding for the TransPark, with $80 million spent on a runway extension, $53 million spent by the state, and $11.2 million owed on loans.

The Locke Foundation’s opposition to state-led economic development was more successful in slowing the TransPark than in stopping the incentives programs that the state embarked on during the 1990s. By 1994, the state spent $80 million annually on recruitment, mostly at the county level, and the Hunt administration sought a “21st century formula for business recruitment” that involved a broader state-level toolkit. The Locke Foundation’s Carolina Journal eagerly cheered a lawsuit against the state’s early

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forays into incentives, with arguments that overlapped almost entirely with MDC and SGPB critiques of industrial recruitment. A Winston-Salem lawyer filed suit against the state in 1995 for providing business incentives, claiming that such “corporate welfare” did not serve a public purpose. The suit might have banned both local and state incentive packages, though the suit was ultimately shut down by the state supreme court. In the 1996 gubernatorial race, Hunt’s GOP challenger, Richard Vinroot, opposed incentives and criticized Hunt.\(^{91}\) He lost, but the conflict revealed an overlap between the libertarian right and urban left in their opposition to corporate “giveaways.”

The state kept augmenting incentives programs. The Bill Lee Act of 1996 expanded on the tax credit program for firms that created jobs in counties with high unemployment, low per capita income, and low population growth, installing a new five-tiered system. By 1999, ten of the 13 “tier one” counties—those worst off—were in the northeastern part of the state. The Economic Opportunity Act of 1998 allowed big subsidy packages for top targets, allowing FedEx to take a package worth $272 million to locate a distribution center in Greensboro.\(^{92}\) In 1998, the state landed a Nucor Steel plant in black belt Hertford County with a $161 million package (ironically, Nucor provided financial support to the Locke Foundation’s publication, the \textit{Carolina Journal}). Marc Basnight, the state Senate President Pro Tem from neighboring Dare county, argued that


“if we’re going to do something for a Hertford County, which we failed from the beginning of time, then we’re going to have to have an incentive plan.”  

The political right and left converged in policy opposition to what they considered perverse incentives. Don Carrington, the vice president of the Locke Foundation, decried the “wacky…geography tax,” arguing that “in the USA, people are free to move to other counties that have more opportunity, so why the rest of us have to subsidize some people living in ‘distressed’ counties is a mystery.” But so did state House Rep. Paul Luebke, the sociology professor from Durham, who rebuked the Department of Commerce for a “corporate welfare” program that subsidized job creation in urban areas “that have gridlock.” The program “perpetuat[ed] the two North Carolinas,” he argued. Carrington and Luebke both saw a wasteful program, though the former thought no program should help communities left behind while the latter wanted an effective strategy for fighting poverty that did not exacerbate quality-of-life problems with urban growth.

Revealingly, Commerce Secretary Rick Carlisle admitted that North Carolina pursued such incentives only because competition from other states forced its hand. “If all this went away, North Carolina would be perfectly happy to compete with its business climate, infrastructure and quality of work force,” he told the N&O after the Nucor deal. “But until it does go away our job is to get high-quality investment for North Carolina.” Phil Kirk, the president of the North Carolina Citizens for Business and Industry, felt similarly, though he conceded, “If any county needs economic development assistance,

Hertford County does,” Kirk said. “There’s a human side to this, too. People that used to have to leave to get a good job won’t have to any more.”95 The impetus to stop rural outmigration justified the state’s embrace of subsidies as part of industrial recruitment.

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The impatience of both state officials and locals with the TransPark and their willingness to embrace incentive packages came in part because of other economic pressures squeezing eastern North Carolina. The most salient in the 1990s was the trouble of tobacco. Despite mechanization and allotment consolidation, the crop, supported by federal allotments, remained the mainstay of those small farmers who remained.96 Hunt claimed a quarter of a million North Carolinians still worked in the industry in the mid-1990s, whether on farms, in warehouses, or at processing plants, though the U.S. Bureau of Labor Statistics provided a number closer to 80,000 for 1992. Even the lower estimate made North Carolina by far the most tobacco-dependent state in the nation. But domestic demand for the golden leaf declined significantly, as anti-smoking efforts, tobacco lawsuits, and quota cuts caught up with the industry. Tobacco companies consolidated manufacturing and focused on growing international markets, with tobacco sourced from outside the U.S.97

State government fought against this tide: North Carolina submitted an amicus brief with the tobacco industry’s lawsuit against FDA regulation of tobacco. “I believe

these new rules amount to nothing more than big government trying to regulate tobacco out of existence,” Gov. Hunt said in a 1996 press conference, channeling the language of the Republican Revolution. He danced delicately around the contradictions of a pro-child, pro-tobacco agenda by decoupling consumption and production, condemning “teenage smoking” while calling “tobacco…a great part of our heritage in eastern North Carolina.” Families “depend on this crop” to pay bills “and to give their children a good education.” Tobacco was justified as long as it educated a new generation.

The Southern Growth Policies Board, meanwhile, looked for new applications for tobacco. Its Southern Technology Council devoted a conference to how researchers might find other applications for the plant “reminiscent of nothing less than George Washington Carver’s alchemically transformed peanut.” After two years of research, STC envisioned tobacco as an emulsifier, a high protein dietary supplement, an industrial enzyme, even as a protease inhibitor to combat AIDS. North Carolina’s tobacco bounty might feed its burgeoning biotech and pharmaceutical industries. But its recommendations to make this happen circled back to government support for universities, from their incubator services to their research labs.

Ultimately, the state could do little but salve the wounds left by tobacco’s decline. As the federal government moved towards an industry settlement that involved FDA regulation and payments for medical expenses, the Hunt administration pushed for compensation for farmers and their communities. The 1998 settlement with tobacco

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companies included a $4.6 billion trust for North Carolina tobacco farmers spread over 12 years.

Much of that money went to farmers and health care, but half of it, $2.3 billion, went into a new nonprofit, the Golden Leaf Foundation, with a mission of helping “tobacco-impacted communities”—most of them in the eastern part of the state.\textsuperscript{100} Hunt picked former UNC president Bill Friday as chairman of the board, which also included Julius Chambers, Billy Ray Hall, and an assortment of professionals and business people largely from the east. To lead the organization, they hired Valeria Lee, an African American woman whose parents had left Halifax County searching for a better life and came back to farm. She had worked for the Z. Smith Reynolds Foundation and had been involved in some of the pioneering community development work in the 1970s and 1980s, including a black-run community radio station in Warrenton. The Golden Leaf Foundation became a significant source of funding for eastern North Carolina community development, but—as with the Rural Center—it was so strongly associated with the Democratic Party that it undermined its longterm prospects.\textsuperscript{101}

With encouragement from state government, some eastern farmers found a new way to reap some return from the land: industrial-scale hog farming. Pigs, of course, were hardly new to eastern North Carolina farms, but the pork industry adapted the production techniques of chicken contract farming and commanded greater acreage in the late 1980s.


and early 1990s. As with the explosion of chicken production, industrial-scale hog farming yielded a small economic multiplier for rural counties. Margins for farmers were low, and the industry required few farm hands. The increased local supply led to processing plants, which provided some employment—low-wage work that liberal policymakers wanted to jettison. The horrific 1991 fire that killed twenty five workers in a chicken processing plant in Hamlet, in the southeastern part of the state, only underscored the problems of such work. A union campaign at the biggest hog slaughterhouse in the world, Carolina Food Processors, came up short in the NLRB vote in 1997.102

Growth in the housing and restaurant industries in Greenville attracted immigrants, while the chicken and hog slaughterhouses and processing centers began hiring immigrant workers. Southeastern counties, with greater numbers of hogs to kill and process, saw the biggest proportional uptick in immigration. These new workers, mostly from Mexico, reinvigorated small towns in Johnston, Sampson, Duplin, and Greene counties, even if older residents did not appreciate their contributions. Fewer Latinos moved to black belt counties, which had fewer hog farms and slaughterhouses as well as an existing low-wage workforce.103

North Carolina farmers and state officials hoped that the industry could profit the state by tapping international markets, especially as American consumer trends toward lean meat dampened domestic demand. Governor Hunt connected it to the TransPark. He hoped for “a time when hogs are slaughtered in eastern North Carolina, and we fill up a planeload [at the Global TransPark] every night to fly to Japan.” This was hardly Kasarda’s vision of modern just-in-time manufacturing, but both farmers and state officials saw possibilities for other agricultural products with demand from abroad, from traditional NC crops like sweet potatoes to new commodities like bok choy. Soy beans had already become the state’s biggest crop in terms of acreage thanks to demand from Asia. The General Assembly put $720,000 to researching the international market possibilities for eastern North Carolina agriculture.  

On the whole, these hogs brought community conflict rather than prosperity to eastern North Carolina. The horrific odor of swine excrement plagued neighbors and raised serious health questions. Contaminants from hog waste lagoons seeped into groundwater. Thanks to organizational networks established by the environmental justice movement, anti-CAFO coalitions quickly emerged calling for industry regulations and a moratorium on new farms. The “Hog Roundtable,” organized by the eastern North Carolina environmental justice groups, provided a forum for farmers, landowners, environmental groups, citizens’ associations, lawyers, and public health professionals to

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hash out policy solutions. Such coalitions brought African American community activists and other affected neighbors together with wealthy, mostly white, property owners who had other land use ideas—golf courses, hunting preserves, or retirement communities. Investigative journalists, especially those at the Institute for Southern Studies’ *Southern Exposure*, added fuel to the fire. In 1997, they pressured Hunt—who had raised significant funds from the hog industry—into signing a moratorium on new large-scale hog farms in eastern North Carolina. While hog farming remained a mainstay in southeastern North Carolina communities where African Americans were roughly 20 percent of the population, the industry and its deleterious externalities were halted in the core black belt counties thanks to such organizing.

Antipoverty advocates remained mindful of the economic predicament in the North Carolina black belt, but they struggled to come up with solutions. The North Carolina Poverty Project, jumpstarted by Bill Friday, reached out to a long list of businesspeople, educators, religious leaders, nonprofiteeers, and foundation officers. It enlisted a young executive at the RTP office of IBM, Timothy Cook—himself raised in small town Alabama—to serve on its Business & Poverty Council. Some advisors were antipoverty veterans, such as Kate McKee, with experience at the Ford Foundation and

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Self-Help. It was part of a broader southern “Coalition Addressing Systemic Poverty,” with counterparts in Alabama, South Carolina, and Georgia.\(^{108}\)

But these dialogues on poverty rarely turned into concrete policy action. Reaching out to a broad set of interests, the NC Poverty Project aggressively asked questions without arriving at answers on how—or even whether—it should “chang[e] the social system.” The representative from the Z. Smith Reynolds Foundation withdrew in frustration. “The more involved I have gotten with this project, the more nebulous its goals and process have become,” he wrote in his resignation letter.\(^{109}\)

The business people involved looked to education. Some thought the focus should be on educating the “non-poor” on the causes and problems of poverty. Others thought it was the poor who needed educating, particularly regarding “the fundamental skills,” though also on how government works in order to become advocates for themselves.

Clearly the “education for economic development” mantra had its effects—many cited early childhood, general education, and training programs as economic development, to better “recruit companies…that would be a source of employment.”

Many North Carolinians, especially those in business or politics, thought similarly to Jim Love, a top-level manager at one of the biggest thread manufacturers, who assumed “that improved educational opportunities—both in the schools and out of school—will help

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\(^{109}\) “Notes on Foundations and Poverty Council Meeting,” 21 May 1992 (both quotes); Joseph E. Kilpatrick to John Alexander, 20 Feb. 1992 (quote), both in box 18, folder missing label, NC Poverty Project Records. He called the executive director’s insistence on raising questions without offering solutions “troubling—if not potentially irresponsible.”
Indeed, a proposed script for an conscious-raising audio tape started by framing how “a workforce that is educated and trainable will be the prime draw for multinational companies seeking to locate and expand their manufacturing facilities.” Investment in educating the poor would pay off with business growth. The NC Poverty Project’s major endeavor in the late 1990s was an attempt to seed undergraduate classes on poverty at southern universities. Once again, a promising endeavor to fight poverty slotted into academic institutions.

The NC Poverty Project drew on MDC material and commentary by George Autry to educate its business people, and MDC continued to push the development issues of the rural South centerstage. “If we don’t do something differently in rural North Carolina, you can take a bus tour through the Mississippi Delta and see the ghost of Christmas future,” George Autry commented in an effort shake North Carolina business leaders out of complacency. MDC was galvanized by the Republican Revolution to redouble its efforts at both publicizing the poverty problems of the South and pushing politicians to act on its policy recommendations. While the region had come a long way since the 1930s, the South was entering “our gilded age,” Autry argued—a period of stark inequality that required careful attention and interventions, “an era characterized by both economic progress and civic dyspepsia.” Still, Autry pointed to North Carolina as an example of success—it had reversed “the Brain Drain.” He fashioned a lesson from the

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economic transition of the rural South from the 1950s. “We lost our most educated people, particularly our best minority young people,” but by recapturing them, they had revived the South’s economic vibrancy—a lesson he thought might apply to the inner cities of the 1990s.\textsuperscript{112}

As conservatives built a new movement, liberals took stock of what they had and had not accomplished. George Autry, Brandt Ayers, Mike Cody, Tom Naylor, Jim Leutze, Ed Yoder, and Hodding Carter organized a reunion of the Lamar Society, held in 1995. What had been planned as a celebration in 1994 became a call to arms following the Republican landslide in the fall elections. They tried to get Clinton or Gore to headline the affair, settling for a keynote from Terry Sanford along with talks from Julius Chambers and William Winter. Afterwards, they enthusiastically planned to resuscitate the Lamar Society “to connect and nurture pockets of moral leadership.” This “religious/moral dimension,” Autry noted, was far more prevalent than it had been 25 years earlier. But party polarization he found harder to deal with than the divisions among Democrats a generation prior.\textsuperscript{113}

While a new Lamar Society did not come to fruition, one outgrowth of the effort was \textit{The State of the South}, a report first released in 1996 that MDC continues to publish regularly. Autry worked with retired academic Ed Bishop, who had been a member of LBJ’s National Commission on Rural Poverty. He also brought journalist Ferrel Guillery


to the organization to help craft a response that might gain policymakers’ attention.

Southern newspapers covered the report widely, with some national and international notice. One of the only sour notes came from the Locke Foundation’s John Hood, who worried about adding “a new subsidy for public institutions” by focusing on college education.114

As with many of the reports issued by MDC and SGPB, the point was to reframe economic development away from race-to-the-bottom business climate factors favored by industrial recruitment consultants and investments in people. “The era of surplus labor is at an end,” it declared. The report predicted a continued boom in service employment—especially retail, health, and business—and a small boost in durable goods manufacturing. These gains would be offset by textile and apparel job losses as well as declines in tobacco and fossil fuel extraction industries. The State of the South promoted the industrial extension service that Rosenfeld had long championed at the Southern Growth Policies Board. A newspaper summed up its recommendations: “more pay,” “more education,” “more participation,” “more modernization.”115

MDC beat the same drums it had for several decades, albeit for a new generation of politicians operating in an increasingly partisan political climate. It told them to renew their vows to education. The State of the South’s proposed policy changes all “target an improved economy through education”: universal post-high school education, adult education for the un- and under-employed found in “housing projects, churches, pool

rooms,” and a supped up community college system for job-specific skills. “The states that prosper,” it argued, “will be those that educate and train the 75 percent of the population who do not receive university degrees.”

Race, the report claimed, was less important than it used to be—and less important than education, gender and family structure in terms of economic mobility. “White high school graduates’ earnings are evaporating and black family incomes continue to trail that of whites,” Autry told the media after the report’s release. “One blames affirmative action and one blames racism—and neither focuses on the real need: education.” As he had argued since the 1980s, Autry said that traditional jobs would be replaced, but with employment less secure and transitions that would require multiple periods of retraining. Education was “the South’s cure for racism and poverty,” a formula that echoed several previous generations of white liberals.

**Education without Economic Growth in the Black Belt**

The ruminations of Linda Flowers offered keen insights about what education for economic development policy wrought in eastern North Carolina. Flowers was born in 1944 to a tenant farming family in eastern North Carolina. Through education—graduate school in Ohio and New York—she had managed to make it back home, working as an English professor at a small, private college near Rocky Mount. Her familiarity with and her distance from eastern North Carolina gave her a measured perspective on how daily

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life had changed since the 1950s, while her study of southern writers gave her the voice to articulate it.\(^{118}\)

What Linda Flowers saw in the children of the 1980s was “a generation for whom failure is irreversible, who are singularly ill-prepared for either a job or further schooling, young men and women as throwed away in the world as they have been in school.” Flowers use of “throwed away” was an homage to the language of her mother’s generation, an expression that while pejorative was “often but mildly—sadly—so.” It encapsulated her bittersweet assessment of how the transition from tenant farming to factory work to the burgeoning service economy had yielded so few improvements in eastern North Carolina, especially for “the academically weak [who] are often enough, also, the poor.”\(^{119}\)

Flowers did not wholly condemn the educational system, appreciating the achievements of integration, equitable public finance, and curricular advance, especially in science and mathematics. Whereas a minority of her classmates attended college and a much smaller fraction graduated, the community college system had put higher education within reach of everyone. Nevertheless, these advancements engendered new inequities. Most children “sat for twelve years in more modern, more costly schools than any in history,” yet “they aren’t happier for the experience or scarcely any more prepared for meeting the world head-on; nor are their parents any happier or more financially secure for having taken up public work,” a reference to employment off the farm. “Neither


\(^{119}\) Flowers, *Thrown Away* (1990), 143, xi, 152 (quotes).
schools nor factories have fulfilled the promises inherent in them.”

Flowers captured the plight of eastern North Carolina in *Thrown Away*: it was a region caught in between the economies of agriculture, industry, and service. As firms took advantage of the reduced barriers to moving goods around the world and sited labor-intensive factories in low-wage regions, eastern North Carolina communities struggled to compete for those jobs. The investments in the area’s school systems, meanwhile, did not appear sufficient to draw either higher-skilled manufacturing or professional work in service to research or marketing, typically the most remunerative ends of the value chain. The work that remained was to process the agriculture produced or to facilitate the flow of goods on interstates through warehouses and trucking. Beyond that, people were at the crux of the region’s economy: maintaining bodies and creating workers who might attract a new economy.

The “eds and meds” economy worked wonders for some parts of North Carolina, but it seemed to require strong universities and hospitals as anchors. In the black belt, Greenville benefited enormously from East Carolina University and the medical school that former president Leo Jenkins and his eastern North Carolina political backers campaigned so hard to win from the General Assembly in the 1960s and 1970s. Greenville did not possess the magnetism of the Research Triangle in the 1990s—Wake County added more than 100,000 jobs and actually increased manufacturing employment—but it far outpaced other black belt communities as a growth center.

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120 Flowers, *Thrown Away* (1990), 151, 209 (quotes).
121 This is often called the “middle-income trap” in economic development circles.
122 This tendency is often charted as the “smiley curve,” a reference to the way value is captured to greater degrees at the far ends of the value chain.
123 Data from U.S. Census industry and occupation statistics via Social Explorer.
While the rest of the black belt counties had negligible or even negative population growth during the 1990s, Pitt County’s population increased 24 percent, slightly more than Durham County. Per capita personal income, despite this influx of residents, increased 51 percent. This was slightly less than the 55 percent uptick in Rocky Mount and significantly lower than Raleigh’s 63 percent increase, but Rocky Mount’s population only grew 7 percent. Greenville’s workforce grew by 10,000 jobs despite a 12 percent decline in manufacturing employment, while in Rocky Mount, the labor force declined slightly during the 1990s.\textsuperscript{124}

Advocates for school merger in Rocky Mount had argued that it would create better schools that would attract better jobs. Yet in the 1990s, the schools seemed to make no positive difference, whether to prospective employers or existing ones. The metro area lost more than a quarter of its manufacturing jobs during the 1990s. By 1996, Ronnie Dickens had lost three jobs in textile firms, most recently as a credit manager at Rocky Mount Mills. “If I could find something outside of textiles, I would be most pleased.” At 53-years old, Dickens was one of the workers left to adjust to the New Economy.\textsuperscript{125}

After Rocky Mount failed to land a Timex Corporation distribution and servicing center, local leaders from Nash and Edgecombe counties met over doughnuts at a local bank headquarters. They created a new regional recruiting organization, the Carolina Gateway Partnership—yet another in a long line of economic recruiting outfits, from Triangle East to the county and regional level economic development organizations. It helped woo a Walmart subsidiary to locate a distribution center, a feeble replacement for

\textsuperscript{124} IUMPUS data from the U.S. Census.
the jobs lost, hardly a step towards a high-wage economy.126

Smart Start, the state early childhood program, offered the region badly needed funding for daycare, preschool education, and health care. Halifax County was one of the first sites chosen; in their application, local leaders called the place a “statistical nightmare” regarding health and education, with 71 percent of adults with less than a 9th grade education, a 20 percent infant mortality rate, and 18 percent of children born to teenage mothers. A local doctor was optimistic about the changes that Smart Start programming would bring. “If we were to take a still picture of Halifax County today and look at it 10 or 15 years from now I think you are going to see significant gains in every area,” said pediatrician Alton Anderson.127 The best local new work revolved around nurturing young people for a brighter future.

Yet the state’s accountability system reinforced the perception that black belt schools were low quality, despite some efforts to reward relative growth rather than a fixed notion of achievement. The growth benchmarks provided tremendously better yardsticks than previously available proxies such as SAT scores or drop-out rates, both of which simply mirrored the school’s demographic profile. Still, in 1994, the six school systems with the lowest scores were all in eastern counties with a minority of white students.128 The local superintendent in Rocky Mount offered the reassuring interpretation that “Nash-Rocky Mount has consistently scored at the top” compared with school systems with similar “social and economic characteristics.” In Halifax County,

school staff sometimes went to extraordinary lengths to prepare students for state tests, volunteering to conduct tutoring sessions twice a week and some Saturdays. This helped an elementary school in the county post the state’s biggest gains in 1997. Yet such devotion was difficult to sustain, and test scores leveled out over time. On the whole, the state’s accountability program fed into local and business concerns that black belt schools were not up to snuff. By 2003, Forbes magazine ranked Rocky Mount 160th out of 168 small places for business and careers, largely because of educational and mobility measures.  

These marks against these schools made them ripe for testing ideas for education reform, from “outcomes-based” experiments that eliminated traditional grading to corporate-financed televisions that showed students a short national news segment along with advertisements. One sign of the region’s desperation for teachers was its willingness to welcome Teach for America (TFA). When Wendy Kopp, fresh out of undergraduate at Princeton, launched TFA, North Carolina’s black belt provided some of its first sites, which stood out for their rural location. One reason the organization targeted North Carolina was its relatively relaxed lateral entry program. In its second year, TFA placed 55 teachers in 16 eastern counties, but it soon pared back to a more select set of school districts with especially pressing teaching needs. These teachers

130 Tim Simmons, “Grades fail to survive in Vance,” N&O, 11 Sept. 1991, 1; Liz Clarke, “‘Channel One’ lures poor, rural schools,” N&O, 27 Jan. 1990, B1. The Channel One program became especially popular among poor school systems. They were proving guinea pigs for such experiments. Entrepreneurs learning to start there, build a base, and then move into the more established areas. Only after getting more rural school systems did Channel One move to try to get the Triangle schools.
131 The other, initially, was Georgia, though the Mississippi Delta soon became another rural site. Michael Marriott, “Volunteer teachers fill need in schools,” N&O, 6 Dec. 1990, 10A.
hardly made a dent in the overall educational labor force—only a few dozen a year—and their performance was mixed, typical for new teachers. Some counties, such as Warren and Vance counties, continued welcoming these new teachers while others, such as Halifax, opted against renewing its contract with Teach for America. Education researcher Linda Darling-Hammond wrote the program off as a naive effort by untrained liberal arts majors.  

Many eastern North Carolina communities also experimented with charter schools once the General Assembly enabled them in 1996. The John Locke Foundation, which had been initially less interested in charters than in vouchers, had high hopes for the Rocky Mount Charter School, which might demonstrate the virtues of not only privatization but for-profit management. Doug Haynes, a local businessman, partnered with a for-profit company in Boston, Advantage Schools, to “serve the function of the superintendent and central office.” In exchange, it took home 10 percent of the school’s $2.7 million budget. The Nash-Rocky Mount superintendent opposed the school, which was located in a retail plaza, saying that it cheapened education to make a buck for distant shareholders. The school’s initial curriculum was retrograde, with a teacher reading a proscribed lesson while children in uniforms responded in unison. A central feature was character education, with William J. Bennett’s *Book of Virtues* as textbook. The school foundered, with two directors in its first year of operation and the worst test

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Their districts marked by poor scores and pressed by the state to explain their testing deficiencies, superintendents in eastern counties organized with civil rights lawyers to sue North Carolina in 1994 for failing to provide equal educational opportunities to students from poor, rural counties. Filed in Halifax County, the lawsuit took the name of its lead plaintiff, Steve Leandro, a white teenager from Hoke County in the southeastern part of the state. It showed how these counties paid a disproportionate local tax burden to finance schools but still struggled to provide a comparable education to communities other parts of the state. When an attorney took Hoke County students, parents, and teachers on a tour of Chapel Hill City Schools, the group “reacted first with surprise and then with a degree of anger as they realized their relative disadvantage.”\footnote{Tim Simmons, “Suit hits school funding,” \textit{N\&O}, 26 May 1994, A1; Robert H. Tiller, "Litigating Educational Adequacy in North Carolina: A Personal Account of \textit{Leandro v. State}," \textit{Nebraska Law Review} 83, no. 3 (2005), 897.}

The lawsuit’s potential to address funding inadequacies in the black belt took a substantial hit when the state’s major urban districts intervened as plaintiffs. Any judicial remedies would be split among the majority of students in the state rather than focused on the issues that beset eastern North Carolina. However, the lawsuit did create pressure in the General Assembly to address the financial disparities in the state. In the late 1990s, the legislature increased supplemental funding programs for low-wealth districts, which rose from $18 million in 1994 to $85 million by 2001. The \textit{Leandro v. State} case wound through state courts until, in 2000, it emerged as \textit{Hoke County Board of Education v.}
Wake County Superior Court Judge Howard Manning issued a verdict largely favoring the plaintiffs. It would take another four years for the Supreme Court to largely affirm the decision while ruling that it was “premature to demand pre-k for all at-risk students.” As Manning continued to enforce the verdict, he turned his remedies away from financial levers and towards state management, reducing local authority and further marking local school systems as failing. Test scores remained the primary mode of judging whether any of these interventions were effective.135

The ugly side of relying on people for bread and butter was incarceration. In 1992, more than 4,000 beds were added to the North Carolina prison system. Despite its ostensibly libertarian perspective, the Carolina Journal railed against “the tragedy of lenient prison policy,” pressing the state to build more prisons and incarcerate more people. In Halifax County’s small town of Tillery, the Caledonia Correction Institution provided the only steady work—the local elementary school had shut down in the 1980s, turned into a sewing shop that quickly failed. Various alternative forms of small-business economic development had likewise foundered. By decades’ end, the economic development director in Bertie County was left banking on 400 jobs for a proposed state prison as its best prospect.136

The state continued to search for ways to salve black belt needs, laid especially bare by mother nature. In the fall of 1999, Hurricane Floyd caused massive flood damage throughout eastern North Carolina, heightening public attention to the region’s dire economic straits. Initial estimates put the farm damage at more than $1 billion. Hunt put Billy Ray Hall of the NC Rural Center in charge of disaster relief. Journalists called for a “Tar Heel Marshall Plan” for eastern North Carolina, hoping that the Golden Leaf Foundation could provide such a stimulus.\footnote{Rob Christensen, “Down East Needs some lifting up,” \textit{N&O}, 26 Sept. 1999, B1.}

In 2000, Hunt announced an Economic Opportunities Fund as the core program for new rural development. It was, once again, an effort to inject capital to grow small businesses, local development as the cure for struggling rural communities. The fund was backed by the large banks in the state: First Union, Bank of America, BB&T, Wachovia, Centura, and First Citizens. “These banks realize, like we do, that the people or rural North Carolina are not lacking in great ideas and quality businesses,” said Hunt. “It is lacking in the financing available to help those ideas. It is this type of investment that will be just the shot in the arm that rural North Carolina needs to grow and thrive.” It even inspired a bipartisan effort from North Carolina representatives to create a new federal regional development organization, the SouthEast Crescent Authority, based on the model of the Appalachian Regional Commission.\footnote{Poff and Brown, eds., \textit{Hunt Papers IV} (2010), 414 (quote); Ned Glascock, “Wealth spreading unevenly,” \textit{N&O}, 25 May 2002, A1.} But the authority died in a Washington committee. A Marshall Plan to address regional poverty required a political consensus that would be increasingly difficult to muster in the 21st century.
“Wealth Spreading Unevenly”
Jim Hunt’s fourth gubernatorial term “began and ended at a school,” his former press secretary observed. He held his inaugural ceremony at Broughton High in Raleigh—an august, formerly all-white school—and ended it at a magnet school in Raleigh, Ligon Middle School, which was historically black. Like so many historically black institutions, it was now a site for experimentation, wiping away its connections to previous generations of students.139

Hunt spoke there to challenge the state to “build the best system of public schools of any state in America” in the next decade. The state would not just be “first in flight,” as its license plate’s claimed. “We will be first in education.”140 He had won legislative support for teacher pay raises that brought North Carolina above the national average. During Hunt’s final term, the state economy was strong as it had ever been. It is a point—in terms of unemployment and per capita income relative to the U.S.—that it has not yet regained.141

The state as a whole has struggled in part because education for economic development proved a poor rural development strategy. “Wealth spreading unevenly,” proclaimed a front-page headline in the News and Observer in 2002. The U.S. Census had just released data on median household income covering changes in the 1990s. While Wake County saw a 17 percent increase, median household income actually declined in the counties of the coastal plain and the far mountains. Three counties lost population, all of them in the black belt.142

140 Poff and Brown, eds., Hunt Papers IV (2010), xxv.
141 See Introduction, Figure 1.
Rural, low educated workers were understandably more skeptical of the benefits of trade than urban policymakers. Those laid off blamed plant closings in North Carolina and many other southern states on NAFTA. As a Roanoke Rapids worker said in 2003, “I think NAFTA is one of the worst things that’s happened to a lot of people. It makes you ill.” There was more to these plant closings than NAFTA—automation and the growth of the WTO (most notably, China’s membership) played greater roles in aggregate. But by heaping responsibility at the feet of those behind Clintonomics and the New Economy, such targets were not that far off the mark. Schools and the training they offered were no match for the dramatic decline of textiles and apparel, at least for those sticking it out in North Carolina’s small towns and rural areas. These disappointments would erode political support for the educational policies that had been central to the state’s catch up in the 1980s and 1990s.

There were other signs of a troubled future for the strategy of education for economic development. In 1999, the John Locke Foundation released a critique of new urbanization, including its core tenants of density, mass transit, and mixed-use development. These “smart growth” efforts were orchestrated by snobbish planners and environmentalists with “an almost pathological hatred of the automobile,” said Hood. He defended sprawl, “a very good term for what I believe in”—new construction homes in suburban communities with lower tax rates. He did not discuss that those lower tax rates came by shedding ties with urban residents and infrastructures. Hood’s sprawl

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144 Minchin, Empty Mills (2013), 201; Matthew Eisley and Sally Hicks, “‘Flex Growth’ challenges ‘smart growth’ drive,” N&O, 1 Sept. 1999, B1.
perpetuated a myth of suburban self-sufficiency—one of the strongest links between the GOP of the 1960s and the GOP of the 1990s. Beyond the Piedmont suburbs, despite the agreement between the Locke Foundation and many progressives that industrial recruitment was a suckers’ game for public entities to play, politicians and the voters who elected them continued looking to industrial recruitment to replace tobacco and branch plants.

Perhaps the best sign of hope—both for the state’s prosperity generally and its political support for education—was in migration. In 1998, MDC released its second State of the South report that drew further attention to Asian and Latino—as well as Yankee—immigration to the region. “Dramatic migration to the South,” said Autry, “has reversed the brain drain. We used to export our best and brightest. …Now they’re coming back.” He used the report to warn, once again, that men without postsecondary degrees were not “adjusting to the post-industrial economy.” William Winter noted, “Those who have achieved an adequate level of education will be able to enjoy the fruits of the economic opportunities that this region increasingly offers.” These southern newcomers could shore up state support for education. But they were not coming to northeastern North Carolina.145

Those without “an adequate level of education” were not quite “threwed away.” But as they scanned consumer goods at check out lines or navigated warehouses or dropped out of the labor force entirely, it was easy to see why they might feel that way. Kids were the cash crop—but not in the triumphal sense that Sanford had hoped when he

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spoke at Harvard nearly 40 years prior. Education and health care jobs offered the best chance to middle class. Children were the only bright spot, but with its schools marked as failures and few job opportunities for adults, the black belt had fewer and fewer of them. Once again, migration—to the cities and suburbs—was the best hope, feeding the urban service economy.

\[146\] See Introduction.
**Conclusion**

**Education and the New Uneven Economy**

The story of the struggle to reshape the political economy of North Carolina ends as it began, with a set of reformers promoting educational investment and reform as the central strategy to ameliorate the problems of inequality. Walter Hines Page, in 1897, lamented the educational deficiencies of the forgotten men and women, whose ignorance locked North Carolina in a political torpor that hindered material progress. Roughly one hundred years later, George Autry pointed to another set of forgotten men, those without postsecondary degrees, whose lack of skills troubled the postindustrial New Economy.

Yet consider the differences. After a futile effort to organize within North Carolina of the 1880s, Page fled North; he could only criticize state policy from an outcast’s base. Page had no equal exchange of ideas with African Americans, whose plight barely registered among his concerns. Autry too was born of North Carolina and left for a time, during the 1960s, but he came back, thanks to the openings of the civil rights revolution, and spent forty years tending the movement’s fruit from his position at MDC, Inc. He worked cheerfully with an interracial staff, all networked to an alliance of antipoverty, education, and economic development organizations in and out of the South.

Consider too the difference in their imperatives for educational improvement. Page saw education as a way towards a more enlightened voter, who could see through the lies of planters and preachers. Autry saw education as a means to create a more employable worker, who could contribute to postindustrial society while enjoying its benefits. If he worried about dissembling elites, he rarely made it known publicly. The political economy of the postindustrial South required vigilance, to be sure. But the basic
elements to sustain growth through innovative people and lift up those in need with training were in place, in Autry’s view.

Both applied the test of emigration to check their intuitions about the political economy: Page found an exodus in motion, while Autry saw a brain drain reversed. It was perhaps the clearest signal that Jim Crow had, at last, been put to rest.

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Autry, allied with and emblematic of a larger cohort of policy advocates, played a leading role in the redevelopment of North Carolina between 1960 and 2000, as it transitioned from a rural Jim Crow state dependent on non-durable manufacturing to a case study of New Economy reinvention. These policy advocates ensured that southern states took up human development initiatives and provided educational resources to the poor and those struggling to find employment. They had their greatest sustained success when they convinced business elites and politicians of both parties that spending on health and education was an investment in the state’s economic future. Many popular accounts credit the men in charge of the state’s major institutions for its redevelopment after Jim Crow, singling out Governors Terry Sanford and Jim Hunt. But while Sanford was at the vanguard of “education governors,” by the 1980s, an education governor like Hunt was representative rather than unique, especially in the South. Education for economic development had become common sense.

The behind-the-scenes work of policy advocacy in the post-1960 period would not have been possible without the civil rights revolution. Federal intervention disrupted the Jim Crow equilibrium on voting rights and segregation. Great Society programs distributed more money to fight poverty and improve health and education. With voting
rights came a broader political base in North Carolina and the South generally for state investments in people. Perhaps least appreciated of all, the end of Jim Crow meant a more open intellectual forum for policymaking in North Carolina, where liberals and radicals could take a public stand without fear of exile or death. The state at last welcomed a wider array of newcomers, many of them non-white, who further undermined the political economy of Jim Crow.

None of these institutional changes were inevitable the moment that President Lyndon Johnson inked the major legislative acts of 1964 and 1965. People, in and out of North Carolina, had to study, organize, and persuade, toiling countless hours over the many chores of uprooting Jim Crow’s poor orchard. They still do.

Perhaps the sharpest tool these policy advocates honed was an idea that growth depended on educating people. In 1986, they crystallized it with SGPB’s *Halfway Home and a Long Way to Go* and MDC’s *Shadows in the Sunbelt*. These reports had a function similar to the 1938 Report on Economic Conditions of the South, which made the pragmatic case that addressing southern poverty would boost national growth. In the words of Virginia Durr, that report served as “a kind of Bible” to southern liberals in the Jim Crow era.¹ *Halfway Home and Shadows in the Sunbelt* reworted the gospel for the New Economy.

Reformers thought that people, their potential maximized, could power an endless transition in production, creating new products and processes that did not depend on cheap labor and inequality. They created a stylized narrative of the state’s transition that

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emphasized education’s role. Bill Friday, who long presided over the University of North Carolina system and turned his post-retirement attention to antipoverty and rural development, put it this way in 2000, as the state’s commitment to education for economic development started to crack:

From the ’50s through the ’70s, we didn’t engage in any massive tax cuts. We took the extra dollars and put them into the universities and the community colleges and the schools. That brought about the Research Triangle Park, and that has now turned itself into an economic engine and created one of the strong economies of the South, the very economy that we’re now enjoying. But we did not maintain the situation that produced it. We let it slip. We’re behind, and now we have to play a serious game of catch-up.

Coming from a university administrator, this version of events comes across as self-serving. But Friday, Autry, Hunt, and a host of others, including business representatives and Republican Governor Jim Martin, believed this story. Education as economic driver was a usable past.

Predicting a postindustrial future helped make it come about. The 20th century variety of industrialization in North Carolina—low wage, without unions, compatible with small towns and rural living—seemed to have done so little for the lives of their employees that reformers did not think the traditional industries of textile, apparel, tobacco, and furniture were worth saving in the 1980s and ’90s. A robust coalition congealed against industrial recruitment, including centrist organizations like MDC and SGPB and union-promoting nonprofits such as Southerners for Economic Justice and Black Workers for Justice. Certainly, changes external to North Carolina encouraged the

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decline of traditional industries, especially reduced tariff and non-tariff trade barriers that facilitated the offshoring of labor intensive manufacturing. They put their hopes in alternate forms of economic development they considered fairer and more dignified. Their eagerness to shift the state’s economy away from low-wage manufacturing encouraged politicians to reconsider protectionist positions and defend free trade policy.

Such strategies advanced manufacturing, research, and the growth of professional services in state communities that could attract the educated. The problem for places like the black belt, however, was that the local entrepreneurial emphasis in new rural development policy failed to generate jobs at replacement levels for manufacturing. Creative place-based endeavors, from Soul City to the Global TransPark, never got the long leash and continuous federal and state support that helped make the Research Triangle Park a success, a process that took twenty years.

Without better alternatives, North Carolina’s equity-oriented reformers turned their attention back to education for rural development. Their focus on education as a means of societal improvement was a constant, rather than a variable, during this period. What made it stand out in the 1990s was that other avenues—worker-owned industries, local small business incubation, robust federal support for place-based development—seemed closed. Communities grew desperate in their need to raise school quality to boost growth. Education was the most potentially redistributive mechanism that remained. Reformers had few reminders that rarely had education done that work of redistribution, but they also had few other politically practicable alternatives.

The New Economy, in place of branch plant industrialization, renewed brain drain issue for rural areas while alleviating them at the state level. By the 1990s, it was more
attractive for young people to move off to Charlotte or Raleigh, which meant that more of them did, and fewer contemplated a permanent life in their hometowns unless circumstances forced them; childbirth, care for relatives, and religious ties often combined to keep people in place. The rate of rural brain drain was not constant. For roughly twenty years following civil rights legislation, small towns and rural places became easier places to remain. Balanced growth was, in many respects, a success for small towns, as measured against prior periods. In the black belt, the 1970s stands out as the high water mark for both material uplift and optimism about the sub-region’s future, as the civil rights movement had opened industrial job opportunities to African Americans and unions seemed closer to a southern breakthrough. Policy analysts in the South may have jumped the gun in proclaiming the demise of branch-plant industrialization in the 1980s, hastening the departure of this work as a consequence.

Census data provides some window, however foggy, on what changed. Educational attainment on aggregate rose in North Carolina, catching up to the region and nation. Yet comparing counties within the state reveals the unevenness of these upticks. Data on college attainment for those 25 years and up underscores the brain drain problem of a place like Northampton. From 1970 to 2000, the percentage of its population 25 and up with a bachelor’s degree rose only from 10 percent to 11 percent. In contrast, Wake County improved from 31 percent in 1970 to 44 percent in 2000. In 1970, 38 percent of families in Northampton County lived below the poverty line. By 2000, 21 percent did so. In both periods, however, Northampton was one of the state’s poorest counties. While absolute material conditions have improved in Northampton County, its status relative to
the rest of North Carolina has worsened along many axes.\(^3\)

Figure 26: Educational attainment in North Carolina— in terms of both high school and college degrees for those 25 and up—lagged for most of the 20th century, but matched southern averages and narrowed the US gap by 2000. Data Source: U.S. Census Bureau

Relative inequality presents a tremendous array of societal problems, fueling resentments that roil democratic politics. As the 21st century dawned, North Carolina policymakers could ill afford to be complacent about the social cleavages that played into the hands of reactionary politicians. Reformers in North Carolina had long used

\(^3\) U.S. Census data accessed via Social Explorer. 1970 is the earliest year for comparable county data.
education to cut past racial division. But given its limitations in addressing state
inequalities, especially those around geography, the political consensus around education
for economic development was showing signs of coming apart. Perhaps the worlds of
Page and Autry were more similar than the test of outmigration made them appear.
Epilogue
Unraveling the Education for Economic Development Consensus

George Autry’s sudden death in 1999, a collapse at his home on a Sunday, came as a shock. He was only 62. An obituary noted his “core conviction: ‘Education is the antidote to poverty.’” Autry was six weeks away from completing a project for the Duke Endowment that he thoroughly enjoyed, a review of the history of “social and economic trends” in the Carolinas since 1924. Writing in collaboration with Ferrel Guillory, Autry emphasized the benefits of moving away from traditional industries, presenting a case that North Carolina “with its modern, more muscular, diversified economy” could “absorb the shock of change” from textile job losses and the end of the federal tobacco allotment program. The state’s Jim Crow pattern of outmigration and brain drain had been reversed. Education for economic development had triumphed over tenant farming and low-wage industrialization.

Autry passed away, however, just as the metaphorical bill was about to come due for this transition to a “new” service economy. Autry’s successor, David Dodson—long groomed for leadership since Autry first recruited him in the early 1980s from the Cummins Engine Foundation—would face a growing political challenge, one that destroyed several allied organizations in the policy ecosystem, including the North Carolina Rural Economic Development Center and the Southern Growth Policies Board.


2 That Dodson ended up at MDC was a happy unintended consequence of the otherwise disappointing
Beginning in the late 1990s, North Carolina’s per capita personal income relative to the U.S. not only leveled off—it declined. The General Assembly did not keep up its investments in education relative to other states, and teacher pay tumbled back down the ranks. Innovation-led economic growth paid off for the Raleigh-Durham area, but when the Great Recession struck in 2008, rural areas were hit especially hard. In February 2010, Rocky Mount’s unemployment rate rose to 14.8 percent. Autry had spent his professional life shining light on such shadows in the Sunbelt, hammering out a consensus that addressing poverty was for the economic good of all. But a decade after his death, the shadows once again appeared to be lengthening.

This dissertation has traced the creation of this economic development paradigm rather than its dismemberment, which requires its own extended treatment. Moreover, it remains unclear whether it has irreparably unraveled: many threads suggest it might once again stitch together an economic strategy of state and nation. This epilogue merely sketches the denouement of the consensus on education for economic development, arguing that its decline stems from three trends: its own failures to deliver broadly shared growth; the growing organizational strength of its opponents, especially libertarian conservatives; and the polarization of the major parties.

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A major goal of the Southern Growth Policies Board and MDC was to free North Carolina from its dependence on low-wage industrial work. This largely happened. But

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lower-wage service work too often has replaced these jobs. The state’s stagnant per capita income growth since the late 1990s is intertwined with the precipitous decline in employment in the “traditional industries” of North Carolina. In 1992, 156,000 North Carolinians worked in textile mills; by 2012, only 28,000 did so. Employment in apparel manufacturing declined from 93,000 to 9,000. In contrast, the number of banking and finance workers in North Carolina have grown from 39,000 in 1992 to 65,000 in 2012. Employment decline is not the same as industry decline, of course. Plenty of fine cloth and furniture still leaves factories in North Carolina, while tobacco leaves still ripen in many a Piedmont and coastal field. But the production of these products has a drastically diminished role in organizing the lives of North Carolinians. The top destination for the textiles that the state does produce is Honduras, where workers fashion the material for final consumption.⁴ There are no obvious answers about what will replace textiles, but the chances are slim that any one or three industries will dominate employment the way that textiles, tobacco, and furniture once did.⁵

As the traditional industries declined, North Carolina became ever more clearly a service economy. This is not to say that everyone is just taking in one another’s laundry. Many of these jobs are in service to production, whether in the research and development stage or the marketing and distribution side of the value chain. Certainly, not all manufacturing has gone. Pharmaceuticals and auto parts have been bright spots, and unlike the non-durable industries of North Carolina’s past, they offer better pay to the

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average worker. But even the bottom-of-the-barrel work, food processing, has lost jobs since 2000: for instance, employment in hog farming, including slaughter and meat processing work, has dropped 15 percent.\(^6\)

The cheerleaders of the New Economy worked out a solution for job losses in textiles, tobacco, or furniture: retrain in order to keep up. Since the 1980s, augmenting human capital by accruing new skills has been the chief solution that economists have offered for those dislocated by the globalization of production. This redounded to the benefit of the community college system, which offered a variety of coursework aimed at uplifting out-of-work textile workers. But displaced factory workers earned 12 percent less, and a quarter suffered pay cuts of 30 percent or more.\(^7\)

Since 2000, North Carolina has experienced a “hollowing out,” increasing both jobs that pay very well and jobs that offer low pay, while losing jobs in the middle. This phenomenon is particularly marked in the state’s retirement zones and the Piedmont, including the fast-growing urban areas of Charlotte and Raleigh-Durham. On the whole, the state’s per worker earnings have declined relative to the national average.\(^8\) The labor of management and other professional service has accrued by far the largest share of economic rewards over the last several decades. Much of this income to the top 1—and especially 0.1—percent re-circulates, often in the form of personal services, from

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exercise classes to beauty regimens and especially to childcare and household maintenance. But the income inequality of today’s super-manager and the blue-collar service worker is often more profound than the divide between the textile manager and the weavers he oversaw.9

The financialization of the fight against poverty was one of the bigger success stories of the 1990s and pre-crisis 2000s, a way to focus on people rather than places. Martin Eakes, Bonnie Wright, and their allies spun off the Center for Responsible Lending in 2002 to advocate nationally against exploitative lenders. Following the crisis, they helped shape the Dodd-Frank Act to adopt consumer protection features from a 1999 North Carolina law that Self-Help had helped draw up. While Countrywide almost sank North Carolina’s behemoth, Bank of America, Self-Help’s portfolio of working-class borrowers largely held up. Deregulation across state lines allowed Self-Help to absorb other troubled credit unions in California, Illinois, and Florida. Of course, for his troubles on behalf of low-income borrowers, Eakes was told that his enemies pooled $10 million to take him down personally.10

Black belt communities have increasingly fallen behind since 2000. Economist Michael Walden describes the labor markets of the core black belt counties around Rocky Mount and Roanoke Rapids as “deflating” rather than “hollowing out”: not only have they lost middle pay jobs, they are losing high pay and low pay jobs as well. Rich Square,

9 Per Piketty, the “rise of the supermanager” is an “Anglo-Saxon phenomenon”: this is, American economic inequality is, to a much greater degree than in continental Europe, driven by unequal worker earnings. Piketty, Capital in the Twenty-First Century (2014), 315-321. Note that Piketty also subscribes to a version of education for economic growth: “In the long run, the best way to reduce inequalities with respect to labor as well as to increase the average productivity of the labor force and the overall growth of the economy is surely to invest in education” (306-307). To back this view, he leans on Goldin and Katz, Race between Education and Technology (2008).
10 Covington, Lending Power (2017), 5-6.
in Northampton County, lost its last bank in 2016. The black belt remains, along with
eastern Kentucky and many Indian Reservations, the place one goes to see American
poverty.\textsuperscript{11} The best long-term hope for many rural communities in America has been
immigration, especially migrants from Latin America, and several eastern North Carolina
towns pulsate with new life and trade thanks to such newcomers. So far at least, however,
few immigrants have come to the North Carolina black belt.\textsuperscript{12}

author’s possession; Ruth Simon, “What Happened When a Town Lost Its Only Bank Branch,” \textit{Wall Street
branch-1514219228; Colin Campbell, “In northeastern NC, the pass-through country,” \textit{N&O}, 8 Jun. 2014,
South: Four Seasons on Back Roads} (Boston: Houghton Mifflin Harcourt, 2015); Gene Nichol, “In NC,

\textsuperscript{12} Rebecca Tippett, “Riding the Third Wave of Immigration,” \textit{Carolina Demography} (blog), Carolina
Population Center, 9 June 2014, https://demography.cpc.unc.edu/2014/06/09/riding-the-third-wave-of-
immigration/. For a fine-grained account of this process, focused on the immigrant perspective, see
Ramirez, "El Nuevo Bajio and the Nuevo South: Race, Region, and Mexican Migration since 1980" (2018),
.
Figure 27: Manufacturing declines have been particularly notable in North Carolina since the early 1990s. Such work had been especially crucial for rural areas and smaller communities, such as Roanoke Rapids and Rocky Mount in the black belt. Data source: QWI Explorer, US Census

These days, even black belt towns revolve around eds and meds, even more dependent on them for a far lesser prosperity than the major urban centers, Charlotte and Raleigh. In 1993, 32 percent of the Rocky Mount area workforce was in the manufacturing sector; today it is 17 percent (see Figure 27). Over the same period, the sectors of educational services and health care/social assistance have gone from 16 percent of the workforce to 23 percent (see Figure 28). In these smaller communities, the public school system is usually within the top three employers, if not the biggest. In Halifax County, where J.P. Stevens once was so central to economic life, Reser’s, a food processing company, is the only manufacturer that employs more than 500 people. In Warren County, Soul Tech I, which McKissick built to incubate industrial firms that
would employ the residents of Soul City, now houses Correction Enterprises: North Carolina state prisoners produce soap and industrial cleaning products there for the wholesale market. It is the second largest employer in the county—behind only the school system.\footnote{“Warren Correctional Institution,” \textit{NC Dept. of Public Safety} (website), accessed 29 July 2018, https://www.ncdps.gov/adult-corrected/prisons/prison-facilities/warren-correctional-institution.}

![Figure 28](chart.png)

**Figure 28:** Since the 1990s, educational services and health care/social assistance have seen significant upticks as employment sectors in North Carolina. These two sectors have been especially important in rural areas and micropolitan areas, including those in the black belt, as they have lost manufacturing jobs. Notice that job growth in eds and meds has declined in most areas above since the Great Recession and the GOP takeover. \textit{Data source: QWI Explorer, U.S. Census}

With the Global TransPark, Kinston was supposed to become the new center of
North Carolina’s manufacturing economy, an import/export zone around which raw materials become intermediate goods or intermediate goods are flown in to become finished products. But one of Kinston’s best exports has been its basketball players. While only 1 in 3,300 high school basketball players make an NBA roster, 1 in 53 Kinston High players have done so since 1972. In 2010, Stephanie White relocated there from Washington, D.C., seeking a safer place to raise her five children. One summer night in 2016, her teenage son, Antonio, went out with friends and was shot in the back of the head. Law enforcement described it as a gang retaliation, and White could not afford his tombstone. Meanwhile, Antonio’s high school acquaintance, Brandon Ingram, was drafted by the Los Angeles Lakers after a year at Duke University. At age 20, his annual salary was 155 times the median household income of Kinston’s Lenoir County. Ingram returned to visit Kinston students. “I always try to be the blueprint for them,” he told a reporter, but even he was stunned by the slim odds that separated his fate from Antonio’s. The Kinston High basketball coach feels compelled to remind his players, “You deserve to grow old.”

Education continued to be central to the state’s growth strategy in the 2000s. Hunt’s successor as governor, Democrat Mike Easley, put his own stamp on education programs to expand preschool education, prevent drop outs, and make higher education

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14 In contrast to the core black belt, Kinston has experienced modest gains in middle pay employment, though it too has lost jobs in high pay and low pay categories. Michael Walden, “North Carolina’s ‘U-Turn’ and Alternative Economic Paths of the State’s Regions,” Working Paper, Studies in the North Carolina Economy, North Carolina State University, June 2017, in author’s possession.
degrees more accessible starting in high school. Earn and Learn built from the bones of Tech Prep, providing students a path to earn both an associate’s degree and a diploma in five years of joint high school and college coursework. It helped that Easley won passage of the North Carolina State Lottery Act in 2005, which provided extra funding to the school system by selling its citizens bad odds. But many lawmakers felt hemmed in—every other state around North Carolina had already adopted such a lottery.

Parents in and out of the black belt have navigated a more complicated school landscape since 2000, particularly once the General Assembly popped the cap on charter schools in 2011. The state promised to raise it as a condition for taking Race to the Top funding from the Obama administration. This fractured system, and the emphasis on education for economic development rather than citizenship, has made it more difficult to address school resegregation. Researchers underscore that more and more charters in North Carolina are serving as the white-flight academies that school officials in the 1990s had feared they would become. Two of the top five employers in Northampton County are school systems: the official county schools and the growing Knowledge is Power Program (KIPP) charter.

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17 Mark Binker, “Easley’s triumph may be legacy,” News & Record, 1 Sept. 2005, 1.

The failures of alternative approaches to economic development to generate job growth in rural areas fueled a new round of industrial recruitment that continues to escalate. Stuart Rosenfeld thought the first major southern deal for an auto assembly plant, when Kentucky Governor Martha Layne Collins won Toyota in 1985, seemed like a good investment, given the cluster of area suppliers that it would generate. But even as the incentive packages have increased, the returns in employment and local wealth circulation have diminished. Around 2003, Rosenfeld went to visit the new Nissan manufacturing facility in Mississippi expecting to find a budding cluster of suppliers and servicers surrounding the plant near Jackson. Instead, he discovered that even custom-designed tools specific to that plant were built and shipped overnight from Japan. This was the new global economy.

Rosenfeld interviewed the plant’s head of hiring. “There were three things he was looking for in an employee,” Rosenfeld recalled. “Someone who isn’t going to join a union, isn’t going to get carpel tunnel, and someone who is going to smile a lot.” It was not precisely the political economy of the Old South, but it still seemed eerily similar to the days of yore. Ten years later, Mississippi had paid out $378 million to Nissan, about $84,000 per job.

North Carolina played the game too, usually without landing many of the flashy brands it targeted. In late 2003, Gov. Easley called a special session of the General

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19 University researchers estimated the total price tag for taxpayers at up to $325 million over 20 years, though it graded out positive in their overall benefit–cost analysis. Eugene Carlson, “What’s a Toyota Plant Worth to Kentucky? Possibly Plenty,” Wall Street Journal, 9 June 1987, 37.
Assembly in order to prepare an incentive package for Boeing and try to lure it to the Global TransPark in Kinston. The state put $534 million on the table, easily the largest it had bundled to date. But Boeing was won over by a $3.2 billion package from Washington state. One of the few that North Carolina did land, Dell, proved a disaster. State and local subsidies came close to $300 million for 900 “high-tech” jobs that were lost only five years later, when Dell closed its Winston-Salem facility during the recession. In recent years, the North Carolina Department of Commerce has begged Mazda, Foxconn, and Samsung to locate their manufacturing plants in rural parts of the state, but the companies instead chose respectively Alabama, Wisconsin, and South Carolina. North Carolina’s eastern counties are too far from a natural gas line, say some corporations. The plan for the Atlantic Coast Pipeline, which aims to address that concern, has generated environmental justice protests that jeopardize the project.21

By 2011, North Carolina effectively spent almost $700 million on sales tax exemptions as a form of economic development, compared with $94 million for active economic development programs that included the Biotechnology Center, the Rural Economic Development Center, the Institute for Minority Economic Development, and the customized training program through the community colleges. Small business incubation remained a major component of most of these “pass through” outfits. In 2005, the General Assembly created the One North Carolina Small Business Fund with awards

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for innovation research and tech transfer. Both to these were geared towards university spinoffs. Geographically, they benefited those areas surrounding universities (see Figure 29).  

![All Grant Awards by County January 2006 through June 2012](image)

**Figure 29:** North Carolina’s economic development grant awards have more often benefited Wake, Mecklenburg, and other developed Piedmont counties. *Source: “North Carolina Economic Development Inventory,” March 2013, Fiscal Research Division, North Carolina General Assembly, p. 6*

Roanoke Rapids grew desperate in the wake of its deindustrialization—especially the loss of J.P. Stevens. Its last factory in Roanoke Rapids, employing only 300 people, closed in 2003.  

Town leaders threw away precious millions chasing the dream of

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becoming a country music and theater tourist hotspot, the Branson, Missouri of the East.

In 2005, the city announced it was creating Carolina Crossroads, a 700-acre entertainment complex—a long shot gamble that, at best, would generate a few thousand jobs in the hospitality industry, mostly blue-collar service work. Roanoke Rapids remained one of the most segregated cities in the black belt.\textsuperscript{24} The complex hinged on Randy Parton, Dolly Parton’s brother; the city paid him a $1.5 million annual “artist fee” to perform as anchor. While the Randy Parton Theatre drew decent initial crowds, Parton was soon playing to audiences below 100. When he showed up drunk six months later, he was sent home and never performed there again. In July 2018, the city still owed $15 million for building the theater when a private bidder purchased it for $3 million.\textsuperscript{25} Perhaps with more racially representative leadership on city council and the county commission, the town would not have pursued such a folly.

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The consensus around education for economic development truly unraveled after 2010. North Carolina’s progressive reputation was shattered after Democrats lost control of both legislative houses for the first time since the 19th century. With the 2012 elections, a Republican, Pat McCrory, moved into the governor’s mansion and the GOP gained veto-proof majorities in both the House and the Senate. Over the objections of “Moral Mondays” protestors, they ramrodded an audacious array of conservative measures into

\textsuperscript{24} The views of its white politicians about what work local people were capable of was not much different than their predecessors on the Choanoke Area Development Association in 1964, who could only see hands to weave baskets and produce other trinkets for tourists. See Chapter 3.

law, flattening the tax structure, bowling over regulatory bodies, and sheering voting rights. Suddenly North Carolina was “set[ting] clocks back 100 years,” as argued by historian Jim Leutze, a founding member of the LQC Lamar Society who had become president of the University of North Carolina at Wilmington.26

But it was not pure Old South traditionalism. It was not Aycock’s version of democracy, with school funding for whites and literacy tests for blacks. Nor was it even the conservatism pioneered by Beverley Lake, Jim Gardner, or Jesse Helms. When the conservatives took over North Carolina in the early 21st century, they brought a libertarian agenda developed by a determined national network of “radicals for capitalism.” In North Carolina, the organizations funded by Art Pope—especially the Locke Foundation and the Civitas Institute—gained policy influence over state Republicans, effectively displacing MDC, the Southern Growth Policies Board, the North Carolina Center for Public Policy Research and newer groups such as the North Carolina Justice Center.27

In 2013, the General Assembly cut unemployment benefits, which were supposed to sustain workers as they upgraded their skills for the New Economy. Legislators reined in education budgets: spending on public schools fell from $7.9 billion in 2007-08 to $7.5 billion in 2013. Republicans packed state boards with their own people, including the UNC Board of Governors, and argued that public universities should cut humanities majors, raise tuition, and direct funding “not based on butts in seats but on how many of

those butts can get jobs,” in McCrory’s words.28

The Republicans in charge even rejected careful analysis of costs and benefits from the most neutral organizations to ensure sound policy decisions. Rife with unintended consequences, these new education policies have been “incredibly poorly crafted,” according to the North Carolina Justice Center. The General Assembly has signed off on lightly regulated voucher programs, virtual charter schools, and hastily assembled “achievement districts.” Few of these half-baked “innovations” save money, at least in the short term.29 But if more and more parents opt to silo their children through homeschooling, religious schools, or wealth-segregated private academies, then the long term prospects for reducing government spending on education are high. Republican lawmakers in the state have strongly considered breaking up school districts, undoing the mergers and consolidations that for almost a hundred years marked the trend towards efficiency and enlarged communities of fate. Such moves can only increase socioeconomic segregation, further reducing the mechanisms by which society can care about other people’s children.30

Harnessing the resentment of rural areas, the GOP did not stop with these changes to education funding and policy. The new legislature, backed by Gov. McCrory, also set out to dismantle the ecosystem to promote a more equitable political economy. The Rural

Economic Development Center met a demise that resembled the fall of Soul City and AFL-CIO President Wilbur Hobby. In 2013, the Raleigh News & Observer dug in with an investigative series on spending at the Rural Center, leading to a state audit and the resignation of its founding president, Billy Ray Hall. The Rural Center had never overcome its partisan affiliation with the Democratic Party, and Hall tracked spending by legislative district. It had been in the Locke Foundation’s sights since the 1990s, and the libertarian think tank had already helped convince Republican legislators to defund the organization in the 2013 General Assembly before the series was published.  

Dancing on its grave, an editorial reminded the readers of Locke’s Carolina Journal, “The Rural Center flourished because misguided people believed government should meddle directly in private business decisions. Those people are still around, and it’s up to those of us who believe in free markets rather than government planning to keep them in line.” Once a model for alternative forms of rural development emulated around the country, the Rural Center has regrouped as a lean nonprofit that can do little more than advocate for rural areas.

The Southern Growth Policies Board’s demise was more gradual than the Rural Center’s, undone as the parties polarized. In 1971, Terry Sanford claimed that

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“planning is no longer a feared word” as he launched SGPB. It certainly was feared thirty years later. Fewer and fewer governors found value in Southern Growth’s perspective. They sought policy solutions from more explicitly partisan outfits. In 2013, on the recommendation of North Carolina Gov. Pat McCrory, it was dissolved into the Southern Governors’ Association—which was in turn put to sleep in June 2016.34 Other identities proved more salient than southernness for policy purposes.

Groups that persisted, such as MDC, were cast in a partisan light. The Civitas Institute, another Pope-funded organization, spent considerable energy “mapping the left,” an attempt to “expose” the influence of think tanks, foundations, unions, community development corporations, and all range of other organizations and donors that had promoted a more equitable vision for North Carolina. Those mentioned in this dissertation included MDC, Z. Smith Reynolds Foundation, Mary Reynolds Babcock Foundation, the Center for Community Self-Help, the Institute for Southern Studies, the UNC Center for Civil Rights, and the NC Institute of Minority Economic Development. Civitas saw these groups as “hiding from the ‘liberal’ label” and engaged in a far more organized conspiracy than any right-wing equivalent. “The well-organized progressive movement has built a network of groups that work together to push an extreme, liberal/progressive agenda that the media has failed to report upon,” staffer Susan Myrick explained as the reason for the website.35 For so many decades, MDC strove to maintain a reputation for producing careful, data-driven, evidence-based policy proposals. But

since 2010, it struggled to find purchase with Republican politicians.

John Hood and his colleagues convinced many North Carolina lawmakers (and some voters) that investments in universities, schools, and roads had not paid off for North Carolina. This was a “fairy tale,” Hood claimed, perpetuated by the state’s left. In his view, what made the difference for North Carolina was not good roads, the Research Triangle, or the educational programs of Sanford and Hunt. Instead, North Carolina benefited from the same inexorable trends seen in other southern states as capital fled high-tax, union-dominant areas for the South’s better physical and business climate. He drew attention to air conditioning while ignoring the civil rights movement.36

Hood provided a clear prescription for economic development, a strategy that undergirds many current GOP policies—not simply in North Carolina but in states across the nation: “State policymakers should keep tax and regulatory burdens as low as possible consistent with the delivery of core services,” Hood argued in 2014. “That may mean spending more on high-priority programs, yes, but today’s competitive climate also requires that we raise the productivity of education, infrastructure and other services – value created per dollar spent.”37 Hood highlighted the global economy to demand that North Carolina race to the bottom to attract firms rather than invest in its human resources. “There is no chicken or egg dilemma,” Sanford had proclaimed in 1960: “Education comes first!”38 More than fifty years later, Hood flipped it back. Industry

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38 Terry Sanford, speech to Women for Sanford, Greensboro (NC), 23 Feb. 1960, in box 55, folder 12, Dallas Herring Papers, North Carolina State University, Raleigh, NC. See Chapter 2.
must come first—as well as second and third. His hallowed political forebear was not Sanford but Josiah Bailey, the North Carolina Senator who in 1937 had drawn up a 10-point “Conservative Manifesto,” in his fight against the New Deal. Hood’s 10-point “Carolina Manifesto for Growth” was a deliberate echo of Jim Crow’s defender.  

* * *

Given their recent policy triumphs, it is easy to overstate the influence of Hood and the larger Pope- and Koch-funded libertarian network. Their vision of political economy has not always aligned with the values of other conservatives, those less dogmatically opposed to government interference in either market or social behavior. To Hood’s chagrin, rural Republicans have been some of the biggest champions of renewed industrial recruitment, just as eager to win jobs for their districts as their Democratic predecessors. The nomination of Donald Trump came despite the efforts of libertarians, not because of them, however adept donors to the cause have been at bending the president’s policy their way since he took office.  

Meanwhile, almost no one in North Carolina won from the stalemate over House Bill 2 (HB2), a measure passed by the General Assembly in 2016. It nullified a Charlotte non-discrimination ordinance meant to support LGBTQ workers. A national boycott of North Carolina was accompanied by considerable business pressure within the state,

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coming from many of the companies courted since 1960 to address brain drain and spur high-wage job growth. McCrory’s poor handling of the situation likely cost him precious votes in the 2016 election he narrowly lost to Democrat Roy Cooper, who brokered a dissatisfying compromise that ended the boycott. But HB2 exemplified the spiteful way that legislators representing low-growth areas could jeopardize growth in urban areas. The notion of a statewide community-of-fate has become harder to operationalize in an era of uneven, rather than balanced, growth.

Significantly, though, education still plays well politically. Despite increasing Republican skepticism about the effect of colleges and universities on the country, the vast majority of parents, regardless of which party they vote for, still want their children to get a postsecondary degree. The wage premium for college graduates remains high, though that is more a commentary on the poor earnings of those without degrees than the value added by higher education. The 2018 wave of public teacher strikes, walk-outs, and protests in “red states”—West Virginia, Oklahoma, Arizona, and North Carolina—demonstrated that politicians who slash education budgets are playing with political dynamite.

The new conservatives also face a considerable challenge from the left. State

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NAACP President William Barber II galvanized an impressive biracial coalition to sustain “Moral Mondays” protests. He has more recently sought to carry forward Martin Luther King’s Poor People’s Campaign. The North Carolina Justice Center has provided an effective counterweight to the Locke Foundation, vigorously challenging the new conservative commonsense. Publications such as Scalawag give voice to young black and white southerners who take succor from a very different part of regional identity than the neo-Confederates.\textsuperscript{44}

And, unlike the Rural Center and SGPB, MDC has persisted, its message often augmented and amplified by these new players. Every two years, it continues to produce its flagship \textit{State of the South} report, which continues to pitch the education for economic development strategy as a way to arrive at a South with fewer shadows. The 2018 version, “Recovering our Courage,” highlights the problems of resegregation, structural inequities, lagging K-12 test scores, and the low portion of southern-born workers with college degrees. By building an “infrastructure of opportunity,” largely through the education system, MDC argues, the South can flourish.\textsuperscript{45}

However, to the degree that MDC’s analysis convinces legislators that North Carolina and the U.S. can educate its way to social mobility and keeping “good” work in this country, such messages might be counterproductive.\textsuperscript{46} MDC leaned heavily on data


\textsuperscript{46} A sign that alternative policies to education for growth and equity might be gaining traction in North Carolina was a 2018 analysis on “Advancing Employment Equity in Rural North Carolina,” sponsored in part by the Justice Center. The report recommended policies that address long-term “temp” work, barriers created by criminal records, transportation issues, and daycare access—issues beyond the education matrix. Still, the report centered economic rationales: “employment for all” would enhance the state’s economy by $5.2 billion, it argued. As researchers presented their recommendations to a small crowd at the North Carolina Museum of History, the General Assembly was in session, uninterested in such approaches. Even
from economist Raj Chetty’s Equality of Opportunity Project, which argues that educational quality is a major factor in social mobility. But economist Jesse Rothstein analyzed this data and found that minimum wage laws, the presence and strength of labor unions, and clear career pathways to local industry are more important. “We can’t educate people out of this problem,” said Rothstein.⁴⁷

That remains a hard lesson to learn.

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Biography

William D. Goldsmith was born and raised in western North Carolina, his father a lawyer, his mother a biology teacher and, later, an elementary school guidance counselor. William went to public schools in McDowell County and earned his bachelor’s degree in history in 2002 from Yale University, serving as secretary of the Yale Dramatic Association and graduating with distinction in the major. He taught English and Theater Arts through Teach for America at Northwest Halifax High in Littleton, North Carolina, where the core seeds of his dissertation were planted. William then worked as a journalist for C-VILLE, an alternative weekly paper in Charlottesville, Virginia. This dissertation was a product of his time at Duke University, where he earned a master’s degree in history in 2014 and a Ph.D. in 2018. He is married to Milligan Goldsmith; together, they have two children, Tere and Whitmel.