Introduction: The New South and the New Deal

From the 1880s, the developers of the South’s most prominent industries tended to be men new to the region. Although they cloaked their profit-seeking in the paternalistic guise of “uplift” and progressive improvement for southern workers, these boosters and manufacturers often were not homegrown elites. Many, such as the Pelzers of South Carolina and the Loves in North Carolina, were transplants from other regions and had no connection to the South’s plantation past. Such builders and operators of Dixie’s mills promoted a modern, economically distinctive, and industrially significant South. They and other post-Reconstruction boosters campaigned for industrial development and challenged the region’s economic base in agriculture while also consuming nearby crops and natural resources. New South industries processed the cotton, wool, iron ore, coal, timber, and other raw materials grown, mined, drilled, or hewed from Dixie’s land.¹

The industrialists who directed this work increasingly receded from view in the post–World War II era. Research parks and large industrial establishments built by corporations such as DuPont, Firestone, and

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General Motors, or later by Volkswagen and BMW, overshadowed what by then had become the South’s traditional industrial economy. As a result, a simplistic binary of a mythical, preindustrial South and the new, highway-linked, and suburbanized Sunbelt dominates popular memory.²

A complex history of political activism, regional protectionism, and economic identity, rooted in southern manufacturers’ experiences with the New Deal, remains hidden from view. Historians’ dual emphases – either on the areas reshaped by federal infrastructure investments and defense contractors or on the booming suburbs and demographic shifts that reconfigured the region’s political culture – have tended to obscure the role played by traditional New South manufacturers, and indeed the continued significance of regional economies, cultures, and politics in the nation. Those business leaders continued to shape Dixie’s economy and southern politics during the New Deal and for decades after World War II. These later generations reprised their forebears’ efforts to develop the region and its significance within the nation.³

In particular, New South industry’s experience with the New Deal influenced American political history and the place of the region within it. Historians of business and the New Deal have investigated the response of business and corporate leaders, from sector-leading firms to small businesses, to policy innovations of the 1930s. The sum of such inquiry has revealed, as historian Colin Gordon described, business’s reaction as being ultimately fractured and “fickle,” despite policy support for business’s desire to rein in destructive competition that had exacerbated economic woes. Yet the South’s leading industrialists proved remarkably flexible to the changing policy environment. The South’s business elite

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responded to the New Deal by swapping regional and interest-based and trade association-style lobbying for symbolic politics backed by the rhetoric of free enterprise. New South industrialists translated activism from the back rooms of Washington to public advocacy and marketing of regional opportunity. Without the ability to secure separate treatment in policy for the South’s wages and labor market, manufacturers looked to rebranding their region’s status vis-à-vis the nation and crafting policy at the local and state levels to support this narrative. As this story reveals, the South’s modern political history is inextricably linked with economic interest groups, the New Deal, and business’s interpretations of policy and economic alterations.

Dixie’s economic and industrial transformation in the mid-twentieth century and the accompanying revolutions in southern identity and politics are also rooted in the Great Depression. Yet that cataclysm was by no means the first displacement, resulting from industrial capitalism, to confront the South and its “respectable” educated class. In the 1930s, industrialists – individuals who, despite the importance of their businesses, had never seemed quite of the South – became the region’s ardent champions, seeking profits and infrastructure to guide the region to prosperity. John Edgerton, the president of Tennessee’s Lebanon Woollen Mill, had been ousted from his position as NAM president in 1931 in the midst of economic crisis and criticism of business leaders as “economic royalists.” He recognized that southern manufacturers, as other business interests, sought to evade the emerging New Deal regulation of wages and hours, but his region’s needs differed from those of other parts of the country. He reasoned that these economic distinctions could be politically useful but were not in the NAM’s power to exploit. He organized a new business association, the Southern States Industrial Council (SSIC), so southern manufacturers would not have to rely on national business

and trade associations to represent the South’s particular and peculiar interests. Founded in Chattanooga in December 1933, the SSIC mobilized to defend the South’s control of labor and competitive advantage – low wages, access to cheap raw materials, and the mill village. As a result, the organization and its leaders facilitated a transformation in southern political and business culture.³

_Dollars for Dixie_ argues that southern industrialists, heirs of the “new men” of the New South (both literally and figuratively), responded to the New Deal by gradually shedding their allegiance to a unique, separate southern economy. When the New Deal commenced, southern manufacturers mobilized to maintain and promote a kind of domestic protectionism to safeguard their established industries. They wanted regulations and policies to treat the South independently, to account for what they portrayed as the region’s deficient industrial sector. Capitalists in this separate economy, a system putatively shaped by paternalistic obligations and different methods of capitalization than those deployed by northern industry, argued that southern manufacturers cared more for their communities’ health, wealth, and culture than for profit maximization – an artful rather than factual depiction designed to woo political allies. These industrialists’ critiques emerged not because the Democratic Party was insufficiently conservative – although that argument would surface in the latter half of the 1930s – but rather because national policy and the power structure and rhetoric of southern politics were unresponsive to the demands of organized southern interests, nor were they adequate to the economic changes envisioned by southern manufacturers. To protect New South industry and to promote homegrown capital, the SSIC turned increasingly, if haltingly, to the language of free enterprise and identified

³ The “collapse of white unity” and resulting southern class structure of bourgeois town people and a mill-village proletarian, which industrialists attempted to preserve in the 1930s, produced its own anxieties that preceded the rise of federal intervention in the southern economy. David L. Carlton, _Mill and Town in South Carolina, 1880–1920_ (Baton Rouge: Louisiana State University Press, 1982), 3–4, 6, 9–10. David Goldfield places the transitional pivot for the true emergence of a “New South” as the Great Depression, although southern cities continued to be dominated by the values established when cotton fields dominated the region. Still, the Depression and New Deal halted the region’s national convergence, in many respects. David Goldfield, _Cotton Fields and Skyscrapers: Southern City and Region_ (Baltimore: Johns Hopkins University Press, 1989). In some ways, the SSIC reflected similar sentiments that prompted the organization of NAM, an organization of “independent industrialists … who most successfully translated their dislike for large combinations into effective antitrust lobbying.” In the 1930s, however, it was cooperation between northern corporations and the federal government at the expense of smaller, regional competitors that southern industrialists feared. Wiebe, _Businessmen and Reform_, 14.
in national conservative circles the allies that would aid their quest to promote the South as the nation’s number-one economic opportunity.⁶

A range of policy battles in the 1930s and 1940s led southern industry’s representatives to promote a revolution in the idea of the South and its economy. Policy interventions and the nationalization and internationalization of the southern economy diluted the political salience of an underdeveloped, misunderstood, and native-born southern population. Manufacturers thus converted from regional defenders, insistent on a separate, “infant,” southern economy, to free-marketeers, advocates of economic liberalism or neoliberalism, as some might call it. In the process, they shaped the South’s brand of free enterprise. Southern manufacturers became purveyors of free enterprise ideology when they failed to preserve the region’s separate economy and had to find new leverage amidst new arrangements in policy and economics.⁷

Scholars have suggested that neoliberalism had roots in southern planter aristocratic paternalism, marked by devotion to “property rights, hostility to [the] federal state for other than military purposes, faith in punitive governance as the key to social order, and enthusiasm for international trade.” Yet the line from antebellum planters to post-Reconstruction politics to the Republican Party’s southern strategy is not so straight. Industrialists’ paternalism emerged gradually from the 1880s and 1890s as a response to populist challenges from below. Manufacturers adapted to maintain hold of the social and economic arrangements of the economy they built to replace the region’s plantation past. Subsequent generations of mill owners, managers, bankers, and


⁷ This book uses “industrialist” and “manufacturer” interchangeably, even as many in the implied group were allies of, not engaged in, manufacturing. Manufacturers is the broader term, but the council identified itself as an “industrial” organization, even though it attracted members from beyond industrial production. SSIC leadership and membership comprised industrialists, manufacturers of a range of products, as well as the financial interests, construction companies, retailers, and other business associations that supported the council. Moreover, “manufacturers” and “industrialist” can be understood to stand in for the class identity, since these town folk descended from bourgeois merchants, tradesmen, bankers, and mill owners who nurtured industrial capitalism in the region.
manufacturers looked outward, toward the nation. Their conservatism was not planter traditionalism dressed up in new garb. Instead it developed out of the mill village during the first three decades of the twentieth century into a modern southern conservatism crafted for industrial and global capitalism. Industrialists who took this road still shared other white southerners’ insistence on segregation, but they did so through new language and new political avenues, with economic priorities very different from those of late nineteenth-century Bourbon leaders.8

Unlike the previous generation of “county seat elite,” or “small town rich men,” whose localism superseded aspirations of cultural advancement and national political power, industrialists in the SSIC sought regional competitiveness and extensive and networked sources of homegrown capital, all of which would wield significant policy influence on Capitol Hill, whether regarding minimum wage legislation, industrial self-government, collective bargaining, or international trade. While the SSIC represented a continuous tradition in southern politics of disrupting “solid” Democratic control, the organization’s influence reflected deeper changes at work in the southern economy and its place in the nation. As the Depression and New Deal unfolded, southern manufacturers emerged as important, if overlooked, actors in influencing southern politics and economic transformations and in raising the South’s national significance. They reprised southern business leaders’ flirtation

with the Republican Party that had occurred with William Howard Taft’s candidacy and southern Hoovercrats, but this time with more profound results.9

Although southern manufacturers responded to the New Deal by retreating to sectionalism, they would continue to redefine the South’s economy and politics vis-à-vis the nation. New South industrialists broke early with the New Deal Democratic coalition and ushered the regional elite in their shift to the antistatist, business-backed challenge to bureaucratic growth in the 1930s and 1940s. Southern industrialists participated in diverse, and sometimes contradictory, networks of right-leaning pundits, intellectuals, business leaders, and politicians. As business leaders participated in funding a host of organizations designed to promote conservative policy, southern manufacturers strategized how to find a place in this emerging landscape of political insiders, intellectuals, foundations, and lobbying organizations. SSIC leaders, based in the New South industrial economy, thought they could leverage their alliances with agricultural interests and politicians to sway the New Deal to serve the continued growth of southern capital by maintaining a uniquely southern voice.10

9 Tindall notes that “sectional divisiveness” declined following Hoover’s discrediting after the economic collapse in 1929, but momentarily. The southern “county seat elite,” the post-Reconstruction “banker-merchant-farmer-lawyer-doctor-governing class,” held economic and political power across the South. Many historians use the term to refer to elite planters and merchants, ruling from social standings in counties dominated by agriculture, an identity and worldview that has little relationship to industry and New South boosters, who were a generation removed, and had no direct experience with the Civil War or Reconstruction. Later generations, such as those who made up the SSIC, had moved in increasingly national circles. George Brown Tindall, The Disruption of the Solid South (New York: W. W. Norton, 1972), 19, 24, 28, 30. To illustrate the South’s debut as a major player in the nation’s industrial economy, Tindall cited Edgerton’s election as NAM president as a “significant token” of the South’s “industrial emergence,” tugging “Southern business, as [Woodrow] Wilson had pulled Southern politics, toward the national orbit.” Tindall, The Emergence of the New South, 71, 618. Scripto, Inc. executive Rip Blair was a New Deal Democrat, but his company supported the SSIC in 1934, 1935, 1938, and through the later years of World War II. Boosters in Marietta, GA, exemplified the complicated worldview of southern manufacturers, as they lured defense-related investment to their locality. Thomas A. Scott, “Winning World War II in an Atlanta Suburb,” in Scranton, The Second Wave, 2.

10 Doyle described the New South business elites’ achievements in the “creation of a vast network of towns and cities that had been integrated into a regional and national economy by rail, steamship and telegraph,” and these achievements “linked their agenda for economic development to programs for social reform,” including educational and humanitarian missions characterized by “new paternalism.” Doyle, New Men, New Cities, New South, 313, 315–16. Howell John Harris, The Right to Manage: Industrial Relations Policies of American Business in the 1940s (Madison: University of Wisconsin
Part I of this book opens with Dixie’s manufacturers mobilizing to defend a separate regional economy and to work within the early New Deal as the National Recovery Administration (NRA) attempted to address the ills of the nation’s industrial economy. As reform progressed through the National Labor Relations Act of 1935 (NLRA), southern manufacturers grew increasingly restive in a political coalition that appeared to target the South’s competitive advantage and labor-management relations and threatened to upend the region’s social and racial hierarchies. Manufacturers’ failures in the 1930s to modify the New Deal to their liking led these men to seek political allies to preserve existing industries as well as to promote homegrown capital and outside investment. These failures also led southern industrialists to reconcile their Jeffersonian impulses with modern free market economics and the language embraced by business conservatives to challenge the New Deal. Their responses to the Fair Labor Standards Act of 1938 (FLSA), freight rate revision, and World War II mobilization yielded a southern conservatism infused with the language of free enterprise, in which the South emerged as the Nation’s No. 1 Economic Opportunity.\(^{11}\)

Part II examines the SSIC’s efforts to undermine what the organization deemed bureaucratic overreach and protect “southern” interests via national alliances. Through activism regarding the Fair Employment Practices Commission (FEPC), postwar labor reform, and Congress of Industrial Organizations (CIO) organizing in the region, the council became a lobbying group that consciously connected previously explicitly southern concerns to the modern conservative movement. SSIC leaders sought a conservative leader and party, promoting the candidacy of third-party, and eventually Republican, candidates while continuing
to advocate for federal economic policies that would benefit southern manufacturers—a group that also evolved as the southern economy diversified in the post–World War II era, a process driven by non-commodities-intensive industries. Southern manufacturers crafted a practical, political rhetoric that connected the language of free enterprise to the needs of the southern economy, joined networks of conservatives, including traditionalists, and ushered the South’s industrial elite into the conservative movement in the 1950s.

The SSIC’s efforts were both productive and futile: southern boosters and business leaders gained greater coherence in their branding of their region, and they modernized southern conservatism in ways that garnered allies in the national movement. Reliance on the language of free enterprise diminished the SSIC’s core mission of regional protectionism but expanded and diversified its support network. Many members remained personally progressive, confronting entrenched political machines at the local and state levels and favoring a two-party South. Being for industrial growth, they were wary of labor legislation and an expansive welfare state. At the same time, the SSIC and southern conservatives tied the national movement to the South’s politics of white supremacy and defense of segregation. This commitment continued as a “second wave” of industrialization contributed to cultural dislocations in the South, and southern industrialists attempted to carve out a place within these changes. In the process, southern business leaders supported southern politicians such as Strom Thurmond, who would embrace the SSIC’s members’ view of free markets, antiunion politics, and states’ rights.


Schulman, From Cotton Belt to Sunbelt, ix. Southern conservatives’ reactions to the New Deal are well established in political history, but most historians have focused on the failure of liberalism in the region, or on congressional opposition, rather than on southern industrialists specifically. Roger Biles, The South and the New Deal (Lexington: University Press of Kentucky, 1994); Patricia Sullivan, Days of Hope: Race and Democracy in the New Deal Era (Chapel Hill: University of North Carolina Press, 1996); Anthony J. Badger, North Carolina and the New Deal (Raleigh: North Carolina Department of Cultural Resources, Division of Archives and History, 1981); Ira Katznelson, Fear Itself: The New Deal and the
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Understanding the SSIC’s activism completes the story that C. Vann Woodward told the first part of: the story of new men of the New South, which had been in the making since the end of Reconstruction. SSIC leaders built on previous entrepreneurs’ quest for an industrial, modern South, using familiar depictions of the South’s industrial economy. The region’s industry was small-scale and underdeveloped; the workers were untrained and lacked industrial backgrounds, having recently moved from fields to factories; the climate was hot and the roads unpaved; the railroads were expensive; the region was rich in raw materials but low in human capital. Modernizers claimed to build industry to aid regional development, provide work for the agricultural poor, draw investment to and build capital sources within the region, and erect Dixie’s industrial base. Having survived populist challenges to modernity, an industrial social order and “town” people helped guide the South’s economic development.

This strategy of depicting the South and its economy as developing seemed to be working by the 1920s, when northern textile firms increased their investment in southern plants. Firms moved spindles southward in greater numbers, and by the decade’s end the South boasted more spindles than the North. Dixie’s mills specialized in coarse products and grey goods; finer, high value-added textiles tended to remain a northern specialty. Innovation stayed north of the Mason-Dixon line, as well. Textile machines, imported from Massachusetts, whirred in southern Piedmont mills; the gray goods often produced at such establishments headed north to be processed and finished into finer, market-bound products.


David Koistinen, “The Causes of Deindustrialization: The Migration of the Cotton Textile Industry from New England to the South,” Enterprise and Society 3 (September 2002). Historians have weighed the influence of location theory, relating to cost of...