The New Deal and the Modernization of the South

By Gavin Wright

Inspired by the parallels between the 1930s and the current economic crisis, debate now rages over the economic successes and failures of Franklin Roosevelt's New Deal. One dimension of the historical record has been largely absent from these discussions: the impact of federal programs on the economy of the South. This article draws upon recent research to make the case that the New Deal era constituted a turning point in regional economic development, a watershed if not an instantaneous revolution. The survey proceeds in two parts. In the first, I assemble evidence on regional economic modernization, with no reference to the issues of racial and class justice that have dominated most of the historical literature as the gauge of regional transformation. The second part considers the implications of this modernization for the racial and political order of the South.

A few disclaimers at the outset may be in order. The term "modernization" is intended merely as a convenient aggregator for features of the economy commonly associated with development, such as roads, power, sewage systems, public health, literacy, and technological sophistication. It does not imply adherence to a universal theory of progress. Similar latitude applies to the term "recent." David Goldfield writes: "It may be argued that southern economic development and urbanization holds much less drama than, say, the stories of slavery, segregation, civil rights, labor and agricultural work and tenure, and that the historiography will build more slowly as a result."[1] This observation seems accurate, and justifies a survey of scholarship across "recent decades" rather than "recent years." Nonetheless the accumulation of evidence confirms the New Deal's transformative effect on the southern economy.

Infrastructure

Southern state-level investments in roads, education, and health certainly predate the 1930s, but little if any of the political impetus for the public works programs of the New Deal emanated from the South. Notwithstanding their employment-generating origins in a time of economic crisis, these programs constituted "an extraordinarily successful method of state-sponsored economic development," as Jason Scott Smith argues. In his account of the impact of the New Deal in South Carolina, Jack Irby Hayes, Jr., writes that the Public Works Administration (PWA)—created under the National Industrial Recovery Act during the first wave of New Deal legislation—"literally changed the face of the Palmetto State. Its visible legacy a half-century later included hundreds of low-cost housing units to replace urban slums, miles of modern highways, a host of schools, courthouses, hospitals, post offices, and administrative buildings, a thriving shipyard, a number of new sewage and water systems, and two huge hydroelectric projects."[2]

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[1] David R. Goldfield, "Urbanization," *A Companion to the American South* (Malden, MA: Blackwell, 2002), 490.

[2] Jason Scott Smith, *Building New Deal Liberalism: The Political Economy of Public Works, 1933–1956* (New York: Cambridge University Press, 2006), 29; Jack Irby Hayes, *South Carolina and the New Deal* (Columbia, SC: University of South Carolina Press, 2001), 71.

The Works Progress Administration (WPA), launched in 1935 as the leading federal work-relief agency, had even more dramatic effects. Hayes reports that by the time of the WPA's demise in July 1943, it had constructed or improved 1,138 bridges and viaducts, 11,699 culverts, and more than 10,000 miles of highways and streets in South Carolina.[3] Southern highway expansion was already underway in the 1920s, but the pace slackened with the onset of the Great Depression and then accelerated after 1933. Table 1 compares total mileage of surfaced roads in southern states as of 1930 with new and improved mileage attributed to the WPA alone between 1935 and 1943. The magnitude varied by state, but total southern highway mileage more than doubled during a depressed decade. In Alabama, Georgia, and South Carolina, the most rapid surge in road-building occurred after 1938, reflecting an intensified federal interest in southern regional development. An English visitor to Alabama and the Carolinas in

Table 1. Road Mileage in Southern States, 1930 and 1943

	1930 Surfaced Roads	WPA Miles 1935–1943
Alabama	19,784	20,990
Arkansas	8,884	11,417
Florida	15,395	7,357
Georgia	14,922	9,061
Louisiana	12,203	4,545
Mississippi	17,950	15,770
North Carolina	21,956	14,119
South Carolina	18,802	10,092
Tennessee	18,018	34,690
Texas	26,424	31,836
Virginia	12,581	7,602

Sources: Statistical Abstract of the United States, reporting data from the Bureau of Public Roads; Federal Works Agency, *Final Report on the WPA Program, 1935–1943* (1946), 135. The 1930 mileage figures are for rural mileage only. The Public Roads Administration estimated that rural roads constituted 86.1% of total surfaced mileage for the nation as a whole in 1941. (*Highway Statistics, Summary to 1965,* 120.)

1938 noted that one could hardly round a curve in the highway without encountering a sign, "WPA-Men at Work." The South had been far behind the rest of the nation, in roads, cars, and related institutions; but by 1939, every southern state had established a state police system or highway patrol. Motor vehicle registrations grew by 50 percent between 1934 and 1941.[4]

Highway-building may seem mundane, but its effects permeated the lives of many previously isolated southerners. The expansion of marketing areas marked the appearance of chain grocery stores in many parts of the South, marking the first step towards "living out of bags" as contrasted with "living at home" or "out of the smokehouse and hen house." In Appalachia, the Blue Ridge Parkway—an unfinished Hoover-era project re-initiated by the PWA—was "the first major manifestation of modernization" in many areas, according to Ted Olson. Although Olson laments the effect of the parkway

[3] Hayes, *South Carolina*, 59.

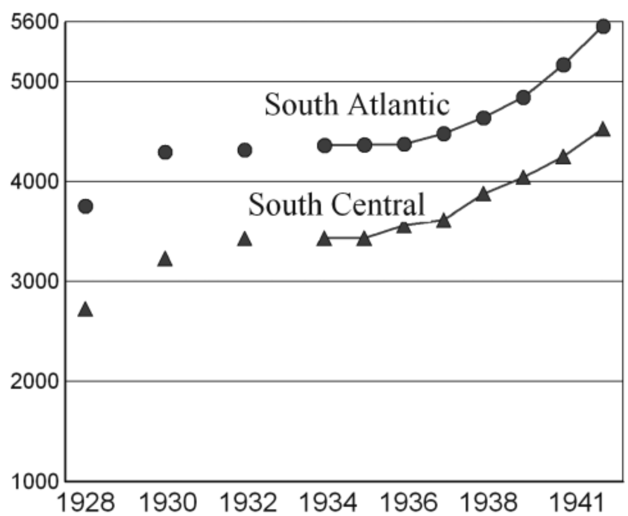
[4] George B. Tindall, *The Emergence of the New South, 1913–1945* (Baton Rouge: LSU Press, 1967), 477, 493.

on traditional regional culture, he reports that many residents welcomed the new economy and its readier access to commercial goods.[5] Sears, Roebuck began building stores in the South in the late 1930s, generating opportunities not just for consumers but for suppliers. For example, Armstrong Rubber built a tire plant in Natchez, Mississippi, on the basis of a commitment from Sears to purchase the plant's entire capacity on a cost-plus basis for 10 years.[6]

Equally important for regional development was the electrification of farms, homes, and industries. By far the most visible and controversial New Deal electric power program was the Tennessee Valley Authority (TVA), created as part of the first "hundred days" of legislation in 1933. Many historical assessments of the TVA have been critical, because it did not in the end serve as a model for additional multipurpose regional development projects, and the ambitious plans for grassroots democratic participation were largely sidelined by the late 1930s. Further, the agency had a poor record on racial integration. With all its shortcomings, however, the TVA constituted a massive expansion of access to electric power in an impoverished region, with per capita incomes in 1930 lower than every other state except South Carolina, and relief rates in 1934 among the highest in the country. Between 1933 and 1941, the TVA completed seven major dams. Rapid diffusion of electricity usage was encouraged not just by lower rates but by subsidized loans for rural service, initially from the TVA but after 1935 through the Rural Electrification Administration (REA), primarily to cooperatives. By 1945, 75 percent of households in the valley were electrified, compared to just 2 percent in 1933.[7]

Nor was the New Deal's role in electrification limited to the TVA and the REA. In South Carolina the PWA was essential to completion of two major hydroelectric projects, at Buzzard Roost in the uplands and Santee-Cooper in the low country. Protracted litigation brought by private power companies meant that construction really only began towards the end of the decade. But these projects were a genuine part of the New Deal legacy. Figure 1 shows the acceleration of power capacity in both the South Atlantic and South Central regions prior to World War II.[8]

Figure 1. Electricity Generation Capacity
1928–1941
(Thousands of Kilowatts)



[5] Ted Olson, "In the Public Interest? The Social and Cultural Impact of the Blue Ridge Parkway," in Elna Green, ed., *The New Deal and Beyond: Social Welfare in the South Since 1930* (Athens, GA: The University of Georgia Press, 2003), 100–15. The arrival of chain grocery stores in the 1930s, offering such novelties as "can goods," is recalled in oral history interviews summarized in Kenneth J. Bindas, *Remembering the Great Depression in the Rural South* (Gainesville FL: University Press of Florida, 2007), 77. "Living out of bags" and the other phrases are from Jack Temple Kirby, *Rural Worlds Lost: The American South, 1920–1960* (Baton Rouge: Louisiana State University Press, 1987), 115–16.

[6] Bruce Schulman, *From Cotton Belt to Sunbelt: Federal Policy, Economic Development, and the Transformation of the South, 1938–1980* (New York: Oxford University Press, 1991), 91.

[7] Sarah T. Phillips, *This Land, This Nation: Conservation, Rural America, and the New Deal* (New York: Cambridge University Press, 2007), 83–107; Anthony J. Badger, *The New Deal: The Depression Years, 1933–1940* (London: MacMillan, 1989), 176; D. Clayton Brown, *Electricity for Rural America: The Fight for the REA* (Westport CT: Greenwood Press, 1980), 67–75.

[8] Hayes, *South Carolina,* 75–84.

Electrification had strong support from southern political leaders and would have come to the South eventually even without the New Deal. But the pace would have been nowhere near as fast, nor the diffusion as extensive. The South Carolina projects had long been planned, long delayed, and indefinitely suspended with the onset of the Great Depression. More broadly, power provision was dominated until the 1930s by private utilities, who showed no inclination to cut rates and expand service into low-income areas. The South Central region was only 3 percent electrified in 1930, unchanged from 1920. Although the Federal Power Commission was established in 1920, it had no staff until 1928, and little effective authority prior to the Federal Power Act of 1935. Detailed econometric analyses by William M. Emmons, Jr., show that federal ownership and regulation were far more effective than state policies in reducing rates, by introducing effective competition into the market for electricity.[9]

The social implications of electrification for rural households can scarcely be overstated. Nationwide, the highest priorities were lights, iron, and a radio, but southerners acquired refrigerators at a higher rate than those in the north central states. The U.S. Public Health Service reported that incandescent illumination protected eyesight, promoted cleanliness, prevented accidents, and had psychological benefits. Refrigeration reduced the rate of food spoilage, making it economical (for those with funds to spend) to rely on purchased groceries for the first time. Affordable radios were perhaps equally important in reducing rural isolation. Radio provided direct access to the outside world, most notably to the voice of the President himself, thus playing a major role in the intense loyalty to FDR in the countryside. Table 2 displays the sharp upward jump in radio ownership between 1935 and 1946 in all the southern states.[10]

Table 2. Percent of Families in the South Owning Radios, 1935 and 1946

	1935	1946
Alabama	36.0	71.6
Arkansas	27.5	72.5
Florida	49.7	79.5
Georgia	39.3	72.7
Kentucky	48.7	81.0
Louisiana	51.3	73.4
Mississippi	23.8	66.2
North Carolina	39.6	78.3
Oklahoma	49.5	82.7
South Carolina	38.3	71.2
Tennessee	50.2	79.2
Texas	50.7	81.3
Virginia	56.8	81.4

Source: Harry Estill Moore, "Mass Communication in the South," *Social Forces* 29 (1951), 371.

[9] William M. Emmons, Jr., "Franklin D. Roosevelt, Electric Utilities, and the Power of Competition," *Journal of Economic History* 53 (1993), 880–907; "Implications of Ownership, Regulation, and Market Structure for Performance: The U.S. Electric Utility Industry Before and After the New Deal," *Review of Economics and Statistics* 79 (1997), 279–89. See also Paul Wolman, "The New Deal for Electricity in the United States, 1930–1950," in Douglas F. Barnes, ed., *The Challenge of Rural Electrification* (Washington, DC: Resources for the Future, 2007), 259–92.

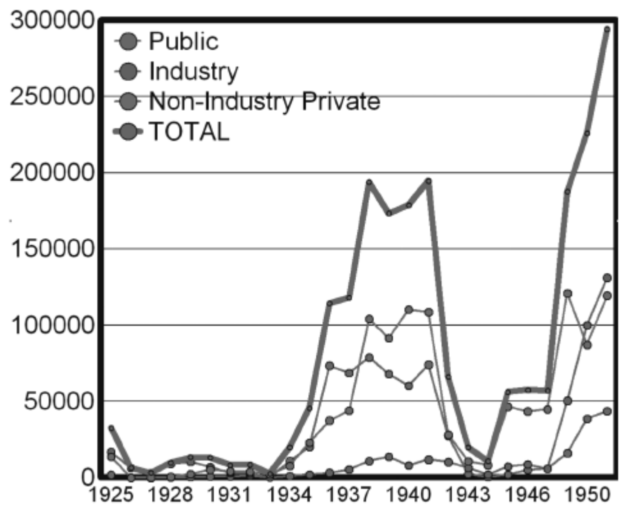
[10] Brown, *Electricity for Rural America*, xiv, 117; Ronald Kline, "Resisting Development, Reinventing Modernity," *Environmental Values* 11 (2002), 327–44. FDR's Fireside Chats were recalled in oral interviews reported in Bindas, *Remembering the Great Depression*, 40.

The Environment

A common feature of economic backwardness is the destruction of natural resources. Time horizons are foreshortened by the pressure of poverty, the weakness of state regulation, and underdevelopment of financial systems. This description fits the pre–New Deal South all too well. The cut-over forest area in the 13 southern states was estimated at more than 156 million acres by 1920. One government forester described the situation as "probably the most rapid and reckless destruction of forests known to history." The picture for southern soils was just as bleak. The first comprehensive inventory of national resources, assembled in 1933 by the National Resources Board appointed by Roosevelt, estimated that nearly one-third of the land area in the southern states could be classified as "Severely Impoverished," "Soil Washed Off," or "Devastated." Percentages for the Texas-Alabama-Mississippi Black Belt and the Red Plains of Texas and Oklahoma were substantially higher. Altogether, the South accounted for 61.1 percent of the nation's impoverished or devastated soil.[11]

The southern environment began its historic reversal in the 1930s, and the primary vehicle was the Civilian Conservation Corps (CCC), a public work-relief program that put unemployed young men to work on natural resource conservation projects throughout the nation. A pet project of the President himself, the CCC is often rated as the most popular New Deal agency. "CCC boys" worked for the Departments of Agriculture and Interior, for the TVA and other agencies, on roads, check dams, terraces, pest control, and wildlife, but the highest priority was reforestation. By the time of its demise in 1942, the CCC had planted more than one million acres of timberland in the South. (See Figure 2.)

Figure 2. Acres of Annual Tree Planting in the South, 1925–1950



According to Hayes, "South Carolina's modern system of state parks owes its beginning to the CCC." In 1933, the state had no state parks, and no plans or funds for starting any. Using labor from the CCC and expert advice from the National Park Service, by 1938 there were 14 state parks, whose facilities were enjoyed by an estimated one-fourth of the state population. A total of 21 new state park administrations were first established in response to incentives provided by federal funding under the New Deal. Altogether, the CCC doubled state park acreage during the 1930s, a disproportionate share of which was located in the South.[12]

[11] The forester is quoted in William Boyd, "The Forest is the Future," in Philip Scranton, ed., *The Second Wave: Southern Industrialization from the 1940s to the 1970s* (Athens: The University of Georgia Press, 2001), 174. The soil erosion estimates for the South are from Howard Odum, *Southern Regions of the United States* (Chapel Hill: University of North Carolina Press, 1935), 38.

[12] Boyd, "The Forest is the Future," 188; Albert Cowdrey, *This Land, This South: An Environmental South* (Lexington: University Press of Kentucky, Rev. ed., 1996), 159–62; Phillips, *This Land, This Nation*, 113–14; Hayes, *South Carolina*, 55; Neil M. Maher, *Nature's New Deal: The Civilian Conservation Corps and the Roots of the American Environmental Movement* (New York: Oxford University Press, 2008), 74; Hubert D. Humphreys, "The History of an Idea Whose Time Had Come," in Byron Daynes, William D. Pederson, and Michael P. Riccards, eds., *The New Deal and Public Policy* (New York: St. Martin's Press, 1998), 48–62. For data on federal spending on state parks, see National Park Service, A Study of the Park and Recreation Problem of the United States (1941), 101–3.

The contribution of the CCC to the renewal of southern forests was not limited to tree-planting. Advised by experts in intensive silviculture, CCC labor was also deployed for cultural operations to improve the composition and growth of young second-stand trees, an operation known as "timber stand improvement." A 1943 study of 28 tree plots in national forests from Georgia to Florida found that trees treated by the Corps grew 38 percent taller and approximately 50 percent wider than untreated trees during the same period. The remarkable success of these efforts served as a model for private forest owners, such as those associated with the pulp and paper industry. Also essential to promoting private investment in southern forests was reduction of the risk of forest fires. This educational campaign on the part of the American Forestry Association began in the late 1920s, but it was the CCC that provided "a virtual army of fire fighters," bringing an "unprecedented sense of moral urgency" to the drive. By 1942, the southern area under fire protection had increased to almost 90 million acres.[13]

Much of the investment in southern forests was undertaken by private firms, encouraged by advances in technology demonstrating the profit potential of young southern pines for newsprint and fine papermaking. Complementarity between public and private interests was a basic feature of the New Deal and a key to its success. William Boyd argues that for paper and pulp firms moving into the South in the 1930s, the threat of federal regulation was sufficient to prompt preemptive industry commitment to forest conservation. These developments were facilitated by New Deal agricultural policies that encouraged conversion of idled cropland. Southern universities also responded to the new potential research area by creating departments of forestry with close ties to the industry. Boyd writes: "By the early 1940s, then, the institutional foundations for southern forest regeneration were in place."[14]

New Deal programs also reversed more than a century of southern practices pertaining to the soil. Economists often portray the environmental features of the Soil Conservation and Domestic Allotment Act of 1936 as mere subterfuge, a means of circumventing the Supreme Court's ruling against the crop-reduction plans of the first Agricultural Adjustment Act. That motive was no doubt present, but the New Deal was serious about soil conservation from the start. The Soil Erosion Service was created in 1933 in the Department of the Interior, and transferred to Agriculture as the Soil Conservation Service in 1935. Using labor from the CCC and other agencies, the SCS instructed farmers on the advantages of tractor terracing, strip cropping, cover cropping, and reforestation. By October 1936, the SCS had educated more than 90 percent of farmers within a 25-mile radius of their demonstration projects, and at least one of them admitted that "those 'book farmers' have certainly taught me a lot more than I ever learned through experience." The TVA employed CCC workers to control runoff and soil erosion by planting grasses, building check dams, and helping farmers construct terraces. Farmers in the Dust Bowl area signed on to cooperate with the SCS for five years, practicing basic soil-preserving measures such as contour

[13] Jack Temple Kirby, *The Countercultural South* (Athens: The University of Georgia Press, 1995), 49; Boyd, "The Forest is the Future," 179–80; Maher, *Nature's New Deal*, page 56, citing Jesse H. Buell, "Results of C.C.C. Timber Stand Improvement on Southern Appalachian National Forests," *Journal of Forestry* (1942), 105–12.

[14] Boyd, "The Forest is the Future," 188–93. The establishment of a forestry department at Mississippi State College in 1935 is noted by Jim Codling, "The Effect of FDR's Economic Policy in Mississippi," in Daynes, Pederson, Riccards, *The New Deal and Public Policy*, 205.

plowing and terracing. By the end of the decade, 80 percent of enrolled farmers credited the program for increased net incomes, and 80 percent for increased land values. The shift from cotton into soil-holding feed crops such as soybeans was well underway in the 1930s.[15]

Public Health and Disease Conditions

Another dimension of southern backwardness was poor health, with causes ranging from dietary deficiencies to parasitic diseases to primitive water and sewage systems. Three distinctively regional diseases—hookworm, pellagra, and malaria—were collectively known as the "Scourge of the South." Before World War I, infant mortality rates among farm children in the South were the highest in the nation. A 1916 study by the Children's Bureau reported an infant mortality rate of 80.4 per 1,000 births in one North Carolina mountain county. In Mississippi the rates were 61.2 for whites and 107.3 for blacks. Comparable studies in Kansas found a rate of 40, and in Wisconsin 54.[16]

Long-term improvement in southern public health clearly predated the New Deal, and economic historians have begun to track this long-term trajectory. A study by Hoyt Bleakley confirms the dramatic impact of the campaign sponsored by the Rockefeller Sanitation Commission to eradicate hookworm, a parasitic disease that struck as many as 40 percent of school-age children in the South, with symptoms including anemia and lethargy. The five-year investment beginning in 1910 had major results within a decade, and Bleakley is able to trace subsequent county-level effects on school enrollment, attendance, and literacy. Werner Troesken shows that at roughly the same historical juncture, public investments in water filtration systems and sewage systems reduced the incidence of typhoid and diarrhea in such southern cities as Memphis, Savannah, and Jacksonville. Troesken finds that these gains were shared by the urban black population, despite their lack of effective political representation. According to Troesken, the reasons for this apparent anomaly are that water and sewage systems improved public health regardless of race, and whites had a strong self-interest in black health conditions, especially in cities where racial segregation was low by modern standards.[17]

The trend towards better public health was underway, but the New Deal may be credited with the remarkable accomplishment of maintaining and extending this trend during the 1930s, a decade of economic hardship. Figure 3 displays infant mortality rates for several southern states across the interwar period. South Carolina, North Carolina, and Virginia experienced major gains during and immediately after World War I, but made almost no further progress through the 1920s. After the setback of 1933–34, mortality rates fell for the rest of the decade. An econometric study by Price V. Fishback, Michael R. Haines, and Shawn Kantor finds a strong county-level association between declines in infant mortality and expenditures by New Deal agencies, particularly the Federal Emergency Relief Administration (FERA) for the earlier period (1933–35), and the PWA for 1936–39. The authors attribute the FERA effect largely to the augmentation of household income, whereas the PWA

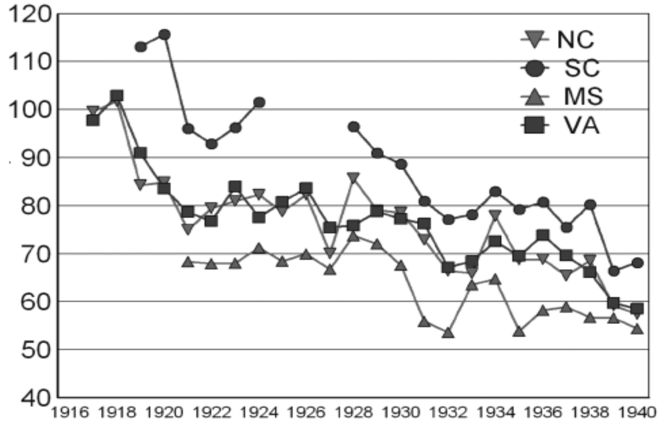
[15] Hayes, *South Carolina*, 129; Phillips, *This Land, This Nation*, 96–97, 126; Jeannie M. Whayne, *A New Plantation South* (Charlottesville: University Press of Virginia, 1996), 168–70.

[16] D. Clayton Brown, "Farm Children in the South, 1900–1950," *Agricultural History* 53 (January 1979), 172–73, 177.

[17] Hoyt Bleakley, "Disease and Development: Evidence from Hookworm Eradication in the American South," *Quarterly Journal of Economics* (February 2007), 73–117; Werner Troesken, *Water, Race, and Disease* (Cambridge: MIT Press, 2004), 1–12, 65–92.

contributed to longer-term health-improvement investments in water and sewage systems and disease eradication. The gains were experienced by both blacks and whites, and in some cases the reduction for blacks was the larger of the two.[18]

Figure 3. Infant Mortality Rates in Southern States
1917–1940
(Deaths under one year of age per 1,000 live births)



Source: F. E. Linder and R.E. Grove, *Vital Statistics Rates, 1900–1940* (U.S. Public Health Service, 1947), Table 26.

In South Carolina, swamp drainage by the WPA resulted in a 16-percent reduction in cases of malaria by 1937. By 1941, mosquito-eradication efforts as part of the Santee-Cooper project reduced deaths from malaria by 66 percent. The Memphis malaria control project employed 25 percent of all relief workers in Shelby County in 1936 and "all but eliminated the traditional scourge of the city, malaria." In the TVA area, no malaria cases were reported after 1949. Similar successes against hookworm (which continued to infest school children in rural areas), dysentery, enteritis, and pellagra were recorded, through electrification and new sanitation facilities in rural areas.[19]

In many southern cities, sanitation and health facilities were completely transformed by federal funding. In Birmingham, the 16-story Jefferson Hospital opened in 1940, constructed through PWA grants and Reconstruction Finance Corporation (RFC) loans, the city's first new hospital in 40 years. Health workers also conducted special testing in Birmingham schools, offering free hearing and vision tests in 1938 to 20,000 children. By 1941, the modern Slossfield Health Center opened as one of five health centers in the Birmingham corporate limits, offering clinics for maternity care, pediatrics, child health, dentistry, venereal disease, tuberculosis, and general diagnosis.[20]

Upgrading in southern cities had begun earlier and no doubt would have happened eventually in any case. But the scale and speed of the process would have been nowhere near as rapid, particularly under the depressed conditions of the 1930s. Perhaps the most dramatic example is Atlanta. From the beginning of the New Deal, the city's top priority was a new sewer system. The old system was disgraceful, polluting streams with human and industrial waste, generating a number one national ranking for the city in diphtheria deaths, and a typhoid rate twice the average for other large urbanized areas. Atlanta applied for $8 million in funding from the PWA in July 1933, but the application foundered for lack of a sufficient local contribution. Work only began when the project was shifted to the Civil Works Administration (CWA), which required no local funds. The real turning point came in 1936, with approval

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[18] Price V. Fishback, Michael R. Haines, and Shawn Kantor, "The Impact of the New Deal on Black and White Infant Mortality in the South," *Explorations in Economic History* 38 (2001), 93–122.

[19] Hayes, *South Carolina,* 64, 84; Roger Biles, "The Persistence of the Past: Memphis in the Great Depression," in Bernard Sternsher, ed., *Hope Restored* (Chicago: Ivan R. Dee, 1999), 155; Richard Lowitt, "The TVA, 1933–1945," in Erwin C. Hargrove and Paul K. Conklin, eds., *TVA: Fifty Years of Grass-Roots Bureaucracy* (Urbana: University of Illinois Press, 1983), 49; D. Clayton Brown, "Children in the South," 178–80.

[20] Douglas L. Smith, *The New Deal in the Urban South* (Baton Rouge: LSU Press, 1988), 122, 133–34.

of a joint PWA-WPA plan, limiting the city's contribution to just $1.5 million. The Atlanta sewer system was the largest WPA project in the South, and by 1940, according to Douglas Fleming, "Atlanta had the best infrastructure of any Southern city." Direct federal funding was particularly important for Atlanta, because the state of Georgia under Governor Eugene Talmadge had no interest in such projects, and resisted cooperation with federal authorities. As Fleming argues, the New Deal laid the basis for Atlanta's postwar growth in industrial plants, transportation, and new construction.[21]

In 1932, one-third of the nation's urban population drank untreated water; by 1940, this fraction was less than 0.2 percent. Southern cities were disproportionate beneficiaries of this remarkable upgrade. But prior to the New Deal, many of these cities lacked the fiscal capacity or political will to improve basic public services. Altogether, the New Deal spent more than $2 billion in the South, much of which supported "the types of services that southern cities would not have provided even in good times." David Goldfield writes: "The almost-free modernization received by southern cities [in the 1930s] would prove to be an important economic advantage in subsequent decades."[22]

The New Deal and World War II

Analyzing the impact of the New Deal on the economy of the South inevitably raises the challenge of separating the New Deal from the effects of World War II. A formulation often encountered is that truly substantial and lasting changes came only with the war and its aftermath. A typical statement is by Hayes: "Because World War II and events in its wake, rather than the New Deal, account for most of these changes, the New Deal was the last decade of an old era and not the first decade of a new one." James C. Cobb and Michael V. Namorato ask: "How closely would the New Deal be linked to significant changes in the South's economic, social, and political structure were it not for wartime changes that not only moved the South in the directions suggested by the New Deal but quickened the pace of its journey?"[23] On the basis of the evidence assembled here, the question might be turned around: Would the war have been so momentous for the South in the 1940s if the New Deal had not set the stage in the 1930s?

There is no question that World War II occasioned a massive expansion of federal expenditures in the South, far beyond what would have been predicted on the basis of prewar trends, on military bases, industrial plants, and infrastructure. In turn, military spending accelerated income growth, out-migration from the countryside and from the region, the decline of tenancy, mechanization of agriculture, and many other economic trends that could be listed. But none of these wartime developments were independent of prior changes promoted by the New Deal, for at least two reasons: first, improvements in regional infrastructure and public health made the South much more suitable and attractive for essential defense activity than it otherwise would have been; second, on many fronts the war provided both the rationalization and wherewithal for advancing federal modernization objectives initiated during the 1930s.

Regional competition for wartime spending was intense, and in the early years the South lost out to more established centers in the "manufacturing belt" in the Northeast and Midwest. As the scale of

[21] Douglas L. Fleming, "The New Deal in Atlanta," in Sternsher, ed., *Hope Restored*, 15–16, 27–28.

[22] David R. Goldfield, *Cotton Fields and Skyscrapers* (Baton Rouge: Louisiana State University Press, 1980), 181–82. The figures on water treatment are from Joel A. Tarr, "Sewerage and the Development of the Networked City in the United States, 1850–1930," in Joel A. Tarr and Gabriel Dupuy, eds., *Technology and the Rise of the Networked City in Europe and America* (Philadelphia: Temple University Press, 1988), 171.

[23] Hayes, *South Carolina*, p. xii; James C. Cobb and Michael V. Namorato, eds., *The New Deal and the South* (Jackson: University Press of Mississippi, 1984), 13.

demands expanded over time, however, an increasing share went southward. Can one doubt that the competitiveness of southern sites would have been greatly reduced if it had not been for such 1930s investments as roads and electrification? The activist wartime role of the TVA illustrates some of the complementarities involved. As early as May 1940, Director David Lilienthal worked out an arrangement with Harry Hopkins under which the TVA would supply electricity and magnesium, and train workers to build airplanes, ordnance, and gun factories. During the war the TVA's role expanded, assembling teams of research scientists to develop new processes for aluminum manufacturing.[24] Would the South have been attractive for this purpose, or for training recruits for that matter, under the disease conditions of 1930, in the absence of modern sewage facilities and water systems?

Of course, the South was still well behind the rest of the nation in 1940, and wartime programs did much to close the gap. But in many respects, these activities represented a continuation and extension of the 1930s New Deal agenda to modernize the region. In his classic work on the interwar South, George Tindall wrote that "no policy was ever established to exploit the war effort for region building." Bruce Schulman advances a strong case to the contrary. He writes: "Although the exigencies of war remained the national government's top priority and the institutional cards were stacked against the relatively undeveloped South, the Roosevelt administration strove to overcome the considerable obstacles to locating industry in the region. And these efforts helped to account for the preferential treatment of the South. Indeed, the South's record was amazing considering the military's well-known preferences for established firms operating in areas with requisite skilled labor supplies . . . Despite these constraints, the Roosevelt administration used the war emergency to develop the South."[25]

In support of this view, Schulman quotes the explicit region-building component in the site selection policy of the War Production Board, which included "the important and permanent consequences for the economic development of different parts of the nation." The Board asked "that every possible preference be given to locations where large reserves of unemployed or poorly employed people are available and where industrialization during the defense period will contribute to a better long-run balance between industry and agriculture."[26]

Were these stated region-building objectives carried out in fact? Fred Bateman and Jason Taylor find that many New Deal spending formulas (such as preference for states with high levels of infant mortality) carried over into the war years. Gregory Hooks questions whether the South really was favored with disproportionate levels of federal spending during the war. Hooks acknowledges, however, that wartime investments and the presence of federal facilities contributed greater stimulus to manufacturing growth in southern counties, because of their relatively small base at the start of the war.[27] On wage policies, the National War Labor Board consistently ruled

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[24] Schulman, *From Cotton Belt to Sunbelt*, 92–93.

[25] Tindall, *Emergence of the New South*, 696; Schulman, *From Cotton Belt to Sunbelt*, 100. Tindall goes on to note that Roosevelt himself favored locating shipyards and other facilities in the South.

[26] Schulman, *From Cotton Belt to Sunbelt*, 101.

[27] Fred Bateman and Jason E. Taylor, "The New Deal at War: Alphabet Agencies' Expenditure Patterns, 1940–1945," *Explorations in Economic History* 40 (2003), 251–77; Gregory Hooks, "Guns and Butter, North and South," in Scranton, ed., *The Second Wave*, 255–85. The basis for Hooks' denial of regional preference is obscure. His summary table shows that total wartime expenditures were roughly one-third lower in southern than in northern counties (page 261). But the southern share of these investments was substantially larger than its share of the national population. Relative to employment in 1940, according to the same table, investments in military base construction in southern counties were 75 percent higher than in nonsouthern counties.

in favor of compressing differentials based on region as well as on occupation and skill, effectively continuing the New Deal program of upgrading labor standards in the South.[28]

Any analysis of World War II and the southern economy must consider Robert Lewis's emphatic rejection of the claim that "World War II generated a modern industrial form" in the South. Lewis argues that despite the wartime experience, "the South continued for a generation to be dominated by a narrowly based economy rooted in earlier industrial forms."[29] This ostensibly revisionist counter-thesis, however, is subject to at least two alternative interpretations.

If the main point is that much war-related industrial activity in the South had limited carryover value for the postwar economy, and sharply contracted or disappeared after 1945, then Lewis has a strong case. He shows that most wartime facilities in the South "suffered large-scale devaluation" after the war. Many plants were so specialized that they had to be shut down entirely, and many managers and skilled workers returned to their northern homes at the end of the war. With these themes, Lewis joins an emerging revisionist school in economic history that questions the extent of World War II's contribution to postwar prosperity for the national economy generally.[30]

But if Lewis means to imply that there was no advance in business and technological sophistication in the South between the early 1930s and the late 1940s, this would be an untenable position. As he acknowledges, the rise of petroleum refining and the petrochemical complex on the Gulf Coast was a major new regional development, in which wartime investments in plant and pipeline infrastructure consolidated prewar beginnings. True enough, the complex drew heavily upon external sources of capital, skilled labor, and technology. But openness to outside resource flows was one of the main features of the modern southern economy, and a marked break with the region's past. The forest products sector also drew initially upon outside sources of capital and expertise. But as recounted by Boyd, its growth from the 1930s onward fostered strong networks of university-industry cooperation, with a distinct regional focus owing to the geographically specific nature of tree-breeding knowledge.[31]

But even traditional, labor-intensive southern industries were not technologically stagnant during this era. Textiles and tobacco experienced rapid mechanization and productivity growth, driven at least to some degree by continuing upward pressure on wages—unquestionably part of the New Deal agenda that carried over into the 1940s and 1950s. In some cases, new technologies complemented traditional industries and spun off new centers of entrepreneurial activity. A well-known example is the rise of the tufted-carpet industry in northwest Georgia. Building on local handicraft traditions and municipal support (adapting the water supply to the needs of industry), successful technologies emerged in the area by the late 1940s. Tufted textiles had little to do with World War II, but it constituted a dynamic regional growth center well before the mid-1950s,

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[28] Claudia Goldin and Robert A. Margo, "The Great Compression: The Wage Structure in the United States at Mid-Century," *Quarterly Journal of Economics* 107 (1992), esp. 23–28.

[29] Robert Lewis, "World War II Manufacturing and the Postwar Southern Economy," *Journal of Southern History* 73 (2007), 837–66. The quotations are on page 840.

[30] Robert Higgs, "Wartime Socialization of Investment: A reassessment of U.S. Capital Formation in the 1940s," *Journal of Economic History* 64 (2004), 500–20; Alexander J. Field, "The Impact of the Second World War on US Productivity Growth," *Economic History Review* 61 (2008), 672–94.

[31] Lewis, "World War II Manufacturing," 863–64; Boyd, "Forest is the Future," 170, 195–200.

identified by Lewis as the time of the "first significant signs of an independent and modern . . . manufacturing economy in the South."[32]

The New Deal, Economic Modernization, and Race

If the argument of this paper is correct, that the New Deal kick-started the modern southern economy, why then do so many historians reach the opposite conclusion, that the New Deal's impact on the South was peripheral if not actually retrograde, "essentially a holding operation" in Anthony Badger's words?[33] The reason for this apparent contradiction is not hard to identify: Historians are looking mainly for evidence of social and political change, for progress in the status of labor and women, and especially for any weakening in the Jim Crow regime of racial segregation and subordination. On these counts, the South showed few signs of fundamental change before World War II. The elites who dominated southern political and economic life were just as dominant at the end of the decade as at the beginning, having beaten back most hopeful signs of change that appeared along the way. The question then becomes: Why was it that such dramatic economic change had so little effect on political and social relationships?

One group of historians does locate the origins of the modern Civil Rights movement in the New Deal era. They argue that access to federal funds through work-relief jobs and soil conservation checks was a major breakthrough for many black southerners, raising incomes and giving them their first taste of economic independence. Acknowledging the acquiescence of New Deal programs in racial segregation, these historians maintain that awareness of a potential political ally in Washington enhanced black political mobilization in the South, a formula whose ultimate impact proved to be immense. The case for this long-run realization is persuasively articulated by such distinguished writers as Harvard Sitkoff, Patricia Sullivan, and Glenda Gilmore.[34]

This analysis is persuasive, but it would be mistaken to believe that the New Deal began a process by which the Jim Crow regime was gradually undermined by the forces of modernization. Indeed, the correlation often seemed to be the opposite. The core of the problem was that the vast majority of white southerners held a vision of economic progress in which blacks had no more than a subordinate role, if any. As Gilmore puts it with respect to the 1920s, "white supremacy was not a vestigial, dying system; instead it was a vigorous, growing one." This conceptual bifurcation thus predated the New Deal yet survived the decade of the 1930s, in many ways actually confirmed and strengthened by the very success of the New Deal in its regional modernization objectives.[35]

Early federal relief funding was threatening to employers in the South, particularly to landlords with black tenants, sharecroppers, and laborers. But as many historians have recounted, this chal-

[32] Randall Patton, "Regional Advantage in the New South: The Creation of North Georgia's Carpet Industry, 1945–1970," in Scranton, ed., *The Second Wave*, 81–111; Lewis, "World War II," 840.

[33] Anthony J. Badger, *New Deal/New South* (Fayetteville: University of Arkansas Press, 2007), 33.

[34] Harvard Sitkoff, *A New Deal for Blacks: The Emergence of Civil Rights as a National Issue: The Depression Decade*, 30th anniversary edition (New York: Oxford University Press, 2009); Patricia Sullivan, *Days of Hope: Race and Democracy in the New Deal Era* (Chapel Hill: University of North Carolina Press, 1996); Glenda Gilmore, *Defying Dixie: The Radical Roots of Civil Rights, 1919–1950* (New York: W.W. Norton, 2008). John Brueggemann concludes that the balance of forces "pulled the administration toward social policy that was moderately favorable and thus historically dramatic in terms of the interests of blacks." "Racial Considerations and Social Policy in the 1930s," *Social Science History* 26 (2002), 168.

[35] Gilmore, *Defying Dixie*, 17.

lenge to regional elites was largely beaten back by 1935. In Washington, DC, southern planters were well-represented in Congress, ensuring that farm and domestic laborers were excluded from coverage under the Social Security Act, and later from the Fair Labor Standards Act. Within the South, local landowners fought for and gained control over administration of farm and work-relief programs. One upshot was that workers were dropped from federally funded jobs if farm employment was available, such as during the harvest season. The use of the WPA as a labor-reserve for cotton planters facilitated mechanization of pre-harvest operations and the shift from tenants to wage labor, even during the depressed decade of the 1930s.[36]

Central to the New Deal's diagnosis of southern backwardness was the proposition that low wages perpetuated poverty, undermining living standards and health, and discouraging development. The imposition of high wages on the South, however, first through the National Recovery Act and subsequently the minimum wage provisions of the Fair Labor Standards Act, facilitated replacement of black workers by whites, as part of the upgrading process. One might consider this an example of unintended consequences from outside intervention. But the phenomenon of whites taking over formerly "Negro" jobs clearly predated the New Deal. William Jones writes that in the lumber industry (as in others), a new pattern of vertical segregation and racial wage differentials appeared after World War I, replacing the earlier, more horizontal regime.[37] In *The Report on Economic Conditions of the South*, issued in 1938 by the National Emergency Council with strong Presidential encouragement, the low-wage doctrine was emphatically endorsed, and the only mention of the race issue was in the observation: "Increasing competition for jobs has upset the balance of employment between white and Negro." Among the strenuous objections to the report, one of the more common was the complaint that its *regional* interpretation was unfair to southern *whites* because regional differentials were largely attributable to low black living standards. Thus the displacement of black workers by whites in higher-wage jobs is perhaps best understood as an aspect of economic modernization that southern whites simply took for granted.[38]

There is no need to carry this argument to extremes. African Americans in the South shared in many of the benefits of the New Deal and economic modernization, such as roads, electricity, and public health. Resources devoted to black schools increased steadily during this era, initially through the efforts of northern philanthropists (such as the Rosenwald Fund and the Slater Fund), and subsequently as the result of the NAACP's litigation against discrimination, dating

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[36] On the influence of southern planters on federal legislation, see Lee J. Alston and Joseph P. Ferrie, *Southern Paternalism and the American Welfare State* (New York: Cambridge University Press, 1999); Robert Lieberman, *Shifting the Color Line* (Cambridge: Harvard University Press, 1998); Jill Quadagno, *The Color of Welfare* (New York Oxford University Press, 1994); Ira Katznelson, *When Affirmative Action Was White* (New York: W.W. Norton, 2005). Non-racial motivation for the southern position are stressed by Gareth Davies and Martha Derthick, "Race and Social Welfare Policy: The Social Security Act of 1935," *Political Science Quarterly* 112 (1997), 217–35. On planter control of local administration, among many possible citations, see Whayne, *A New Plantation South*, 167, 175, 216.

[37] William P. Jones, *The Tribe of Black Ulysses: African American Lumber Workers in the Jim Crow South* (Urbana: University of Illinois Press, 2005), 90.

[38] David L. Carlton and Peter A. Coclanis, eds., *Confronting Southern Poverty in the Great Depression* (Boston: Bedford Books, 1996), 25, 54, 139–143. For observations on black job displacement, see Smith, *New Deal in the Urban South*, 20–21; Ronald L. Heinemann, "Blue Eagle or Black Buzzard?" *Virginia Magazine of History and Biography* 89 (1981), 97; Michael S. Holmes, "The Blue Eagle as 'Jim Crow Bird,'" *Journal of Negro History* 57 (1972), 276–83.

from the early 1930s.[39] And despite segregation and local administration, blacks were included in federally funded relief programs. Evidence compiled by Michael Brown indicates that in southern cities, the black share of the relief and work-relief programs exceeded the black share of the population in 1933, 1935, and 1940. (The reverse was true, however, in rural areas.)[40] As WPA wages in the South rose towards national standards by the end of the 1930s, the economic significance of these jobs for black southerners was correspondingly magnified, helping to account for Roosevelt's popularity with this group.

But black over-representation in work-relief was largely the mirror image of their under-representation in private-sector employment. As early as January 1931, black unemployment rates in southern cities were double those of white males, and the gap was even greater for black females.[41] Robert Margo finds that blacks were under-represented in the growth of southern nonfarm employment between 1900 and 1950, and that this gap cannot be explained by differences in education.[42] Occupational segregation was rarely challenged by New Deal agencies. Even the National Youth Administration, a WPA program offering work-training employment for young men and women, adopted a regional policy that blacks would not be recommended for positions if whites needed work. In practice this often meant that job training for blacks was limited to domestic work.[43]

The proposition that economic modernization was inversely related to racial equity may be illustrated by two showcase New Deal programs: the TVA and the GI Bill. Like the CCC and the WPA, the TVA was officially committed to nondiscrimination from the beginning. But all three agencies acquiesced in racial segregation in the South, and the TVA went (in the words of Raymond Wolters) "beyond segregation to exclusion." The history of TVA race policy was summarized by Nancy Grant as follows: "In an effort to avoid controversy and opposition from local white politicians and community leaders, TVA carefully adhered to the valley practices of racial segregation in schools and communities, and restricted economic opportunities for blacks." "Grassroots democracy" referred only to white groups. Research support and consulting relationships applied only to white universities, excluding black agricultural colleges entirely. White recreational facilities were planned and constructed as a matter of course, while their "separate but equal" black counterparts were often long-delayed or never completed. Blacks were excluded from living in the "model town" of Norris in eastern Tennessee, and effectively from employment there as well. Although official TVA policy was to employ blacks in roughly their percentage of the local population, in practice this quota was achieved by hiring blacks only for unskilled and temporary positions. The discriminatory employment pattern was essentially the same in 1945 as in 1933, and indeed continued into the 1950s. According to Grant, the most harmful effects of TVA-inspired discrimination were mitigated only by abandonment in the late 1930s of the Authority's ambitious program of rehabilitation and social planning.[44]

TVA's sorry record on race might be attributable to the project's remote historical roots and its location in a southern region with a relatively small black population. The GI Bill, in contrast, was a

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[39] John J. Donohue III, James E. Heckman, and Petra E. Todd, "The Schooling of Southern Blacks: The Roles of Legal Activism and Private Philanthropy," *Quarterly Journal of Economics* (2002), 225–68.

[40] Michael K. Brown, *Race, Money and the American Welfare State* (Ithaca: Cornell University Press, 1999), 78–80.

[41] William A. Sundstrom, "Black Unemployment in the Great Depression," *Journal of Economic History* 52 (1992), 417.

[42] Robert Margo, *Race and Schooling in the South, 1880–1950* (Chicago: University of Chicago Press, 1990), Chapter 6.

[43] Biles, "The Persistence of the Past," 153.

[44] Nancy L. Grant, *The TVA and Black Americans* (Philadelphia: Temple University Press, 1990), xvi, 23, 30, 48, 71, 86, 134–35.

quintessential New Deal program that looked forward to the bold new post–World War II era, an extension of benefits and access to middle-class status to a major segment of the American population. Retrospective assessments tout the GI Bill as "the law that worked," a "true social revolution" in the words of Bill Clinton. Historical research suggests, however, that although the act contained no racial language, blacks were largely excluded from its benefits, especially in the South.

As in the 1930s, the fatal flaw was administrative decentralization of a federal policy. For the GI Bill, this feature was enacted into the language of the legislation at the behest of Congressman John Rankin of Mississippi. The key passage read: "No Department or Agency, or Offices of the United States in carrying out the provisions of this part, shall exercise any supervision or control whatsoever over any state educational agency." As a consequence, black veterans in the South were routinely denied access to loans, training programs, or employment assistance, or offered only menial positions well below their military skill levels. In addition to overt discrimination by program administrators, segregation in the South meant that blacks had very limited options for utilizing the higher education benefits of the act. Historically black colleges were small and underfunded, unable to accept even half the qualified black veterans who applied for admission. In a comprehensive econometric analysis, Sarah Turner and John Bound find that although the GI Bill had substantial positive benefits for black and white veterans outside the South, "those from the South made no significant gains in educational attainment." For these reasons, an act that fostered a "true social revolution" within the white population served as perhaps the greatest instrument for "widening an already huge racial gap within postwar America."[45]

Conclusion

The first part of this article argues that the New Deal launched or at least accelerated a process of economic development in the South that, for lack of a better term, I have called modernization. Through roads, cars, and electricity, the New Deal diminished the isolation and improved the living standards of southerners and their communities. New Deal programs reversed the region's long history of environmental degradation, deforestation, and wasteful, shortsighted farming practices. Federally sponsored improvements in public health and disease conditions made the South more livable, especially the cities. These advances had immediate benefits, but perhaps more importantly, they set the stage for rapid economic growth during and after World War II. Robert Leighninger writes:

> Safe drinking water, the sanitary treatment of sewage, and a more efficient system of fire protection meant for these communities not just improved health and safety for current residents but also the possibility of economic growth . . . Safer cities would make possible the initiation and expansion of businesses. Sewer and water systems were an essential investment in the future.[46]

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[45] This discussion draws upon Katznelson, *When Affirmative Action was White*, pp. 113–40; Sarah Turner and John Bound, "Closing the Gap or Widening the Divide: The Effects of the G.I. Bill and World War II on the Educational Outcomes of Black Americans," *Journal of Economic History* 63 (2003), 145–77. Katznelson draws in turn upon David H. Onkst, "First a Negro . . . Incidentally a Veteran: Black World War II Veterans and the G.I. Bill of Rights in the Deep South, 1944–1948," *Journal of Social History* 31 (1998), 517–43; and Kathleen Hill Frydl, 2000, "The GI Bill," Ph.D. Dissertation, University of Chicago. In a similar vein, William Collins finds that the 1941 Fair Employment Practices Committee led to significant employment gains for blacks, but not in the South. "Race, Roosevelt and Wartime Production," *American Economic Review* 91 (2001), 272–86.

[46] Robert D. Leighninger, *Building Louisiana: The Legacy of the Public Works Administration* (Jackson MS: University Press of Mississippi, 2007), 169.

The second part of the article may seem to be the polar opposite of the first. It argues that neither the New Deal nor modernization made any real dent in the southern racial regime, and indeed on many fronts, modernization served to aggravate and intensify racial segregation, exclusion, and inequality. But the two trends seem inconsistent only from our present-day, post–Civil Rights perspective. From the perspective of most white southerners in the 1930s, racial segregation was fully compatible if not an integral part of the internal logic of New Deal political economy.

Despite this chilling adaptability, ultimately the New Deal legacy contributed to racial as well as economic revolution by tipping the southern political balance from rural planters towards urban and regional boosters. Although reforming the region's racial order was not part of the original intention, this aggressive pro-growth agenda eventually came into collision with the immovable object of Jim Crow in the 1950s and 1960s. The leverage of the Civil Rights movement derived from the fact that competition for outside capital required southern leaders to present their towns and cities as safe, civilized communities, with a labor force that was well-behaved and eager for work. They could make this case on economic grounds, thanks to the New Deal. Thanks to pressures from the movement and the federal government, they found that they could pursue this program only by making peace with the demands of racial justice.