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Economic Development in Cold War South Carolina

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When South Carolina Governor George Bell Timmerman went before the state legislature in 1957 to present his state of the state address, he brought with him a slug of uranium and a piece of meat. The slug of uranium, he told the legislators, had the potential to produce as much energy as thirty million pounds of coal. The steak, which looked fresh, was actually a year old, although it had never been refrigerated. Atomic radiation, he continued, had kept the meat as fresh as the day it had been slaughtered. These two objects, which the Atomic Energy Commission's Savannah River Project had provided to him, were signs, he argued, that South Carolina had crossed into the atomic age. "The years ahead hold magnificent possibilities for mankind to enjoy unsurpassed health, comfort, and security," argued the governor. "The atom has made it possible to produce a submarine that can stay underwater indefinitely," he continued, "electricity can be produced from nuclear reactors," and "scientists say we are daily on the verge of new developments of vast consequences."¹ In these, the introductory remarks in his annual report to the General Assembly, Timmerman tied the development of atomic energy research to economic development in the Palmetto State.

Since 1944, Timmerman continued, South Carolina had seen some \$1.25 billion in economic development activity, not counting the billion-dollar Savannah River Plant. The first two years of his administration had been the best of the past dozen in terms of new industrial announcements, and Timmerman was bullish on the state's business climate and development prospects. And indeed, South Carolina's political leadership had much to celebrate. Before World War II, South Carolina's economy had been dominated by agriculture and textiles. Along with textiles, the traditional low-wage, low-skill, low-value-added industries, generally based on exploiting the state's natural

¹ Third Annual Message of the Honorable George Bell Timmerman to the South Carolina General Assembly, January 9, 1957.

resources, made up the rest of the small industrial sector. Along with the rest of the South, the outbreak of World War II in Europe brought an economic boom to South Carolina the depth and breadth of which the state had never really seen before. The Charleston Navy Yard expanded significantly, and Charleston itself benefited from much of the state's wartime defense spending. Charleston, the state's principal port city, saw employment at its Navy Yard rise from 6,000 to 28,000 in two years, and some 72,000 others found work in defense establishments. Outside of Charleston, the state's textile industry saw a tremendous upswing in business, with some mills operating around the clock. The state's existing industries generally fared well, receiving defense contracts that allowed them to substantially increase production. For the first time in generations, the average South Carolinian saw economic prosperity.²

Yet World War II's effect on the state was not as thoroughgoing as in some other southern states. Much of the direct military expenditures outside of Charleston were concentrated on training bases, which, although popular with leaders who preferred military to social spending, had little lasting impact. Defense contracts went to existing low-tech industries, such as textiles, since the state lacked anything resembling heavy industry. Unlike other southern states, South Carolina failed to snag the most lucrative contracts for munitions, airplanes, or petrochemicals.³ Pre-war poverty, illiteracy, and poor health were such that one-third of white males and more than half of black males

² Third Annual Message of the Honorable George Bell Timmerman to the South Carolina General Assembly, January 9, 1957; Fritz P. Hamer, Charleston Reborn: A Southern City, its Navy Yard, and World War II (Charleston, SC: The History Press, 2005), pp. 39-40; Walter B. Edgar, South Carolina: A History (Columbia, University of South Carolina Press, 1998) p. 513, Walter J. Fraser Jr., Charleston! Charleston! The History of a Southern City (Columbia: University of South Carolina Press, 1989), pp. 388-389; "Governor's Message Stirs Thoughts on SC's Future," The State, September 25, 1942.

³ On industrialization in other southern states, see Philip Scranton, ed., The Second Wave: Southern Industrialization from the 1940s to the 1970s (Athens, University of Georgia Press, 2001), introduction and Thomas A. Scott, "Winning World War II in an Atlanta Suburb: Local Boosters and the Recruitment of Bell Bomber", pp. 1-23. On the desire of southern leaders for certain types of federal spending, see Bruce J. Schulman, From Cotton Belt to Sunbelt, (New York: Oxford University Press, 1991); David Carlton, "The American South and the U.S. Defense Economy: A Historical View" in David Carlton and Peter Coclanis, eds., The South, The Nation, and the World: Perspectives on Southern Economic Development (Charlottesville: University of Virginia Press, 2003), pp. 151-162

who attempted to volunteer for military service were rejected, which represented one of the highest rates in the nation.⁴ In effect, the state lacked a skilled work force. At the end of the war, many other parts of what would become the Sunbelt had a base on which to build a more prosperous economy, but South Carolina was left with little more than abandoned training bases and a significant increase in the personal savings of the state's population. State leaders emerged from the war with a mixture of hope for South Carolina's future and fear that the future would closely resemble the past. Early in the war, the state's governor and other leaders created a commission to plan for a postwar economy, and in early 1945, sensing the dangers inherent in complacency about the economy, the Preparedness for Peace Commission presented a lengthy blueprint for industrial development and state government reform in the postwar period. Its proposals on economic development and governmental reform, while not enacted wholesale, formed the basis for debates and development campaigns for much of the postwar era.

One of the Peace Commission's recommendations quickly adopted by the legislature was the creation of a permanent state development agency, the Research, Planning, and Development Board. Made up of five members appointed by the governor, the development board employed a staff of industrial recruiters and undertook research as to the kind of industries the state should attempt to develop. Extractive industries, the same type of low-wage and low-skill industries that the state already had, represented much of the state's postwar growth, and in fact the state's experience with such industries made them the targets of the board's recruitment efforts. This reflected a rational decision, for the state still lacked the skilled work force that heavy industry required. Additionally, the board, and other development leaders, had to decide how much they should focus on industrial recruitment, or "smokestack chasing," and how much to attempt to nurture home-grown industries.⁵ While each method had its advantages, recruiting outside industries to build new facilities in the

⁴ Idus A. Newby, Black Carolinians: A History of Blacks in South Carolina from 1895 to 1968 (Columbia: University of South Carolina Press, 1973), p. 275.

⁵ Lacy K. Ford and R. Phillip Stone, "Economic Development and Globalization in South Carolina," in Southern Cultures (Spring 2007: p. 19).

state provided a quicker path to industrialization. Most of the new jobs, new plants, and capital investment touted in annual governors' messages came from this type of development. The biggest "cold war" development projects in South Carolina represented a variant on "smokestack chasing." In these cases, the state was the beneficiary of major federal projects that state leaders either sought through their Congressional influence or managed to land in spite of the state's many demographic shortcomings. In all cases, economic development projects of real financial significance had to come from outside the state. Lacking the resources to sustain a military-industrial complex, South Carolina instead sought to benefit from federal Cold War spending in ways that meshed with the state's traditional industrial base.⁶

Charleston represented South Carolina's best prospect for taking advantage of the developing military-industrial complex. Most war industries located near the port city, and the port itself teemed with military activity throughout the war. In 1941, developers claimed to have brought two fertilizer plants, a seafood canning plant, an asbestos plant, an iron alloy factory, and a shipbuilding facility to Charleston. In its first year, the state's industrial development committee was unsuccessful in luring new industries to the remainder of the rural and heavily agricultural Lowcountry. Charleston's success ran in some ways contrary to the plans of state leaders, who envisioned instead a number of smaller industries locating throughout the state, a plan that would bring an economic boost to all sections of South Carolina while also dampening the dislocating impact of industrialization.⁷ At the end of the war, Charleston's Navy Yard, though strategically important, faced an uncertain future, and downsizing at the Navy Yard threatened Charleston's newfound prosperity. By the end of 1945, civilian employment at the yard had fallen to 17,000 and it fell to fewer

⁶ Schulman, From Cotton Belt to Sunbelt.

⁷ Report of the State Council of Defense, for the fiscal year 1940-41, 19; Fourth Annual Report of the State Planning Board, for the fiscal year 1941, 19. In 1941, the state's four largest counties, Charleston, Richland, Greenville, and Spartanburg, accounted for the lion's share of industries in the state. The Upcountry county of Anderson also had a substantial industrial base. See "Industrial Directory of South Carolina" in Report of the South Carolina State Planning Board, 1940-41, 30-31"; Governor's Message Stirs Thoughts on SC's Future," The State, September 25, 1942.

than 10,000 workers a year later. The Navy rapidly dismantled portions of Charleston's military complex and reorganized its remaining facilities, including the Navy Yard, the hospital, Marine barracks, and naval air station, into the United States Naval Base, Charleston, making it the headquarters of the Sixth Naval District. While the number of employees at the base fell, the naval shipyard did land some new duties relative to refitting and re-equipping ships. In this instance, the argument that the relationship between the military and southern members of Congress helped bring defense facilities to the South rings true, as Charleston Congressman L. Mendel Rivers had a decisive impact on the growth of the Charleston Naval Shipyard.

Rivers helped maintain the base following the period of postwar downsizing, and between the end of World War II and the mid-1950s, he helped secure a navy minecraft base, an air force ordnance depot, an army port depot, as well as an air force base. During the Cold War, the Charleston Navy Base found a new mission as a submarine base. In 1956, Rivers worked with the Navy to improve Charleston's dry docks, and Rivers found work for the base in upgrading and re-fitting various classes of ships. By 1963, his advocacy on behalf of submarine construction had made the South Carolina city home to both the first dry dock built specifically to service nuclear submarines and to two Polaris submarine squadrons. This came in addition to several destroyer squadrons that had already been transferred to Charleston. Military spending around Charleston provided significant economic stimulus to the Lowcountry, and for years the Naval Shipyard was the largest employer in the area. This, coupled with the State Ports Authority's growing facilities and active development boosters helped fuel Charleston's postwar growth. By 1953, a hundred new factories had brought 4,000 new jobs since the end of the war, and manufacturing payrolls had risen from \$3.5 million to \$25 million. Moreover, the growth of the Port of Charleston, which shared the harbor with the navy base, did more than boost Charleston's economy, it was a central asset in South Carolina's postwar development

campaigns, and it made the expansion of woolen, paper, and other industries in the state possible.⁸

As many millions of dollars as the federal government spent on Charleston's military facilities, nothing in the state compared to the Atomic Energy Commission's Savannah River Project. Launched in 1950, SRS was built and operated by E. I. Du Pont de Nemours, the giant Delaware corporation, to make tritium, plutonium, and other components for the hydrogen bomb. SRS represented a smokestack that did not have to be chased, and in fact, it is arguable that the Atomic Energy Commission placed the plant in South Carolina not because of, but despite its demographic conditions. The AEC and Du Pont were looking for a rural site in close proximity to a large city, that was fairly flat and had access to large amounts of water, and that was safe from attack. After screening dozens of locations, they selected a 315-square mile site along the Savannah River in Aiken and Barnwell counties. The Aiken-Barnwell site had come to Du Pont's attention while they were searching for a place to build a plant to produce Orlon, which they built in Kershaw County. State Senator Edgar Brown, the president pro tempore of the senate and the most powerful man in state government, was the only state politician with advance notice of the project, and he claimed repeatedly that there was no politics in the decision.⁹

The announcement on November 28, 1950 caught the state, and especially the residents of the condemned towns of Ellenton and Dunbarton, by surprise and resulted in far-reaching change to the Central Savannah River Valley. The federal government's unwillingness to build a "garrison town" similar to Oak Ridge, Tennessee, resulted in severe housing shortages while the plant was being built, as no city or town in the

⁸ Fritz P. Hamer, "A Southern City Enters the Twentieth Century: Charleston, Its Navy Yard, and World War II, 1940-1948," (Ph. D. diss., University of South Carolina, 1998), pp. 254-255, 259; Hamer, Charleston Reborn, p. 143; William Huntley, "Mendel Rivers and the Expansion of the Charleston Naval Station," in Proceedings of the South Carolina Historical Association 1995, pp. 31-39; Charleston Evening Post, August 31, 1953. The State Ports Authority saw the amount of cargo it handled increase from under 50,000 tons in 1947 to over a million tons in 1963, see Fraser, Charleston! Charleston!, p. 413.

⁹ Mary Beth Reed et al, Savannah River Site at Fifty (Washington: US Government Printing Office, 2002).

region could accommodate the 38,000 employees who, along with their families, descended on the site during 1952. The severe strain placed on housing and public services led local politicians to insist on federal appropriations to build the necessary schools, hospitals, and roads to handle the radical change to their community. Funding was forthcoming, though it underlines how quickly southerners became dependent on federal money and how unwilling they were to spend local money on such projects. Moreover, construction of the site led to the forced removal of several thousand South Carolinians, many of whom were African-American sharecroppers. While landowners were compensated, sharecroppers received no compensation or assistance in finding employment. Within ten years, these rural farmers had been supplanted by well-educated nuclear scientists, managers, and skilled workers at what the locals called (inaccurately) the “bomb plant.” Aiken County became one of the first areas of South Carolina to have an active Republican party, and the population of the entire area suddenly became larger, more prosperous, and more diverse in their backgrounds and attitudes.¹⁰

Although the state made great progress in the years after World War II in economic development, South Carolina did not benefit from cold war industrial development to the extent that other Sunbelt states with more industrial experience did. The effects of Cold War spending, at least in the 1940s and 1950s, were largely limited to the areas around Charleston and Aiken. Governor Timmerman may have trumpeted advances at SRS, but those successes were the exception rather than the rule. Politicians focused on attracting and keeping military installations and their payrolls, and development leaders, though they talked about diversifying the state’s industrial base, maintained their focus on low-tech, low-skill industry. Truthfully, this reflected a recognition of reality as much as a lack of vision, as above all else the state would have

¹⁰ James O. Farmer, Jr., “A Collision of Cultures: Aiken, South Carolina Meets the Nuclear Age” in Proceedings of the South Carolina Historical Association 1995, pp. 40-49; Kari Frederickson, “Confronting the Garrison State: South Carolina in the Early Cold War,” in Journal of Southern History 72:2 (May 2006), pp. 352, 254; Louise Cassels, The Unexpected Exodus: How the Cold War Displaced One Southern Town, new introduction by Kari Frederickson, (Columbia: University of South Carolina Press, 2007); Mary Beth Reed et al, Savannah River Site at Fifty, pp. 121, 236-240.

had to import a skilled, better educated work force to develop heavy industry, as Du Pont did in building the Savannah River Plant. Significant industrial change would have upset the status quo and required more significant investments in infrastructure and human capital than perhaps the state's leaders were willing to make in the 1950s. South Carolina would have to wait until the 1960s for technical training, international economic development, and greater industrial diversity.