

THE DEMISE OF INDUSTRIAL PATERNALISM:  
THE CASE OF SOUTHERN TEXTILES, 1880-1940

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This thesis is an historical social analysis of the Southern textile industry of 1880 to 1940, the industry which brought about the industrialization of the South. The initial class relationship institutionalized between the emerging industrial elite and the proleteriat was the socio-economic system of industrial paternalism, which disappeared from the Southern Piedmont in the 40s when mills began to sell villages. This thesis attempts to explain the demise of industrial paternalism in the case of the Southern textiles.

Conventional treatments of paternalism regard its disappearance as either a product of the inevitable progression toward pluralistic industrialism or as a result of one or more historical factors. In this thesis, paternalism's demise is viewed as a result of a social process--the working out of the ever-dynamic "relations of power" between textile owners and workers.

Four class-analysis theories are used to highlight different social and economic features of the historical case. Specifically, I research the relative impact of the alternative labor market, the consolidation movement, scientific management, social legislation, and worker organization. My results indicate that the introduction of scientific management negated the substance of paternalistic relations, but the form of paternalism, namely the mill

village, continued to function as an effective means of union prevention. Not until the New Deal did mill village paternalism really become untenable, when the state intervened to set a textile minimum wage and maximum hours and to protect union organization. It is shown that, contrary to popular opinion, worker organization and the textile union had a significant impact upon the destiny of paternalism, both sustaining its life as a means of labor control, and propelling the developments that rendered it ultimately ineffective. The findings corroborate Karl Polanyi's contention that inclusion of the non-economic is vital.

## ACKNOWLEDGMENTS

I dedicate this work to the memory of my parents, Eva Lena and John Graves, and to my delightful young daughters, Amanda and Suzanne. I am especially indebted to my husband Phillip for his counsel, support, and patience, and to my advisor\*, Dr. Mark Wardell, whose friendship and perserverance went far beyond his duties and whose own research and dedication to labor issues inspired this thesis. The contributions of my committee not only enriched the scholarship of the thesis, but made me aware of the intellectual promise and enjoyment of good sociological debate.

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## CHAPTER 1

### INTRODUCTION

What we choose to do and what we have to do are shaped by the historically given possibilities among which we find ourselves....Within that framework we re-make or un-make the institutions that surround us. This shaping of action by structure and transforming of structure by action both occur as processes in time. It is by seizing on that idea that history and sociology merge and that sociology becomes capable of answering our urgent questions about why the world is the way it is.

Philip Abrams, Historical Sociology (1982), p. 3

#### Statement of the Problem

Following the Civil War, the South began the industrialization process by setting up cotton mills in the midst of cotton fields. In effect the textile industry<sup>1</sup> brought about the industrialization of the South (Vance 1935, p. 289). The process took on the fervor of a crusade as

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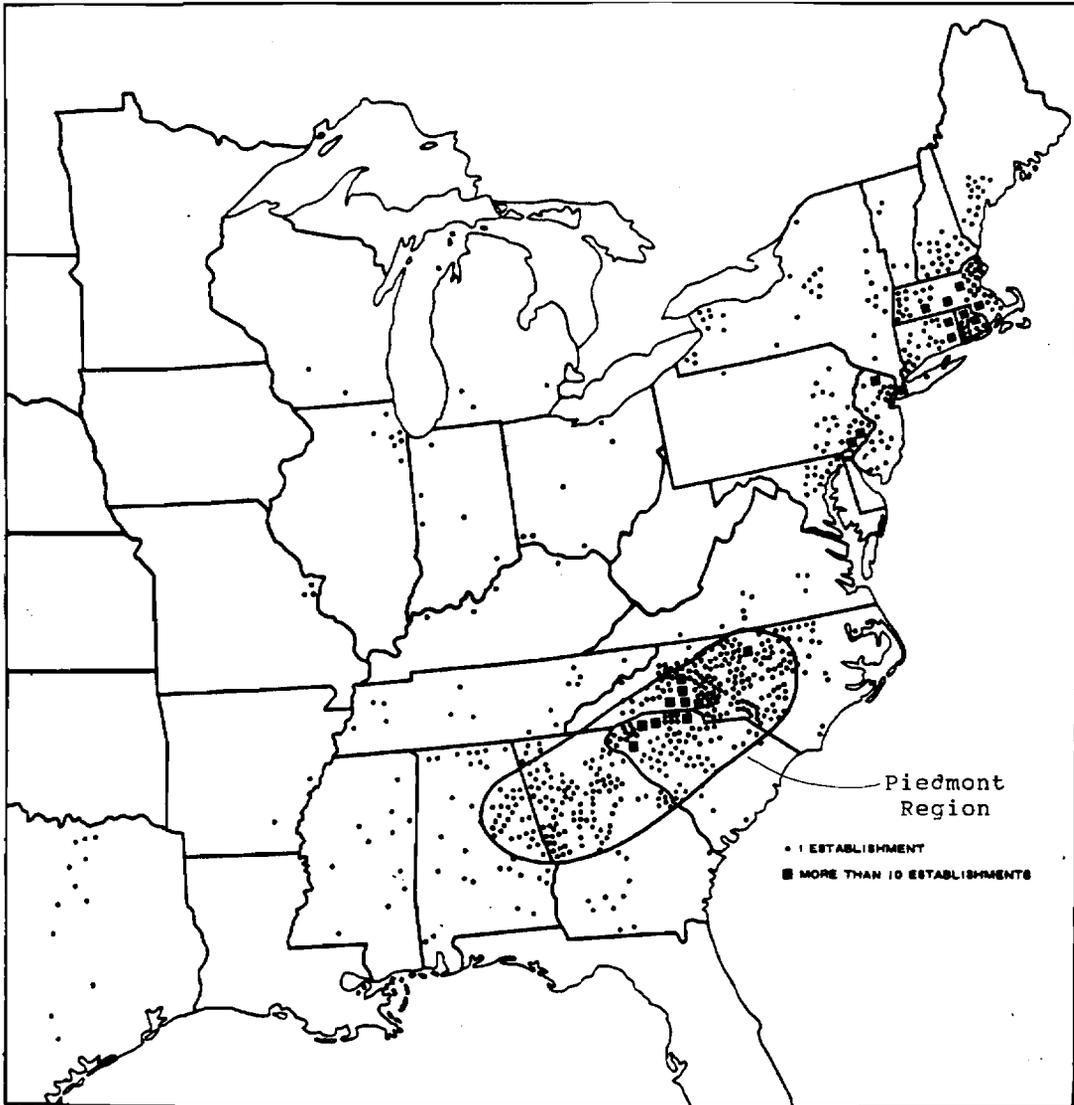
<sup>1</sup>In this study, "cotton textile industry" shall be defined as the Census of Manufacturers describes it: "The cotton-goods industry embraces mills engaged primarily in any of the processes preparatory to spinning, in spinning cotton yarn, or in weaving cotton or cotton-mixed piece goods" (Census of Manufacturers 1929, V. II, p. 247). Excluded in this definition are cotton knitted goods and cotton small wares, in addition to woolen and synthetic fiber operations (Oates 1970, Appendix IV).

"cotton mill fever" swept through the Southern Piedmont<sup>2</sup> during the Cotton Mill Campaign (1880-1886). (See figure 1.) As mills were being constructed, the textile entrepreneurs built mill villages to house the workers, providing schools and churches, company stores, and sometimes welfare programs. These mill villages commonly accompanied the proliferation of cotton mills across the South, and continued to exist until the 1940s when the trend began among manufacturers to sell mill-owned houses to the workers. The pervasiveness of this mill-village phenomenon is indicated by the fact that, at the turn of the century, 92% of the Southern textile workforce resided in these company-owned villages (Hall, Korstad, Murphy, Jones, and Daly 1987, p. 114). Within the confines of these cotton mills and mill villages, a proletarianization process took place--the process through which the poor white farmers of the Southern hill-country became the factory hands of early Southern industrialization.

The first class relationship institutionalized between the emerging industrial elite and the proletariat was the socio-economic system of industrial paternalism. Its

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<sup>2</sup>The Southern Piedmont was a homogeneous region called the "hillcountry" located between the Appalachian Mountains and the coastal plains, including portions of North Carolina, South Carolina, Georgia, and Alabama. Blicksilver (1959) writes: "In 1880 the four leading states operated 119 of the 164 mills in the South and 422,000 of the 561,000 spindles....(By 1910) they operated 637 of the South's 731 establishments and ran more than 10,000,000 of the region's 11,200,000 spindles" (p. 16).



**Figure 1. Cotton manufactures--number of establishments by state and in Piedmont region, 1914.**

Source. Reprinted from Census of Manufactures, 1914, II, p. 22. Outline of Piedmont Region added.

appearance in the Southern mills was consistent with the classical uses of paternalism in the early cotton mills of England and New England<sup>3</sup>, where paternalism was chosen as a "kinder and gentler" labor control system, with elements that both enticed rural recruits to unattractive factory work and elicited commitment to the employer (Abercrombie and Hill 1976, p. 417). In the South, industrial paternalism served to stabilize the new labor force while mill owners extracted a high rate of surplus value from the workers through long hours and cheap wages--significantly longer and cheaper than Northern textile workers. (See table 1 for a comparison of skilled workers' wages.)

Southern industrial paternalism endured from the beginnings of the regional industry in 1880 until the 1940s, when sweeping changes in the regional industry signalled the end of an era: the emerging trend of selling entire mill villages coincident with the introduction of "modern management," intensification of work pace, and the contracting of labor on an individual (rather than family) basis. Although the ideological language of paternalism is still spoken in the weave rooms and personnel offices of contemporary Southern mills (Zingraff and Shulman 1986), the economic features of industrial paternalism disap-

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<sup>3</sup>New England's textile paternalism, which included corporation boardinghouses, came to an end prior to the Civil War, with a brief reemergence during the corporate welfare movement of 1910 (Hareven 1978, pp. 14, 21).

TABLE 1  
 AVERAGE EARNINGS PER WEEK OF SKILLED EMPLOYEES  
 IN COTTON TEXTILES, 1890

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<u>Region</u>	<u>Men</u>	<u>Women</u>	<u>Children</u>
New England States	\$7.82	\$5.74	\$3.17
Southern States	\$5.49	\$3.71	\$1.87

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Source. Census of Manufacturers, 1890, VI, Pt. 3, p. 174.

peared from the Southern Piedmont in the late 30s and 40s, bringing to a close the first stage of proletarianization in Southern textiles. The cause of the disappearance of paternalism in the Southern cotton mills is the subject of this investigation. What forces brought about the demise of industrial paternalism? Why was it forsaken as the institutional relationship between the workers and capitalists? This thesis will derive a political economy explanation which best explains the demise of paternalism as a labor system in this particular historical case.

A secondary purpose is to show that political economy explanations which suggest that labor systems fall because of a generalized playing out of "class conflict" or the "logic of capitalism" offer no better explanation than the evolutionist modernization theory. Social change cannot be analyzed by means of "a series of structural snapshots" (Anderson 1972, p. 329); the full picture can only be understood by studying the dialectic of action and structure across time.

### Significance of the Study

Conventional treatments of paternalism fall into two categories. The first, predominant in industrial sociology, is the evolutionary model of Kerr, Dunlop, Harbison and Myers (1960). This modernization paradigm attempts to explain the demise of paternalism as an inevitable progres-

sion toward pluralistic industrialism and an adaptation to technological advancement. Within this mindset, paternalism is a serviceable structure in the early stages of industrialization that socializes a raw proletariat and legitimates industrialization, but paternalism falls away when industrialization matures as naturally as molted snake skin. When you consider the fact that examples of paternalistic capitalism can still be found in highly industrialized countries, the inevitability of paternalism's demise must be questioned.<sup>4</sup>

A more pertinent criticism of Kerr et al.'s evolutionary analysis for this study is that of Philip Abrams (1982) who finds that the modernization model has a tendency to "absorb rather than explain history" (Abrams 1982, p. 142). To Abrams, history is the "interaction of structure and action", and discerning and explaining social process involves "teasing out historical processes" to see how structure conditions action, and how action effects structure (Abrams 1982, pp. 6-7). This is substantively different from assuming that "industrialization advances"

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<sup>4</sup>Japan's welfare corporatism is, of course, the foremost example; however, hybrid types of paternalism still exist throughout Asia (Pye 1985), the Middle East (Harbison and Myers 1959, p. 57), Africa (Poole 1986, p. 54), and within exceptional firms in Italy, France, England and the United States (Harbison and Myers, p. 56). See Dore (1973) for a challenge to the convergence thesis of Kerr et al. (1960) that suggests all industrializing societies will ultimately end with the same structure of industrial relations, since all follow a common pattern of change driven by productive technology.

because of a list of sundry pressures upon management to move toward a "constitutional" approach (Kerr et al. 1960, p. 152-3).

A second prominent category of explanation is the factor-analysis approach. In Southern historical accounts of the period, one can find an entire menu of historical causes for the demise of textile paternalism, almost all emphasizing (with credibility) one of the several factors which contributed to paternalism's final decade.<sup>5</sup> What becomes lost in such a factor analysis is the substantive dynamic which Abrams reminds us formed the basis of Marx's analysis of capitalist development:

Marx's law of motion dealt with the working out of distinct and historically specified relations of power (italics added), not with the logic of a model abstracted from all structural milieux" (Abrams 1982, p. 141).

In this thesis, the demise of Southern industrial paternalism is viewed as Abrams suggests--as a working out of the ever-dynamic "relations of power". The process of proletarianization in Southern textiles was fundamentally a power struggle between a newly formed class of manufactur-

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<sup>5</sup>Many historians of the period focused on the development of the industry in the South: Holland Thompson (1906), Broadus Mitchell (1921), Paul Blanshard (1927), Lois MacDonald (1928), Marjorie Potwin (1927), Harriet Herring (1929, 1949), Jennings Rhyne (1930), George Mitchell (1931), Tom Tippet (1931), Ben Lemert (1933), Herbert Lahne (1944), Liston Pope (1942), and Jack Blicksilver (1959). C. Vann Woodward (1951), Rupert T. Vance (1932), and Wilbur J. Cash (1941) dealt extensively with textiles within their general accounts of Southern history.

ers and a newly formed class of industrial recruits. That it is not generally recognized as such is due to a popular conception of the early Southern textile worker as docile and satisfied, or dissatisfied but powerless.<sup>6</sup>

This image exists despite periods in the history of Southern textiles of spontaneous strikes against the harshest management tactics (including government troops, killings, blacklistings, and evictions) and a national strike in 1933-34 which involved 400,000 workers.<sup>7</sup> It would appear that the image of the docile/powerless textile worker is derived primarily from the low level of unionization that was finally achieved by the workers' militant actions, and from the relative peace that characterized the post-World War II era. This confusing portrayal of both acquiescence and rebellion begs for a case study on the Southern textile industry which highlights the shifts in power and looks again at the workers' role in effecting

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<sup>6</sup>Scholars have remarked (both in the past and present) that the well-publicized exploitation of the Southern textile worker did not translate into militant industrial action because of the effect of paternalism. Either the workers were so tightly controlled by this benevolent but ruthless domination that they had no independent social space in which to organize rebellion (Boyte 1972, Mitchell 1921, McLaurin 1978, MacDonald 1928), or the members of the new "cracker proletariat" were so destitute as tenant farmers that the mill bosses were viewed as true friends (Herring 1929; Woodward 1951; Potwin 1927).

<sup>7</sup>Kerr and Siegel (1954), in their study of propensity to strike in particular industries, found that textile workers overall were "medium high" in their strike propensity (p. 211).

change. Neither the modernization theory nor a factor analysis would bring enlightenment to those actions.

Secondly, the problem is important because of the legacy of paternalism in the South. As Polanyi (1944) has suggested, the institutional forms that arise when labor is commodified are of dramatic interest because they persist into the future. The mill village is one such institution and, according to Harriet Herring (1949), as peculiarly characteristic of the South as "slavery and cotton, sharecropping and low incomes, race problems and demagogic democracy" (p. 5). The peculiar form of Southern industrial paternalism embodied in the mill village is germane to understanding the industrial relations of the South today.

Examining the demise of this institution allows us to see how choices were made by our grandparents' generation which jointly dismantled the old order and completed the proletarianization process. The actions of textile workers and manufacturers were shaped by the social structures of their day, but their actions also remade those structures. When we fit the pieces together, we will better understand the class relations of the South, adding to the growing work which is yielding a far richer and more accurate picture of the South's first working class.<sup>8</sup>

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<sup>8</sup>Until the 1980's, the economic history of the postbellum South was largely ignored by contemporary scholars. In recent years, however, labor and social

CHAPTER 2  
METHODOLOGY OF STUDY

Methodology of Study

This thesis is an historical social analysis of the Southern textile industry of 1880 to 1940, addressing the problem of the departure of Southern paternalist capitalism within the industry. The method of study uses four class-analysis theories which highlight different social and economic features of this particular case. Explanatory parts extracted from the theories will be applied to the historical data. I do not intend (nor believe it possible) for my study to validate one theory and invalidate all others. Instead, these theories will be used as tools to "dig" into history in order to better understand the process of institutional change in labor management which took place and finally to build a theory that "fits" the case of Southern textiles.

This is one of the methodologies of historical social analysis examined by Theda Skocpol in her book, Vision and Method in Historical Sociology (1984). In this approach,

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historians have begun investigating Southern industrialization, focusing both on the relationship of planters and former slaves (Genovese, Wiener, Woodman, Wright), and the lives of the early textile workers (Hall, Newman, Carlson, Hodges, McHugh, Leiter).

the goal is not to find the one correct preconceived general model. Instead,

Alternative theories are used and combined to derive the most fruitful way to address the historical problem ....Old theories may be entirely set aside and a new explanation tentatively generated from the historical materials. The investigator's commitment is not to any existing theory or theories, but to the discovery of concrete causal configurations adequate to account for important historical patterns. (Skocpol 1984, p. 375)

### Definition of Study Area

The Southern cotton textile industry of this period was located primarily within four states: North Carolina, South Carolina, Georgia, and Alabama.<sup>9</sup> The mills tended to coalesce in the area called the Piedmont. The Piedmont has been defined in a previous study (Oates 1929) to include 207 counties (or combinations of counties).

In this study, the Piedmont shall be defined as all counties within the four states showing over 10% wage earners employed in cotton goods manufacture in 1930. The criterion of ten percent was chosen in order to include those counties which most likely contained a cotton mill village, and to preclude those counties which probably did not. The year of 1930 was selected because it is the

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<sup>9</sup>Blicksilver (1959) writes: "In 1880 the four leading states operated 119 of the 164 mills in the South and 422,000 of the 561,000 spindles....(By 1910) they operated 637 of the South's 731 establishments and ran more than 10,000,000 of the region's 11,200,000 spindles" (p. 16).

beginning of the decade in which the first mill village sales occurred. This area is comprised of 15 counties in South Carolina, 19 in North Carolina, 16 in Georgia, and 6 in Alabama, totaling 56 counties of the Piedmont. (See figure 2.)

#### Unit of Analysis

The major unit of analysis will be the state. The county unit is prohibited in most cases because (1) county census data on textile mill employment is not provided prior to the 1930 census, and (2) many counties changed boundaries over the study period. Where relevant data is available at the county level, it will be utilized.



## CHAPTER 3

### THE HISTORICAL CASE OF SOUTHERN TEXTILE PATERNALISM

#### Definition of Paternalism

Paternalist organization is not universally the same. As Elizabeth Fox-Genovese (1983) has written:

Paternalism does not exist indiscriminately across time and place. Specific paternalisms represent specific social and cultural bridges across the gap of ultimately irreconcilable interests. (p. 130)

The specific "Southern mill village paternalism" had certain identifiable features: local capitalists, "raw" rural recruits, family labor, a labor contract for wages and housing (or payment-in-kind), a lenient labor process, and an ideology of cooperative enterprise alongside strict community controls.

In historical accounts, it is typically the ideological aspect of paternalism that is emphasized, most likely because early industrialists articulated and advertised the ideology to the utmost.<sup>10</sup> In this study, however, the

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<sup>10</sup>Local newspapers were replete with praises for efforts of mill owners to educate their workers in the "ideals of life" and the "responsibilities of citizenship" (Carlton 1982, pp. 92-93; Pope 1942, pp. 65-66). The mills' public relations effort was aimed at ameliorating the concern of the townspeople over the "social consequences of manufacturing." Their audiences were assured that paternalism combined with the operatives' Anglo-Saxon virtue would spare them the "turmoil and class enmities of northern and British cities" (Carlton 1982, pp. 82-84.)

ideological content will be considered as derivative of the economic relationship of paternalism. In contrast to the popular usage, paternalism will be viewed as essentially a socio-economic organization of production forces--specifically, a profitable way of organizing labor for the Southern textile mills. This is in agreement with the definition developed by Abercrombie and Hill (1976):

...Paternalism is primarily an economic institution concerned with the manner of organizing a productive unit and regulating relationships between subordinates and the owners of the means of production or their agents. (p. 413)

Within this relationship, according to Abercrombie and Hill, workers are consigned to a dependent status which allows the owners to demand complete obedience and loyalty, while the pay-off is a shared identification and promised protection.

The tangible expression of the paternalistic relationship in Southern textiles was the mill village which surrounded the factory. This mill village environment was designed "to dissolve the reality of exploitation within the solvent of personal, ostensibly equal relations between people at opposite ends of the economic scale" (Ward 1987, p. 332). The village was much more than a symbol of social relations, for it was the basis of a labor relations system.

#### The Southern Mill Village

When the agricultural depression hit following the Civil War, many farming families were so debt-ridden as to be destitute, and the cotton mill boosters were quick to portray the emerging mills as a way to save the "poor white."<sup>11</sup> The poverty of the white laborers was a by-product of the slavery system. Unable to compete as farmers or skilled labor with slave labor, the Southern yeoman farmer had been pushed downward to subsistence farming on abandoned tobacco or cotton lands, or to the poorest land of the foothills or mountains. These farmers were forced into the crop-lien system called sharecropping, which produced little or no income during the growing season, and consequently resulted in enslavement through debt to the local merchants. A mill owner, quoted in Mitchell (1921), provided a picture of the first laborers and the ideology which "justified" the process of industrialization:

It is only necessary to build a manufacturing village of shanties in a healthy location in any part of the State, to have crowds of these poor people around you, seeking employment at half the compensation given to operatives at the North. It is indeed pitiful to be brought in contact with such ignorance and degradation; but, on the other hand, it is pleasant to witness the change, which soon takes place in

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<sup>11</sup>The Southern "poor white" was already a lower social class, but as a possessor of "the purest Anglo-Saxon blood in America," this was a class that the Southern citizenry wanted to see rehabilitated. "The South wanted manufacturing--cotton manufacturing--for the profits and for the social betterment that work and wages would give underemployed and under-privileged people" (Herring 1949, p. 5).

the condition of those who obtain employment. The emaciated, pale-faced children soon assume the appearance of robust health. (p. 170)

The factory recruits, near starvation, came to the new cotton mills by foot or wagon, literally bearing all their possessions (Van Osdell 1966, p. 48), and symbolically transporting the South from an agrarian society to an industrial one.

Southern manufacturers had no choice but to construct mill villages alongside mills, since labor was to be imported from the rural areas and no other agency had capital with which to finance the construction (Berglund, Starnes, and DeVyver 1930, p. 117). The first houses were little more than shacks, made of unceiled logs with no water or electricity (McLaurin 1971, p. 34; Woodward 1951, p. 223). Though housing improved to three or four-room frame houses, as late as 1929 a survey of 332 North Carolina mills revealed that one half were still without indoor toilets and 40% without water (Herring 1929, p. 31). Workers were usually charged 25 - 75 cents per room, with electricity and water free (Berglund et al. 1930, p. 117)--a much better deal than normal renters were able to secure.

By the same token, owners were better able to build houses than to supply cash for wages, so payment-in-kind benefited the owners for whom capital was in short supply. A second benefit for the owner was the use of the "sunk

cost" of constructing the houses as a justification for paying Southern workers less than Northern workers, year after year.

If housing was a necessary business expense, it was also exploited for its value in supplying, stabilizing, reproducing, and controlling labor. From the beginning Southern manufacturers targeted the cheaper labor of women and children and issued housing based on a family-wage. Mill owners preferred large families in mill village houses, often institutionalizing this preference as a requirement of one-worker-per-room, and work contracts requiring all children over the age of twelve to work in the mill (Carlton, 1982, p. 93). To a large extent, housing determined the destiny of the children and reproduced a socialized labor force for the mill.

Southern manufacturers from the beginning targeted the cheaper labor of children. In 1900, approximately 6% of the Massachusetts textile labor force was under 16, but in Georgia it was 25%; in North Carolina 24%; in South Carolina, 27% (Oates, 1975, p. 11). Workers' productivity and earning power in Southern mills peaked at age 35-40 years, when they were moved to lower-paying jobs or fired, thus forced to depend upon children to keep up the family wage (Rhyne, 1930, p. 18). Though the employment of children dropped considerably in the early decades of the

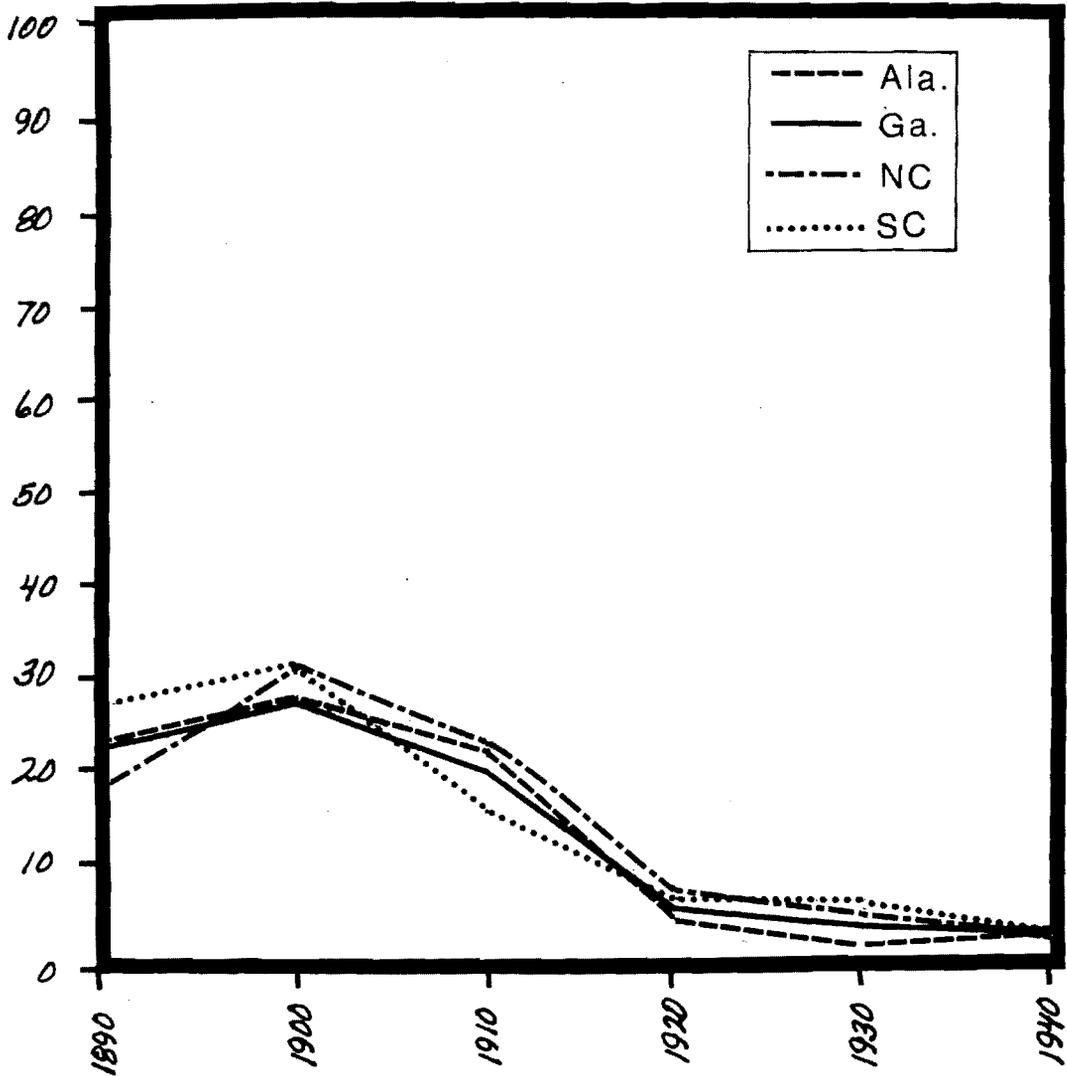
20th century, women maintained a consistent proportion of the workforce. (See figures 3 and 4.)

Besides the house and the supplementary water, coal, outhouses, and electricity, the most common "philanthropy" was the contribution to a church or school. While support for education seemed to be targeted for public consumption, support for mill churches was more paternalistic in orientation. Most of the labor force were avid church goers, primarily fundamentalist Protestants (Rhyne 1930, p. 167; Van Osdell 1966, p. 46). Since morality, honesty, sobriety were part of the ideal workman encouraged by owners, religious life was encouraged (Carlton 1982, p. 93).

The other inevitable product of housing ownership, was its absorption into the labor relations system. Eviction of the family from company housing was regarded by observers and organizers as "management's most efficient weapon against unions" (McLaurin 1971, p. 36). A millowner, asked why he did not sell his houses to the workers, answered simply: "Because we could not control them" (Tannenbaum 1924, pp. 47-49).

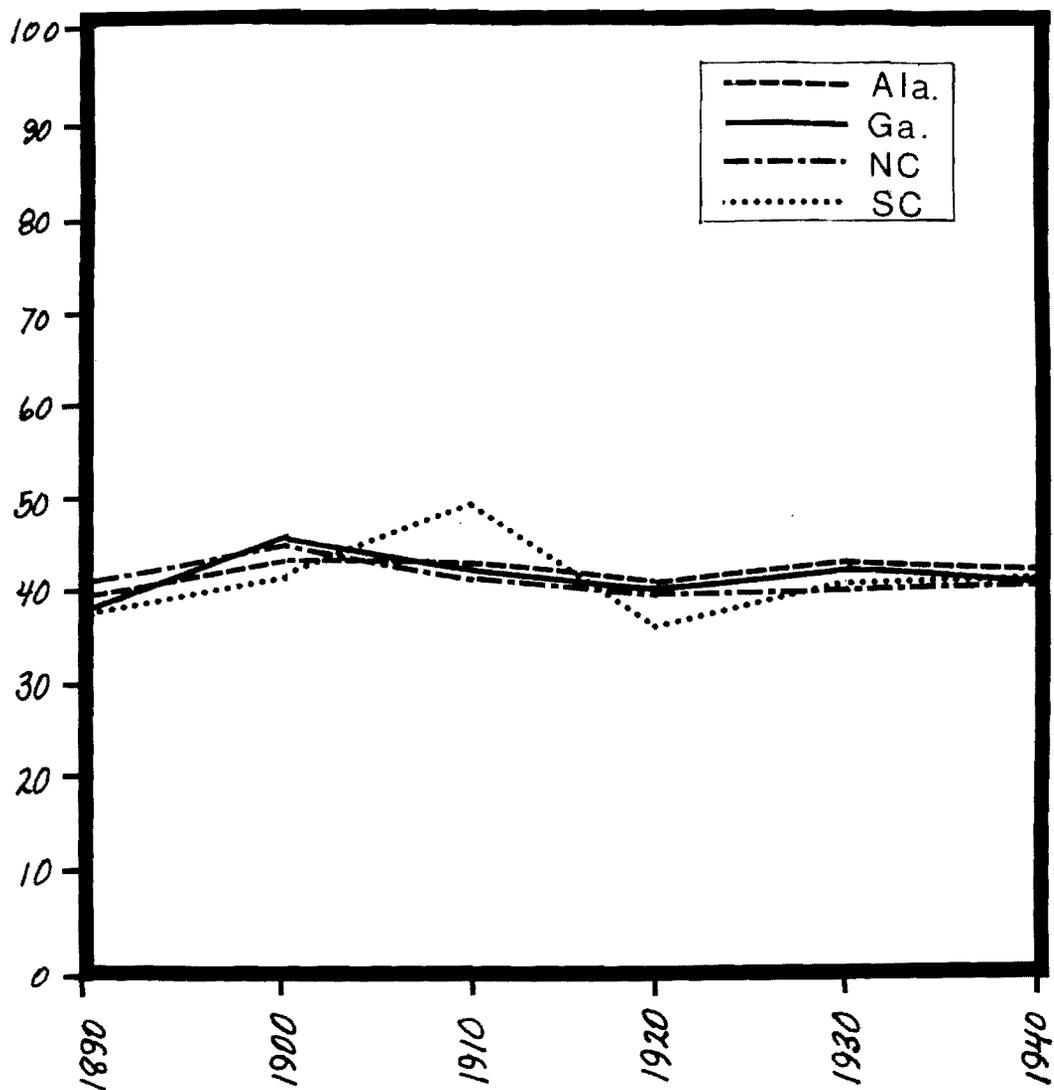
### Demise of Paternalism

Payment-in-kind as a supplement to low cash wages (in the form of subsidized housing, garden plots, wood or electricity, water, and credit at the company store) was a



**Figure 3. Percent of cotton textile wage earners 10-15 years of age by state, 1890-1940.**

Source. Data from Census of Population, 1890, 1900, 1910, 1920, 1930, 1940.



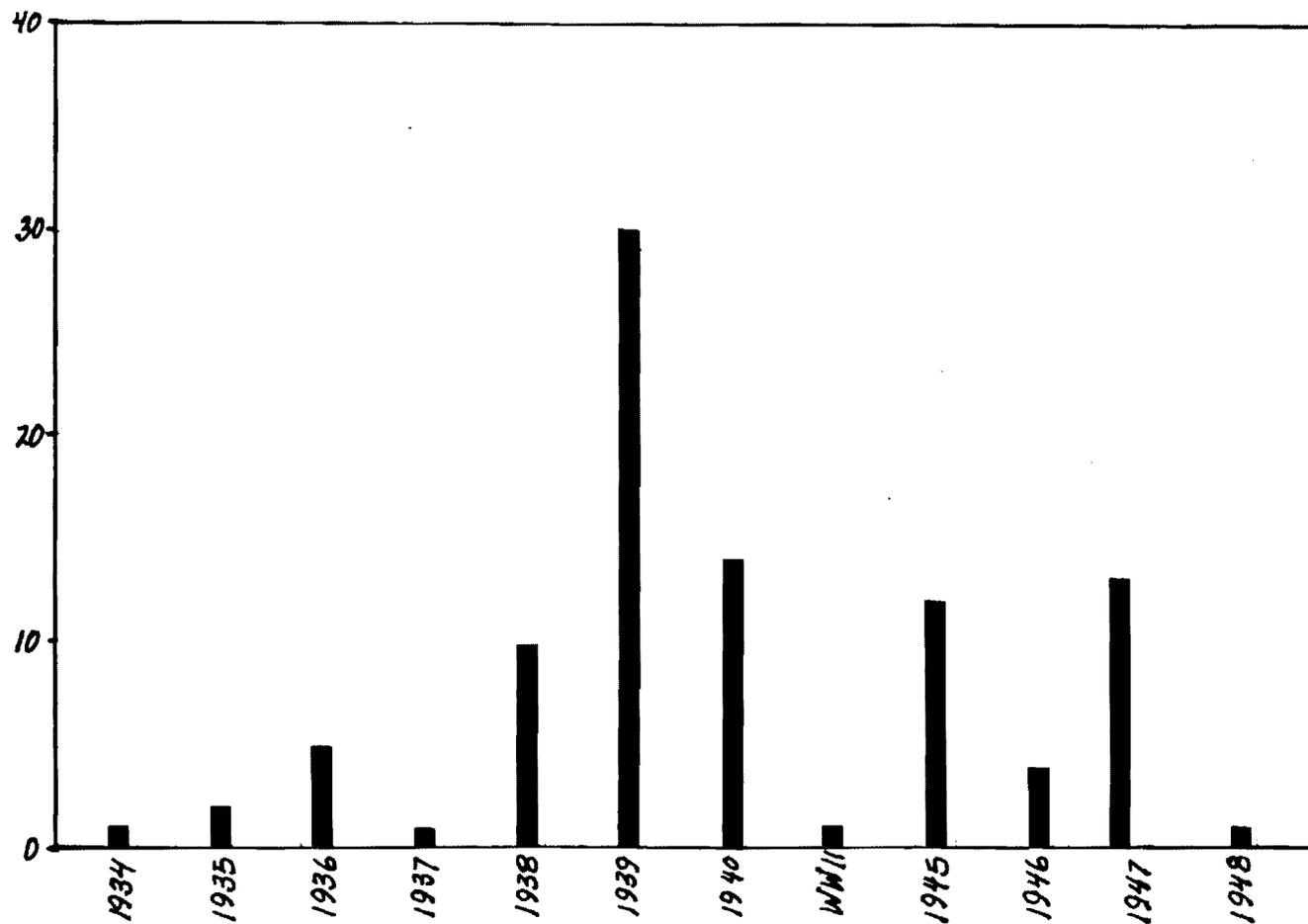
**Figure 4. Percent of cotton textile wage earners female by state, 1890-1940.**

Source. Data from Census of Population, 1890, 1900, 1910, 1920, 1930, 1940.

standard practice in the Southern textile industry and a basic feature of Southern paternalism. The demise of Southern textile paternalism is symbolized by the erosion and eventual disappearance of payment-in-kind, notably subsidized housing. Specifically, the end to payment-in-kind will be measured by the sale of mill village housing to employees.

In 1935, Burlington Mills sold two villages that had been purchased in a takeover (one in North Carolina and one in Virginia), and cotton textile mills followed suit with "startling acceleration" (Textile World, September 1939, p. 64). (See figure 5.) The industry magazine reported on the sales with great celebration, advising companies of pitfalls and options. The list of reasons given for the sales included the financial burden, social criticism, high building costs, rising standard of living among workers, federal regulations, taxes, the need to resign from the real estate business and get down to manufacturing, and the "rightful sense of responsibility" to the workers. According to Harriet Herring, the village had become "economically untenable, socially and psychologically indefensible, and at times a downright tactical liability" (Textile World, May 1940, p. 78).

The change was truly the culmination of events over the past decade, but the about-face had been dramatic. At this time, two-thirds of mill employees still resided in



**Figure 5. Number of Southern mill villages sold, 1934-1948.**

Source. Harriet Herring, Passing of the Mill Village: Revolution in a Southern Institution, 1949.

mill houses (Lahne 1944, p. 36). When sales continued after World War II, the mill village--"one of the great socializing forces of the South"--was rendered practically obsolete (Textile World, September 1939, p. 63).

The disappearance of this feature signaled a change in labor relations as textile labor was thereafter contracted on an individual basis for wages alone, rather than on a family basis for payment-in-kind. Supporting the assumption that ownership of villages was the foundation of paternalism are the words of the editor of Textile World, the predominant industry magazine in 1939:

Selling mill villages to the employees means industrial relations on a higher plane;...it means the shedding of the last vestiges of paternalism which was once a necessity, but now an outmoded pattern of Southern mill life. (p. 65, italics added)

In sum, Southern industrial paternalism grew logically from the necessity of constructing the mill village, and consequently, the fate of Southern paternalism was linked to the fate of the mill village. What made the village a central feature of Southern paternalism was the social organization which grew from its construction. To return to Abercrombie and Hill's definition, paternalism is an economic institution with social goals: it is a means of organizing the productive unit in order to regulate the relationship between owner and workers.

CHAPTER 4  
REVIEW OF RELEVANT LITERATURE

Relevant Sociological Theories

In the current sociological literature there are four outstanding scholars who have studied American and English industrial transformation, specifically focusing on the changes in the institutional relationship between workers and capitalists: G. M. Norris, Richard Edwards, Howard Newby, and Karl Polanyi. Rather than assuming that "modernization" is a vague, abstract force, these theorists link institutional change to specific dynamics of capitalist growth, such as expansion of markets, increasing firm concentration and centralization, rationalization of the labor process, and societal interference with the commodification of labor. With varying degrees of specificity, all four theorists recognize that the inequality of the labor-capitalist contract is an inherent contradiction in capitalist organization of production, and hence a force behind structural change in production relations. Where they differ is in the location of factors that destabilize labor-capitalist relations and result in the search for a different control system.

## I. G. M. Norris

The first theory to be examined is that of G. M. Norris, a British sociologist who employs what I will call a "development" model in his study of paternalism, for he looks at factors external to the immediate sphere of production as the source of the destabilization of paternalism. He isolates certain structural conditions necessary for the maintenance of industrial paternalism, and suggests that paternalism depends upon a parochial localism, i.e., "relatively isolated local labour markets which are dominated by single companies" (Norris, 1978, p. 469), in which alternative ideologies and alternative employment in the labor market do not exist.

The existence of alternatives, namely "democratic capitalism," erodes paternalism. Norris presents two basic reasons for this erosion. First, paternalism is not only deference of the workforce to tradition, but to an individual power-holder whose legitimacy claim is based on tradition. Therefore, the elite must have no equals or competitors if this claim is to succeed. This is in contrast to democratic capitalism, in which legitimacy is granted on a rational-legal basis and is role-specific rather than person-specific, and "which (denies) the relevance of local ties by emphasizing universalistic criteria of resource allocation and the determination of

priorities by a central government body" (Norris 1978, p. 473).

Secondly, the arrival of alternative jobs in the labor market erode the central structural features of paternalism/deference: the extreme dependence of the laborers on local employment and the isolation of subordinates from interaction with class equals. Norris states, "So long as workers are trapped in the local economy they have little option but to accept the ideologies, situational definitions and rules of the game imposed by local employers whatever these are" (Norris 1978, p. 475). These two factors help explain why, according to Norris, "paternalism will only be found as a locally based form" (Norris 1978, p. 473).

## II. Richard Edwards

The next theorist, Richard Edwards, agrees with Norris that the paternalistic relationship is upset by capitalist expansion, but sees the debilitating force as coming from internal dynamics of growth within the firm, not from external challenges. Edwards, an American structural Marxist, surveys the changes in managerial systems in the U.S. factory system in his book, Contested Terrain: The Transformation of the American Workplace (1979). Based upon his historical analysis, he develops a typology of sequential control systems which he claims can be found

throughout American economic development: entrepreneurial control, hierarchical control, and finally bureaucratic or technical control.

Typically, he argues, the initial set-up of an American firm was entrepreneurial, i.e., the "capitalist's own workshop." In this system, control was maintained through the personal ties between the boss and workers. As a firm grew, organizational distancing occurred and the personal control system weakened. The next control system, which he calls the hierarchical system, appeared as a pyramidal abridgement of entrepreneurial control, with the foreman becoming something of a "subentrepreneur" trying to recreate the original control system within his own empire, while he himself is subject to the owner.

The hierarchical system, Edwards argues, was soon outmoded when the movement toward monopoly capitalism in the early 1900s brought a metamorphosis in firm structure. The drive for capitalist accumulation brought pressures for expansion and centralization within the firm. Not only did the factory grow in size, but competition fueled a vertical integration, whereby firms began to expand to include all the processes of production from supply to finishing and retailing. The emerging multiplant enterprise was linked by an administrative apparatus--rather than geography--and required long-range and complex planning. Under corporate ownership, the entrepreneurial owner was replaced by

the financial investor. The centralization of production produced a larger and more distant workforce, as well as a more militant workforce reacting foremost to the increasing power of the foreman. This produced a crisis of control within the factory.

To deal with this control problem, American management developed a new control system which replaced the negative sanctions of the foremen with positive incentives embedded in the structure of the firm. Following a period of experimentation (which involved welfare capitalism, scientific management, and company unionism) managements tended to follow one of two forms of structural control: technical or bureaucratic. In the technical control system, machinery exerts control over workers by directing the labor process and setting the pace for the entire plant (Edwards 1979, p. 112-3). However, for industries unable to apply such high technology, the trend was toward the employ of a bureaucratic control system, which submerged the control mechanism into the social structure of the plant, making use of company rules and promotion policies to reward workers who "bought into" the system.

For this study, I am interested in what Edwards suggests motivates the change from one control system to another. In simple terms, he is saying that firms outgrow the old control systems as they follow the dictates of capitalist accumulation. Growth produces a fragility in

the control system and allows the inherent contradiction between labor and capitalist to erupt into workplace conflict. Management then seeks a more effective system of control. In this case study, I assume Edwards to be suggesting that the weakening of the control system in the early Southern textile industry (entrepreneurial control) was caused by the growth dynamics of monopoly capitalism: increased concentration (firm size), capitalization, and centralization (vertical integration of production facilities).

As I apply Edwards' model to the demise of Southern industrial paternalism, I detect a similarity with Norris. As with Norris, Edwards sees labor relations changing through a gradual process of erosion, due to developmental factors. Norris differs from Edwards in that he addresses external factors, namely the loss of localism within the community, while Edwards focuses on internal conflict.

### III. Howard Newby

The third theorist, Howard Newby, is a British sociologist who has done extensive research on agrarian paternalism. He defines paternalism as "a method by which class relationships become defined and (which) grows out of the necessity to stabilise and hence morally justify a fundamentally inegalitarian system....It thus tends to disguise, however imperfectly, fundamental conflicts of

interest and to mediate, however unjustly, between one class and another" (Newby 1977, p. 70).

To Newby, the major threat to paternalism lies in its own inherent contradiction. On the one hand it cultivates "identification" of the subordinate class with the employer class--they are to feel as "partners" in a cooperative enterprise. On the other hand, a "differentiation" must be recognized by the two classes for the authority-deference relationship to operate. Both are key elements in paternalism's effectiveness as a labor system. Newby (1977) contends that the "continuation of paternalism implies continued success in managing the contradictions inherent in it" (p. 71).

The destructive power of the control contradiction, which Newby calls the "differential dialectic," is illustrated in studies of English paternalism in which the rationalizing tendencies of capitalism demand that "workers be treated as impersonal commodities subject to the vagaries of the labour market," contradicting the "obligations of paternalism" that the subordinate class be protected and cared for. Examples of these "rationalizing tendencies" are large-scale layoffs, automation, and intensification of workplace. In essence, Newby argues, "economic conditions may demand the denial of paternalism," and the ability of mill owners to manage the contradiction inherent in paternalism depends on "how much room to manoeuvre the

employer has within the realm of capitalist competition" (Newby 1977, p. 71).

When such circumstances prevail, the employer must either "resort to power more often" or "adopt a new style of authority," in either case betraying the paternalistic posture (Newby, 1977, p. 71). What Newby highlights is that workplace conflict--either active (as in strikes, walkouts, union organization) or passive (turnover, low productivity, absenteeism)--will result from the rupture of the exchange relationship of paternalism. In Newby's model, workers are not oppressed, silent, or disinterested under paternalistic control. Rather they have made a calculated exchange: deference for protection. When paternalism's exchange is violated, labor conflict of some form ensues, and either the exchange must be restored with integrity, or a new control system is mandated.

In sum, Newby's basic assertion is that paternalism is destroyed because capitalists are forced by the logic of capitalism to act like capitalists, and they therefore violate their own contract of paternalism which includes a caretaker role toward the workers. Rather than emphasizing a gradual process of change like Edwards and Norris, he focuses upon an action which precipitates a violent rupture of the fragile and fundamentally unequal boss-worker relationship.

#### IV. Karl Polanyi

Finally, in a macro-social analysis of industrialization, Karl Polanyi (1944) offers an "intervention" model to my study of paternalism's demise. Although Polanyi never addressed paternalism per se, in The Great Transformation (1944) he analyzes the transformation of non-market society to market society by focusing on the development of institutional forms surrounding the organization of production. To Polanyi the institutional relationship between labor and management is not autonomous, but is subject to pressures from the larger social realm that form in reaction to the labor commodification process. He asserts that traditional Marxists err when they depict the emergence of societal institutions as being dictated by the needs of capitalist expansion alone. Instead, he suggests that economic and social needs are often in conflict, and this conflict is basic to understanding the nature of the institutional forms that arise.

To Polanyi, "the commodification of labor represents such a fundamental threat to the fabric of human society, it set in motion an irresistible counter-pressure for the protection of society" (Block and Somers 1984, p. 57). In his study of English industrialization, this protective counterforce was represented by the trade union movement and the State, whose actions directly interfered with the development of the free labor market. In English industri-

alization, social legislation and trade union organization effectively diminished the market regulation of wages by (1) limiting the flexibility of wages (unions and legislation set minimums), and (2) consequently suppressing the mobility of labor (by regulating and standardizing wages and working conditions within the industry).

The role of the State is dual and sometimes contradictory: it furthers market society and never negates it, but at the same time it "saves" society from being destroyed by the full commodification of labor. The pressure for social reform to deal with problems created by the commodification of labor affects legislation from the State which limits the freedom of the market. To assume that the capitalist economy develops unabated by social forces is what Polanyi calls the "economistic fallacy" of orthodox Marxists. He states: "The human economy then is embedded in institutions, economic and non-economic. The inclusion of the non-economic is vital" (Block and Somers 1984, p. 63).

Polanyi's thesis is apropos to my study of the Southern textile industry since it was this particular industry that initiated the transformation of an agrarian Southern society into an industrial one, that is, a market society. As Southern labor became commodified there arose counterforces from a critical reform movement and from the Northern-based textile union. The role of these counter-

forces in the demise of paternalism has not been examined but is of obvious interest.

Polanyi's theory is particularly interesting with regard to the study of Southern textiles in that it challenges a popular notion which is epitomized by labor historian Stanley Aronowitz (1973). Aronowitz claims that the rise of textile unionism in Southern textiles was due to the breakup of the "old industrial organization system," or paternalism. Polanyi's analysis suggests the opposite: perhaps paternalism was broken up because of the repeated attempts by workers to unionize the Southern mills, successful or not.

### Summary of Theories

If we review all four theoretical approaches, we find that they all focus on the dynamics of emergent capitalist labor relations. However, distinct and interesting differences are set forth. Norris suggests the development of an alternative labor market destroyed the localism necessary for paternalist capitalism. Edwards posits that a weakening of a simple control system (in this case, paternalism) results from the growth dynamics of monopolization: increasing firm size, capitalization, and centralization. Newby emphasizes a rupture in the "differential dialectic", that is, the informal bargain (deference for protection), which underlies paternalism's employee/-

employer relationship. Lastly, Polanyi declares that the capitalists' drive for accumulation does not sufficiently explain industrial transformation and he calls attention to counterforces within the social realm, such as the State and unions, which have a direct and major impact on the shaping of institutions.

### Application of Theories to the Case Study

Each of the four theories offer plausible and relevant explanations for the disappearance of Southern textile paternalism and its replacement by a modern management system, and from each can be posed a theoretical position more specific in its explanation of dynamics and agency than the claim that paternalism declines primarily as a consequence of modernization.

1. Norris: Alternative jobs with alternative ideologies destroyed localism, a necessary condition for paternalism.

Norris asserts that paternalism depends upon parochialism, and the entrance of alternative jobs and alternative ideologies into the locality of paternalistic labor relations renders it ineffective as a control system. To test this assertion, we must examine the alternative labor market for the study area from 1880 to 1940 to determine if democratic capitalism made a dramatic appearance through

alternative jobs just prior to paternalism's disappearance in the Southern textile industry.

2. Edwards: The consolidation movement (increasing firm size, vertical integration, capitalization) rendered the paternalistic control system inefficient and ineffective, and necessitated conversion to a structural and rational system of control.

Edwards argues that a crisis of control resulted from the consolidation movement of the early 1900s producing a management agenda of rational planning and structural control. (Southern textile paternalism, as a control system, included elements of Edwards' entrepreneurial and hierarchical ideal types.) To test this assertion, an examination must be made of the relationship between growing firm size, capitalization, centralization and the demise of paternalistic control within the textile industry.

3. Newby: Scientific management, introduced as a response to economic crisis and intense intra-firm competition within the textile industry, violated the terms of the paternalistic relationship and thereby brought about the demise of paternalism.

Newby insists that the search for the source of paternalism's decline should begin with a study of the

worker-owner relationship. Did the textile mill owners break the unwritten contract of paternalism (the exchange of deference for protection) which can be substantially linked to paternalism's demise? In this case study, the event which exactly fits Newby's description is the introduction of scientific management into textiles around 1929. The Southern brand of rationalization (which was hardly "textbook" scientific management) was widely called "the stretchout," for its most remarkable feature was the sudden increase of workload. Along with intensification of workplace, there was a decomposing of jobs by skill level--a major blow to the autonomy and power of the individual worker. The year 1929 was peppered with walkouts, with and without union backing. To apply Newby's theory to this event, I must determine if a fundamental break from the paternalism of the past occurred following the stretchout strikes of 1929.

4. Polanyi: The federal State and local states imposed legal standards regulating child labor, wages, and hours which limited the family system of labor, thus destroying Southern textile paternalism.

5. Polanyi: The threat of unionization (felt in both union drives and organized worker protests) forced Southern textile manufacturers to raise wages and mill

housing standards to the extent that paternalism became too expensive, and was ineffective at quelling labor unrest.

Polanyi maintains that the State and unions acted as counterforces to the growth of the capitalist market economy. One hypothesis can be generated from his ideas is that paternalism did not decline until the New Deal, when the State intervened as regulator of wages and hours and conditions of employment of women and children. This imposition, which imposed a national standard (age limits, minimum wage, and maximum hours), took away the "Southern advantage" of long hours, cheap wages, and child labor, theoretically destroying the material base of paternalism. A second hypothetical consideration is that unionization (or the threat of unionization) might have impelled management to "clean up its own house" before outside forces became a permanent fixture of labor-management relations.

These five theoretical positions will not be considered competing explanations, exclusive of one another. The problem is not to discover which one factor or variable operated to bring about the demise of Southern industrial paternalism, but to discover which factors were primary and how the various factors interacted or, in Abrams' words, how action affected structure and how structure conditioned

action. What were the relative roles of the State, union agitation, the job market, intrafirm competition, and labor process changes? What explanation can be derived which best explains the structural change in Southern labor relations during early industrialization?

## CHAPTER 5

### ALTERNATIVE JOBS AND SOUTHERN PATERNALISM

Norris asserts that paternalism depends upon parochialism, and the entrance of alternative jobs and alternative ideologies into the locality of paternalistic labor relations renders it ineffective as a control system. To test this assertion, I will examine the alternative labor market for the study area from 1880 to 1940 to determine if democratic capitalism made a dramatic appearance through alternative jobs just prior to paternalism's disappearance in the Southern textile industry.

Strictly speaking, Norris' thesis would only relate to the presence of manufacturing jobs that brought an ideological challenge to textile paternalism. However, this chapter will deal with the alternative market in a broader sense, by including the agricultural job market and investigating how the growing ownership of automobiles influenced the labor market of the Piedmont.

#### Alternative Jobs in the Agricultural Sector

Certainly the ideology embedded in Southern agriculture, dominated by sharecropping and tenant farming

(see table 2) and shaped by the long-standing traditions of the plantation economy, offered no threat to paternalist ideology.<sup>12</sup> The tenant's right to remain on the land, what to grow, how to grow it, and what tools to use were determined by the landowner to whom he made payment in cash or crop. The dependency of this relationship (only one step removed from the plantation system) made it a poorer, if elder, cousin of textile industrial paternalism. In terms of Norris' thesis, then, the labor relations within the agricultural sector did not threaten the ideology of paternalism. Nonetheless, the farm was the primary alternative means-of-living to the cotton mill, the prolific source for raw recruits for all industry, and an important influence on industrial wage rates.

The dominance of agriculture was largely responsible for the poverty of the South, which was considered a national problem. The break-up of the cotton plantation system resulted in fragmented landholdings, abundant unskilled labor, and poor soil. In turn, Southern agriculture concentrated on cotton and tobacco farming, both labor-intensive and needing a cheap, abundant labor force.

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<sup>12</sup>Plantations re-emerged after the Civil War as capitalistic agriculture of three types: (1) centralized production with mostly black sharecroppers, (2) "tenant plantations" (whose tenants were white in the hill country), and (3) small landowners (mostly white) who had to operate on the lien system (Woodman in Glymph, p. 114).

TABLE 2  
 PERCENTAGE OF FARMS OPERATED BY TENANTS, 1920-1940

	<u>1920</u>	<u>1925</u>	<u>1930</u>	<u>1935</u>	<u>1940</u>
U.S.	38.1	38.6	42.4	42.1	38.7
Alabama	57.9	60.7	64.7	64.5	58.5
Georgia	66.6	63.8	68.2	65.6	60.1
South Carolina	64.5	65.1	62.2	56.1	42.5
North Carolina	43.5	45.2	49.2	47.2	44.4

Source. Statistical Abstract of the United States, 1942.

Southern agriculture did not keep pace with other regions, and consequently undergirded the slow-growth of the region.<sup>13</sup>

"The farm" was often cited as the primary alternative for Southern textile workers during times of unemployment, but no job in the agricultural sector offered much in terms of income or housing (Vance 1936, p. 1; Pope 1942, pp. 56-59). In 1929, the net income of the average Southern farmer was \$680 compared to an annual average wage of \$884 for industrial workers. Additionally, rental payments reduced the tenants and croppers' income one-fourth to one-half (Hood 1936, p. 5). A farm wage laborer<sup>14</sup> (usually casual, seasonal labor) received less than one third the wage of a worker in cotton broad woven goods, even when provided with room and board. (See table 3.)

The lure of better pay made it difficult for landlords to hold tenants when factory jobs were available and they actively discouraged their working on non-farm jobs. This off-farm employment steadily increased throughout the study

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<sup>13</sup>Income in Southern agriculture did not improve until after World War II when tractors displaced mules, price supports improved conditions, and farmers began more scientific farming.

<sup>14</sup>Farm operators of the Southeast cotton counties used family labor and employed very few regular, wage laborers. Nonetheless, Here estimated that in 1920 the total number of farm laborers amounted to more than half of the number of male workers of all ages in manufacturing (in 1919), but only 45% of this number were white (Here 1930, p. 14).

TABLE 3

COMPARISON OF YEARLY INCOME FOR  
SOUTHERN FARM WAGE EARNERS AND COTTON  
MANUFACTURING WAGE EARNERS, 1939

	Farm Wage Earner's Average Pay*	
	Without Board	With Board
South Atlantic	\$297.72	\$199.20
East South Central	275.54	192.48
	Cotton Broad Woven Goods Average Pay	
North Carolina	\$723.73	
South Carolina	683.37	
Georgia	681.21	
Alabama	630.13	

\*Computed by averaging pay for four months of year:  
Jan., Apr., July, October, and multiplying by twelve.

Source. Statistical Abstract of the United States, 1940  
and Census of Manufactures, 1940.

years, and the steady stream of movement from farm to factory created a chronic labor surplus which played a significant role in industrial conflict. Still, as late as 1920 there were three Southerners engaged in farming for every one in manufacturing and mechanical jobs (Here 1930, p. 23). (See table 4.)

In sum, agricultural jobs did not offer much wage or ideological challenge to textile paternalism. Its significance to the Piedmont labor market lies in its role as a rich source of reserve labor. As late as 1940, it was still largely untapped; Tang<sup>15</sup> found 27 percent of the rural-farm population were employed outside of agriculture in the developed counties and 16 percent in the underdeveloped counties (Tang 1958, pp. 147, 160). This pool of poor farm labor was to be the foundation for industrial growth in the South.

### Roads and Motor Vehicles

Around 1920 the emergence of auto ownership modified the labor market of the Piedmont in several ways. Obvious-

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<sup>15</sup>Tang selected 21 contiguous counties in the Georgia-South Carolina Piedmont as a case study area in his investigation of the impact of economic development on agriculture. The Piedmont area, defined more broadly in this and other studies, is sufficiently homogeneous to justify using Tang's data as exemplary (Oates 1975, p. 12). Since his study distinguished counties by degree of industrial development, his analysis is particularly useful investigating Norris' thesis.

TABLE 4  
 PERCENTAGE OF LABOR FORCE IN AGRICULTURE AND  
 MANUFACTURING BY STATE, 1880-1950

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	<u>1880</u>	<u>1900</u>	<u>1920</u>	<u>1940</u>	<u>1950</u>
<u>Alabama</u>					
Agriculture	83.4	71.2	54.8	37.1	24.0
Manufacturing	4.5	8.8	16.6	16.1	19.9
<u>Georgia</u>					
Agriculture	78.3	64.5	53.3	31.9	20.4
Manufacturing	6.3	10.7	16.1	17.5	20.8
<u>North Carolina</u>					
Agriculture	78.9	68.9	52.3	31.6	23.7
Manufacturing	7.1	13.5	23.6	25.8	25.5
<u>South Carolina</u>					
Agriculture	81.3	73.4	62.1	37.6	25.6
Manufacturing	18.2	19.6	24.1	21.8	25.3

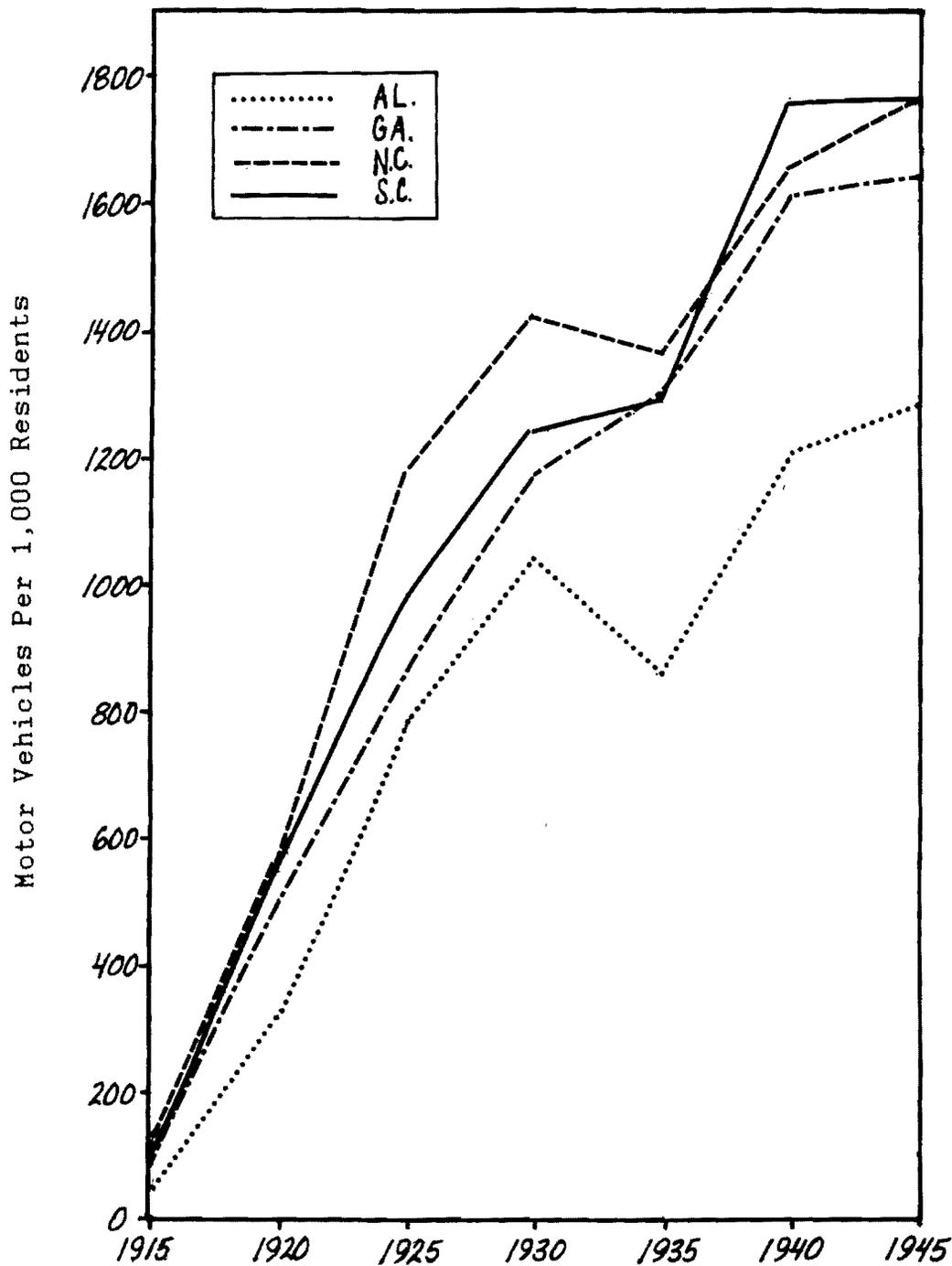
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Source. Data from Regions, Resources, and Economic Growth by Harvey S. Perloff, Edgar S. Dunn, Jr., Eric E. Lampard, Richard F. Muth, Appendix A, 1960.

ly, ownership of an automobile broadened the wage-earner's job market, and at the same time increased the labor pool from which industry could draw. Only a small portion of farms had autos or motor trucks by 1920, but this number was spiraling upward in every state. (See figures 6 and 7.)

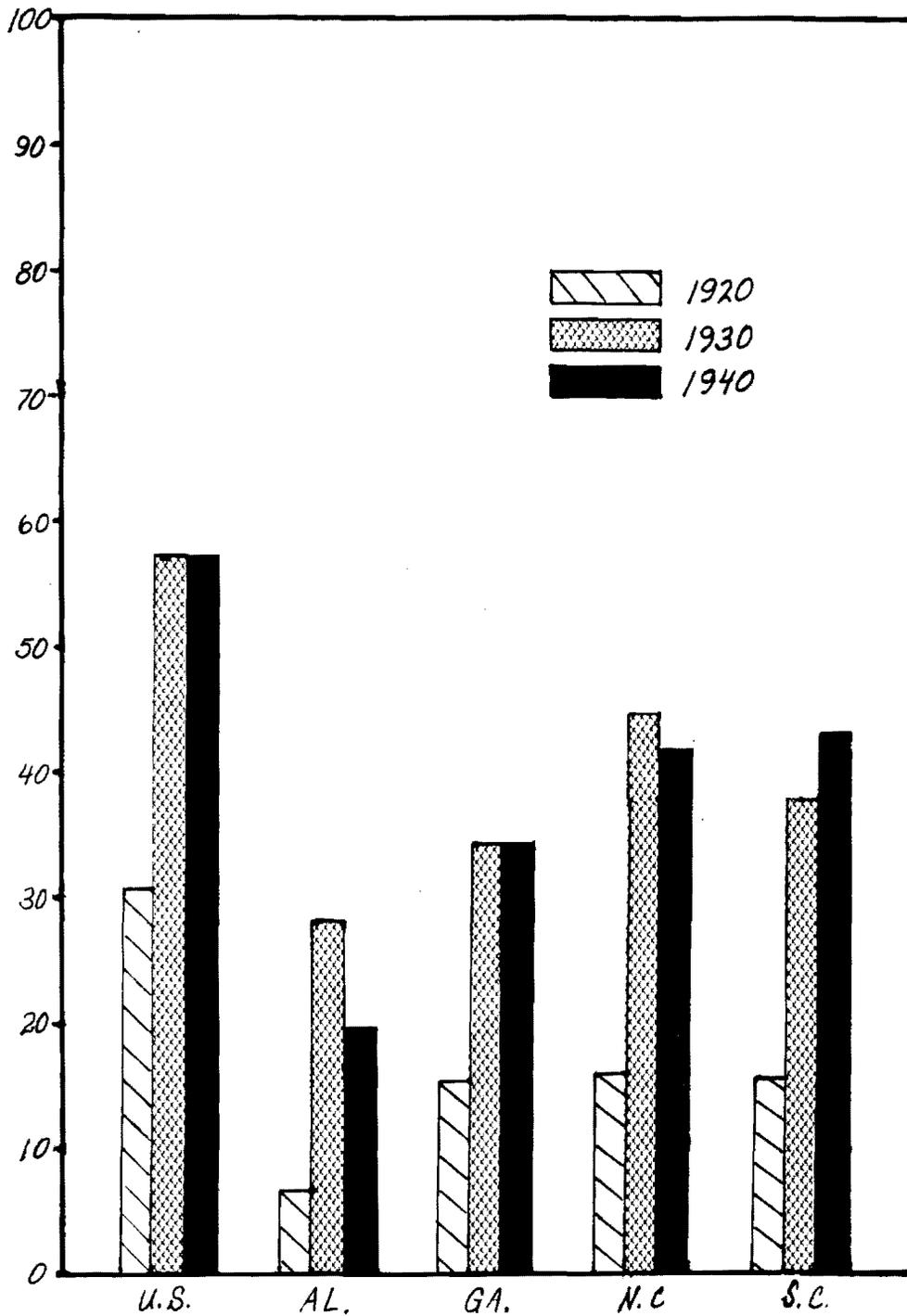
Additionally, the prevalence of automobiles meant that workers did not need to move to mill villages. As early as 1920, we find references to textile workers coming from farms within commuting distance (Herring 1940, p. 114). However, we do not find any evidence that cotton textile owners considered withdrawing from the real estate business at this time. On the contrary, mills had undertaken a flurry of village renovations during World War I in an effort to attract and hold the better workers. Significantly, the commuting worker usually lived in poorer housing than the mill village resident and paid higher rent.

As the Southern business community began an energetic movement to attract industry, good roads became a top priority and increases in Southern road construction outpaced the rest of the country (Tindall 1967, pp. 219-225). Naturally, those counties which were "developed"



**Figure 6. Per capita motor vehicle registration by state, 1915-1945.**

Source. Data from Statistical Abstract of the United States, 1944, 1945.



**Figure 7. Percent of all farms with automobiles by state, 1920-1940.**

Source. Data from Statistical Abstract of the United States, 1920, 1930, 1940.

with industries were the counties with the best roads.<sup>16</sup> In 1927, North Carolina, which led the South in industrialization, had twice as much hard-surfaced mileage as Georgia and South Carolina, and 50% more than Alabama. This is pertinent to our discussion of alternative job markets and paternalism, for North Carolina was the first and most active state involved in mill village sales (65% of sales prior to 1948, compared to 16% in South Carolina, 14% in Georgia, and 2% in Alabama )(Herring 1949, p. 13).

The prevalence of automobiles increased the ability of the cotton mill worker to search for alternative employment. Nomadism became a way of life for one-third of the workforce (Rhyne 1930, p. 106). According to a government study in 1926, turnover in Southern mills reached 189.5% compared to 94.9% in Northern mills (MacDonald 1928, p. 105). In fact, it became a way of retaliating against bad management<sup>17</sup> and served to create uniformity of pay rates among the mills (Gilman 1956, p. 153).

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<sup>16</sup>Tang noted that by 1940 the Piedmont counties which were "developed" had more farms on all-weather roads (29 percent) than the underdeveloped counties (9.5 percent) (Tang, p. 100).

<sup>17</sup>Whaley Mills in South Carolina gained a reputation for bad management practices (causing a strike which led to a lockout) and could not acquire a workforce though wages were 25% above the regional average. The firm eventually went bankrupt (Carlton 1982, p. 143).

The increase in mobility came at an inopportune time for mill managers. A recovery in cotton prices had created a shortage of labor just when demands of WWI guaranteed high profits. During the shortage, which spanned two decades until 1920, union organizing drives pushed wages to 99% of the national average (Gilman 1956, pp. 177, 186).

In their attempts to stabilize the workforce, textile mills renovated housing and landscaped lawns in the villages, and even added a few twists of welfare capitalism which was becoming popular in other industries. Villages acquired professional welfare workers, adult education classes in homemaking, and community "uplift" programs (Herring 1929, Chapter 6), but it was the opinion of the welfare workers, teachers, and mill superintendents that workers did not respond to the programs with gratitude "because they argue that all the money being spent on them is due them anyway as wages" (Rhyne 1930, p. 34). The newer programs subsided when it became clear that turnover in mills with welfare programs was equal to those without (Van Osdell 1966, p. 58; Rhyne 1930, p. 35).

The alternative job market that created the most problems for Southern mill managers appears to have been other cotton mills. Rather than challenging the ideology of paternalism, as Norris' theory suggests, the mills began

to compete for labor by increasing their paternalistic benefits, hoping to stabilize a nomadic workforce.

### Alternative Jobs in Manufacturing

From 1900-1940 other industries were attracted to the Piedmont. Still, cotton goods dominated tallies for manufacturing in all four states until after World War II. (See table 5 and figure 8.) For a wage-earner living in the rural Piedmont counties, the alternative market consisted of lumber and timber products, furniture, apparel, hosiery, rayon woven goods, fertilizer, and cigarette manufacturing. Using 1940 census data, the following section profiles each of these industries.<sup>18</sup>

The second most important industry in all four states was lumber and timber products. This industry was widespread throughout the Southeast, but was declining in importance along with the timber reserves. Lumber camps were usually in remote areas (requiring company housing of a low quality), and the workforce was almost entirely male. Life for the workers was "at best a rude sort of existence" (Tindall 1967, p. 329) with long hours and low pay. Since transportation costs were high, sawmills and processing plants located near the raw materials. Pay in this

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<sup>18</sup>Wage figures in the following discussion are taken from Harriet Herring's Southern Industry and Regional Development, 1941.

TABLE 5

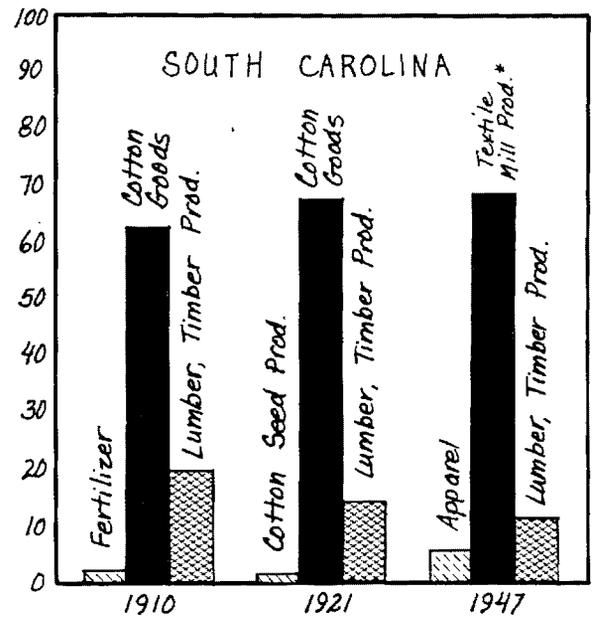
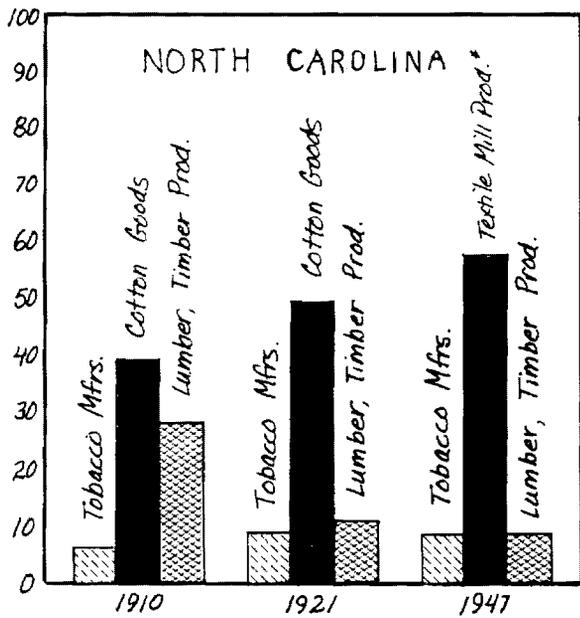
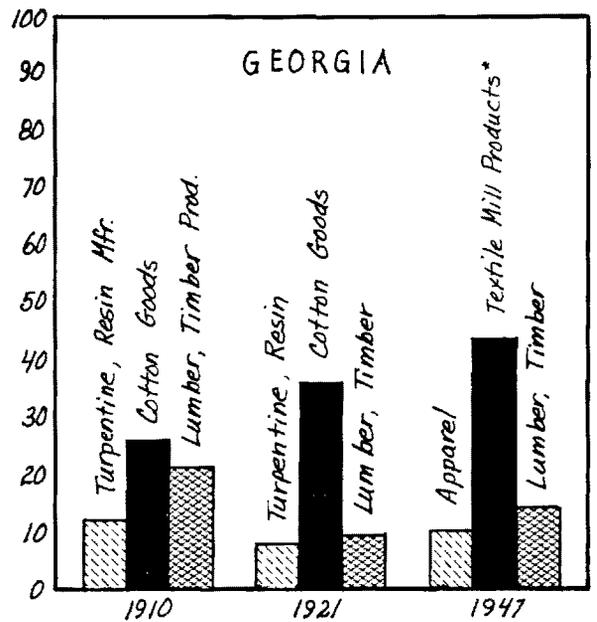
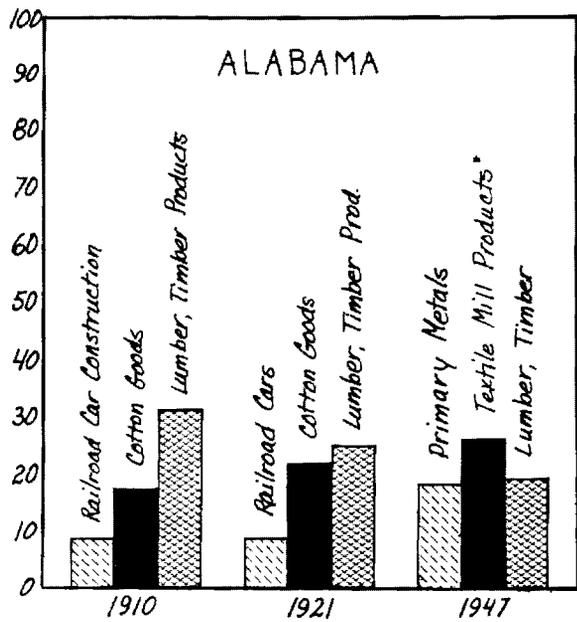
MANUFACTURING LABOR EMPLOYED IN TEXTILES, 1919, 1939

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	<u>1919</u>	<u>1939</u>
North Carolina	54%	67%
South Carolina	66%	76%
Georgia	40%	52%
Alabama	22%	35%

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Source. From The Role of the Cotton Textile Industry in the Economic Development of the American Southeast: 1900-1940 by Mary J. Oates, 1975, New York: Arno Press, The New York Times Company, p. 13.



**Figure 8. Percent of wage earners in top three industries by state, 1910, 1921, 1947.**

Source. Data from Census of Manufactures, 1910, 1920, 1947.

industry was low--\$532 compared to \$729 for cotton woven goods, \$610 for cotton yarn and thread, and \$759 for all industry. The turpentine and rosin industry, which was significant in Georgia, employed largely African-American men and paid the lowest wage per wage earner of any industry in the U.S. (\$232) (Herring 1941, p. 14)

The related furniture industry became important during the Depression of the 20s when the cheaper quality lines of furniture-making, requiring little skill, moved from the Midwest to the South to take advantage of the cheap labor. High Point, N.C., called the "Grand Rapids of the South", became a center for furniture manufacturing. The labor force was seasonal, semi-skilled, and chiefly male (Lemert 1933, pp. 41-2), with wages equal to the regional average (\$758) (Herring 1941, p. 22; Hood 1936, p. 17). These furniture plants often employed the husbands of women who worked in cotton mills (Lemert 1933, p. 41). Company housing was rare in the furniture industry of North Carolina.

North Carolina, the most industrialized of the four states, benefited from cigarette manufacture, which paid an average wage of \$925, a good deal higher than the industry average for the Southeast (\$759). The cigarette industry, which was largely mechanized and based on mass production,

was highly concentrated in a few industrial cities, the major center being Winston-Salem in the Piedmont.

Several other alternative industries were related to Cotton Manufactures: Apparel (primarily Knitted Underwear) which paid \$647, Hosiery (which was included in Textiles) paying \$714, and Rayon Woven Goods at \$794. The apparel and hosiery industries moved South from the industrial areas of the North seeking the low-wage labor of Southern women, and were scattered throughout the non-industrial counties of the Piedmont. The highly-skilled, fashion-sensitive parts of the industry stayed in New England.

Fertilizer production, an old Southern industry, was natural to the area since the South was the greatest user of commercial fertilizer. Within the chemical industry, this unit paid next to the lowest wage, averaging \$539. The labor force of this highly seasonal industry was unskilled and Black.

Alabama was unique in that it possessed a large high-waged industry--primary metal manufacturing. The wages were higher than the regional average, but were far below that in the whole industry. Within the Iron and Steel Products Group, the two industries which were most prevalent in the South were Foundry Products (average wage \$964) and the Cast Iron Pipe industry (which was the lowest-paying in the iron and steel group, averaging \$916).

This industry was located in the Birmingham district, which bordered the Piedmont area. Despite the presence of this industry, Alabama trailed the other states in rate of industrialization and had a lower proportion of wage earners in textiles than the other three states.

The above review of industrial alternatives in the Piedmont reveals a striking prevalence of low-waged, unskilled, low-profit, and widely scattered industries, not unlike cotton manufacturing. Notably missing from the Piedmont are capital-intensive, high-wage industries (with the exception of Birmingham's steel mills and the cigarette industry of North Carolina). Clarence Here, in his 1930 study of Southern income, noted that higher-wage Southern jobs predominated in industries which required skilled workers and which generally accommodated union-controlled hiring. In contrast, the industries found in the Piedmont South were those with a relatively small number of skilled jobs and easy entry, and consequently a low wage (Here 1930, pp. 32-35). In fact, these industries had located in the Piedmont South for the same reason as cotton textiles and had been encouraged to do so.

Early on, Southern developers had promoted the South's low-wage, tractable, "farm-acclimated" labor force and had established a reputation prior to World War II as a

region that would fight unions and regulations with every available weapon. It was touted as "the greatest, best and cheapest labor market in the U.S."--as one steel executive said in 1926 (Tindall, 1967, p. 318). The effect of such regional propaganda was to attract the peripheral industries that were labor-intensive, low-wage, and small-profit (Herring, 1941, Chap. 1; McDonald and Clelland, 1984, p. 503). Low wages (averaging 60-70% of the rest of the country) became the "foundation for industrial growth" (Tindall 1967, p. 318).

#### Alternative Jobs and Mill Village Sales

At this point, we can form generalizations about the kinds of job markets existing in the Piedmont, and can make some assumptions about their impact on industrial paternalism. But to concretely test the Norris thesis, we must look at county-level data to see if there is a correlation between industrial development and early mill village sales.

For this purpose, the 56 counties in this study were divided into two groups: Group 1 consists of the counties containing mills that led in mill village sales prior to World War II, and Group 2 consists of the remaining counties. In order to measure the degree of industri-

alization, the amount of Value Added by Manufacture<sup>19</sup> per capita was calculated for each county. A t-test was used to compare these indicators for the two groups to see if the early sales of mill villages was related to degree of industrialization, and it was found to be insignificant.<sup>20</sup> Two other indicators (only indirectly related to the Norris thesis) were tested: Average Wage Per Wage Earner and Percent Urban. Both were found to be insignificant as well.<sup>21</sup>

### Conclusion

The agricultural sector offered no ideological challenge to textile paternalism--but concurred with the Southern textile industry's pre-capitalist labor market. Neither did this sector offer a standard of living which could compete with mill village life. At most, it provided a safety net for displaced workers (though one wonders how "safe" it was). The competing employers in the Piedmont--

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<sup>19</sup>"Value Added by Manufacture" is calculated by subtracting the cost of production (raw materials, fuel, power, supplies, etc.) from Value of Product. Labor costs, taxes, and profits must come from Value Added.

<sup>20</sup>The t-value was 1.6754 with 45 degrees of freedom and a significance of 0.1008.

<sup>21</sup>Average Wage yielded a t-value of 1.1792 with 45.0 degrees of freedom and a significance of 0.2445. Percent Urban yielded a t-value of -0.3993, with 50 degrees of freedom and a significance of 0.6914.

furniture, hosiery, cigarette, rayon, lumber--were, for the most part, industries similar to cotton textiles. However, only hosiery had a weak tradition of providing housing.<sup>22</sup>

Did these alternative industries challenge textile companies' ability to attract labor and (more to the point of Norris' theory) challenge industrial paternalism by their offer of more autonomy, status, and, in some cases, more skill and higher pay? The reality was that the cotton mill worker was envied, despite inferior status, due to the company's provision of a relatively modern, attractive house in a well-maintained neighborhood. In the rural areas and the towns, housing was "appalling." According to W. J. Cash (1941), "By 1930, in sum, a large part of Southern labor...was living under slum or semi-slum conditions, which were considerably worse than those that, by and large, prevailed in the cotton mill villages" (p. 279). By contrast many improvements had been made in textile mill villages in keeping with the corporate welfare movement which was in vogue across the nation, in the hope of reducing labor turnover. By being a beneficiary of such welfare, the low-waged cotton mill worker resembled the high-waged steelworker in Birmingham who lived in the

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<sup>22</sup>A mid-1920's study of 322 mills in North Carolina revealed that hosiery mills housed less than a fourth of their employees, while cotton mills housed an average of 70 percent of their workers (Herring 1949, pp. 12-13).

modern industrial community created by Tennessee Coal and Iron Company (owned by U.S. Steel). The "freedom of independent living does not appear to have overridden the perquisites of mill village life, for there was reportedly always a waiting list for mill housing (Tang 1958, p. 44).

In conclusion, the presence of alternative jobs--agricultural or industrial--did not act as a challenge to the ideology of industrial paternalism as Norris' theory suggests. Had the alternative market in the Piedmont contained capital-intensive, high-waged industries, there presumably would have been a fading of paternalism's attraction. Actually, the Piedmont attracted similar industries to textiles. The threat with which textile managers had to contend was not a challenge to paternalism, but retention of a stable workforce that was easily lured to other cotton mills by promises of better treatment or more generous benefits. This threat was made more imminent by the introduction of the automobile as a factor.

The growing possession of automobiles and trucks by farm residents and the coincidental building of roads changed the boundaries and consequently the character of the Piedmont labor market, but the response to this phenomenon was to invest in industrial paternalism. The increased mobility of the workforce carried both a benefit and threat to cotton mill owners. The obvious benefit was

the fact that from the 1930s onward, it was no longer necessary to provide housing to attract a labor force. The dark side of this opportunity was that the mill village was no longer isolated; workers now had access to a wider market and if they didn't like the way they were treated, they could move--and move they did. With the acquisition of the automobile, the Southern laborer moved a step toward becoming "wage labor"--free to sell his/her labor to the highest bidder. The mill village and the household unit of labor were impediments to that freedom, and that is just what the owners wanted. In the midst of alternative jobs, industrial paternalism continued to serve the Southern textile employer by attracting, stabilizing, and controlling the workforce in a competitive labor market, and served the employee by providing scarce housing at a level unavailable otherwise.

## CHAPTER 6

### CONSOLIDATION IN THE SOUTHERN TEXTILE INDUSTRY AND ITS EFFECT UPON PATERNALISM

Richards Edwards' view of the transformation of American industry in its early years provides a valuable framework for the study of paternalism with its focus on evolving systems of control, that is, the means through which the social relations of production within a firm are regulated. According to Edwards, control systems changed from simple control (entrepreneurial management based on personal ties between boss and workers), to hierarchical control (in which foremen act as sub-entrepreneurs), to either technical control (labor process and pace directed by machinery) or bureaucratic control (rule of law and progressive rewards). The pressure for capitalist accumulation prompted firms to increase scale of production in order to concentrate economic resources. According to Edwards, this early expansion produced over-production, increased competition, and resultant declining prices. These conditions created a drive for mergers and the Consolidation Movement of the 1920's, creating conditions requiring new control systems.

When Edwards' development theory is applied to

Southern textiles, we immediately get a misfit. Textiles did not follow the development track of most industries. By his own definition, Edwards places textiles within the ranks of the "technical control" system: "As the earliest large-scale capitalist enterprises, the textile mills developed the production basis for technical control. In these mills workers found themselves yoked to machinery that determined their work pace....They accepted the work or left" (Edwards, p. 113).

The advanced technology in textile manufacturing did not in itself bring about Edwards' technical control system. Textile manufacturing remained labor-intensive despite this technology due to the numerous stages of processing which required a high degree of handling (Blicksilver 1959, p. 104). Southern managers were unable to control their workers with machinery alone. The reality in Southern textiles was that management was forced to accommodate workers' passive resistance to being "yoked to the machine." The inefficiency of the Southern system was well known and is an unconventional but significant expression of the worker-owner power relationship. Southern textiles' early control system, namely paternalism, is a perfect match with the Edwards' "simple control" construct, regardless of the technical control potential.

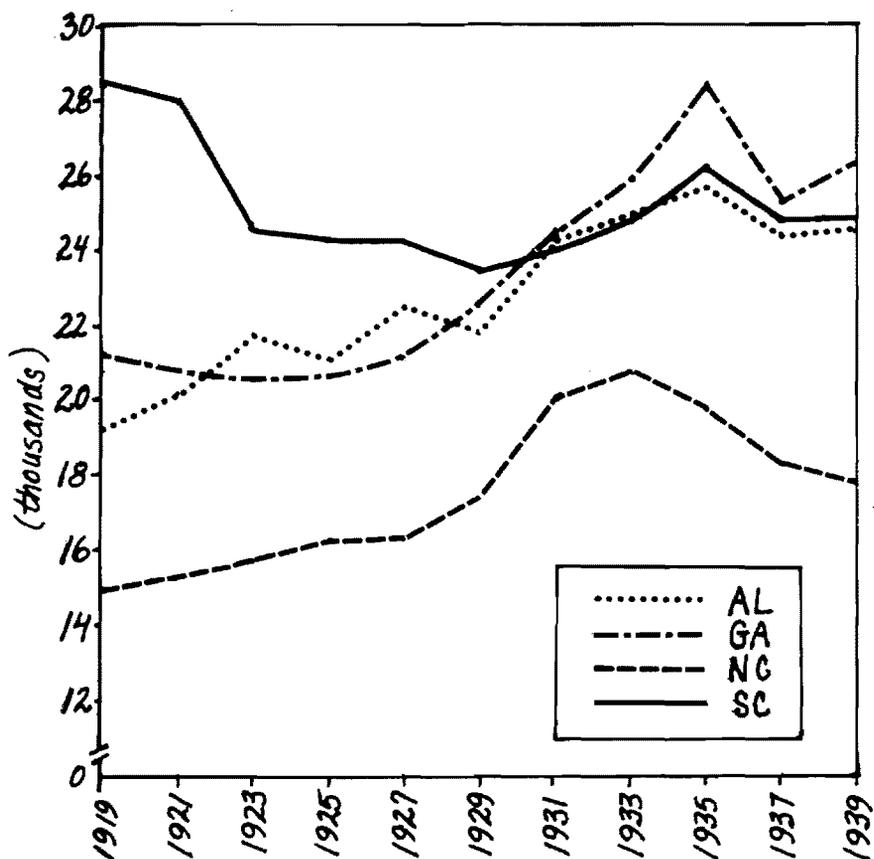
This did not change until the labor process changed, the subject of the next chapter.

Yet, my purpose is not to test or alter Edwards' theory, but to pull out the parts that help analyze the historical process in Southern textiles' changing labor system. I will therefore focus on firm expansion in the form of (1) increase in scale of production or (2) vertical and horizontal integration. In essence I ask: Is there a correlation between corporate growth and the mill village sales?

#### Growth in Firm Size

The growth rate of Southern textiles during the early years (1880-1900) was truly phenomenal, and this growth continued into the new century as mills began to integrate. A major migration from New England to the South began to take place, especially around 1919. Spindlage in the South was increased both by new plants and mergers. A total of 221 new mills were built in 1921; 480 in 1922; and 469 for nine months of 1923 (Tindall 1967, p. 75). The total number of mills peaked in 1922.

During this period of expansion, there was also a movement toward greater capacity per mill, particularly during the First World War (1914-1919). Figure 9 compares



**Figure 9. Average spindles per mill in Southern cotton manufactures by state, 1900-1946.**

Source. Data from William Hays Simpson, Life in Mill Communities, Clinton, S.C.: PC Press, 1941.

the trend toward larger factories in the four states, using the measure of number of spindles per cotton goods establishment, the most reliable indicator of average plant size (Oates, 1975, p. 62).

We can draw several conclusions from a comparison of the states in the graph. First of all, North Carolina led all states in absolute number of spindles and number of mills, followed closely by the less populous state of South Carolina. In terms of average number of spindles per establishment, a rough measure of typical size of plant, North Carolina (18,138 spindles per mill) is clearly the state with the smallest mills in 1937, the year mill village sales began, followed by Georgia (25,260), Alabama (25,013), and South Carolina (24,791), though South Carolina consistently showed larger spindlage per plant than any of the states up until 1929.

In the early stages of Southern mill building, increased firm size was promoted as the means to increased efficiency. The spread in Southern mill size was great, ranging from countryside mills of 5,000 spindles to plants in Georgia and Alabama of 100,000 or more; however, large mills were exceptional in the South in contrast to the North. While the average Southern mill in the mid-1920's was 29,000, New England's average mill was 80,000 (Blick-

silver 1959, p. 52). In South Carolina, where cotton manufacturing arose sooner (due to capital-rich Charleston), mills tended to be fewer, larger, and more integrated than in North Carolina. Engineers there advised that a 16,000-spindle mill could produce a 17% profit, and a 26,000-spindle mill could produce a 25% profit (Mitchell 1921, p. 268). However, after a few attempts, mill owners reversed their opinion and began warning of dangers in integrating geographically-scattered plants. The consensus was that there existed "no special economies from increased size" after 50,000 to 60,000 spindles. An owner of a failed large-scale enterprise observed that the unit-cost savings connected to size were lost in the "diminution of the personal equation", that is, diminished relations with employees and lax supervision (B. Mitchell 1921, p. 269). The decentralized, semi-autonomous, smaller North Carolina mill became the model, and the general wisdom held that a mill of 20,000-30,000 spindles could be run as efficiently as one of 100,000 (Oates 1975, p. 63).

The danger of losing this personal relationship was borne out by the tendency for larger mills to organize unions (Rhyne 1930, p. 59). Since labor costs constituted two-thirds to three-fourths of the value added by manufacturing, any threat of unionization was taken very serious-

ly. Managers were aware that the personal relationship with the workers was a major deterrent to labor unrest. For that reason large mills turned to welfare programs as a substitute for the owner's daily walks through the mill. Mill welfare was most popular during World War I when money spent on improvements avoided the excess-profits tax, and declined after the war (Rhyne 1930, p. 29). In general, welfare was not effective in either stabilizing the workforce (there was as much turnover in mills with welfare as those without) or in preventing later labor unrest (Van Osdell 1966, pp. 57-58).

The mills not only increased in spindlage, but also in employment, especially during World War I when Southern mills introduced a second shift which became a standard feature. Table 6 illustrates the increased capacity of the firms in terms of average number of employees per firm.

If large-scale mills were the Southern exception, were they the leaders in disposing of mill villages? On the basis of our review of state averages in table 6, we can conclude that they were not, for North Carolina was the state clearly most prominent in early mill village sales, and North Carolina was the state with the smallest plants. But within the states, could the larger mills have sold

TABLE 6

COTTON GOODS INDUSTRY: AVERAGE WAGE EARNERS  
PER ESTABLISHMENT, 1880-1940

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<u>Year</u>	<u>U.S.</u>	<u>North Carolina</u>	<u>South Carolina</u>	<u>Georgia</u>	<u>Alabama</u>
1880	185	66	144	142	116
1890	245	96	241	199	164
1900	282	171	378	269	273
1910	293	175	313	129	260
1920	335	216	332	290	312
1930*	332	262	451	408	334
1940**	328	322	472	507	462

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Source. Census of Manufactures.

\*Excluding Small Wares.

\*\*Sum of Figures for Cotton Broad Woven Goods, Cotton Narrow Fabrics, Cotton Thread, Cotton Yarn.

TABLE 7

## MILLS WITH EARLY VILLAGE SALES ARRAYED BY SIZE, 1935

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<u>Grp.</u>	<u>Size</u>	<u>Number of Mills</u>
IV	(1400 or more employees; 100,000 or more spindles)	3
III	(1000-1399 employees; 70,000-100,000 spindles)	1
II	(400-999 employees; 30,000-70,000 spindles)	8
I	(0-399 employees: 0-30,000 spindles)	11
	Total	<u>23</u>

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Source. Davison's Textile Blue Book, 1935; The Passing of the Mill Village, by Harriet Herring, 1949.

villages while the smaller ones did not?

While data are not available for all 36 of the mills<sup>22</sup> that sold villages before World War II, information regarding size of workforce or spindlage was reported for 23 mills of this group in Davison's Textile Blue Book for 1935.<sup>23</sup> When these 23 mills are arrayed by categories of size (in divisions suitable for the national industry), we find that the firms involved in early mill sales were predominantly of small or medium size. (See table 7.)

Examining the raw data for the array above gives further credence to our conclusion that size was not a deciding factor; two thirds of the total number of early sellers (for which we have information) employed 600 workers or less, and one half employed 400 workers or less. Given that the mills were almost uniformly running a second shift at this time, it would seem clear that scale of production is not a factor which explains the early mill village sales.

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<sup>22</sup>A combination of mills under one owner is counted as one mill when employment was reported as a conglomerate figure in Davison's Textile Blue Book.

<sup>23</sup>When spindlage was reported without employment, as in six cases, spindlage was translated by ratio into an employment figure on the basis of the average number of spindles per wage earner for that year (72:1).

### Horizontal Integration

A second factor of corporate growth in Twentieth Century America was horizontal integration. The Depression of the mid-90s spurred the merger movement of the early 1900s in which smaller inefficient plants were closed and survivors merged into large, efficient, dominating firms. However, competition in textiles did not produce monopolization, as was generally true for American manufacturing. The Southern textile industry actually expanded, bringing in hundreds of small, low-cost firms.

In 1900, the three or four leading companies represented only a small percent of capitalization within the industry (Galambos 1966, p. 98). By 1935, the picture only slightly changed; table 8 shows the competitive nature of the industry at the time just prior to village sales. This lack of concentration is a reflection of the labor-intensive nature of the industry.

First of all, the capital investment per wage earner was lower in cotton textiles than most other industries (e.g., chemicals, food, rubber, printing, paper, metals, stone, lumber). This fact, coupled with the competitive ability of small-scale operations, made it easy for new producers to enter the fray (Backman and Gainsbrugh 1946,

TABLE 8  
CONCENTRATION OF CONTROL IN COTTON TEXTILES, 1935

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	<u>Per Cent of Industry Total</u>	
	<u>Four Largest Producers</u>	<u>Eight Largest Producers</u>
Persons Employed	9.2	14.5
Wages and Salaries	9.5	14.6
Value of Product	8.0	14.2
Value Added by Manufacture	8.4	13.9

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Source.     Economics of the Cotton Textile Industry, by  
Jules Backman and M. R. Gainsbrugh, 1946, p. 18.

p 20). Secondly, producers were not locked into a specialty line of production. The looms found in a standard cotton mill were easily adjusted to weave a variety of product lines, depending upon which yielded the highest profit. Only a few products required special equipment (e.g., terry towels and wide-bed sheeting). When a horizontal merger took place, the hundreds of small independent mills quickly shifted to take advantage of the profitable market created by the merger and overproduction resumed (Blicksilver 1959, pp. 104-5). Horizontal integration simply didn't carry the same benefits in cotton textiles as it did in capital-intensive industries. As for vertical integration, it too lacked an incentive.

### Vertical Integration

Mills typically began with the process of spinning cotton fiber into yarn. There was very little backward integration into agriculture. Usually the next stage, in which yarn was woven into "gray goods" or a finished product, was integrated with spinning because of the requirements of the mechanical loom for yarn of consistent quality. Only 15% of yarn was sold as "sales yarn" to other manufacturers in 1939 (Backman and Gainsbrugh 1946, p. 13). Following the weaving process, the large majority

of mills sold their "gray goods" either to industrial users or to separate finishing plants, where the cloth was bleached, dyed, printed, and finished. Integration of this process with spinning and weaving was not very common. One explanation for this is that a finishing plant needed to be attached to a plant of at least 700 employees in order to be economical (Oates 1975, p. 58). Vertical integration increased after 1930, but overall there was very little movement in the direction of vertical integration from 1900-1940 (Oates 1975, p. 46). In 1938, about 75% of the bleaching, 80% of the dyeing, and 90% of the piece dyeing were being done by independent finishing plants, most in the North (Blicksilver 1959, p. 132).

### Absentee-Ownership

One historian remarked that the net effect of the expansion of Southern textiles in the early 20s was Northern domination of Southern mills. Absentee owners were indeed assailed by writers and resented by workers. W. J. Cash (1941) is often quoted for his ascerbic description of the "Yankee baron" who sent "Northern slave masters" to run mills on "strictly business-is-business lines," disregarding the "highly personalized humanity of the old paternalistic pattern" (p. 261). What is more

likely is that changes were general to all textile managements; the "unusual relations between employer and employed heretofore existing" were passing away, as the employer became more business-like and the operative more class-conscious (Thompson 1906, p. 276). Tindall (1967) shows that the proportion of mills dominated by Northern-based firms amounted to only 15% of all spindles and 12-13% of Southern looms (p. 76). Absentee-owned or home-owned, the dynamics of the mill were changing.

### Conclusion

The control system of industrial paternalism in Southern textiles--a blend of Edwards' ideal types of simple control and hierarchical control--relied heavily upon the personal ties between the worker and the entrepreneur. When this personal relationship was threatened by increasing size of the workforce, there is evidence that problems of control resulted. However, the economy of scale was smaller in textiles than in capital-intensive industries, and the average wage-earners per establishment remained in the medium (300-500) range until 1940. More significantly, the plants that participated in early village sales were not predominantly the larger ones.

As for vertical and horizontal integration, neither

movement found fertile ground in textiles. Unlike capital-intensive industries, the small-scale producer could be competitive; hence, the consolidation movement was not pronounced in textiles until after World War II. I can only conclude that neither scale of production nor integration played a major role in the demise of paternalism.

## CHAPTER 7

### SCIENTIFIC MANAGEMENT AND THE PATERNALISTIC BARGAIN

Howard Newby's (1977) theory of the demise of paternalism is in its briefest form that "economic conditions may demand the denial of paternalism" (p. 71). He gives examples of rationalizing tendencies of capitalism that require workers to be treated as impersonal commodities, thus violating the paternalistic bargain, that is, the exchange of deference for protection. When the paternalistic commitment of protecting the workers is so violated, management must either resort to violence more often or find a new form of authority. In Southern textiles, the introduction of scientific management was just such an economic development, for its most remarkable features were an intensification of workplace and deskilling of jobs. Did this change in labor process require a change of labor systems--a new form of authority? In order to answer this question, I examine how the change in labor process affected the workers and if the management system changed following its introduction.

#### Entry of Scientific Management

The 1920s saw an intense struggle over wages. The wage issue was no small matter to owners, for wages represented the most significant cost item next to raw materials. If the South intended to displace New England, it was essential that the region maintain a wage differential over the Northern manufacturer. At the turn of the century, the South had several advantages over New England, including newer and more productive machinery (Oates 1975, p. 6); but, undoubtedly the most significant advantage, recognized by all economic historians of the industry, was "labor that works long hours for low wages" (Vance 1935, p. 296).<sup>24</sup> This fact placed wages and labor control at the center of the regional fight.

Following the artificial prosperity of World War I textiles headed into a depression due to oversupply and low prices (Gilman 1956, p. 177). The industry attempted wage cuts which provoked spontaneous widespread strikes involving 9,000 workers (Lahne 1944, p. 206). Southern mills averaged a 40% cut in nominal wages, while New England averaged 22% (Marshall 1967, p. 83), leaving the Southern wage at 69% of New England's, at the same time that the

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<sup>24</sup>For North Carolina the average textile worker's income in 1919 was \$730 while the Southern agricultural worker earned \$545 a year. This can be compared to the minimum American standard of living in Charlotte, North Carolina for 1920, which was \$1438 per year.

Southern wage was based on a 55-hour week and the Northern wage on a 48-hour week. The wage cuts created widespread labor unrest and workers flocked to the union banner (Marshall 1967, p. 83). In 1919 the United Textile Workers of America, AFL (UTWA) organized 67 new locals in an eight-month period, bringing the total membership to 40,000 in North Carolina and 5,000 in South Carolina (McKelvey 1952, p. 110).

A recent economic analysis by Gavin Wright (1981) reveals that the worker resistance did indeed protect the real wage of textile workers--the nominal wage fell, but not so much as prices (p. 626). The startling result was that real wage levels in Southern textiles were actually 60-70% higher in the 1920s than they had been before World War I (p. 623). This fact seems to have been overlooked by contemporary writers and by the workers themselves, whose concentration on the nominal wage cuts spurred interest in unionization. However, the "downward inflexibility of the money wage" during a deflationary period was, in Wright's judgment, the major factor leading to an industry depression.

In 1925, the South had displaced New England as the center of the industry, beginning the exodus of Northern manufacturers to the South. In fact, while New England

mills were liquidating and losing textile jobs as a result of the depression in textiles, many Southern mills were actually making large profits, using the accumulated capital to install newer machinery and expand (Marshall 1967, p. 103; Mitchell 1931, p. 66). Surprisingly, employment in Southern textiles rose (Blicksilver 1959, p. 93). Though Southern textiles were relatively profitable,<sup>25</sup> it is significant that the profit margin compared to manufacturing nationally was still narrow (less than 3% compared to 7% for industry in general for 1923-1929) (Blicksilver 1959, p. 3).

#### Scientific Management Comes to Textiles

The New England manufacturers who were able to survive turned in desperation to scientific management as a means to cut labor costs and thereby reduce the Southern wage advantage. Gilman summarized the predicament of the manufacturer: "Since World War I supply exceeded demand;

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<sup>25</sup>The South had been dominant since 1900 in coarse cloth production, but New England was clearly dominant in finer, higher-valued goods. Thus the South led in category of value of product, but not in the value-added category. By the mid-1920s the South passed New England in this category as well, and in 1931 had twice New England's value-added to cotton goods by manufacturing (Blicksilver 1959, p. 93). The Southern share of cotton textile employment rose from 46% to 68% during the period 1923-1933.

and efficiency of operation, including efficient labor, has become the first requisite for staying in business" (Gilman 1956, p. 94).

The mainstay of the efficiency experiments being tried in the late 20s in the textile industry was the multiple loom system, defined by a student of the labor extensions of that decade as "the process of increasing the number of looms per operator, known as the stretchout...aimed to reduce labor costs either by decreasing the size of the workforce, or increasing the output of each worker, or often both" (Nadworny 1955, pp. 136-7). News of labor extensions via the multiple loom system spread like wildfire through the manufacturing journals. Corporations claimed savings of up to a million dollars by labor extensions (Dunn and Hardy 1931, p. 121). Even the textile union, in an effort to protect its New England base, began to boast of its willingness to cooperate with management efforts to increase production (Nyman 1934; Slichter 1941, Chap. 18). As a result of New England's "early bird" entry into labor extension, the region did win back "a thin margin of profit" (Mitchell 1931, p. 66).

In fact, many varieties of labor extensions existed--some heralded by Taylorites and others short-circuited versions aimed toward quick pay-off. Henry Kendall,

a Northern-based textile manufacturer and president of The Taylor Society, outlined his mill's successful and apparently model adoption of scientific management in an address before The Society in 1927. The significant result of the expensive reorganization was that weavers who formerly operated 24 looms now operated 100 looms. The key factor in successfully increasing the efficiency of the weavers, said Kendall, was the reduction of loom stops from 1.5 an hour to .125 per hour. This involved four elements: (1) standardizing yarn quality; (2) improving machinery, maintenance on machinery, and environmental conditions in the plant; (3) separating the unskilled functions of the weaver from the skilled; and (4) discovering the "one best way" for weaving and spinning (Kendall 1930, pp. 8-13). Additionally, Kendall reminded that the prevention of strikes--considered the primary risk to labor-saving schemes--was a "daily process" which involved improvements in mill villages and wages. While similar lengths were sometimes taken in the South, more commonly mill owners jumped into labor extensions without regard to Kendall's Taylorite model--without wage increases, consultations with the workers, or technical improvements in mill conditions. Smith and Nyman (1939) reported one instance when a mill, on the basis of hearsay, increased a weaver's loom assign-

ment from 36 to 72 looms with the simple change of introducing battery hands (unskilled workers whose job was to keep the battery of looms filled with yarn); the result was a strike (p. 8).

### Effect Upon the Worker

The introduction of scientific management changed the terms of the competition between the North and South. Prior to the introduction of scientific management, labor costs were determined by wages and hours of labor, and in both areas the militant workers of the North had made gains that handicapped their region's ability to be competitive. With the concentration on efficiency there was a new understanding that waste represented a cost. Economists advised that "hidden waste" lay in inadequate workloads and inferior management methods (Eilbirt 1959, pp. 347-8).

While there was much waste and a lax work pace in both Northern and Southern mills through World War I, the Southern worker was allowed more indulgences and a lighter workload for a longer time. Hall (1986, p. 258) recounts interviews in which Southern workers described long breaks, time to sit down and rest and visit neighbors in the mills, "just as long as you kept your work up," as well as time to

go outside to eat watermelons or play guitars during machine delays. One historian captured the flavor of the Southern worker's resistance to industrial discipline:

Absenteeism was so common that many mills had to keep on many more workers than they had places for, to look after the tasks of those who wouldn't bother to show up....The appearance of a circus or a traveling evangelist, even the opening of the hunting and fishing season, might mean an undeclared holiday on which wise managers would not even open the mills, since they know most of the work force would not respond to the mill whistle (Van Osdell 1966, p. 52-3).

This lack of work discipline led Southern managers to create the "spare-hand" system to insure smooth production (Gilman 1956, p. 214). With the introduction of the stretchout in the Northern mills, Southern workers found that the days of leniency and flexibility on the job were over.

As the labor process changed, so did the foreman's role. Previously, supervisors were responsible for getting out the production--they were "drivers." Under the old-style management system, the workers could and often did appeal a foreman's actions to the president of the company who acted as a buffer (Gilman 1956, p. 143-5). With the stretchout, there was an "almost unconscious withdrawing" of top management from their former personnel function. This created a vacuum for handling grievances as foremen were put in charge of instituting the method

changes, workload increases, and tightened quality (Gilman 1956, p. 201). Since foremen were also responsible for hiring and firing, they became "the charging officer, the prosecuting attorney, the judge, the jury, and Court of Appeals" (Lahne 1944, p. 117). The rules of the game seemed to change overnight.

Critics of the Southern textile industry had already lamented the new breed of industrialist, described as "not aristocratic, but bourgeois," "class-conscious and money-wise," and having "no emotional attitude toward workers" (Mitchell 1921, p. 173). In fact, the economic context had changed a great deal from the early days when inexperienced men could make money in cotton manufacturing by using "social position and good intent." The depression had forced a concentration on marketing, financing, and technological innovation. In the words of Broadus Mitchell:

There has been a gradual evolution from the first projectors, who were really transplanted slaveholders, through a somewhat later group composed of business and professional men, to the newer type of managers... who relish technical information and know they had better manage a few plants well than many poorly (Mitchell 1921, p. 273).

Even the practice of recruiting supervisors from the rank-and-file was jettisoned as college-trained men were hired to bring about production and quality changes

management desired (Hall et al. 1987, p. 270).

Overall, the effect of the efficiency movement was a weakening of the worker's position and a strengthening of management's (Nadworny 1955, p. 92). Deskilling reduced the workers' marketability, decreased their autonomy on the job, and intensified their labor by removing variety and increasing their machine assignment (Smith and Nyman 1939, pp. 18-22). The labor extension led to demotions or layoffs for displaced workers, and women's entry into previously male-dominated jobs (Smith and Nyman 1939, pp. 15-21). In a few mills wages increased, if only by a relatively small proportion, but in most cases workers were stretched to the limit for the same or less pay (Dunn and Hardy 1931, p. 130). The personal relationship with top management was worth nothing, for the worker found the "open door" was closed.

### Worker Response

The only avenue for redress of worker complaints was job action. In 1929, "a powder train of strikes (which) flashed through the astonished South" involving 17,000 Southern textile workers (Mitchell 1930, p. 150). The union often became involved "after the fact" and, when called in before strike action was taken, was unable to

stop strikes even though little chance of success existed. According to Gilman, interviews with workers revealed that the primary causes of the strikes were the stretchout and "poor supervision" (Gilman 1956, p. 182). Generally, it can be said that "practically every strike in the South in this period (1929-30) whether organized or unorganized demanded an end to the stretchout" (Blicksilver 1959, p. 124).

Within a matter of weeks in 1929, four major strikes broke out in four widely scattered areas of the South: Elizabethton, Tennessee; Marion and Gastonia, North Carolina; and the Piedmont of South Carolina. In South Carolina short non-union strikes "against the stopwatch" shot through numerous milltowns (Gilman 1956, p. 103). The major strikes of Elizabethton, Marion, and Gastonia were long and bloody, and "in every case the armed force of the militia aided by injunctions, evictions (from company houses), mob murders, and kidnappings, was able to crush the sparks of rebellion" (McKelvey 1952, p. 100; also Van Osdell 1966, Chap. 4,5; Lahne 1944, Chap. 6). Nonetheless, during the period 1924-28, when union rolls were falling nationwide, they were gaining in the textile South. A textile union organizer observed that the stretchout had done more to promote the labor movement in the South than

twenty years of organizing efforts (McKelvey 1952, p. 100).

### Effects on the Factory System

The common reaction to the strikewave, both nationally and locally, was one of sympathy for the exploited Southern textile worker. Broadus Mitchell reported that a "yelp of protest" was heard from liberals and Northern workers as Southern millowners for the first time were exposed to national standards (Mitchell 1930, p. 155).

Some manufacturers, such as Cone, blamed the labor trouble on "outsiders" (Cone 1930, p. 40) and some blamed efficiency engineers who were "plain damn fools" (Gilman 1956, p. 181). Taylorites regarded the unsuccessful stretchouts as "ill-considered" (Person 1930, p. xi). In general, Southern manufacturers admitted making mistakes in the way changes were introduced, but defended increased workloads as essential to their economic survival (Blicksilver 1959, p. 124).

Managements did not retreat from their basic goal of increased efficiency through control over workplace prompted by time and motion studies; they did, however, develop a labor relations approach to the reorganization. Attempts were made in future labor extensions to explain the necessity of production changes beforehand, to increase

wages with increased productivity, and to move more slowly (Blicksilver 1959, p. 197). Labor relations changes became most obvious in mills where the strikes had occurred, with reforms including supervisor training, promotion from within the workforce, screening of job applicants, and open door policies (Gilman 1956, pp. 247-8).

Gilman's observation of management's movement toward the labor relations approach is congruent with the findings of Smith and Dunlap (1939), who conducted extensive factory investigations into scientific management in the textile industry. He studied eighteen textile mills that had instituted labor extensions in the 1920s and concluded that they could be divided into two groups--successful and unsuccessful (success being defined as avoidance of strikes). According to Smith and Nyman's study, the successful mills had consciously minimized all unfavorable consequences for labor--displacement, wage loss, and overstrain. To accomplish this it had taken the successful mills an average of three times as long to institute labor savings as the unsuccessful mills (p. 58). After subdividing labor, standards were set and maintained for machine speed, loom stoppage, yarn quality, and mechanical operating efficiency. This required refined measurements, using time and motion analysis and accurate control records.

Smith and Nyman (1939) also noted that the unsuccessful mills had provided the form of personnel management without the substance. Welfare programs had not allayed the unrest; what was needed, said Smith, was not gratitude, but confidence in management's fairness (p. 136). To instill this confidence, someone in management must pay attention to the subtle factors on the shop floor which erupt into labor unrest. Since supervisors were not trained to recognize such problems, Smith advised development of an executive in charge of personnel problems.

In the long run, the introduction of efficiency measures not only changed the labor process, but also made new demands upon management; as Smith concluded, "Each increase in work assignment increases the degree of refinement of managerial control necessary to maintain it" (p. 90). For example, under the multiple loom system now in operation, the ultimate responsibility for maintaining the bobbin and the loom was no longer the weaver's--but management's (p. 103).

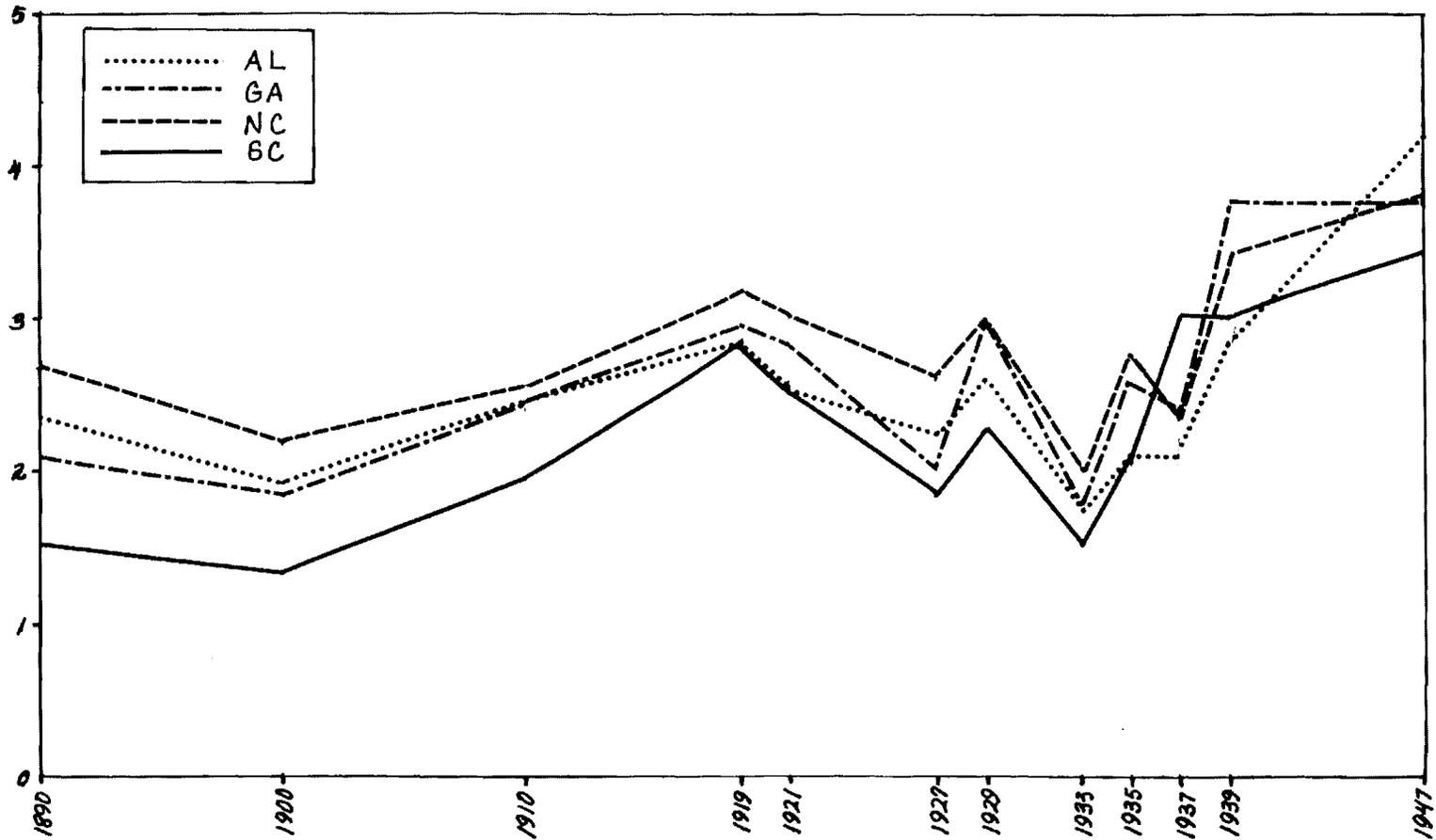
#### Effect of Labor Extension on Paternalism

Did the management system in Southern textiles change after the stretchout strikes? One measure that could indicate a change toward "deliberate managing" would be the

ratio of salaried employees to wage employees within the industry. The rise of this ratio in the U.S. has been commonly regarded as a trend toward bureaucratic or "constitutional" management. Figure 10 shows that there was indeed a sharp rise in the salaried ranks in 1939, some ten years after the first attempts at work reorganization. This rise corresponds with the beginnings of mill village sales, and is indicative of a movement toward bureaucratic management.

However, this bureaucratization did not necessarily mean a strong movement toward a new labor relations system, namely personnel management. In a survey of textile plants nine years after the stretchout strikes, Baldeston (1938) found that personnel departments had been established in only 23.5% of the plants. Of the plants surveyed, only 9.8% had training for foremen, 6.4% had rule books, and 47.5% kept employment records (Balderston 1938, p. 52). It may be surmised from the size of the latter figure that the primary function of the existing personnel departments was the hiring and firing of workers, thus relieving foremen of a duty that had sparked labor unrest.

The increase in salaried personnel, then, must be related to the new role for managers in coordinating the work process, a result of the fragmentation and deskilling



**Figure 10. Ratio of salaried to wage workers in cotton manufactures by state, 1921-1947.**

Source. Data from Census of Manufactures and Statistical Abstract of the United States.

of jobs. There was no retreat from the labor relations system of paternalism--at least, not within the subsequent decade; and there was certainly no retreat from the stretchout, which was producing impressive gains in manufacturing output and productivity (Blicksilver 1959, p. 126). For the time being, Southern textiles were content to try to put new wine in old wineskins.

### Conclusion

Newby's theory of a rupture in the paternalistic bargain has such relevance to the introduction of scientific management, that it is bewildering to find that a more modern labor relations system was not sought. Newby theorized that once the bargain of "deference in exchange for protection" was broken, management would either have to use force to control the workforce or find a new control system.

It is plausible that the mill village was so effective as a "gloved fist" of control, that management felt no desire to give it up. It is also reasonable that Southern managers found it too risky to consider withdrawing further from paternalism, given the critical problems of labor turnover and alarming labor resistance to losing the paternalistic relationship within the factory walls.

Nonetheless, as the changes became entrenched, there was a decisive move away from welfare programs toward bureaucratic management--albeit with a paternalistic accent (Blicksilver, 1959, p. 126; Gilman 1956, p. 233).

In sum, Newby's theory helps to identify the moment of departure from the content of paternalism; for the "strong arm of Taylorism" and the "harmonious identity of interests" of paternalism could not coexist peacefully. However, the form and the content of paternalism had different lives, and the form of paternalism continued to serve its purpose: control.

## CHAPTER 8

### STATE INTERVENTION AND INDUSTRIAL PATERNALISM

According to Polanyi "the destiny of the worker becomes the general destiny of the entire society." There is an impulse, therefore, from the social realm that comes into conflict with the economic dictates of market society, protecting society from a totally free market economy. Applying Polanyi to the transformation of the agrarian South into an industrial society, we can distinguish two such agents of the social realm that restricted the commodification of labor, namely, trade unions and the State. Both worker organization and social legislation interfered with the establishment of a totally free labor market by reducing the flexibility of wages and payment-in-kind. These two social forces created a dynamic process of change within the institutions arising during this transformation, shaping the contours of the New South. In this chapter we will focus on the intervention of the State (federal and state) and its effect on Southern textile paternalism; the following chapter will address the effect of worker organization.

There were two primary interventions by the State during the study period, child labor legislation and the

National Industrial Recovery Act (NIRA) of the Roosevelt Administration. The question being researched in this chapter is: Did State interventionist actions lead to the sale of mill villages, the last vestige of industrial paternalism?

### Child Labor in the Textile Mills

In the early days of cotton manufacturing in this country, the family wage system prevailed. In 1907-1909, a study of New England mill family wages showed that the average husband contributed only 54% of the total family income, the wife contributed 7%, and the children, 29% (Herring 1949, p. 104). While there was no such study done in the Southern mills, we can assume similar evidence could be found of the existence of a family wage system. The statistics bear out the generalization by Lahne that wherever mill owners had a choice, they preferred women and children to men because they were more tractable, reliable, cheaper, faster, neater, and less likely to strike (Lahne 1944, p. 103). The economic value of child labor was poignantly illustrated in mill recruitment flyers that publicized the requirement that all children over twelve had to work in the mills, and each room of a mill house must supply one worker (Carlton 1982, p. 93).

The New England mills were confronted early by the social reformers and unions who objected to child labor, and this effect can be seen in the state comparisons of table 9. There was also disparity in enforcement, for the law could be circumvented so long as enforcement machinery was weak. In 1908 over one-third of the New England cotton mills investigated for violation of child labor laws were found to be in violation; in the South, three-quarters of the mills were in violation. Loopholes were so large and funding so paltry that it is a wonder any Southern violators were ever caught. The resulting penalty was simply that the child was removed and placed in school (Herring 1949, pp. 110-114).

However, a federal law was passed in 1916 that forbade the shipment in interstate commerce of goods made in plants employing children under 14 years of age, or employing children 14-16 years of age more than eight hours daily, more than 6 days a week, or at night. The result was a dramatic change in child-labor practices by Southern states (see figure 3). Between 1910 and 1920, the percentage of the workforce 10 to 15 years of age in North Carolina dropped from 22.6% to 7.1%; in Alabama from 21.2% to 3.3%; Georgia, 20.3% to 4.8%; South Carolina, 17.1% to 6.6%.

TABLE 9

## LEGAL AGE REQUIRED FOR EMPLOYMENT, 1900, 1910, 1948

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<u>State</u>	<u>1900</u>	<u>1910</u>	<u>1948</u>
Massachusetts	14	14	16
Connecticut	14	14	16
Maine	12	14	15
Rhode Island	12	14	16
New Hampshire	10	12	14
----			
Alabama	none	12	14
Georgia	none	12	14
South Carolina	none	12	16
North Carolina	none	13	16

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Source. Passing of the Mill Village: Revolution in a Southern Institution, by Harriet Herring, 1949, pp. 108-9.

In 1922, the federal child labor law was declared invalid, and the Southern states began to drift to previous standards (Herring 1949, p. 114), but there was a recognition that the "handwriting was on the wall" (Flamming 1992, p. 170). By 1920 mill housing supplied only .5 workers per room (Herring 1949, pp. 20-21). By 1933, when the NIRA Cotton Code federal legislation was passed prohibiting the hiring of anyone under 16 years of age, the Southern cotton manufacturers voiced no objections; the surrender of the fight is a matter of record. Still, the figures may belie the reality. Even by the end of the 30s, there was a consensus that enforcement of child-labor restrictions left "much to be desired" in the South (Lahne 1944, p. 114), and a writer as late as 1933 summarily stated that in the area of administration of labor laws, that is, "the law in action", the South "fails most completely" (Pipkin 1935, p. 671). Child-labor restrictions were revalidated by the passage of the Fair Labor Standards Act in 1938. By 1940 mill housing that in the past had supplied by contract one worker per room now supplied .3 worker per room (Herring 1949, pp. 20-21). The abolition of child labor beginning in 1916 greatly reduced the cost effectiveness of mill village housing.

## The New Deal and Textiles

Franklin Delano Roosevelt took office in 1933 promising to lead the nation out of the Great Depression with a New Deal. The most important bill of the New Deal was the National Industrial Recovery Act (NIRA), which set up the National Recovery Administration (NRA) in 1933. Its promise of restoring prosperity depended upon industry "codes", which set rules for fair competition, including maximum hours of work and minimum wages for employees. If an industry (working with labor and government) could not agree upon a code, the NRA would impose one. In exchange for waiving the anti-trust laws and allowing industry to thus organize, the NIRA gave workers "the right to organize and bargain collectively through representatives of their own choosing" and to be "free from the interference, coercion, or restraint of employers" (Textile World, July 1933, p. 48).

The cotton textile industry was given the task of drafting the first code. The industry as a whole (suffering through the depression) welcomed the idea of regulation. Much effort had been made by the Cotton Textile Institute (an industry association) to deal with hours and over-production through voluntary restrictions, but without much success.

The NIRA was invalidated in May, 1935, but had a profound effect on the industry during its two-year existence. It instituted five regulations with the purpose of regulating over production in textiles.

#### 1. Minimum Wage

The NIRA established a weekly minimum of \$12 in the South and \$13 in the North. The wage differential was a hotly contested issue before the Board. Southern manufacturers testified at great length to the effect that low rent and free services were a "wage equivalent" justifying a \$2.16 weekly wage differential, but the board allowed only \$1.00.

#### 2. Maximum Hours

The Code set the maximum workweek at 40 hours for employees, and restricting running of machinery to two shifts of 40 hours each. This represented the first real shortening of hours. New England had earlier been pushed into hour limits by the union, but the South had never been effectively limited even though there had been state laws which restricted women's work to 60 hours a week (compared to 48-55 hours weekly in New England) (Lahne 1944, p. 138-142).

### 3. Child Labor

The Code prohibited the hiring of anyone under 16 years of age. The industry as a whole raised no objections to the inclusion of this clause, since child labor was at this point insignificant (Textile World, July 1933, p. 50).

### 4. Union Organization

The Code stated that "employees shall have the right to organize and bargain collectively through representatives of their choosing." The insurance of employee rights to union organization and collective bargaining was a "plum" for labor and a bitter pill for Southern manufacturers.

### 5. Mill Villages

A condition added by President Roosevelt instructed the Code Authority to set up a committee to "take up the question of employee purchase of homes in mill villages and to submit by January 1, 1934, a plan for employee home-ownership" (Textile World, July 1933, pp. 48-49). The New England industry encouraged such a move, decrying the paternalistic practice of supplementing wages with payment-in-kind. The Southern representative responded that the

Southern mill villages were not anachronistic and would disappear at the "dawn of the millenium" (Textile World, July 1933, p. 52). Though the mill village was surrounded by controversy, drawing attention and criticism from social reformers, the manufacturers stood united in their opinion that there was no practical way "to do away with the southern mill villages" (Textile World, October 1933, p. 66).

### Effects of Regulation

The Code had an immediate effect upon the industry. Second shifts were needed because of the 40-hour limit on hours. Union drives increased with good results (UTW rolls went from 40,000 in September 1933 to 270,000 in August 1934). The Code Authority (the CTI) was besieged with worker complaints regarding code chiseling, speed-ups, dismissals of slow hands, firings, blacklisting, and evictions. Complaints were dismissed as minor or without foundation. Reported stretchouts were simply misunderstandings of new procedures. When the grievance procedure of the Code Authority failed to work, workers began to strike. Relations between workers and managements deteriorated as the new stage of regulated competition brought pressure for higher productivity (Hodges 1986, p. 73).

In June 1934 the Textile Board decreased hours by 25%, but wages were held at the same hourly rate. In September, 1934, the UTW called for a general strike throughout the industry, which resulted in the "largest walkout of industrial workers until that time" and involved over 400,000 textile workers (Aronowitz 1973, p. 192). The national strike was well-organized and well-supported, though unsuccessful. Workers held out in both the North and South for 22-days. Employers used state and local police, guardsmen, and armed vigilantes. Organizers and strikers were beaten and arrested, martial law was called, and riots erupted. In all, twenty-two strikers were killed (Lahne 1944, pp. 225-6). The union was clearly defeated in its attempts to change the NRA policy or in establishing collective bargaining, but the strike alerted management to the seething cauldron of worker unrest.

The NRA was invalidated by the Supreme Court in May of 1935, but hours and child labor never returned to the previous level. Federal legislation was passed which reinstated the provisions of the Code. The Wagner Act of 1935 reaffirmed the right to organize and collectively bargain. The Fair Labor Standards Act of 1938 again brought the hours of cotton mill workers under the control of the national government. It set weekly maximum hours at 44 the

first year, 42 the second year, and 40 the third year, and thereafter overtime rates at time-and-a-half. It decreased regional differentials, provided periodic increases to minimum wages, and included rules about deductions from wages for "goods and services" and restricted rental charges (Herring 1949, p. 19). After 1939, wages for cotton textiles rose uniformly with the same pattern as the federal minimum wage (Backman and Gainsbrugh 1946, p. 97). The regulation of wages and reduction of hours stimulated manufacturers to search for ways to increase productivity through work reorganization and modernization. This search spawned a movement into vertical integration which accelerated after 1937 (Blicksilver 1959, pp. 134, 122).

### Conclusion

The New Deal introduced a new role for the State as regulator, obstructing free market forces by setting hours of work, overtime pay requirements, and minimum wage figures. The Cotton Code hearings had forced Southern managements to defend their lower wage scale, bringing discussion of the wage differential out in the open. The only legitimate justification for the wage disparity was the cost of supplying mill village housing. The \$1.00

weekly wage differential that was granted Southern mills was much less than the actual costs incurred in operating mill housing. The purpose of the wage regulations was to stabilize the industry by eliminating the competitive advantage of the South. Consequently, the Southern mill owners found themselves in a dilemma: either they continued subsidizing housing at a loss (without the ability to compensate by paying low wages), or they raised housing rents to a realistic level. The mills were apprehensive about the latter move for fear that higher rents would drive away their best workers (who had become accustomed to paternalism's perks). These reforms along with multi-shift operations reduced the percentage of workers in company houses. Houses which no longer supplied a family of laborers soon became financial burdens. As a means of stabilizing, supplying, and controlling labor, housing had become a very expensive proposition.

Mill villages became a major focus in the Cotton Code Hearings not because of poor housing or "feudalistic" trappings, but because they were effective anti-union devices. In the North, protectionist legislation and unionization had created limitations on employers' ability to equally compete with Southern manufacturers. The New Deal intended to create a "level playing field" for both

branches of the industry; and, in order to accomplish this goal, it was necessary to remove the barriers to unionization erected by Southern manufacturers. The mill village was such a barrier, and for that reason President Roosevelt addressed the disposing of villages in his addenda to the Cotton Code. The hidden agenda of the Cotton Code Hearings was not lost on Southern manufacturers, who quickly cried "foul."

The State's actions had, as Polanyi theorized, diminished the market regulation of wages by (1) limiting the flexibility of wages through legislation that set minimums and encouraged unions, and (2) suppressing the mobility of labor by standardizing wages within the industry. The pressure for reform had come from the economic and the non-economic spheres. In the economic sphere, the competing capitalists resented the limitations of their social and labor restrictions and lobbied for government intervention. In the non-economic sphere, reformers and unions pushed for alleviation of the social conditions created by the commodification of labor.

In the final analysis, the debilitating blow to paternalism came from state actions, which made the operation of mill villages more expensive than it was worth. As the explanation for the demise of paternalism

becomes clearer, a second question emerges which must be answered: why did paternalism persist as long as it did? What could explain the reluctance on the part of management to withdraw from the mill village system of paternalistic labor control, given that the textile factory system had already moved beyond paternalism? Why even bother to defend the institution in the Code hearings?

The answer lies in the effectiveness of the mill village in fighting unionization. But most historians portray the textile union as ineffective and weak in the South, which would seem to contradict this explanation for the persistence of paternalism. The next chapter will examine this contradiction.

## CHAPTER 9

### WORKER ORGANIZATION AND INDUSTRIAL PATERNALISM

Two counterforces which act to protect society from the devastating impact of "the market", according to Polanyi, are the State and the trade union movement. In this chapter I will focus on the role of the textile unions and worker organization (whether union-related or not) in the course of labor relations in Southern textiles. Woven throughout the previous chapters have been references to conflict in the never-static, co-dependent relationship of the Southern textile owner and the textile worker. That this conflictual dynamic affected the development and destiny of the institutions surrounding Southern industrialization, particularly the mill village, is generally assumed. The interest here is in taking the long view of the role of worker organization in order to assess its impact upon paternalism.

#### Labor Relations in Southern Textiles

Figures 11 and 12 graphically portray two indicators of workers' efforts to protect and assert themselves in the market economy: union membership and strike rate

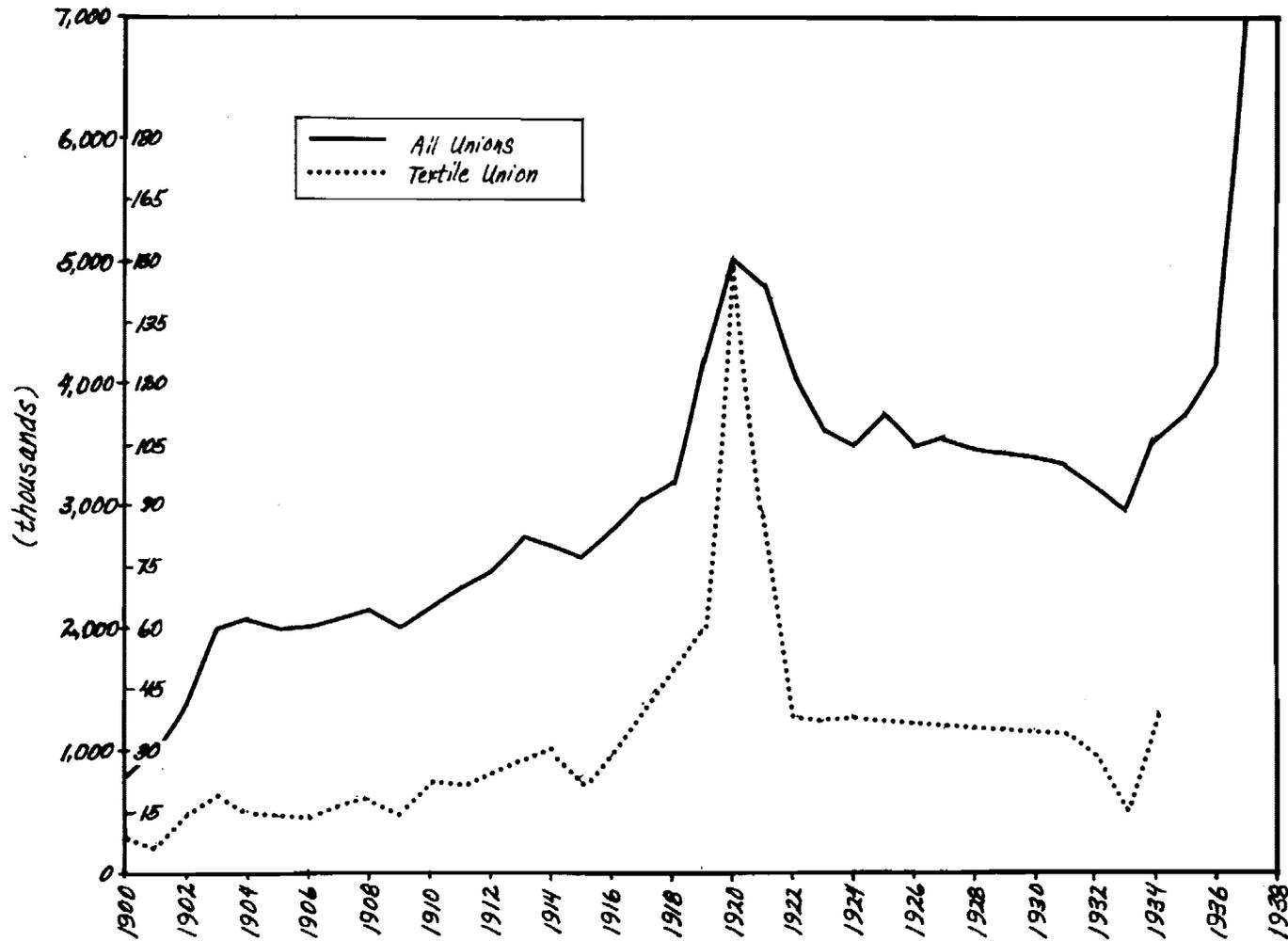
(number of strikes per textile worker). While the graphs are based on statistics for the national industry (and not the Southern branch alone), the portrayals do not misrepresent Southern developments.

Figure 11 shows that textile union membership followed the same pattern of growth as the U.S. labor movement. However, the percentage of textile workers in the union was never strong, not even in the North. This was due in part to the complexity of organizing a multifaceted Northern industry with a heterogeneous workforce. An additional detriment was the reluctance of the UTW leadership, traditionally skilled workers, to share power with the industrial segment of the union, composed of the ethnic, unskilled workers of the North and the Southern workers. This craft domination damaged the union's ability to be effective beyond its base in a few New England textile towns.<sup>28</sup>

Putting aside any shortcomings of the union leadership, the Southern textile industry demonstrated a remarkable invincibility to union organization. The highly competitive nature of the industry served to make its

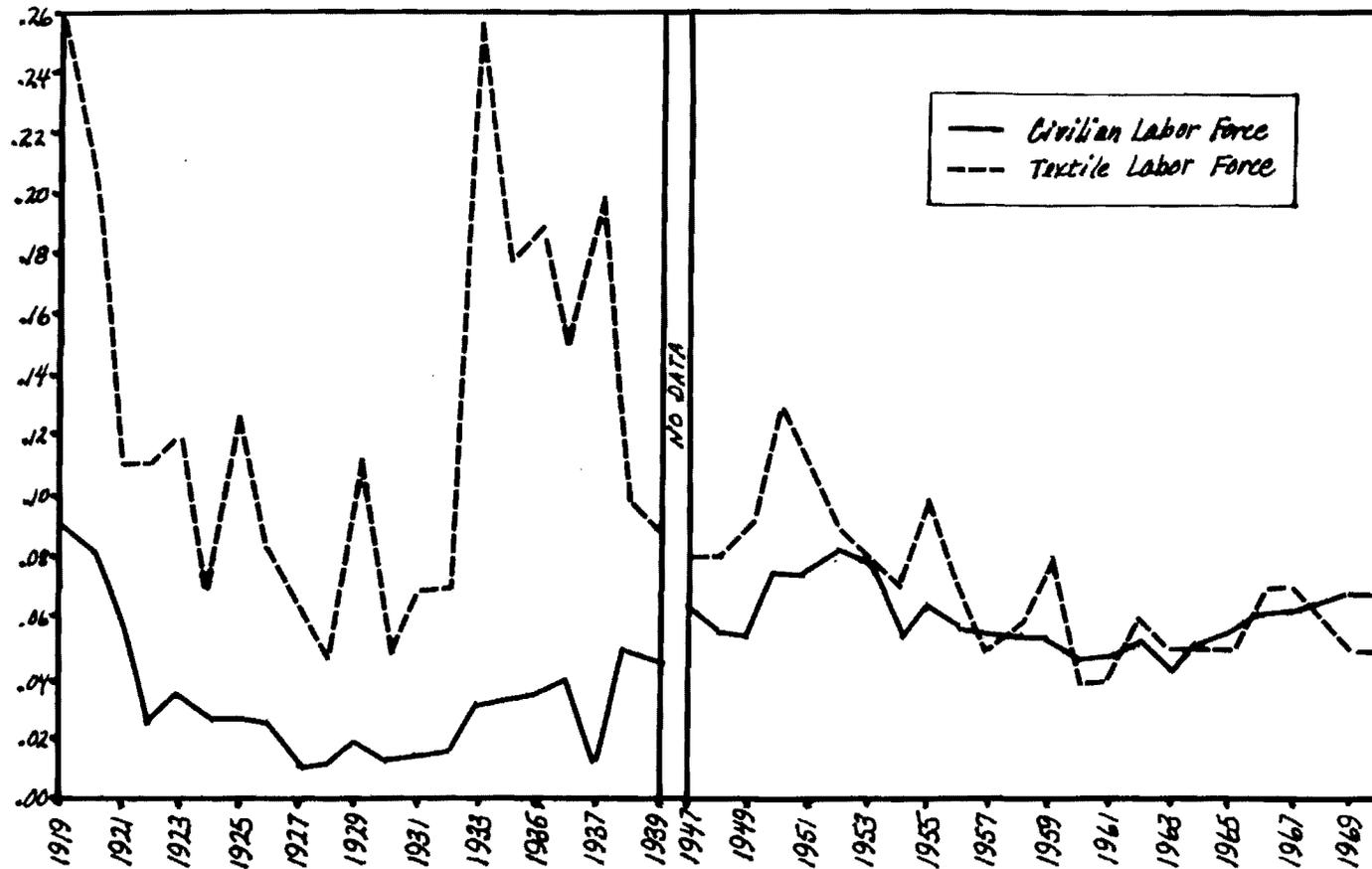
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<sup>28</sup>The CIO formed the Textile Workers Organizing Committee (TWOC) in 1937, and after two years of impressive victories in Southern mills, the TWOC became the Textile Workers Union of America (TWUA).



**Figure 11. Membership in U.S. unions for civilian workforce and textile workforce, 1900-1934.**

Source. Data from Historical Statistics of the United State, Colonial Times to 1970, U.S. Bureau of the Census, Washington, D.C.: Government Printing Office, 1973.



**Figure 12. Strike rate for U.S. civilian workforce and textile workforce, 1919-1975.**

Source. Department of Labor, Analysis of Work Stoppages, Washington, D.C.: Government Printing Office; U.S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970, Washington, D.C.: Government Printing Office, 1973.

defense against the union a matter of survival. Ironically, the need to cooperate in fighting the union drew both small and large producers into a solid anti-union alliance. The weapons of the blacklist, the lockout, and eviction were very effective, given the industry's dominance of the labor market and the rather constant surplus pool of laborers. After an in-depth study of unionization efforts in Southern textiles, Melton McLaurin (1971) came to this conclusion:

Organized labor did not fail to develop in Southern textile mills because the operatives were satisfied, or uneducated, or subservient to mill management. Organized labor failed because management took the offensive against it and destroyed it. (p. 211)

Figure 12 lends support to McLaurin's interpretation that textile workers were not satisfied. Despite the demoralizing odds facing the Southern workers, historical accounts reveal a tenacious resurfacing of union activity and periodic bursts of strike activity. The following section reviews the conflict motif in Southern textiles prior to WWII, paying particular attention to expressions of labor unrest in the forms of work stoppage, union organization, and labor turnover, and management's response, which alternates between repression and concession.

## High Points of Labor Unrest

### 1880-1918.

During the early mill-building period, labor recruitment from the farms was constant and the labor supply abundant. Nevertheless, six percent of the workforce in the South was organized into 50 locals of the NUTW in the 1890s, but membership faded in 1900 as a result of major strike losses in North Carolina, Virginia, and Georgia (Hodges 1986, p. 35).

During the prosperous years of WWI (1914-18), labor unrest was expressed in extremely high turnover, which proved advantageous to textile workers. In an attempt to stabilize the workforce during a labor shortage, owners renovated mill villages, introduced welfare programs, and granted wage increases which brought the average Southern wage near the national norm. During this period 30,000 Southern workers were recruited into the UTW.

### 1919-1922.

When the end of WWI brought a return of a labor surplus, the industry attempted to rollback wages to their prewar level. This was met with a wave of strikes across the South involving 9,000 workers. As a result there was a 40 percent reduction in the nominal wage in the South (compared to a 22 percent cut in the North). However, real

Southern wages remained stable (Wright 1981, p. 626-7).

The need to protect wages was an impetus to union organization, and textile union membership reached 30,000 in North Carolina, and 5,000 in South Carolina and Tennessee (Mitchell 1930, p. 181). Employers responded with extensive use of the blacklist and yellow-dog contract, but local union actions were endorsed by almost half of the workforce and a growing number of representatives from the clergy, universities, and press (Lahne 1944, p. 261). By 1920, UTW membership was at 104,900 (McKelvey 1952, p. 36), and the next year 9,000 North Carolina textile workers were involved in strikes (Marshall 1967, p. 83). Once again, the momentum of the union was broken by the workings of the labor market. A boll weevil infestation filled the ranks of the "industrial reserve army" with desperate farmers, and union activity ceased. In 1921, the AFL withdrew its financial backing of the Southern drive and local unions disappeared (Hodges 1986, p. 35).

#### 1923-1933.

Textiles entered a severe depression in 1923; and, amidst liquidations and layoffs, union membership "dropped by the thousands" in the South (Mitchell 1931, p. 52). In 1929 the industry instituted the stretchout (described in Chapter 7), and workers across the South responded with

scattered non-union walkouts and four major strikes in scattered towns. Southern mills were "a powder keg" and union interest was rekindled, with membership reaching 40,000. The U.S. Bureau of Labor in 1929 reported 18 UTW locals in North Carolina, 11 in South Carolina, 7 in Georgia, 7 in Tennessee, and 4 in Alabama (Lemert 1933, p. 61).<sup>27</sup>

#### 1933-40.

The New Deal instituted the Cotton Code which set a minimum wage, maximum hours, and protected union organization. The impact was immediate; South Carolina mills became 75% organized, and UTW membership rose to 270,000 in 1934. However, workers' enthusiasm for the New Deal was short-lived; the Code Authority's failure to respond to complaints plus their enactment of a shorter work week (with no increase in pay) led the TWUA to call for a national strike.

The General Textile Strike of 1934 involved 200,000 Southern textile workers (Aronowitz 1973, p. 192). State governments joined forces with mill owners and the South became a virtual battleground. Martial law was declared in South Carolina and Georgia, and the National Guard occupied

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<sup>27</sup>In contrast, the report enumerated 51 locals in Massachusetts, 24 in Connecticut, 36 in Rhode Island, and 39 in Pennsylvania.

twenty-four towns in North Carolina (Boyte 1972, p. 35). The strike, in which twenty-two strikers were killed, was a dismal failure. Union membership dropped from 270,000 in August 1934 to 60,500 by 1937 (Boyte 1972, p. 36).

The New Deal's wage and hour limits became permanent legislation, and governmental protection of union organizing produced positive results for the textile union. Despite a labor surplus and the bitterness left by the national strike, TWUA contracts represented 131,000 textile workers in 1943 (Lahne 1944, p. 9). Thereafter, textile wages became tied to the government-regulated minimum wage.

#### Effect of Worker Organization Upon Paternalism

From the beginning of the industry, when the workers came to the mill villages with little but their labor power, to the General Textile Strike and its aftermath, Southern textile workers demonstrated a strong propensity to strike--with or without trade union assistance and with or without federal government approval--and even against the federal government. The goals of their labor actions varied but encompassed wages, workload, workplace, shopfloor supervision, and respect. At times workers struck to protect benefits of paternalism, and at times to protect improvements gained through their power in a seller's labor

market. The Southern textile workers' reputation for docility was not congruent with textile history prior to WWII.

A further revision of popular history is required in the review that Southern workers' strikes were typically unsuccessful. In retrospect, there was a great deal of accommodation by Southern management to the workers' potential for disruption of production: renovated villages that were the envy of other industrial workers, a cumulative rise in real wages, and maintenance of personnel practices that provided for grievance-airing and respect for the folkways (Blauner 1964, p. 10). In addition, Southern managements made reluctant but substantive concessions to the concerns of social critics: abolition of child labor, limitation of women's night work, and a shortening of the workweek.

Where Southern industry leaders drew the line was acceptance of the union. Herein lies the only plausible explanation of why the mill village survived as long as it did--despite the existence of alternative housing, the ineffectiveness of mill village controls in preventing strikes or turnover, and the inability of managers to charge sufficient rent. With the entrance of the State in the New Deal and the subsequent institutionalization of

federal labor legislation, Southern managements turned their attention to finding legal means of corralling labor.

### Conclusion

This chapter focuses on the development of worker activism and its effect upon paternalism. While worker organization never succeeded in gaining a toe-hold for the union, the pattern of explosive protest followed by management reconciliation did succeed in producing gains for the textile workforce. Labor conflict occurred predictably whenever wages or benefits were threatened. This consistent disruption had the effect of inhibiting the flexibility of wages and pushing the Southern industry into scientific management. Had management been able to force real wages downward, a more efficient labor process would not have been so critical. Additionally, these protests brought the spotlight of national attention to the Southern mill village, unwittingly allying the "cracker proletariat" with liberal intellectuals and reformers, who consequently placed abolition of the Southern mill village on their agenda.

While it is clear that worker organization played a significant role in the movement toward the demise of paternalistic labor relations on the shop-floor, this

same activism (which posed the threat of unionization) ironically sustained the life of the mill village--the "shell" of paternalism. Resisting any encroachment of the union was deemed a necessity of survival by the Southern textile industry, and housing ownership had been acknowledged by union organizers as far back as the Knights of Labor as the most effective weapon against Southern unions (McLaurin 1971, p. 36). No other weapon had been so powerful as the ability to evict workers from mill villages. What better way to "weed out" troublemakers than to have "eyes" in the workers' community as well as the factory, and not only be able to fire and blacklist, but to evict someone for "talking union"? Not until the arena for fighting unionization shifted from the community to the courts (with the National Labor Relations Act of 1935) would Southern managements sell mill housing to the employees.

Though the textile workforce was only four percent organized in 1934, the threat of unionization, posed by a consistently defiant workforce and an aggressive union, wielded tremendous power. This threat shaped the labor relations systems and wage and benefit packages of Southern textiles in the study period, as it continues to do in the

present day.<sup>28</sup> The textile unions, workers, reformers, and the state impinged upon the textile industry's ability to set wages and hours, thus subverting the economic base of paternalism. As Polanyi advised, the inclusion of the non-economic is vital.

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<sup>28</sup>The major textile companies meet together each year to decide upon the wage increase (the "pattern") that will be granted across the South. This increase is given to union and non-union plants, with a possible extra "perk" awarded to non-union plants. The aim of management strategy is to prevent the union's boast of substantive wage gains achieved by unionization. The irony is that the threat of unionization causes the companies to treat their employees as if they indeed had a union, for the purpose of avoiding an issue which the union might exploit. The significance of the textile union's role in industrial labor relations in the South is underestimated by most observers--with the obvious exception of Southern textile management.

## CHAPTER 10

### CONCLUSION

At the outset I stated that the basic goal of this study was to delineate the forces which brought about the demise of industrial paternalism in the Southern cotton mills. The method of study was to use each of the four theories to view the process of institutional change, then build a theory that fits the case of Southern textile paternalism. In this final chapter, I will summarize my findings regarding each theory and present a concluding explanation.

First of all, paternalism did not collapse because of the arrival of other industries as Norris' theory suggests. The Piedmont job market was dominated by agriculture and low-profit, labor-intensive industries whose wage and benefit packages were notably similar to textiles except that textiles offered certain perks--most importantly, housing--which came to be viewed by its workers as earned benefits. Therefore, the alternative job market offered no challenge to textile companies' ability to attract labor. Thus paternalism was not perceived by its beneficiaries as anachronistic; rather, it was viewed as func-

tional and desirable.

Moreover, the mill village served a function for the owners in stabilizing a workforce prone to expressing discontent by moving from mill to mill, a trend exacerbated by the increase in auto ownership and new roads. The provision of good housing served as a deterrent to mobility; therefore, mills continued to invest in and defend mill villages, even when workers could be obtained without such provisions after WWI.

Edwards' theory, too, falls short. Despite the fact that growth in firm size presented some control problems for Southern paternalism, the growth was slight relative to other industries. The labor-intensive nature of textiles inhibited the profit outcomes of consolidations, so the industry remained relatively non-integrated and medium in plant size until after WWII. Additionally, plants that participated in early mill village sales were not predominantly the larger ones. For these reasons, Edwards' theory is not helpful in explaining the demise of Southern textile paternalism.

The remaining theories, that of Newby and Polanyi, are more instructive when applied to this case study. Newby's thesis (that economic pressures force "capitalists to act like capitalists" and to betray paternalism's

protective stance) accurately describes the eventful introduction of the stretchout. This development was a "watershed" event for Southern textiles. The changes in the labor process radically transformed shopfloor relations between workers and bosses, constituting a substantive departure from paternalistic relations. However, the form of paternalism (namely, the mill village) remained intact, despite the change in content. Newby's theory explains the first stage in the demise of paternalism, but leaves unanswered why the mill village persisted beyond the transformation of relations of production.

The occurrence that did create an immediate, observable, and final retreat from paternalism (mill village sales) was the intervention of the State during the New Deal. This corroborates Polanyi's thesis that interventions from the social realm produce modifications in labor-capital relations, and it was the Roosevelt Administration's regulation of wages and hours and protection of unionization that pulled the lynchpin on paternalism. A decade earlier, housing had ceased to supply child labor because of reformer protests and legislative restrictions. In an effort to pacify its critics and retain good workers, owners had raised standards of mill housing significantly, to the point that mill housing had become quite desirable.

With the enactment of the Cotton Codes, the Federal Government prohibited the use of cheap wages and long hours to recoup the cost incurred in supplying housing by placing a one dollar limit on the wage differential between the North and the South: a bull's eye attack on the practice of payment-in-kind. The sole remaining function of the mill village--that of union prevention--was not left untouched; Roosevelt inserted a clause into the Code which gave federal protection to the right to organize, the embryo of the National Labor Relations Act.

The question that surfaces is: What prompted the state intervention? Obviously, the New Deal Administration did not act simply as an "agent of the capitalists," for it was called upon to address the demands of competitive regions, as well as passionate and powerful social reformers, an unemployed citizenry, and a politically active labor movement. Consequently, the New Deal articulated goals that were often contradictory. Its actions, though castigated by practically all parties, aimed to stabilize prices "for the good of all" by standardizing costs of production.

One means of accomplishing this goal was the creation of a "level playing field" for New England manufacturers, whose wage flexibility was sharply curtailed by organized

labor and social legislation. The Code did this in two ways: (1) reducing the regional wage differential by law, and (2) strengthening the hand of organized labor in the South--a kind of lifting of the "arms embargo," to use current parlance. The mill village, used by Southern manufacturers as a justification for low wages and as a bastion against effective union organization, was a logical target. The sales of mill villages began within two years after the Cotton Code was enacted.

State intervention through the actions of the New Deal answers the central question of this thesis: What were the forces that brought about the demise of Southern industrial paternalism? But State action is a part of a larger whole, the end of a longer drama. It was the contest for power, the ever-dynamic relationship between workers and managers, that propelled the process forward to its conclusion. This leads to an assessment of the final theoretical hypothesis regarding worker organization.

When analyzing the role of worker organization in the story of Southern paternalism, a series of actions and consequences becomes apparent. Without dispute, the Southern advantage lay in low wages and long hours (as the Northern disadvantage lay in the upward pressure on wages exerted by unions and social legislation). But

Southern workers were far from docile; their tendency to move when dissatisfied extracted wage hikes and benefits from employers in times of labor shortage, and their protests in reaction to wage cuts were predictable and disruptive. This wielding of power on the part of a largely unorganized workforce contributed to the conditions which led to an unprecedented depression in 1923. When labor costs became too inflexible, the industry as a whole was compelled to introduce scientific management--a substantive departure from paternalism. The labor explosion surrounding the stretchout and the chronic overproduction in the industry precipitated federal intervention, which resulted in regulations that undercut the economic bases of industrial paternalism.

The proposition that can be deduced from this cause-and-effect outline is that worker organization (strikes, turnover, unionization efforts) diminished the profitability of Southern textiles, goading management to seek more efficient operations, which displaced the paternalistic relations of production. Federal intervention, responding to competitive chaos in the industry, introduced measures aimed at standardizing wages, hours, and prices, destroying the economic base of paternalism. I am left with the ironic conclusion that worker protests both

sustained paternalism (as an effective bastion against unions) and sealed its fate by propelling the industry to seek a reduction in labor costs through reorganization of the labor process rather than through wage cuts.

Finally, what is the value of this study? What has been learned about the choices made by a previous generation of workers and manufacturers who played such significant roles in the industrialization of the South?

A study which looks only at structures would find, as most have, a series of factors which acted together to erode the base of paternalism in Southern textiles. This listing of factors is not invalidated by this study, but it yields a sociologically inadequate answer. Such a structural analysis does not answer the question that arises throughout the investigation: Why did Southern textile paternalism last so long, when modernization was an earlier option with demonstrated effectiveness in other industries? This question can only be answered by looking beneath the surface of structural change to the dynamic power struggle between workers and managers which was taking place daily in the cotton mills. This struggle represented the contradiction between market forces and social forces.

Paternalism was bolstered again and again because it

worked in the way it was intended--it was effective in attracting, socializing, and controlling labor. From the standpoint of the wage earner, the perks of paternalism were highly valued: above-average housing at low prices, a lax workstyle, accommodation to family, an open door to top management, and a community of friends and relatives with provisions for schools, churches, and recreation. The hours were long and the wages were low, but wage increases did come and strikes were fairly successful in protecting cutbacks. Housing was improving and community resources were opening up to the mill workers.

This study shows that the Southern textile workers did indeed influence their collective destiny. Far from docile, though not easily typecast as militant, these workers wrangled important concessions from the textile owners. The union, too, must be given a place on center stage, for its part in the drama was far more significant than its number of spoken lines. Had the union relinquished its role and failed to dash across the stage on occasions, the labor relations that exist in present-day Southern textiles would be vastly different. A complex, long-standing, and unique relationship between Southern textile manufacturers, workers, and the union can

find its roots in the story of the demise of Southern industrial paternalism.

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