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Bruce Williams, Michael Timberlake, Bonnie Thornton Dill, and Darryl Tukufu
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Bruce Williams
University of Mississippi
Michael Timberlake
Kansas State University
Bonnie Thornton Dill
University of Maryland
Darryl Tukufu
Urban League, Portland Oregon

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Abstract

This research explores the bearing of racial composition and race relations on rural economic development strategies in the lower Mississippi Delta. Semi-structured interviews with local political and civic leaders and with relatively large employers in rural areas indicate widespread belief that the large relative size of the African American population is an obstacle to economic development efforts. Moreover, our data indicate that local White rural county leaders are less vigorous in pursuing outside investment and less likely to be successful in acquiring it when African Americans comprise a large proportion of the county population. Supplemental analysis of aggregate, county-level data from the region are consistent with some aspects of the qualitative analysis, and contradict other aspects. We discuss these discrepancies and conclude that race/ethnic composition remains a powerful determinant of local economic development strategies, but that its effects are difficult to separate from those of poverty.
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Introduction

In an era of increasing poverty in the nation’s non-metropolitan areas (cf., O’Hare 1988; Brown and Deavers 1987), organized economic development efforts on the local level are common, if not ubiquitous. This is certainly now true of the non-metropolitan Mid-South, where poverty has persisted historically at rates well above the national average. Among almost all the region’s non-metropolitan counties and in all but the smallest towns there are public or private organizations—chambers of commerce or economic development offices—that actively pursue industrial development, primarily by seeking to attract new industry to the locale. Some counties and towns are more successful than others in acquiring new industry. Certainly many factors explain such differences, but one factor that "everybody knows" is important and yet few people will publicly mention is race.

Like other parts of the South, but unlike the North, East, and West, a large proportion of the non-metropolitan population is African American. In 1990 nearly nineteen percent of the population of the Southern states was Black, and in non-metropolitan areas the percentage was 15%. Nevertheless, there is significant variation in this respect within the region, and many of the business and community leaders privately voice the suspicion that the "blackest" counties are deliberately avoided when it comes to the most preferable kinds of new industrial development. This paper will systematically explore this private suspicion, by examining data on race relations, racial composition, and economic development in the lower
Underdevelopment and Uneven Development in the South

The fact that the sun-belt boom was of short duration and that it seems to have missed many areas of the South is not news to many who live in the region nor to those who have studied the region closely. This includes non-metropolitan areas and especially those with heavy concentrations of Black residents. Although absolute poverty has diminished in the region, the South's population is still disproportionately poor in comparison with the rest of the country. The 1990 census estimates a poverty rate of 15.8% for the South, in comparison to a national poverty rate of 13% (USA Today 1991). The geographical focus of our study is the Mid-South area around the south central stretch of the Mississippi River. There are no well established and precise boundaries, but the area includes counties that are north and east of Little Rock in Arkansas, north of Jackson in Mississippi, and west of the Tennessee River in Tennessee. In addition, the four counties in the Missouri "Bootheel" are usually considered part of the Mid South. Metropolitan Memphis, with a population of more than 980,000, is the urban center of this approximately 50,000 square mile area.

Driving through the countryside in any direction away from Memphis gives an overwhelming impression of ruralness. One observes a mix of large and small farms growing cotton, rice, beans, and corn, and raising hogs and cattle. Agriculture is very important to the region’s economy. So is industry, and if one looks carefully one can observe a fair number of small to medium-size manufacturing enterprises in and around many of the region’s small towns. Indeed about 30% percent of the region’s non-metropolitan labor force is employed
in manufacturing (more than 50% for women in the labor force), while about 20% percent is in agriculture.

There is significant variation in racial composition from one locale to another in the Mid-South. The variation in the percentage of the population that is Black in non-metropolitan counties is considerable indeed. For example, Tunica County, Mississippi is 73% Black, and White County, Arkansas is only 3.3% Black.\(^1\) The average for the non-metropolitan counties in the region is more than 30%. Thus comparing counties in this region affords a good opportunity to evaluate the hypothesis that racial aversion plays an important part in determining economic growth patterns, and, therefore in explaining the persistence of poverty in many non-metropolitan Mid-Southern communities.

In these rural areas one can see frequent signs of relative affluence, manifested in well-preserved antebellum estates, more recently built replicas, and the large, conspicuously modern homes such as would be found in up-scale suburban developments around any American city. Signs of poverty, however, are even more frequently observed. Dilapidated houses--shacks--yards full of old cars, young barefoot children, and perhaps a water pump and an outdoor privy are common, often situated starkly propinquitous to the tidy homes of the larger landowners. Common also are tenuous-looking mobile homes, found situated both alone and in occasional encampments off the main highways and rows of "shotgun" houses in the small towns.

\(^1\) African Americans and European Americans (Whites) comprise the vast majority of the population in the Mid-South. Thus, to say that a county is 3.3% Black is to say that it is, virtually, 96.7% White. There are, however, significant pockets of other racially-identifiable minorities, even in some rural communities. For example, long-standing communities of Chinese Americans can be found in some delta counties.
The non-metropolitan Mid-South is a typically poor area of the region. The South has been historically underdeveloped and the Mid-South, with an economy originally built on slave-based plantation agriculture, shares this heritage. While the national household median income was $30,056 for 1989, the four counties in our investigation had median incomes well below that figure. These counties also had much higher rates of poor households than the national average (13.5% in 1989).

The Delta county in Mississippi had a household median income below $14,000, while the population and housing survey found that 46% of the households were below the poverty line. Magnolia county, had a higher household median income ($18,492), but still had a household poverty rate of 30 percent. Poverty was noted as severe in the two Tennessee counties, where less than 25% of people were in poverty. Yet, the averaged median income of the two counties ($17,090) still lagged behind the national average.

The pattern of economic change in the non-metropolitan South is much like that of many Third World countries. The economy was originally based on agricultural production for export, but many areas of the South have long been the sites of industrial production as well. In comparison with other regions of the nation, this industrialization is more likely to be labor intensive, low-wage, subject to fierce competition, both domestically and internationally, and unlikely to be locally owned. In the lexicon of dual labor market theory, these are secondary sector industries, the many southern textile manufacturing operations being good examples. However, as northern based manufacturing shifts to the South and offshore (Bluestone and Harrison 1982), the types of business and industry which southern communities are able to attract are potentially more varied, including more primary sector
industries. Examples in the Mid South include the Saturn automobile plant in Spring Hill, Tennessee, a Nissan truck plant in Smyrna, Tennessee, and a new NASA-funded rocket plant now under construction in Iuka, Mississippi.

Although there may be a preference among community leaders for high wage, primary sector industries, non-metropolitan areas seem to pursue almost any kind of industrial development. There are many different kinds of development-oriented organizations operating within the region, some of them overlapping. Most counties have some form of industrial development authority that seeks to recruit industry by offering various incentive packages, including land, buildings, and local tax abatements. There are also chambers of commerce, state-level industrial recruiters, and multi-county organizations aimed at recruiting industry. For example, the Tennessee Valley Authority has an economic development arm, the Tennessee Valley Industrial Development Association (TVIDA), comprised of four "development districts," each operating a development association office with an executive director whose job it is to promote industrial development opportunities in the area. These development associations are supported by the local distributors of TVA power within the development district.

The North Mississippi Industrial Development Association, headquartered in West Point, Mississippi is one of the four TVA associations, and its efforts include actively pursuing foreign investments. In fact TVIDA has produced a glossy, twenty-page brochure, written entirely in Japanese, and it has retained a retired Nissan executive to promote opportunities in northwest Mississippi for Japanese investors.²

² The brochure contains many photographs of people participating in work, recreational, entertainment, and cultural activities. We counted 24 pictures predominantly with people. Only one of these 44 individuals is Black, presumably African American.
As indicated above in the examples of new, relatively high wage industries, these efforts at selling the region to industry have met with some success. In the face of such successes, the overall persistence of poverty in the region, not to mention the extreme poverty found in some counties, is all the more striking. When we look carefully at industrial development, we observe considerable unevenness from section to section, and even from county to county. If, however, we assume that Herbert Blumer's (1965) contention that patterns of industrial growth in developing countries reflect patterns of racial/ethnic traditions and structures is true of the South, then the persistence of poverty is not so surprising, and we also have a framework for analyzing Southern economic development that captures its unique history.

**Explaining Uneven Development**

Several theories attempt to explain uneven development within the South. Location theory, probably the most common, stresses proximity to important resources for industry and amenities for the managerial employees of these industries. Primary resources and amenities include access to cheap energy, availability of efficient transportation, sufficient supply of labor, favorable taxation policies, low levels of union activity, low land costs, access to recreational and cultural facilities, and the quality of education. A related factor is the level of human capital of the labor force: educational levels, skill levels, and even literacy rates.

Political economists are more likely to explain such variation in terms of class relations in connection with actions of the state. For example, Billings' (1982) analysis has pointed to considerable variation in support for industrial development across the South and stresses the
importance of the actions and interests of local political and economic elites. Billings argues that a combination of social and economic factors explain the greater support offered, historically, by landed elites for manufacturing-led economic development in the Piedmont in comparison to the planter class in the Deep South. For example, he suggests that cotton production was more profitable in the Deep South (where the landed elite historically oppose industrial development) than in the Piedmont where the large landowning families invested in and politically backed industrial development efforts.

Interestingly, Billings also suggests that racial composition of the Piedmont and in the Deep South was a factor. In the Piedmont there was (and is) a higher ratio of Whites to Blacks than in the Deep South (1982: 565). Though not the central explanatory factor, Billings suggests that the planter class in the Deep South felt that a predominantly Black proletariat was too threatening of the Southern social system of paternalism and racial favoritism for White People and oppression for Black Americans.

The recent research of Colclough (1988) and others, as well as some of our earlier efforts (e.g., Ciaramataro, et al. 1988; Williams 1987; and Dill, et al. 1989) suggest that it is important to examine the ways in which race and racism influence economic development efforts within the region and the country as a whole. For example, Williams’ (1987) case study of a northern industrial suburban factory demonstrates that racial considerations directly influence the development decisions of industrial managers in metropolitan areas, which have a far more liberal history of race relations than the South. Although his analysis focused mainly on the relations of management to labor in one firm, Williams’ data clearly demonstrate that employers have negative stereotypes of Black males and subsequently act on
these beliefs in ways that restrict Black hiring and promotion opportunity.

Williams argues that "racial aversion" is an important factor in explaining the increasing suburbanization of manufacturing industries that took place through the mid-1970s and the continued "exurbanization" of industry in the 1980s and 1990s. He cites several sources that have documented the shift of industrial production sites from metropolitan to non-metropolitan areas of all regions (e.g., Fowler 1982; Carlino 1982). Although few studies make the connection to race, his analysis suggests that racial aversion, if not outright racism, is an important factor in explaining this trend.

Observing these patterns in the North, one could argue that any racially aversive effects of the out migration of industry are the de facto outcome of market considerations, such as the advantages of cheaper land, lower taxes, and changes in the production processes that are associated with non-metropolitan locations. This is because non-metropolitan areas in the North have always been overwhelmingly populated by White people. For example, in the north central states, less than one percent of the rural population is African American, and, excluding the border states, in the other non-southern regions it is even less. Thus when an industry moves to almost any non-metropolitan area, it is, by definition, moving to an area in which white residents are the vast majority. However, a few studies (e.g., Bluestone and Harrison 1982; Williams 1987; and Brekenfeld 1977) document that many of these moves are consciously based on considerations of race.

The Southern patterns of industrial development are even more blatantly conditioned by consideration of race. One of the factors that makes the South distinctive from the North and the West is the idea that "For a Southerner, the salient fact was and is whether he was white
or black; all else is secondary" (Killian 1970:6). The endless scholarship devoted to the
"mind of the South" attests to the centrality of race in the region (e.g., Cash 1941; Jordan
1969; Dollard 1937).

Nonetheless, the issue of race is not given due consideration in discussions of
economic development in the "New South." For example, some argued that industry does not
locate in the Delta region of Mississippi because of low human capital in the area, not
because approximately half of the population is Black. However, historical analysis suggests
that the human capital deficiency theory is superficial. In 1936, when Mississippi began to
experience industrial growth, then Governor Hugh White initiated his BAWI (Balance
Agriculture with Industry) plan. The socio-political goals of the program were to keep wages
low, keep Black Mississippians from acquiring industrial jobs, and keep unions out. James
Cobb notes, "The early BAWI plants were screened carefully in terms of their vulnerability to
unionization and were located outside the Delta. For the most part, only plants that would
pay low wages and agree not to hire blacks need apply for a BAWI subsidy" (1984: 150).
That tradition continues in the state. In the early stages of our research, one of our
investigators was told by the White mayor of a small city in the Delta that out-of-state
industrial representatives were steered away from his locale by state economic development
representatives, with warnings that the town is "a nigger town and a union town."

On the other hand, Cobb (1984) identifies what he calls "Boondock" capitalists, whom
he defines as small town industrialists and entrepreneurs who are part of the plantation
mentality, a "county-seat governing class," and who are instrumental in perpetuating economic
development strategies which stress conservative modernization. Hence, their goals are the
"maintenance of the status quo in race relations, wage scales, taxes, and governmental cooperation and support" (1984:147).

The interaction of local Southern leaders and the state in dictating patterns of economic development is inescapably tied to considerations of racial aversion. This link is receiving more, albeit still insufficient, attention from analysts of Southern economic development. Rosenfeld, et al. (1985) refer to the "30% solution" in describing the slow industrial growth rates among Southern communities in which more than about one third of the population is African American:

Although it is difficult to document the impact of racial composition on economic growth, some industrial development officials admit that many businesses do not want to locate in counties with large minority populations; recruiters offer industrial prospects few if any incentives to reconsider location in minority areas. The Tipping point sometimes cited is one-third or more minority; when a county is more than one-third minority, businesses are less likely to seriously consider it as a potential site. The justification most often cited is that minorities are more inclined to unionize, although there are undoubtedly other racially motivated factors in some situations (1985:27).

Several quantitative studies have examined differences in economic development patterns attributable to racial composition in the South (e.g., Hansen 1973; and Walker 1977) with mixed results. Spurred by earlier field research (Till, et al. 1975) on economic development efforts in non-metropolitan southern counties, Till (1986) conducted a systematic comparison of the growth in manufacturing jobs across non-metropolitan southern counties between 1959 and 1977. The field research concentrated on interviews with county-level economic development officers, such as representatives of local chambers of commerce, and indicated:

... their general perception that black counties were not doing as well as
White counties, attributing black counties' lack of success to various perceived causes. Many said that blacks had the reputation of being more prone to unionize (the kiss of death for attracting plants to the rural South). Some said that White hill-country people had an especially good reputation as workers. . . . Others thought that there were more health problems and lower education levels in black counties. Some mentioned racial discrimination. (1986:46).

Till's quantitative analysis involved comparisons of growth rates across non-metropolitan Southern counties grouped on the basis of the percent of the population made up of minorities (Blacks Americans, Hispanics, and Native Americans). These comparisons indicated that while industrialization did not bypass Black counties, there were some significant differences apparently related to racial composition. The gains of the high minority counties were generally not as great, especially in terms of numbers of manufacturing jobs added (as opposed to percentage growth in jobs). For example, when Till compared the southern Atlantic states with the East South Central states (Alabama, Mississippi, Tennessee, and Kentucky), he found heavily Black counties fared much worse in the latter in terms of the growth of manufacturing industries.

One of the most recent systematic studies of the effects of racial composition on uneven industrial development is Colclough's (1988) analysis of aggregate census data from counties in Alabama, Georgia, Mississippi, and South Carolina. She finds significant effects of racial composition on both manufacturing-led economic development and the likelihood of investments in high-wage industries, net of the effects of levels of human capital development. Colclough's findings are conclusive in showing that, within the region she studied, counties with higher proportions of African Americans were less likely to experience industrial growth--both in terms of numbers of firms and levels of employment in
manufacturing—and, to the extent growth occurs, more likely to experience it in low wage Industries. Summarizing her findings, she concludes, "manufacturing gains are more likely in predominantly rural, white counties, and deindustrialization is more likely in predominantly black counties" (1988:83).

**Methods and Sample**

The research developed and reported in this paper is an outgrowth of a larger study of four-counties; two in Mississippi and two in Tennessee, and of conditions affecting the life chances and survival strategies of poor, rural, single mothers and families. The project was initiated by faculty at the Center for Research on Women at Memphis State University and was funded by the Ford Foundation/Aspen Institute Rural Economic Policy Program.

The two Mississippi counties, one in the Delta and the other outside, were targeted for study because they both had high African American residency (over 50 percent) and correspondingly high rates of poverty (approximately 30 percent). One Tennessee county was targeted because it also had a high poverty rate (over 25 percent) and a correspondingly high concentration of African Americans (over 50 percent). The other Tennessee county was selected for its high poverty rate (over 20 percent) along with a high concentration of White residents (over 80 percent).

The data were collected between 1989 and 1991. Primary data included 1) analysis of census data on all four counties; 2) survey of local newspapers over a two year period; 3) use of local public libraries and historical societies; 4) use of in-depth interviews. Semi-structured research instruments were developed, pre-tested, and used for in-depth interviews
with over 200 respondents who comprised six groups: women who were poor single mothers, local civic leaders, political leaders, school officials, social service providers (administrators as well as the street-level workers), and local industry representatives and economic development officials.³

This paper discusses the data collected from economic elites; local civic leaders, political leaders, local industry representatives and economic development officials in the non-Delta, Mississippi County (referred to here as Magnolia County). Throughout the project, the race and gender of the interviewer was always matched with the respondent in an effort to maximize rapport, potentially increase the depth of the responses as well as enhancing the validity of these data.⁴

Interviews with the industry/development actors specifically sought to elicit information and opinions on organized efforts to promote economic development in the county, the locational advantages and disadvantages in terms of economic growth in the counties, and perceived characteristics of the local labor force, including levels of productivity, skill levels, training and trainability, and commitment. Although less specifically focused on economic development, many of the interviews with local

³ The interviews were conducted by a bi-racial team of men and women consisting of the authors, graduate students, and several other professional sociologists with extensive training and/or experience in administering semi-structured survey instruments.

⁴ The larger project involves systematically exploring the relationship between family formation, coping and survival strategies of Black and White female-headed households, and the support networks of kin, friends and others. To accomplish this, we assess the amount and the sources of family income, including, but not limited to employment opportunities within the local labor market; the organization of the local public welfare and social service delivery system; and the general political and civic environment of the community.
political/civic leaders also touched upon these issues. The information obtained in these interviews along with the media accounts provide the basis of much of our analysis of the role that racial aversion plays in economic growth in the region.

We also conduct an aggregate quantitative analysis of the county-level data to estimate the effects of racial composition on economic development, and the effects of development on levels of poverty. The specific quantitative indicators, described in the following section, are used in multiple regression equations specified on the basis of relevant theoretical considerations and previous research.

Findings

The perceptions, attitudes, and subsequent actions of regional industry representative and economic developmental officials with regard to the local labor force, their notions of the future of their communities, and traditional class and racial relationships, appear to be important determinants of economic development strategies. Thus the views of industry representatives economic development officials are pivotal in creating or constraining the opportunities available to poor and working class men and women, both Black and White. The interviews with economic development actors indicate that they do indeed voice support and hope for high-tech, high-wage, high-skilled industry, but they see little real possibility for growth in other than more low-skill/low-wage industries.

Significantly, virtually all the interviews indicated that there is no significant opposition to organized industrial development efforts in Magnolia County. Business representatives and economic development officers reported that virtually everyone is behind efforts to recruit
industry. This is significant because earlier field research in a nearby Mid-South County indicated that large farmers in that county use their social and political standing to oppose industrial development there (Ciarimataro, et. al 1988). Probes indicated that the same may have once been true in Magnolia County, but it no longer is the case. A bank representative, a large landowner himself, said that farmers in the county know they can no longer make any real money at farming, and anyway they no longer need labor because of mechanization. So they either back industrialization efforts or are indifferent to them.

In spite of widespread support for development, assessments for the likelihood of success at attracting the "right kinds" of industries are not generally optimistic. The seemingly pessimistic views on the quality of economic growth are often explicitly tied to race, specifically to the high perceived proportion of the population that is African American. Our economic elite instrument included an item aimed at obtaining information on how industry representatives would be likely to perceive, in terms of business climate, various characteristics of the county. Respondents were asked to judge these characteristics as "positive," "negative," or "neutral/indifferent." With only one exception, the economic development elite responded that having a high proportion of the population that is Black is a "negative" for the business climate.\(^5\)

More importantly, respondents were asked to elaborate on the reasons for their responses. Most of the economic development actors we interviewed generalized this to the

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\(^5\) In two of the eight economic actor interviews, respondents volunteered their perception that the Black people in the county account for more than two thirds of the population. One respondent remarked, "As I'm sure you know Blacks make up more than 80% of the Magnolia County population." Yet the most recent Census information puts the figure at 53%.
region, agreeing or suggesting that higher wage industries avoid the "Black counties" in the Mid-South. Some were more explicit than others. One employer of more than one-hundred low skill service sector workers joined virtually all other respondents in evaluating the racial composition of the labor force in the county as a negative attribute in terms of attracting new industry. After probing for why industry representatives would be likely to have such views, he said, "The [lack of] dependability of the workers. This is exactly what we were talking about earlier: If you’ve got everything that you need then what’s the incentive to go out and work?" What we were talking about earlier was the disincentive to work created by the "extravagant" social welfare support provided in the counties of the south central Mississippi delta region. His response to this question and other parts of the conversation indicated his perception that this social welfare/incentive-to-work issue is a problem especially, but not exclusively, with the Black population.

These spokespersons exaggerated the benefits of life on welfare in the state of Mississippi. Currently Mississippi pays a family of three $120 a month in the Aid to Families with Dependent Children program, making the state’s benefits the lowest in the nation. Rims Barber, director of the advocacy group, Mississippi Human Services Agenda, noted that Mississippi’s benefits were half the average of other southern states (Loven 1992).

Most respondents linked their evaluation of the effects of race composition to skill levels, and, in turn, the lack of skills to poor public education. Thus most evaluated existing racial composition, skill levels, and quality of education as aspects of the local area likely to be viewed negatively by prospective industry representatives. All the respondents elaborated on these responses, and for all but two of them, their lengthier responses indicated that racial
composition, skill levels, and quality of education are highly interdependent. Respondents tended to be very negative in their evaluations of the quality of workers who came from the predominantly Black schools in the county. "You wouldn't believe the number of applicants who come in here and can't even fill out the application--can't even spell Magnolia . . . the name of their school," offered the personnel manager of one of the four largest firms in the county. Another respondent, a bank official, contradicted himself. After early on indicating that poor Blacks in the county lack skills and incentive to work, he then said that workers in the county, both Black and White are hard-working and committed. In fact, he was distinguishing between long-term workers, such as those who had been employed for years at a recently-closed manufacturing firm, from unemployed poor people. Another personnel manager, when asked about the degree of commitment of the local force, voiced a similar opinion: "It's a problem here. Magnolia County has low per capita income because there's a lack of incentive [on the part of the would-be workers] to work." Although perhaps not agreeing with the view himself, even the local economic development officer expressed the feeling that industry representatives would view the racial composition and skill-level as a negative.

Though such views seem common among these industry representatives, there are variations, some of them extreme. The personnel executive for the largest and best paying firm in the county expressed none of what structural sociologists might call "victim blaming"

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6 Public schools districts include a town district and a county district. Enrollments in the town district and in the county, except for one school, are predominantly Black. As in urban America, affluent Whites in the rural South have abandoned the public schools in many cases. In many Mid-South counties with large African American populations, private "academies" have been organized and educate most White children.
views. He agreed that the local education system was deplorable, but blamed this on social structural and cultural factors—even including a little racial self-blame in terms of the way local Whites withdrew support for the public schools after desegregation. In terms of the effects of racial composition on industry recruitment efforts, he admitted that the distribution in Magnolia County might be perceived as a negative, but quickly added that it should not be. He did not make the same link to race and commitment to work that the other respondents did. In fact without yet even being asked explicitly about racial differences in workers, he offered that they were not significant in terms of quality of work or commitment to work. Probing on these relatively anomalous attitudes and reported behaviors indicated that it might have to do with a relatively aggressive top-down affirmative action policy within the firm, that is headquartered in a large Midwestern city.

All of the economic elites with whom we spoke indicated that the lack of skilled workers and poor education were among the biggest barriers to desirable forms of economic development in the region. For example, research team members attended a luncheon meeting of county industry representatives, in which the lack of skilled workers, such as equipment maintenance workers, was a dominant point of discussion. Once on the issue, as many as six of the thirteen industry representatives present contributed something on the subject. The meeting ended with the plan to invite the local school superintendent to the next meeting in order to impress upon him the need for the schools to begin doing a better job of imparting basic skills as well as vocational skills to public school students. At this meeting the only African American person present (other than researchers) was a gentleman involved in a job training enterprise. He told the group, in a tone and manner indicating it was not the
first time, that there are plenty of local people willing and able to learn the skills that local industry says they need. He indicated that his experience would allow him to train workers on virtually any equipment local industry uses. "Just let us use some of your equipment at nights or on weekends, and I'll train people to run and maintain it," he said. There was little or no response from the other people in attendance.

Individual interviews with industry representatives indicated an absence of on-the-job training programs. Personnel managers complained of other local companies stealing their skilled workers, but none seemed sufficiently desperate to have initiated job training for skilled positions within the plant.

The vast majority of existing jobs in Magnolia County are low-skilled, low-wage jobs in industries whose need for labor fluctuates significantly over the course of a year. Moreover, benefits, such as health insurance are very poor. The reality of life for those employed in such jobs is explored in an interview with a Black single parent. Ruby, one of our female respondents, had work experiences typical of that which is available locally in all but one or two firms. She worked sewing fabric covers onto various items. When she was working she was able to clear about $128 per week to support herself and her daughter. When we interviewed her, Ruby was not working because of an injury sustained away from work, and for which, therefore, her company's health insurance plan would not compensate. Ruby had no income for two weeks when we talked with her. When she was working, making enough money depended upon exceeding "production" so that incentive money could be added to the hourly rate. This, she said, is not available to everyone, since the degree of difficulty of the work varies across types of covers, and the easiest sewing jobs are given to
friends of the supervisors.

Another factor keeping wages low is the fluctuating levels of production in the county. Ruby told us that the fabric sewing plant lays-off most of its workers for most of the summer every year. She claimed that one of the reasons for this was to keep wages low. According to Ruby and many other male and female informants, Black workers approaching enough seniority to earn higher hourly rates are laid off, and when and if they come back, they must start again at entry level rates. Interestingly, the same claim was made about a different local firm by someone in a quite different structural position—a high-ranking bank official.

Black political leaders in the county whom we interviewed also spoke to the issue of racial aversion, and also linked this to education and skill levels. The leading African American office holder in the county believes that race affects the recruitment of industries into the county, although he said that prominent Whites tend to say the "the problem is a lack of education and training." He, on the other hand, feels that this terminology is used by Whites to cover up the real problem of race, especially since the public school systems are predominantly Black, having been abandoned by most White families in favor of the private Academy. A somewhat different view was expressed by a Black alderman who, although acknowledging the race effect, expressed the opinion that class also shapes economic development patterns in the town and county. "I do, however, believe there is a class effect because poor Whites are also excluded from participation," he said, but adding, "although the Whitest counties seem to fair better." He mentioned that the town’s old guard—the "old money" interests—oppose new economic or industrial ventures in the area. Instead "they talk about promoting the natural beauty and [antebellum] heritage." This alderman also shares the
perception apparently held by many White economic decision-makers that Blacks’ propensity to unionize more readily than southern Whites makes areas with high concentrations of African Americans unattractive locations for many industries.

A Black official in town government, mentioned a project supported by an Urban Development Action Grant to develop a motel near the main highway. The motel employs mostly African Americans. The respondent was proud to have been a part of this major job-creation accomplishment. He indicated, almost indirectly, that private financing for the project had to be obtained from banks outside the county, although he did not explicitly suggest that local banks refused to support it. Another respondent, an elected official, expressed the view that industries avoided predominantly Black counties, and suggested that one reason for this was that African American workers are more likely to unionize. However, he did not have any information that indicated either the presence or absence of racially aversive practices in terms of economic development in Magnolia County.

These interview data are quite consistent with the hypothesis that racial aversion contributes to the continued underdevelopment of poor and Black areas of the South. There are reports of state-level economic development officials under-selling certain counties to prospective industries based on those counties’ high percentage of African Americans. There is evidence that regional industrial promotion efforts are aimed at creating an image of the area that does not match reality—a "white-washed" image created by ignoring the large Black population in promotional materials and steering industry representatives away from predominantly Black counties. There are also widely held perceptions among industry representatives and Black and White political leaders that racial composition is indeed an
important factor in explaining the locational preferences of firms in the region. It is also clear that the reasons for these perceptions and practices are complex. Racial aversion cannot be explained as a simple manifestation of collective racial prejudice, although this is certainly a contributing factor. Rather, racial aversion can be explained by a complex of historical and contemporary institutional practices and widely shared cultural beliefs not all of which currently bear directly on race, though race was once a central consideration. For example, racially aversive practices and beliefs seem to be inextricably linked to historical patterns of economic growth and underdevelopment, to the absence of job training and to specific community responses to desegregation of public schools. In turn these factors contribute to the continued under-education of Blacks and to specific class relations in different non-metropolitan areas.

Descriptive quantitative data from counties in the Mid-South also indicate that racial aversion is operating. In Figures 1-3, we examine three alternative specifications of economic development, each related to a four-fold categorization of counties according to increasing percentages of African Americans in the county population. Measurement is in the late 1970s to early 1980s. The four categories are 0-15% Black, 15.1-30%, 30.1-45%, and 45.1% and over. Each graph shows that economic development is significantly lower in the two groups of counties with the highest proportion of Blacks in the population than in the two groups with the lowest percent Black. This is true whether we look at per capita dollars of new investments, dollar amounts of new capital expenditures, or average number of new manufacturing firms over the years 1977-82. The relationships are apparently not linear, in that it is the 15.1-30% Black group that generally has experienced the most economic growth,
but the patterns still support the notion that economic development is slower in the counties with large Black populations. The two groups with the highest percent Black have only about one half the levels of economic development found in the other two groups.

One could argue that growth within counties with 15.1 to 30% concentrations of Black residents reflects the need for a certain number of Black workers to fill low wage and low status maintenance jobs that are an inevitable consequence in any factory environment. These janitorial industrial jobs, often referred to as "nigger jobs" by employers and white workers, are traditionally reserved for African American workers throughout the South. Indeed, janitor is identified, along with laborer and farm worker/helper, as the modal job classification for Southern Black workers (Falk and Lyson 1988).

Of course these bivariate patterns might be "spurious," the result of the "effects" of human capital, and other social factors that are highly correlated with racial composition, on economic development indicators. Thus, it is perhaps not the "Blackness" of a county that would deem it an unattractive site for new development, but rather the degree to which its population is poor and uneducated. That is, the "effects" of racial composition might not be present once these other factors are taken into account. We use regression to examine these possibilities.

As in the descriptive analysis presented above, aggregate data for the eighty-one non-metropolitan counties in the Mid South are used, and the coverage is for late 1979 through 1986, depending upon which variables are under consideration. Four alternative indicators of economic development are used. They include the number of manufacturing firms in each county in 1986 (FIRMS86) and the level of employment in manufacturing (in
hundreds of workers, EMPLOY86). We also look more specifically at large manufacturing enterprises by including the number of manufacturing firms with more than one hundred workers in the analysis (BIGFIRMS). A fourth economic development measure is the amount of new capital expenditures in 1982 (in millions of dollars, NEWCAP82). Because the distributions of these variables are somewhat skewed, we use logarithmic transformations of them in the analysis.

Arguments suggesting that racial aversion plays an important role in shaping economic growth usually suggest that the effects are expected at high levels of representation by Blacks and certain other minorities within a locale, rather than experienced incrementally, as the percentage of the population that is African American rises from a theoretical zero to infinity. The earlier reference to a "30% solution" (Rosenfeld, et al 1985) and our bivariate analysis suggest that thirty percent be used as the criterion. We therefore classify the eighty-one counties as either low (under 30%≤0) in the percentage of African Americans among the population or high (over 30%≥1).7 This (HIBLACK) is the variable of central theoretical importance, and it is included in all the regression equations in the analysis. It represents a crude attempt to evaluate the hypothesis of racial aversion as an explanation for underdevelopment. It is crude because we are here only dealing with the direct effects of HIBLACK rather than conducting an extensive analysis of its possible indirect effects on other factors that we have already suggested are caught up in the theoretical concept of racial aversion. If this crude hypothesis of racial aversion is corroborated by the quantitative

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7 Due to missing values on some of the measures, somewhat fewer than eighty-one counties are included in the various regression equation estimates that follow.
multivariate analysis, then its effects on each of the economic development indicators (FIRMS86, BIGFIRMS, EMPLOY86, and NEWCAP82) will be negative.

The rate of poverty in 1979 (POVRATE79) is included in all equations in order to control for possible aversive effects of high levels of poverty that might be mistaken for the effects of HIBLACK and as one possible indicator of (the relative absence of) human capital. Another control for the level of human capital is provided by a measure of the percent of the adult population in 1980 (HS%80) that had completed high school.

Percent urban (URB%80) is also included in the regression equations in order to control for the possible agglomeration effects on attracting industry provided by even the small urban places that are found in non-metropolitan areas of the Mid South. That is, among non-metropolitan areas towns are likely to have developed infrastructural features important even to those industries that are induced to avoid or leave larger urban areas. Such features are likely to include availability of energy sources, water and sewerage, proximity to major highways, access to a sufficiently developed local housing market, and the urban-like amenities likely to appeal to the otherwise anti-urban professional-managerial decision makers. Finally, it is also necessary to control for the population size of the counties in the analysis, which we do by using the 1980 census count (POP80).

Some of the regression equations involve estimates of the effects of the independent variables on change in the dependent variable. Rather than using change scores, such as growth rates, we control for earlier measures of the dependent variables in question. In this

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8 The Census classifies towns of 5,000 or more as urban. Thus, URB%80 is an estimate of the percentage of each of our non-metropolitan sample of county’s population living in towns of 5,000 or more.
way, the effects of the independent variables on the dependent variable are measured independently of starting levels, the magnitude of the dependent variable measured at about the same point in time as the independent variables. When this procedure is used, the effects of the independent variables provide estimates of the effects on change in the economic development measure (i.e., economic growth) rather than on cross-sectional differences in the level of economic development across counties.

However, we are inclined to put as much emphasis on our so-called "cross-sectional" analyses as on the change equations. The reason is that differences across counties in the level of industrial development are assumed to be the result of a rather long historical process of change rather than an arrangement that suddenly occurred over the last few years. Likewise differences in the theoretically interesting independent variables are not likely to change suddenly in short periods of time. Thus the cross-sectional analysis may be more reflective of the underlying patterns that have characterized economic development in the Mid South than the (short-run) dynamic analysis.

The results of the analysis are shown in Table 1. Eight equations are estimated, two for each of the economic development measures. For each indicator, there are two equations, one of which does not include an early measure of the dependent variable (the odd-numbered equations) and one which includes the early measure of the dependent variable. With respect to the racial aversion hypothesis developed in this paper, the results are mixed. Although in all equations the estimated effects of HIBLACK are negative, in only two equations are they sufficiently large and stable to achieve statistical significance at the .05 level of probability (one-tailed). In equations 1 and 3, the results indicate that the counties that have populations
made up of more than 30% African Americans, there are significantly fewer manufacturing
firms, including large firms employing more than one-hundred workers, than in counties with
less that 30% Black concentrations.

When a 1982 measure of equivalent of these two 1986 measures are included
(equations 2 and 4), the effects of HIBLACK (and several of the control variables) are
substantially reduced, although still in the predicted direction. In this regard, the earlier
comments on the interpretation of short-run change estimates are important to recall.
Together equations 1-4 indicate that although HIBLACK was not significantly associated with
a decrease in manufacturing firms from 1982-1984, it is an important factor in explaining the
relatively smaller number of firms in counties with more than 30% of the population Black.

When the level of employment in manufacturing and the amount of new capital
expenditures are the indicators of industrial development, the effects of HIBLACK, though
negative as predicted, are not statistically significant once the other variables are included in
the analysis. This is contrary to the hypothesis of racial aversion that had been suggested by
other social scientists and shown to be clearly evident in the statements made by business and
economic development elites in Magnolia County. It is interesting to note that the human
capital variable, HS%80, meets with the same mixed results as HIBLACK. Although its
effects tend to support the notion that the level of education, as an indicator of human capital
development, are positively linked with industrial development, these effects are not always
statistically significant.

It is important, too, to discuss the estimated effects of counties’ poverty rate on the
economic development indicators. POVRAT79 is consistently negatively related to economic
development. As the rate of poverty increases across counties in the Mid South, industrial development becomes less likely. Moreover, not shown is that including this variable reduces the effects of HIBLACK to statistical insignificance. In equations 1, 3, 5, and 7, when POVRAT79 is not in the equations, the estimated effects of HIBLACK are statistically significant and negative. This finding raises an interesting methodological and theoretical issue.

A conventional interpretation of these multivariate findings would suggest that some of the effects of HIBLACK observed in the earlier tables are spurious, due to the influence of the relationship of the poverty rate to both the proportion Black and the economic development measures. But the substantive implications of this are nonsensical when applied to the historically real Mid South. What is implied is that the rate of poverty "causes" both the Blackness and the underdevelopment of Mid South counties. This is surely ridiculous. What is less ridiculous is to point out that poverty and "Blackness" are an outcome of long-run historical relationships that are not captured in the regression equations above.

Nevertheless, these quantitative findings do raise a few interesting questions about the qualitative data discussed above. Are the Magnolia County informants, and those in our other counties, anomalous in the Mid South in perceiving race--rather "Blackness"--as a negative when it comes to prospects for economic development? Or would respondents in other Mid South counties tell us the same things? If the latter is the case, then are race and poverty so interlinked that (White) elites perceive Blackness as a negative when poverty is also widespread? Once again, though, we need to emphasize that the historical linkage in the region between race and underdevelopment may be obscured in relatively short-run aggregate
quantitative analyses such as this.

Conclusions

The mixed findings of the quantitative analysis should not obscure the overwhelming support for the racial aversion hypothesis found in our interviews with business and economic development elites, Black political and civic leaders, and poor women who head their own households. Nor should we lose sight of the limited, but not insignificant, support found for the hypothesis in the quantitative data. There are clearly fewer manufacturing enterprises to be found in non-metropolitan Mid South counties in which 30% or more of the population is Black than one would expect on the basis of the level of education, urbanization, and poverty. The qualitative data indicate that local White elites view the issue of race as bound up with poverty and skill/education, but they are not very helpful in suggesting solutions.

The complaint we most frequently heard from local elites concerned the low skill levels of the work force. Yet we were unable to find employers who provide significant job training programs. The lack of trained workers is sure to shape future patterns of economic growth, constraining growth in general and ensuring that industries that do move in to the region will be more of the same: secondary sector industries reliant on low-paid, low-skilled labor and offering few benefits and little long run job security.

Finally, it is important to note, as does Williams (1987) in his work on industry in a northern metropolitan area, when racial aversion operates to limit the availability of higher paying and higher skilled jobs in a locale, then both Black and White working class people are affected. When industries, especially high-wage industries, make decisions not to locate
in certain locales because of the high percentage of poor and working class Black and White residents, these people miss the chance of obtaining a job or improving their position in the labor force.

When existing industries fail to institute job-training programs in the face of intense demand for skilled workers, then all unskilled employees, White and Black, miss an opportunity to improve their position within the firms. And when the middle class withholds their children and their political/financial support from the public schools, then poor and working class children of both Black and White families lose the opportunity for a better education, the chance to increase their stock of "human capital" in the form of the reading, writing, and math skills that employers say are becoming increasingly important in attempts to recruit desirable industries.

Having stated this, it is important to quickly point out that racism seems to be a significant factor motivating the location of industries. Thus, African Americans in the Mid South suffer its consequences disproportionately. When racial aversion operates across locales some Whites invariably fall victim to some of its consequences. Meanwhile White people located elsewhere benefit from living in areas more likely to grow economically because racial aversion is operating over the region as a whole.

In an era of recession and nationwide deindustrialization, suggesting policies to promote industrial development in particular regions is tricky business. Nevertheless, we would like to echo some of the recommendations of the Lower Mississippi Delta Commission (1990) and add a couple of our own. The Commission recommends that states in the region and the federal government promote regional economic development through programs aimed
at providing capital through loan and bond programs, through human resource development (e.g., job training), and through programs that will aid modernization of infrastructure in the region. We agree with these and many of the report’s more specific recommendations on implementation.

We would add, however, that explicit attention be paid to past practices representing racial aversion. The issue of race and its role in the distribution of resources needs to be explicitly faced and dealt with fairly. State and regional economic officials need to be sensitized about the role that their own perceptions have played in directing development efforts away from counties with large concentrations of African Americans, and more needs to be done to ensure that the availability of resources to develop human capital are distributed equitably within the region.

Moreover, it will not be sufficient to simply cease current aversive practices and enforce equitable distribution henceforth. The disadvantages coming from decades of racial aversion, both institutionalized and informal, are too severe. Pro-active policies providing special programs and resources need to be developed if the Black counties are to begin to catch up.
References


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