

The Project Gutenberg eBook of The Rise of Cotton Mills in the South, by Broadus Mitchell

This ebook is for the use of anyone anywhere in the United States and most other parts of the world at no cost and with almost no restrictions whatsoever. You may copy it, give it away or re-use it under the terms of the Project Gutenberg License included with this ebook or online at www.gutenberg.org. If you are not located in the United States, you'll have to check the laws of the country where you are located before using this eBook.

Title: The Rise of Cotton Mills in the South

Author: Broadus Mitchell

Release date: October 18, 2011 [EBook #37784]

Most recently updated: January 8, 2021

Language: English

Credits: Produced by The Online Distributed Proofreading Team at <https://www.pgdp.net> (This file was produced from images generously made available by The Internet Archive.)

*** START OF THE PROJECT GUTENBERG EBOOK THE RISE OF COTTON MILLS IN THE SOUTH ***

THE RISE OF COTTON MILLS IN THE SOUTH

A DISSERTATION

Submitted to the Board of University Studies of The
Johns Hopkins University in Conformity with
the Requirements for the Degree of
Doctor of Philosophy

by

Broadus Mitchell

Baltimore, Maryland
1918

CONTENTS

	Page
Foreword	
<i>Chapter I:</i>	
The Background	1-45
<i>Chapter II:</i>	
The Background, continued	45-94
<i>Chapter III:</i>	
Conditions Precedent to the Erection of the Mills	95-131
<i>Chapter IV:</i>	
Capital	132-181

Chapter V:

Financing the Mills

181-225

Chapter VI:

Financing the Mills, continued

226-271

Vita

272

FOREWORD

These pages represent a partial exploitation of materials gathered with a view to their ultimate use in more extended form. Many phases of the problem have been left entirely untreated, but the research upon these subjects has not been without indirect service in the present study. In the case of two chapters written midway of the investigation, in revision care has been taken to bring them into consonance with the indications which developed from subsequent discoveries. It is hoped, therefore, that their lack is rather as to completeness than as to fidelity of temper.

Unless this presentation is entirely inadequate, in addition to the more objective economic forces, in the rise of cotton mills in the South, there will appear the human elements that lie at the core of the development.

For assistance, my first thanks are due to Professor Jacob H. Hollander and Professor George E. Barnett, of The Johns Hopkins University, who have contributed in a hundred ways over the whole period of study, and to Dr. Nathaniel R. Whitney, formerly of The Johns Hopkins University and now of the Iowa State University, who helped form my original conception of the problem. In the wider aspects of my study I have drawn upon the experience and judgment of my father continuously. Acknowledgment is due Miss Ellen Rothe and Miss Ethel Hubbard, of the library staff of The Johns Hopkins University; to the authorities of the library of the Peabody Institute of Baltimore, and to the officers of the reading room of the Library of Congress.

In two field investigations in the South, many gentlemen connected directly or indirectly with the cotton manufacturing industry have been instituting in extending their time and counsel and courtesy. From lack of space, it is not possible to make individual mention of all of these in this place; foot-note references to the interviews must be understood each one as expression of appreciation. For extraordinary assistance, however, it gives me pleasure here to return thanks to Hon. John Skelton Williams, Comptroller of the Currency; Mr. George A. Nölting, Jr., of Richmond, Virginia; Mr. O. D. Davis, of Salisbury; Mr. J. L. Hartsell, of Concord; Messrs. J. Lee Robinson and S. N. Boyce, of Gastonia; and Miss Anna L. Twelvetrees, Mr. Sterling Graydon and Mr. Hudson Millar, of Charlotte, North Carolina; Mr. W. J. Thackston, of Greenville; Mr. August Kohn, Professor Yates Snowden and Mr. William W. Ball, of Columbia, South Carolina, and Mr. T. S. Raworth, of Augusta, Ga. Of more intimate sort is my obligation to Professor K. Roberts Greenfield, of Delaware College, who by his constructive criticism has helped shape my opinion in a large way and has at many points improved the text as such.

I cannot fail to acknowledge, finally, my gratitude to Mrs. Charles Reuter and the members of her family, under whose roof most of these pages were written.

Broadus Mitchell

Baltimore, February 6, 1918.

CHAPTER I

THE BACKGROUND

This opening chapter undertakes a broad survey in brief compass of the historical and economic background out of which the cotton manufacturing industry of the South, as a distinct development, emerged. Thus to begin the story of the rise of the mills with discussion of a period which commences a century in advance, is not unlike the production of a play hopeful in conception, robust in theme and rapid in action, but in which the curtain first rises on a stage which remains empty throughout an entire act.

In viewing the period lying back of the concerted erection of cotton mills in the South, some observers have said they caught satisfying glimpses of men and facts not only presaging but causally related to the main action later. In spite of the present writer's usual disbelief in the sufficiency of the evidence in these findings, it is a primary purpose of this discussion to give their statements, together with the supporting testimony that they deliberately and others incidentally have brought forward.

The total of this study will show that the development, as such, not only first substantially showed itself, but had its complete genesis, about the year 1880. It is plain that in order to present, however, the conclusions of students who have believed they discerned signs of it in earlier years, it is necessary to include in these preliminary pages much that will not appear as fact exhibit, but rather as opinion. And not simply this, but in seeking to make clear the opposite theory, free recourse is taken to the findings and statements of others than the writer.

[Pg 2]

No apology is made for the incorporation of secondary material. On the contrary, this is intentioned. Lying, after all, outside of the central facts to come under view in this essay, exclusively original research in so extended a period has not seemed justified. In the second place, it has not appeared necessary for the reason that there has been usually less dispute as to the facts and the completeness of the data that much study has uncovered, than as to the right interpretation of material evidences agreed upon. Besides these considerations, it should be understood that much which might carelessly be taken as second-hand information, is really entirely and valuably first-hand. Peculiarly in the case of the economic history of the South, the statements of those who spoke from intimate elbow-touch with and active participation in the events of the various periods are sources in the finest sense. This is particularly true with respect to the work of the late Mr. D. A. Tompkins, which is repeatedly made use of. No document giving a photograph of conditions at one point of time could replace an utterance which sprang from his rich association with the whole fabric of the South's economic life, and which voiced the result of his long and sensitive responsiveness to stimuli external and internal. He absorbed influences as a sponge does water, and when pressed his books and speeches yield observations quick, living, liquid. There is considerable reason for belief, too, that Mr. Tompkins' concepts, however correctly or incorrectly interpretative of the past, stood in a causal relation to the cotton manufacturing development in his active period and continuing to a less extent even to the present.

[Pg 3]

While there has perhaps been no previous effort to bring the several beliefs into parallel presentation, concerning the rise of cotton mills in the South a little body of theory has grown up. Many of the statements are not well-informed, and in other cases they are almost too studied. Aside from a preparatory instance, designed to show the limits of divergence between the various views, the method here chosen is that of relating the different assertions to all of the periods to which they apply, rather than attempting to give at once expositions of each in continuity. It is hoped that in trying to examine the views in detail, the relative weighing of periods as intended by the writers will not be lost.

One who made his study with empirical purpose, and may believed to have been not deeply interested in the historical setting of the cotton mills, has made the following observation for South Carolina, taken by him as typical of the Southern States:

[Pg 4]

"The story of the development of the cotton manufacturing industry in South Carolina is not wanting in impressive elements. From the beginning in 1790 till 1900 it was a struggle of gradually increasing intensity and extension."^[1] This is a very positive statement of what may be called the continuity theory. Mr. Goldsmith's view is in marked contrast with a representative expression of Mr. Tompkins, like himself a Southerner for considerable time a resident of the North:

"The settlement of mountainous and middle North Carolina was practically by the same elements,—Scotch-Irish, Germans, Moravians, and Quakers,—as came to Pennsylvania. Many emigrants landing at Philadelphia and New Castle, Delaware, settled first in Pennsylvania and moved southward through the Valley and Piedmont of Virginia to the Carolinas. Others landed at Charleston and moved northwestward. In South Carolina even the names of several of the northern counties are identical with those of Pennsylvania, as Lancaster, Chester, and York counties.

"These settlers brought with them a large degree of knowledge and skill in manufacturing. All along the Piedmont and even in the mountains from Pennsylvania to Georgia, they not only followed agriculture, but developed varied household manufactures in the period between 1750 and 1800.... In 1800 many charcoal blast furnaces making pig iron and many catlin forges and rolling mills making wrought iron bars, and other products of iron, indicate that a manufacturing development throughout the Piedmont region of the South might have continued parallel with that which has taken place in Pennsylvania, except for the

[Pg 5]

circumstances of the combined influence of the invention of the cotton gin, the institution of slavery, and the checking of this immigration. As late as 1810 the manufactured products of Virginia, the Carolinas and Georgia exceeded in variety and value those of the entire New England States. By Whitney's invention, and its improvement by Holmes, cotton planting became so profitable, that for a period of forty years the price remained above twenty-five cents a pound. Factories were abandoned, the owners going into the production of cotton with slave labor. Some of the factory workers ... went into a precarious agriculture. The factory workers and small farmers were largely ... located on the mountain sides, and the development of cotton production with slave labor tended further to separate this democracy from the white race aristocracy of the low country. As cotton and slavery advanced, the population of free white work people were driven farther and farther into the mountain country, and thus many of the white industrial workers of 1800 became the poor mountain farmers of 1850.... the owners of factories who operated with free white labor in 1800 had become in 1850 the cotton planters operating with black slave labor.... when the abolition of slavery removed one great difficulty of industries and the white people who had formerly deserted manufacturers for agriculture went back to the pursuits of their fathers, these mountaineers formed the labor supply.... it was found that the descendants of the industrial workers of 1800 could, with a little training, do as good work as their forbears did."^[2]

[Pg 6]

This opinion is not so categorical as that of a close observer of the South who believes that "from 1810 to 1880 the section was industrially a desert of Sahara", but it makes clear the view that from a point early in the century until a date subsequent to the Civil War absorption in cotton culture threw manufacturing of all sorts into the discard. This conception may be held to be so generally accepted as to be commonplace and not requiring of proof; to examine in detail, however, the varying statements that would cast doubt upon this, so far from being a tilting at windmills, will serve to fix with some conclusiveness the date most nearly according with the commencement of the industry, and so accomplish the chief object of this introductory discussion.

[Pg 7]

And now to begin.

In declaring in 1908 that Spartanburg was regaining the position of a central point in one of the most forward manufacturing developments in America, such as the place had been a century earlier, Mr. Tompkins said: "When I left South Carolina to go North to learn the trade of machinist and to study engineering I thought I was leaving a country which had never had any important manufactures. Later, when I was in the middle of industrial life in the North, I conceived the idea of writing an industrial history of the United States. To my amazement I found that the agricultural South, from which I had come in a spirit of industrial despair, was the cradle of manufactures in the United States."^[3]

Mr. Thompson has developed carefully the industrial character of what may roughly be called the Revolutionary period, particularly with reference to North Carolina: "The domestic industries ... flourished. Though there were no towns of any size, the number and the skill of the artisans was such that, in 1800, it seemed probable that the logical development would be into a frugal manufacturing community, rather than into an agricultural state."^[4] Records in the office of the Secretary of State of South Carolina show the early encouragement given to the manufacture of cotton specifically. In a list of inventions, copyrights and patents, it appears that March 13, 1789, Hugh Templeton deposited in the office two plans, "a complete draft of a carding machine that will card eighty pounds of cotton per day", and "a complete draft of a spinning machine, with eighty-four spindles, that will spin with one man's attendance ten pounds of good cotton yarn per day."^[5] In 1795 the legislature of this State passed an act authorizing commissioners to project a lottery for the benefit of William McClure in his effort to establish a cotton manufactory to make "Manchester wares."^[6] The purchase by Southern States of the patent rights of Whitney's cotton gin is to be interpreted not as a design to leave off cotton manufacturing, but rather as an evidence of a prevalent spirit for mechanical improvement. A South Carolina appropriation bill for 1809 has a paragraph advancing to Ephraim McBride \$1000. "to enable him to construct a spinning machine on the principles mentioned in a patent he holds from the United States."^[7]

[Pg 8]

[Pg 9]

Much of this may be believed to have been directly in consequence of the necessity for economic self-sufficiency during the Revolution when the colonial commerce with England was stopped. Proceedings of the Safety Committee in Chowan county, North Carolina, for March 4, 1775, show that "the committee met at the house of Captain James Sumner and the gentlemen appointed at a former meeting of directors to promote subscriptions for the encouragement of manufactures, informed the committee that the sum of eighty pounds sterling was subscribed by the inhabitants of this county for that laudable purpose." Prizes were offered to encourage the manufacture of woolen and cotton cards and of steel, and proclamation money to the amount of ten pounds would be given by the chairman of the committee to the first producer in a certain time of fulled woolen cloth. The provincial congress the same year took steps to stimulate, by bounties, the manufacture of gunpowder, rolling and slitting mill products, cotton cards of wire, merchantable steel, paper, woolen cloth and pig iron.^[8]

[Pg 10]

Although it is said that their objects were possibly political as well as industrial, mechanics' societies existed at Charleston and Augusta before and about the year 1810; in Augusta

were made some of the earliest attempts in this country to improve the steam engine.[9] As early as 1770 there was formed in South Carolina a committee to establish and promote manufactures, with Henry Laurens as chairman.[10]

Before making an estimate of the character of the textile industry in the South in this Revolutionary period, it is well to take a glimpse at some of the individual establishments. The facts brought out by Mr. Kohn's painstaking research as to South Carolina serve well. Governor Glen's "Answers to the Lords of Trade", believed to have been written in 1748, in attributing some manufacture of stuffs like Irish linen to the inhabitants of the Irish township of Williamsburgh, can have no point except to indicate domestic industry.[11] Remarking the considerable manufacture of cloth in the province prior to and during the Revolutionary period, it is pointed out that "In those days it does not appear to have been popular to organize corporations and the manufacturing was done by individuals—most of the planters being amply able to conduct such operations." [12] Daniel Heyward, a planter, in a letter in 1777, declared with reference to his "manufactory" that if cards were to be had "there is not the least doubt but that we could make six thousand yards of good cloth in the year from the time we began." And Mr. Kohn comments, "This certainly shows that the Heywards conducted a considerable plant for the manufacture of cotton goods", and allows that "no doubt other individual planters made their own cotton clothes in the same way." [13]

[Pg 11]

Domestic production is clearly seen in a statement in the same year that a planter to the northward in three months trained thirty negroes to make one hundred and twenty yards of cotton and woolen cloth per week, employing a white woman to instruct in spinning and a white man in weaving. "He expects to have it in his power not only to cloathe his own negroes, but soon to supply his neighbors." [14]

[Pg 12]

This student has satisfied himself, in spite of the admitted fact that no traces of the plant survive, that "in 1778 Mrs. Ramage, a widow, living on James Island, Charleston District, established a regular cotton mill, which was operated by mule power." [15] Another plant which would seem to have approached a commercial character is seen in the assertion in 1790 that "A gentleman of great mechanical knowledge and instructed in most of the branches of cotton manufactures in Europe, has already fixed, completed and now at work on the high hills of the Santee, near Stateburg, and which go by water, ginning (?) carding and slubbing machines; also spinning machines, with 84 spindles each, and several other useful implements for manufacturing every necessary article in cotton." [16] Detail description shows, however, that while some long staple cotton for this establishment was imported from the West Indies, and while a variety of goods were made, it was conducted as an adjunct to a plantation, parts of the equipment were later removed to and set up on another plantation, and much yarn was spun for persons in the vicinity. It is, however, notable that the machinery was made in North Carolina. [17]

[Pg 13]

It has been said probably very justly that "It was not until far in the nineteenth century that manufactured cloth could be bought because of its scarcity and because of its price, and a vast majority of our grand-mothers were thus forced to make their own cloth, and many of them preferred the domestic article to the manufactured," [18] and Mr. Clark says that "prior to the war of 1812 the advance of Southern manufactures was principally in what were then household arts—those that produced for the subsistence of the family rather than for an outside market. These manufactures continued generalized and dispersed rather than specialized and integrated." [19]

[Pg 14]

This author is to be accepted in his general dictum that "The official return of cotton manufactures in 1810 is too inaccurate either to measure the extent of the industry or to describe its location. Probably many census agents did not know what a textile mill was; and they classed as factories, plantation loom houses and the cottages or shops of village jenny-spinners. This explains the large number of establishments reported from the South and West. Advertising then to the mills just noticed and to water-driven spindles near Fayetteville, he continues: "Less study had been given to the industrial records of the South than to those of the North, and during the subsequent period of indifference or hostility to manufacturing in that section some annals of the earlier interest in those pursuits were doubtless lost. Small mills may have been started in the Carolinas and Georgia, and after a brief infancy have vanished and left no name; but, if so, the fact is curious rather than significant for it had no relation to the subsequent history of the industry." [20]

While it is thus seen that the textile industry in the South in the latter part of the eighteenth and earlier part of the nineteenth centuries was stamped with every hall-mark of domestic production, and while they were ephemeral in their operation, it is to be remembered that a century and a half ago the industry in England as well as in America bore more or less of the domestic character; [21] and Southern States showed instances of power-driven machinery before Samuel Slater built the first Arkwright mill in Rhode Island. The South had planter-manufacturers it is true, but this striking link with agriculture as contrasted with New England is easily explained in the more general fertility of the soil and the effect this of course had upon the occupation of the people. Furthermore, the very fact of this coupling indicates the inclination towards economic balance and the promise in these years of a rational development. [22] Bearing these things in mind and viewing the wastage which he conceived to have been wrought by slavery, Helper was probably within justified bounds when he declared:

[Pg 15]

[Pg 16]

"Had the Southern States, in accordance with the principles enunciated in the Declaration of Independence, abolished slavery at the same time the Northern States abolished it, there would have been, long since, and most assuredly at this moment, a larger, wealthier, wiser, and more powerful population, south of Mason and Dixon's line, than there now is north of it."^[23]

Sentiment as to the right description of the mills of the Revolutionary years is clear. Coming now to those of the period later than 1810, a subject is entered in which some controversy is involved. These plants may be denominated in general the "old mills". While the two ideas are closely related, a distinction must be held in mind between the influence of these factories upon the later great development and the proper character which is to be ascribed to them as of themselves. Only the latter object is primary in the present chapter.

A North Carolinian, who, while of post-bellum experience only, has been closely identified with one of the foremost industrial communities of the South, told the writer that in his opinion it had been "a clear case of arrested development; it would have all come sooner, but for the war. It might be said that had slavery continued, manufacturing would never have come in the South; but it is also true that slavery was doomed. There is no use in talking about what might not have happened had slavery continued."^[24] To uphold this view that the Civil War interrupted a course which was clearly laid down in the years previous, it ought to be capable of demonstration that the old mills had essentially the same character as those of the great period, with only those lacks which were inherent in the industry of the formative stage. A manufacture which is forerunner in time is not necessarily antecedent in effect.^[25] The South had small cotton farmers of a prevalent sort before ever Knapp taught efficient production. If the old mills were of a substantially different stripe from those of the period of fifteen years after the war, the genesis of the industry, economically speaking, vests in the later date.

[Pg 17]

[Pg 18]

Another North Carolinian asserted that "In the older mills before the war, the seed had been planted, and cultivation was renewed after the war. The ante-bellum mills were pretty well known throughout the country. The woolen mills at Salem, and the cotton mills in Alamance and a few in Gastonia were known. The fact that such goods as 'Alamance' had a name already was an advantage."^[26] But the mere fact that the old mills were known is not enough; it is further interesting that he continued to speak of them in close conjunction with the names of the families and manufacturers who owned them—the personal factor stood out in his mind. It is easy to find a number of undiscriminating statements, as that the mills of Concord were the natural outgrowth of the old McDonald Mill, that there was a manufacturing tradition in the place.^[27]

Not a few plants in the South have been in continuous operation since an early date. Mr. Kohn believes that the one with the longest record is that founded at Autun, near Pendleton, South Carolina, in 1838, by F. B. Sloan, Thomas Sloan and Berry Benson.^[28] But this does not mean that many of these, so far from inspiring the later development, were not themselves by its stimulus so greatly changed as to be radically different from their former character. In addition to the general neglect accorded the old mills by public estimation, there is evidence that positive local dislike fell to one long-established enterprise at a date even as late as the seventies.^[29]

[Pg 19]

It seems hardly necessary to controvert, in the light of the spirit with which mills were built about 1880 and the demonstrated total newness of the hands to the processes and even the idea of textile manufacture, an opinion that not only did the ante-bellum mills serve as a starting point for the later great development, but domestic weaving had accustomed the people of the industry.^[30]

A clear distinction, and one too often lacking, was made by Carroll D. Wright between first establishments and genuine factory development in reference to the industry of Philadelphia and New England. Using English spinning inventions, "During the war (Revolution) the manufacturers of Philadelphia extended their enterprises, and even built and run (ran) mills which writers often call factories, but they can hardly be classed under that term. Similar efforts, all preliminary to the establishment of the factory system, were made in Worcester, Massachusetts, in 1780."^[31] While it is not pretended that the Southern mills of a later period were of quite as limited a character as is here meant, it is wholesome to bear this point in mind.

[Pg 20]

The history of the Southern cotton mills of the period embracing the thirty years following 1810 is rather hazy.^[32] Facts important to this discussion, however, stand out. In the first place, there seems to have been a good deal of moving about from this water-power to that, the machinery being hauled from place to place with apparent convenience.^[33] A founder would sell an enterprise, build another and sell it and build a third.^[34] It was difficult to convey machinery to the factory when purchased at a distance. That for the Mount Hecla Mills about 1830 was shipped from Philadelphia to Wilmington, North Carolina, up the Cape Fear river to Fayetteville, and then across country by wagon to Greensboro. Machinery for the Hill factory in Spartanburg county, consisting in 1816 or 1817 of seven hundred spindles, had to be brought by wagon from Charleston.^[35] Some of the machinery for the Michael Schenck mill, built near Lincolnton, North Carolina, in 1813, was bought in Providence and hauled by wagon from Philadelphia.^[36] For this mill a portion of the machinery was built by a brother-in-law of Schenck, and when the dam broke and it became

[Pg 21]

necessary to rebuild further down the creek, a contract was made with Michael Blom, a local workman, for additional machinery.[37] Other mills had locally manufactured equipment. Spindles for the original Bivingsville mill are said to have been made in a blacksmith shop. [38] "Much machinery for the early cotton mills was made by the local blacksmiths. They were important men in the community and often grew prosperous." [39] In those days the blacksmith was a more skillful mechanic than in these, but the machinery they produced must have been crude even for that period.

[Pg 22]

While elaboration of the point falls elsewhere in this study, it is worth notice here that there is a difference between the old and the later mills in the character of their promoters and managers. In the earlier period men came to cotton manufacturing, it would seem, by more normal channels than at the outset of the subsequent development. Like Michael Schenck they had foreign industrial habits and traditions back of them, and they set up mills in communities populated by Swiss, Scotch-Irish and Germans. Or like William Bates and probably the Hills, Shenden, Clark, Henry and the Weavers they came from the industrial atmosphere of New England, then particularly stimulated by the encouragements lent to textile manufacturing by the embargo laid on English goods in the War of 1812.[40] Or through collateral business collections or marriage they were drawn into the business. Simply private investment enlisted participation of men in various callings. A manufacturer would be such as incidental to other and perhaps diverse interests. It is of course true that these same forces operated afterwards, but in the earlier time there was no response to a public enthusiasm or a social demand creating a magnet that drew into the industry men who otherwise would never have entered it, certainly not as entrepreneurs.

[Pg 23]

In connection with the Schenck mill there was operated a plant turning out iron products. [41] Cotton factories conjoined with gins and saw mills are not unknown in the South even today, but in whatever instance this occurs there is indicated a lack of specialization.

The marketing and consumption of the output of the old mills is a matter of broad interest. The statement which serves, perhaps, to indicate most nearly a genuinely commercial character in this regard, is that of Mr. Clark growing out of his reference to the establishment of General David R. Williams, near Society Hill, Darlington County, South Carolina. It was on his plantation, and was water-driven. "... in 1828 he was turning his cotton crop, of 200 bales annually, into what was said to be the best yarn in the United States. He marketed part of his output in New York and wove part of it into negro cloth for home use.... Twenty years later the factory was still shipping yarn to New York, and also making cotton bagging for the neighboring plantations.... By the middle of the century their (small Southern mills such as this) product is said to have controlled the Northern yarn market. This market they were able to enter because they had been supported through infancy by the local demand for yarn for homespun weaving—a support they did not entirely dispense with until after the war. Yarn was traded by the mills for homespun linen warp, and woven with that warp into strong cloth for country use. The family weavers who did this work were paid for their labor in cotton yarn." [42] Other evidence hardly supports a belief that the Southern mills of this period took so large a part in supplying the yarn market of the country; on the other hand, local consumption and the link with domestic industry, which even in the quotation above goes side by side with the wider sales, was prevalent. How closely these old mills were joined with the countryside is seen in the fact that into their coarse, homely fabrics went hand-spun linen warp. The domestic character was ingrained. Of the Rocky Mount Mill in North Carolina it is said that "For some years prior to and during the Civil War, the mill was a general supply station for warps which the women of the South wove into cloth on the old hand looms. A few of the braver women who were left at home with only the feminine portion of their families or the sons too young to fight, sometimes made trips alone many miles through the country to get warps for themselves and neighboring families." So beneficial did this old habit prove during the war that a cavalry troop of six hundred federals was sent up from New Bern in 1863 and burned the mill.[43] Mr. Thompson says of this same mill that until 1851 slaves and a few free negroes were worked in it. This distinguishing difference of the old mills from those of the great period, when the labor of negroes was far from the thoughts of the builders and managers, will be dwelt upon in another place. Here again is noted the fact that the mill supplied coarse yarns for neighborhood consumption, and it is said moreover that making only twelve to fifteen hundred pounds of 4s to 12s daily, the mill could not get a steady market for its wares.[44]

[Pg 24]

[Pg 25]

It is reported of the first independent venture of Francis Fries, at Salem, North Carolina, in woolen manufacture, that it "was but a small one, consisting of a set of cards for making rolls from the wool raised by neighboring farmers. This mill also contained a small dyeing and fulling plant for coloring and finishing the cloth woven by the farmers' wives and daughters." [45] A large cotton manufacturer says that he recalls only three mills operating in Spartanburg county before the war; there were Bivingsville and two very small plants, one of them on the Tyger River spinning yarns on half a dozen frames, people driving from twenty to twenty-five miles to the door of the mill to get the product, although it was sold too in the stores.[46]

[Pg 26]

The Batesville factory was built with about 1000 spindles. Before the Columbia and Greenville railroad came to Greenville about 1852, the product of the mill was 8s to 12s in ten-pound "bunches" covered with blue paper. The yarn in this form passed current almost like money. The mill marketed it over the mountains in North Carolina and in Tennessee, as

[Pg 27]

far as Russellville, "mountain schooners" with six-mile teams being used for the purpose. The wagons used to bring back whatever they could to constitute a return load; usually it was meat, all of that article consumed about Greenville coming, it is said, from North Carolina. Sometimes rags were brought back. In this way yarns were sometimes taken as far as a hundred and fifty miles.[47]

A banker who is intimately connected with the textile industry in one of the oldest industrial communities in the South and who is a member of a family to which many writers are quick to point as founders of cotton manufacture in the South through agency of conspicuous participation in the business since the early thirties, said: "The mills built after the war were not the result of pre-bellum mills. This is trying to ascribe one cause for a condition which probably had many causes. The industrial awakening in the South was a natural reaction from the war and reconstruction. Before the war there was first the domestic industry proper. Then came such small mills about Winston-Salem as Cedar Falls and Franklinsville. These little mills were themselves, however, hardly more than domestic manufactures. When, after the war, competition came from the North and from the larger Southern mills, the little mills which had operated before and had survived the war lost their advantage, which consisted in the possession of the local field. They had been able to barter for the small quantities of local raw cotton which they used. The standard of exchange, the par, was one yard of three-yard sheeting for a pound of raw cotton, which was a third of a pound, made into cloth, for a pound in the raw state. But this was a retail and not strictly a manufacturing profit.... The old Winston mill, established in 1840, finished the wool product spun by the country housewives. This mill also supplied carded wool for domestic manufacture. The ante-bellum domestic-factory system did not produce the post-bellum mills." [48]

[Pg 28]

So strongly was he impressed with the essentially local character of the old mills, that he was inclined to look with pessimism upon the prospect of success for the present plants which have transcended the small sphere that in its very restriction protected them in privileged enjoyments.

It must be obvious from the foregoing considerations that a census enumeration of mills of the period cannot show internal characteristics which are all-important. But even the census returns, counting one plant like another, display the Southern industry at this stage in a feeble light. Some primary descriptive factors are lacking in the earliest reports of the census which are at all useful, but taking the four Southern States which were farthest advanced in the years 1840 and 1850—Virginia, North Carolina, South Carolina and Georgia—the showing may be summed up thus:

[Pg 29]

In 1840 Virginia had 22 establishments, \$1,299,020 invested, 1816 operatives, 42,262 spindles and the plants consumed 17,785 bales of cotton. In 1850 the same State had twenty-seven mills, with a capital of \$1,908,900 and 2,963 operatives.

In 1840 North Carolina had 25 establishments, \$995,300 invested in these, 1219 operatives and 47,934 spindles.[49] Ten years later this State showed three more establishments, an investment of \$1,058,800, 1619 operatives employed, 531,903 spindles and the number of bales consumed was 13,617.

South Carolina in 1840 had 15 plants, representing an investment of \$617,450; there were 570 operatives and 16,353 spindles. By the next decade there were 18 establishments, the investment in them was \$857,200, the operatives numbered 1,119 and the bales of cotton consumed 9,929.

Georgia at the earlier date contained 19 mills with an invested capital of \$573,835,779 operatives and 42,589 spindles. In 1850 the number of plants had increased by sixteen, making 35; the investment had risen to \$1,736,156; the operatives totalled 2,272; unfortunately the number of spindles is not contained in the census returns, but the consumption was 20,230 bales.

[Pg 30]

The Southern States as a whole in 1840 were able to report 248 establishments with a capital of \$4,331,078; operatives were 6,642; spindles (an obviously incomplete summary) were 180,927. The same year the New England States as a whole showed 674 mills, with investment of \$34,931,399, operatives numbering 46,834, and 1,497,394 spindles. The Southern States again, in 1850 had 166 plants, \$1,256,056 invested, 10,043 operatives; the consumption was reported at 78,140 bales. At the same date the New England development was measured by 564 plants, capital of \$53,832,430, 61,893 and a consumption of 430,603 bales.[50]

Many single mills in the South today represent more than the extent of the whole industry in the most forward Southern State in 1850.[51] Comparison of facts for all the Southern mills with those for the industry of New England perhaps serves to reflect back some light upon the status of the former plants specifically, which has been dwelt upon.

[Pg 31]

Of the plants in the South in this period it has been well observed that "The number of small carding and fulling mills and of little water-driven yarn factories, in this section before 1850, may have approached the number of textile factories in the same region today; ... but few of these establishments became commercial producers." [52]

Some evidences of industrial activity in the period to 1840, partly conscious and partly not

so, which may be held to presage the later development are to be noticed. A localizing tendency of the textile industry in the decade from 1830 to 1840, held to have been guided by the conjunction of raw cotton, waterwheel and steamboat along the fall line of rivers—at such points as Richmond, Petersburg, Augusta, Columbus, Huntsville, Florence and the vicinity of Montgomery, Mr. Clark holds to be a "slow and unconscious development", during which William Gregg, "a single pioneer of large industry", made a systematic effort to "awaken the South to the peculiar advantages it enjoyed for cotton manufacturing."^[53]

[Pg 32]

George Tucker, in his "Progress of the United States in Population and Wealth in Fifty Years", published in 1843, was the first to show that at 1840 in the older South slavery was displaying signs of decay from economic causes and that as a system it would finally lapse of its own accord.^[54] Niles' Register, May 2, 1840, declared: "The South is rapidly becoming independent in almost every branch of manufacture. There are in North Carolina alone, at this day, a greater number of different kinds than ten years ago there were in the whole of the Southern States", and two weeks later the same paper took from the Raleigh, N.C., Register the assertion that "The enterprise of the citizens of this state is rapidly enabling it to become independent of the North in almost every branch of manufacture."^[55]

Mr. Pleasants believes that agitation by press and public for a change in industrial activities resulted in awakening North Carolina in the early thirties from the lethargy that had prevailed since 1810, so that "The people of the state became interested and soon a class of small manufacturers such as makers of carriages, wagons, and farm implements, coopers, wheelwrights, distillers, tanners, hatters and makers of boots and shoes, cabinets and chairs came into prominence and continued to thrive down to 1860. In addition to this class were the cotton, wool, and iron manufacturers who now began to appear and who became quite prominent after the building of railroads began."^[56] It is, however, questionable whether it may be said truly that "the people of the state became interested"; certainly there was nothing like the sweep of public sentiment that appeared in 1880. Several years earlier the Tarboro, N.C. Free Press had carried this item: "A few days since twenty bales of cotton yarn were shipped from this place to the New York markets. They were from a manufactory of Joel Battle at the falls of Tar River.... Should the tariff bill meet with equal success with that of internal improvements, necessity will compel the people of the South and of North Carolina to join in the scuffle for the benefits anticipated from this new American system, and they will have to bear a portion of its burdens and buffet the Northern manufacturer with his own weapons."^[57]

[Pg 33]

[Pg 34]

Influenced by the pre-emption of land into large estates with the consequent need of the people to find other means of livelihood than small farming, by the discovery of gold and establishment of the mint, by the agitation for and construction of railroads and by the improvements in cotton manufacturing machinery, the people of Mecklenburg county, N.C., "Many years before the war", said Mr. Tompkins, "were beginning to realize the importance of diversified industries.... An industrial crisis was imminent, and the problem would have solved itself by natural agencies within a few more years, had not sectional differences brought on the war."^[58] In connection with this statement, which approaches as nearly to the ascription of an industrial impulse to the ante-bellum South as any other by this writer, it is to be noticed that the fact that the war did come to render it impossible of effects shows the relative weakness of the spirit at this time. The pre-occupation with sectional differences was of greater potency than the intra-sectional change of mind, if such there were.

[Pg 35]

A South Carolina newspaper in 1847 reckoned up with pride eleven cotton factories in the State, with others building on the water powers of the back-country.^[59]

The foregoing paragraphs have been designed to lead up to a very interesting view expressed by an author often quoted in these pages. Speaking of the years 1840-1860, Mr. Clark has said: "In the South the most striking feature of this period was the gradual breaking down of a traditional antipathy of manufactures. This hostility was opposed to the obvious interests of a region where idle white labor, abundant raw materials, and ever-present water-power seemed to unite conditions so favorable to textile industries. Cotton planting engaged the labor of the negro and the thought and capital of a directing white class, but the natural operatives of the South remained unemployed, and the capital of the North and of Europe was mobile enough to flow to the point of maximum profit without regard to sectional or national lines, were such a profit known to be assured by Southern factories. Slavery as a system probably had less direct influence upon manufactures than is commonly supposed, but the presence of the negro through slavery was important." It is noticed that white immigration from Europe, which at this time supplied the most considerable mechanical skill, avoided districts heavily populated with negroes; that plantation self-sufficiency meant isolation with small need for good communicating roads; that the market for middle-grade goods was restricted by the servile character of the colored population; that the credit system, by which factors controlled the direction of productive capital, rested upon cotton culture by negro labor; that while the corn laws held in England, reciprocity between the Southern States and the mother country tended to discourage manufactures in this section while the conditions of commerce favored manufacture in the North. "These business interests, supported by social traditions and political sectionalism, were strengthened in their opposition to new industries by a wide-spread popular prejudice against organized manufactures.... Nevertheless the South chafed

[Pg 36]

continually under the discomfort of an ill-balanced system of production...." He speaks of the canal at Augusta and of cotton mills at Charleston, Mobile, Columbus, New Orleans and Memphis directly following the writings and object lesson of William Gregg in his Graniteville factory and declares: "Though some large undertakings were wrecked by the financial crisis of 1857, more from weak banking support than from faults of operation, modern cotton manufacturing in the South dates from the founding of Graniteville rather than from the post-bellum period.... However, viewed in comparison with the cotton manufactures of the North, those of the South were still insignificant.... Nevertheless, the present attainment of the industry assured its definite future growth, and ultimate national importance."^[60]

[Pg 37]

And Mr. Kohn has said that "The real and the lasting development of cotton mills in South Carolina might be started with the Graniteville Cotton Mill...."^[61]

It is difficult for the present writer to see the distinction which Mr. Clark desires to draw between the effect of the presence of the negro and the presence of slavery. Well enough to assert that the capital of the North and of Europe was mobile enough to flow across the Atlantic and across Mason and Dixon's line were a profit in manufacture in the South known to be assured, but the fact is that capital did not flow in for industrial purposes because bright manufacturing prospects had not been proved out, and this largely because home enterprise was a laggard while slavery claimed the section's capital resources for cotton cultivation. The absence of immigration was as certainly the effect of slavery.^[62] While it is true that for long years after emancipation, and continuing to this day, the influence of the presence of the negro in restraining inflow of immigrants, particularly of artisans, it is evident the lessening of this deterrent and the removal of other nearly equal drawbacks could not proceed or commence while slavery existed. It should be clear to anyone that from the point of view of the independent white workman the presence of the negro in slavery held as a far more forcible objection than the presence of the negro in freedom. His killing economic competition and his radiated social poison were beyond any dispute and beyond prospect of remedy until he was made at least a free producer. There could not, in the second place, be development of schools and roads, and there could not be fraternization of work-people, while slavery continued. And the prospect for immigration for the South has taken its rise from the Civil War.

[Pg 38]

[Pg 39]

It was slavery that made plantation self-sufficiency in primitive needs universal, that made isolation and physical barriers to intercourse. The credit system in its hey-day rested in large degree upon supply by the factor of all industrial products, which needs must be sustained so long as every local energy was foredoomed for absorption into cotton growing.

It can not rightly be said that the traditional antipathy to manufactures in the South was "opposed to the obvious interests of a region where idle white labor, abundant raw materials, and ever-present water-power seemed to unite conditions so favorable to textile industries", if Southern consciousness and purpose is meant. This applies particularly to the labor factor. It will be shown later in this study that in the period before the war the mills often employed slaves as the exclusive operatives in the factory, either when belonging to the management or hired from their owners; in some cases slaves or free negroes were employed as operatives in the same mills with whites; and finally, and more importantly, through the reconstruction years and at the very outset of the cotton mill era the thought of the establishers of mills nor infrequently groped out in the inclination again to engage negro hands and to induce white operatives to come from the North and even from England and the Continent—overlooking the native Anglo-Saxon population as a useful supply of workers as though it had not been there. Before the war the presence of raw cotton was certainly looked upon more usually rather as a guarantee of economic independence than as a stimulus to produce within the section those products of manufacturing which the staple was potent to purchase.

[Pg 40]

It is not implied that conspicuous promulgators and exemplars of the need for a change in economic activity, such as William Gregg and others, and more still of lesser consequence of whom we have fewer evidences, were not products of a reaction that showed itself from the long continuance of slavery, but they stand out, impotent as they are striking, against a dull and motionless background of prevalent system.

Materials and viewpoint are both too well understood to require here demonstration of the preventive influence which slavery and cotton had upon industry in the South. And yet some observations may be brought out for the special purposes of this study, looking especially through the eyes of Southern men. Henry Watterson has said: "The South! The South! It is no problem at all. The story of the South may be summed up in a sentence; she was rich, she lost her riches; she was poor and in bondage; she was set free, and she had to go to work; she went to work, and she is richer than ever before. You see it was a ground-hog case. The soil was here, the climate was here, but along with them was a curse, the curse of slavery."^[63] Probably not over-induced by bitter animus is Helper's direct charge: "And now to the point. In our opinion, an opinion which has been formed from data obtained by assiduous researches, and comparisons, from laborious investigation, logical reasoning, and earnest reflection, the causes which have impeded the progress and prosperity of the South, which have dwindled our commerce, and other similar pursuits, into the most contemptible insignificance; sunk a large majority of our people in galling poverty and ignorance, rendered a small minority conceited and tyrannical, and driven the rest away from their

[Pg 41]

homes; entailed upon us a humiliating dependence on the Free States; disgraced us in the recess of our own souls, and brought us under reproach in the eyes of all civilized and enlightened nations—may all be traced to one common source, and there find solution in the most hateful and horrible word, that was ever incorporated into the vocabulary of human economy—Slavery!"[64]

Tompkins saw clearly, and in effect said again and again, that "the result of the introduction and growth of the system of slavery was revolutionary; it turned the energies of the people almost wholly to the cultivation of cotton; it practically destroyed all other industries...."[65] And again, "By the influence of the negro the South lost its manufactures and largely its commerce, and became practically a purely agricultural section of the nation."[66] Speaking of the effect of the cotton gin and the cultivation of the staple by slave labor, he said: "The shops which had been productive of trading were closed to the public, and were utilized only for what was needed on the plantation.... There were no industries requiring skill or thought, and there was no necessity for scientific farming or anything else scientific.... Slavery not only demonstrated that people will not think unless it is necessary, but also that they will not work unless it is necessary.... Within three decades after the invention of the cotton gin, slavery had accomplished its revolution. The people whose minds had been occupied with diversified industries and industrial expansion, were narrowed down to the development and growth of cotton.... The mills and shops lay idle, the abundant natural resources were ignored, and everything staked upon one occupation...."[67] This writer was fond of linking the economic trend of the South in 1800 with that which emerged after Reconstruction, as thus, "In the latter part of the eighteenth century and the early part of the nineteenth there was a well-developed and extensive manufacturing interest in the South. White mechanics were numerous, and lived well. The growth of the institution of slavery had nearly destroyed all manufactures ... by the middle of the nineteenth century.... After the abolition of slavery, and after a period of disastrous experiment in trying to legislate on social and political conditions 'without regard to race, color or previous condition of servitude,' education, intelligence or moral character ... manufactures were quickly re-established in the South, and the descendants of the mechanics of former days ceased at once to be 'poor white trash' and became with marvelous quickness as good carpenters, machinists, carders, weavers, etc., as their ancestors were."[68]

Something of Tompkins' newspaper published and publicist habit comes out in this conclusion of his advice against the usefulness of negroes in cotton mills: "Dependence upon the negro as a laborer has done infinite injury to the South. In the past it brought about a condition which drove the white laborer from the South or into enforced idleness. It is important to re-establish as quickly as possible respectability for white labor."[69]

Not only is it to be said that "the growth of slavery stifled manufactures",[70] but it is noteworthy that while this baleful influence lasted no improvements were made in the methods or appliances for the preparation of raw cotton for the market. Except in size and superficial appearance there was no change in the ante-bellum gin, gin-house and screw from 1820 to 1860. "The cotton was packed by hand, carried into the gin-house in baskets by laborers, carried to the gin by laborers, pushed into the lint-rooms, carried to the screw, packed in the box of the screw and bound with ropes, all by hand." But after the war came a feeder, a condenser, a hand-press to be used in the lint room, and cotton elevators. "... the spirit of enterprise, invention and improvement in the people of the South has not only revived, but the entire method and all the machinery and appliances for preparing cotton for the market have been revolutionized."[71]

A propagandist of the early eighties desiring to organize a development of small cotton mills in the South quoted with approval a correspondent of the Morning News of Savannah, setting forth that before the war the planters saw the advantage for little establishments and were only deterred from manufacturing because "slavery and the factory were declared to be incompatible institutions. They could not exist together."[72]

CHAPTER II

THE BACKGROUND (Continued)

So far from proclaiming cotton as king, there is evidence that some of the wisest Southerners saw that it was in many respects a curse. Said William Gregg in 1845: "Since the discovery that cotton would mature in South Carolina, she has reaped a golden harvest; but it is feared it has proved a curse rather than a blessing, and I believe that she would at this day be in a far better condition, had the discovery never been made. Cotton has been to South Carolina what the mines of Mexico were to Spain...." The "day is not far distant, yea, is close at hand, when we shall find that we can no longer *live* by that, which has heretofore yielded us ... a bountiful and sumptuous living.... Let us begin at once, before it is too late, to bring about a change in our industrial pursuits ...—let croakers against enterprise be

silenced—let the working men of our State who have, by their industry, accumulated capital, turn out and give a practical lesson to our political leaders, that are opposed to this scheme. Even Mr. Calhoun, our great oracle ... is against us in this matter; he will tell you, that no mechanical enterprise can succeed in South Carolina—that good mechanics will go where their talents are better rewarded—that to thrive in cotton spinning, one should go to Rhode Island—that to undertake it here, would not only lead to loss of capital, but disappointment and ruin to those who engage in it."^[73]

[Pg 47]

"The invention of the cotton gin", said Tompkins, "... Before 1860 ... was nearer anything else than a blessing. It was primarily responsible for the system of slavery.... Cotton ... in its manufacture ... is the life of the South, but we could probably have done as well without it until we began to manufacture it."^[74]

Not too dogmatic is the opinion expressed that "It seems as clear as day that ... cotton made the South a free trade section and the North protective; cotton lured the South back to slavery;^[75] cotton drove the South to an extreme States-rights position ... and cotton at last drove the South to translate extreme States-rights into the terms of Secession...."^[76] And with regard to internal policy, "Perhaps the most striking economic change that the new industry (cotton culture) effected in the South after the reintroduction of slavery was the speedy abandonment of manufactures ... what was the use of nerve-racking investment in elaborate and costly machinery when a land-owner could reap ten per cent net profit from a few negroes and mules and a bushel or two of the magical cotton seed? and yet the South had unusual manufacturing facilities ... manufacture soon fell into decay; the Piedmont region being still dotted with the moldering ruins of iron works and other mills that bear witness to the overwhelming power of the new agricultural absorption."^[77]

[Pg 48]

It has been observed that the social difference between North and South before the war, so often looked upon as something existing as of itself apart, as a matter of fact may be fully accounted for simply by the institution of slavery, which arrested development on Southern soil of the industrial type of American civilization.^[78]

Very convincing in his fact findings and often strikingly happy in his interpretations is Olmsted; his work benefited by being saved from the passion of Helper and the venom of Sidney Andrews. In accounting in 1856 for the reason for the stagnation in Virginia as compared with the industrial activity of New England and old England, he wrote, "It is the old, fettered, barbarian labor-system, in connection with which they (Virginians) have been brought up, against which all their enterprise must struggle, and with the chains of which all their ambition must be bound. This conviction I find to be universal in the minds of strangers, and it is forced upon one more strongly than it is possible to make you comprehend by a mere statement of isolated facts. You could as well convey an idea of the effect of mist on a landscape by enumerating the number of particles of vapor that obscure it. Give Virginia blood fair play, remove it from the atmosphere of slavery, and it shows no lack of energy and good sense."^[79] He took to be an average expression of the views "Not of the majority of the people (of Virginia)—they are not quite so demented as yet—but of the majority of those whose monopoly of wealth and knowledge has a governing influence on a majority of the people", the statement of a paper of the State that it was glad to find its contemporaries willing to discuss "the true and great question of the day—*The Existence of slavery as a permanent issue in the South*. Every moment's reflection but convinces us of the absolute impregnability of the Southern position on this subject. Facts, which can not be questioned, come thronging in support of the true doctrine—that slavery is the best condition of the black race in this country ..."; and from another newspaper in the year previous (1854): "African slavery ... is a thing that we can not do without, that is *righteous, profitable, and permanent*, and that belongs to Southern Society as inherently, intricately, as durably as the white race itself."^[80]

[Pg 49]

[Pg 50]

Olmsted was at pains to show how the people were duped by Charlatan guidance of their political leaders; this comes out particularly in his quotation of and comments upon the famous election speech in Virginia in the fifties, in which the aspirant declared to his audience that "Commerce has long ago spread her sails, and sailed away from you ... you have set no tilt-hammer of Vulcan to strike blows worthy of the gods in your iron foundries; you have not yet spun more than coarse cotton enough, in the way of manufacture, to clothe your own slaves. You have had no commerce, no mining, no manufactures. You have relied alone on the single power of agriculture—and such agriculture! Your sedge-patches outshine the sun.... Instead of having to feed cattle on a thousand hills, you have had to chase the stum-tailed steers through the sedge-patches to procure a tough beef-steak. (Laughter and applause.) ... The landlord has skinned the tenant, and the tenant has skinned the land, until all have grown poor together," "and how," asks Olmsted, "does the fiddling Nero propose, it will be wondered, to remedy this so very amusing stupidity, poverty, and debility? Very simply and pleasantly. By building railroads and canals, ships and mills; by establishing manufactories, opening mines, and setting up smelting-works and foundries. And, 'Hurrah!' shout the tickled electors; 'that's exactly what we want.'" And then he showed that it was much like the quack telling the confirmed paralytic to live generously, take vigorous exercise and grow well; that with the disease of slavery in its vitals the South could not do else than languish; that in holding out promise of wholesome measures which contemplated everything but the attacking of slavery,^[81] the politicians were just laughing at the people.^[82]

[Pg 51]

A reflection just as sorrowful as the confirmed bias of the people, however, is one that Olmsted did not see in this and myriad other episodes, namely, the blindness of the leaders that, with no doubt strong elements of quackery, showed even stronger signs of being themselves duped by a situation. Not that the crowd was believing, but that the leaders were so largely sincere, was most melancholy. As to both considerations, however, a passage of Sir Horace Plunkett in comment upon Irish politics, is much to the point: "Deeply as I have felt for the past sufferings of the Irish people and their heritage of disability and distress, I could not bring myself to believe that, where mis-government had continued so long, and in such an immense variety of circumstances and conditions, the governors could have been alone to blame. I envied those leaders of popular thought whose confidence in themselves and in their followers was shaken by no such reflections. But the more I listened to them, the more the conviction was borne in upon me that they were seeking to build an impossible future upon an imaginary past."[\[83\]](#)

[Pg 52]

As opposed to the brightening signs which some have seen in the years just preceding the Civil War, it has been said, "yet with the line around slavery being drawn more closely ... the cotton South lagged in the industrial race, and the border States were hampered by the institution that they felt to be a burden, but which they could see no safe way to abolish. Compassed as it was by political compromises, slavery must ultimately have topped through its own overweight; but in 1860 it was so valuable for the plantation that it was not only not readily converted into the factory, but was an obstacle in the way of the employment of capital and of other labor in that direction."[\[84\]](#)

[Pg 53]

The deterrent effect of slavery upon immigration of white laborers has been noticed above. In 1860 only 6 per cent of the white population of the South was foreign-born, but immigrants made up nearly 20 per cent of that in the North. In the decade from 1850 to 1860 the South's quota of foreign-born in the whole country dropped from 14 to 13 per cent. [\[85\]](#) The South was deprived of her share of foreign mechanics, so largely responsible for the industries in this country in the first half of the nineteenth century, not only by the fact that independent artisans avoided competition with slave labor, but because few of them had the means of acquiring slaves, and disapproved of the institution besides.[\[86\]](#) The increase in population in North Carolina in the single decade of 1870 to 1880 about equalled that of the four decades preceding. The comprehensive influence here upon immigration by the abolition of slavery is not greatly modified by the fact that in the period before 1870 fell the losses from the Civil War.[\[87\]](#) The tide of immigration to Mecklenburg County in this State dwindled from the introduction of slavery as a system until 1825, and thereafter set in the emigration of persons from the county, an even severer influence and stronger indication of the baleful labor system.[\[88\]](#)

[Pg 54]

In the fifties it was declared that the most prosperous community in South Carolina was a settlement of Germans in the western part of the State. Here had been founded an educational institution, varied manufactures, farming was conducted with successful enterprise and capital was found to be invested in a railroad venture. Slavery was not relied upon.[\[89\]](#) Sidney Andrews in 1865 found the northwestern counties of Georgia, which were held to be strongly opposed to secession in 1860-61, and which furnished a good many soldiers to the federal armies, probably better disposed to the national government than any other part of the State. Slaves had constituted less than a fourth of the total population, the people were industrious and hardy; though cruder than those from the lower parts of the State, the delegates from this section to the constitutional convention of 1865 were said to have a well-informed outlook for the Commonwealth. After the war the industry displayed by the white people of this region was taken as attesting their better traditions of ante-bellum years.[\[90\]](#)

[Pg 55]

At a time when the average wages of female operatives in the cotton mills of Georgia was half that of the same workers in the mills of Massachusetts, factory girls from New England were induced by high pay to go to the Southern States to enter newly-established plants, but soon returned North because their position was unpleasant in the midst of "the general degradation of the laboring class."[\[91\]](#) It was observed very truly that competition of the slave was not distantly matched in hurtfulness by the example of the more prosperous white men, with whom acquisition of the comforts and dignities of life did not proceed from daily toil.[\[92\]](#)

[Pg 56]

The dependence of the ante-bellum South upon the North and upon Europe for the most substantial and the most trivial appurtenances of civilization, is perhaps less in dispute than any topic here treated. The extent of this dependence, with the accompanying neglect of provision for production of the commodities at home, is evidenced by its continuance for years after the war. It might be said, not only in justification of this practice, but in apology for the total one-sidedness of the old South, that the section was animated by a natural and universal law, in responding to and acting upon the principle of comparative economic advantage. And certainly the most absolute conception of the territorial division of labor could not require a more exclusive devotion to the making of cotton and a more complete reliance upon other less peculiarly favored districts for supply not only of manufactured goods but of food stuffs and other raw materials, than the South displayed. But, however, strictly in conformity with the superficial dictates of this policy from an international and even national point of view, the program was ruinous to the section, the country and, in a broad sense, to the deeper economic welfare of the world. Easy yielding to the principle did

[Pg 57]

not suggest to the great bulk of the South's statesmanship the reflection that the section after all was in only partial compliance; that even for the most efficient production of cotton as such, there needed to be a wholesome admixture of manufacturing and of other agricultural interests. Accompanying and directly by agency of the post-bellum activities in industry is seen not a less but a more economical and larger output of the staple.

Some of the most humorous passages in the literature of the economic history of the South were called forth by the need of the section to go to the North for a thousand and one essentials of daily existence, and in their very humor they serve to show the seriousness of the situation.

William Gregg, too lonely in his advocacy of home industry to treat the subject in other than its fundamental considerations, declared in 1845 to his own community, than which there was no greater sinner: "It ought to make every citizen who feels an interest in his country, ashamed to visit the clothing stores of Charleston, and see the vast exhibition of ready-made clothing, manufactured mostly by the women of Philadelphia, New York, Boston and other Northern cities, to the detriment and starvation of our own countrywomen, hundreds of who may be found in our own good city in wretched poverty, unable to procure work by which they would be glad to earn a decent living."^[93] And again: "A change in our habits and industrial pursuits is a far greater desideratum than any change in the laws of our Government...."^[94] His point of view comes out well in this passage: "if we continue in our present habits, it would not be unreasonable to predict, that when the Raleigh Rail-Road is extended to Columbia, our members of the Legislature will be fed on Yankee baker's bread. Pardon me for repeating the call on South Carolina to go to work. God speed the day when her politicians will be exhorting the people to domestic industry, instead of State resistance; when our Clay Clubs and Democratic Associations will be turned into societies for the advancement of scientific agriculture and the promotion of mechanic art; when our capitalists will be found following the example of Boston and other Northern cities, in making such investments of their capital as will give employment to the poor, and make them producers, instead of burthensome consumers; when our City Council may become so enlightened as to see the propriety of following the example of every other city in the civilized world, in removing the restrictions on the use of the Steam Engine, now indispensable in every department of Manufacturing...."^[95]

[Pg 58]

[Pg 59]

A decade later Helper reproached a South that had not given heed to Gregg: "It is a fact well known to every intelligent Southerner that we are compelled to go to the North for almost every article of utility and adornment, from matches, shoe-pegs and paintings up to cotton-mills, steamships and statuary ... this unmanly and unnational dependence, ... is so glaring that it can not fail to be apparent to even the most careless and superficial observer. All the world sees, or ought to see, that in a commercial, mechanical, manufactural, financial, and literary point of view, we are as helpless as babes...."^[96]

Gregg remarked the supply by the North not only of the articles of major manufacture, but of articles of those makes which should naturally be the adjuncts of agriculture—axe, hoe and broom handles, pitch-forks, rakes, and hand-spikes for rolling logs, shingles and pine boards; and even that "the Charleston market is supplied with fish and wild game by Northern men, who come out here, as regularly as the winter comes, for this purpose, and from our own waters and forests often realize, in the course of one winter, a sufficiency to purchase a small farm in New England."^[97]

[Pg 60]

An orator at the Southern Commercial Convention, New Orleans, 1855, adapted for the occasion, thought Olmsted, a speech made in the British Parliament on taxes, familiarized in "Child's First Speaker", and beginning, in the Southern version, "It is time that we should look about us, and see in what relation we stand to the North. From the rattle with which the nurse tickles the ear of the child born in the South, to the shroud that covers the cold form of the dead, everything comes to us from the North. We rise from between sheets made in Northern looms, and pillows of Northern feathers, to wash in basins made in the North ..." and continuing in the strain that was a favorite one with platform and pen, and many examples of the employment of which may be found.^[98]

[Pg 61]

A Virginia land-owner wrote to a farm paper regretting the widespread and intimate dependence upon the North, and stated quite as clearly as was observed thirty years later that goods which could be bought in the North, paying a profit to the manufacturer there, then transported to the South at heavy cost and sold at a profit to the tradesman, might surely be manufactured in the South in the first place, saving maker's profit to home industry and obviating charges of carriage altogether.^[99]

[Pg 62]

A newspaper in Richmond chronicled the sale to Northern interests of a large coal field in the State, and in unconscious irony placed in juxtaposition to the notice this confident exhortation: "It is plain that a new and glorious destiny awaits the South, and beckons us onward to a career of independence. Shall we train and discipline our energies for the coming crisis, or *shall we continue the tributary and dependent vassals of Northern brokers and money-changers?* Now is the time for the South to begin in earnest the work of self-development! Now is the time to break asunder the fetters of commercial subjection, and to prepare for that more complete independence that awaits us."^[100] But another and wiser paper in the same State, urging manufacturing development for Virginia towns and cities, and particularly the textile industry for Richmond, anticipated with a different mind the

event invited in the excerpt above quoted, and foretold with prophecy all too good, what later was patent to everybody: "It must be plain to the South that if our relations with the North should ever be severed—and how soon they may be, none can know (may God avert it long!)—we would, in all the South, not be able to clothe ourselves. We could not fell our forests, plow our fields, nor mow our meadows. In fact, we would be reduced to a state more abject than we are willing to look at, even prospectively. And yet, with all these things staring us in the face, we shut our eyes, and go on blindfold."^[101]

[Pg 63]

It is thought well, in summary of the decidedly non-industrial character of the ante-bellum South, to set forth some material and some observations of a general character. In spite of its length, it is useful to give in its setting an episode related by Tompkins. It shows more aptly than almost in anything in spite of its incidental happening, just the point of preoccupation with politics to which the Southern mind came, the degree of trifling with which the most sober proposals were met, the hopelessness of change from this state of affairs by anything short of a fundamental moral awakening.

"I heard of an incident, that occurred in a political contest between Mr. Gregg and Chancellor Carroll, for the place of State Senator from Edgefield District. It was the habit for candidates to appear together and speak to the people from the same platform.... On one of these occasions, Mr. Gregg spoke first. He stated that he solicited votes on the ground that he had built a factory, which gave work to poor white people. It enhanced the value of cotton by manufacturing it. He had planted peach orchards to develop new avenues of profit and advantage to the people, &c., &c. Whereas, Chancellor Carroll had never made two blades of grass grow where only one grew before.

[Pg 64]

"Mr. Carroll flowed Mr. Gregg. He was an accomplished orator, and praised in eloquent terms, Mr. Gregg's enterprise in building a factory. He eulogized his plans for fruit culture. He admitted, with humility, all the delinquencies Mr. Gregg charged against him excepting only one: 'He says I never made two blades of grass grow where only one grew before. Having faith in Mr. Gregg's plans and advice about orchards, I planted one, and if anybody is disposed to believe I never made grass grow, I simply invite them to go look at that orchard. It is literally run away with grass.' The crowd laughed, voted for Mr. Carroll and the cause of slavery went forward while Mr. Gregg staid at home and the cause of civilization languished."^[102]

But Gregg preached his doctrine undaunted; his works are to be taken less as an indication of anything like general ante-bellum awakening to suicidal policies than as the bright exception that proves the melancholy rule.

[Pg 65]

He showed that even cotton, the great god, drove enterprise from South Carolina, for, with the returns from its culture under ordinary management amounting to 3 or 4 and in some instances only 2 per cent., the inclination for planters to remove with their slave capital to the richer south-west was strong, thus keeping the population of the State at a standstill.^[103]

Mr. Ingle has stated the case broadly: "The economic history of the South from the Revolution to the Civil War is a record of the development of one natural advantage to the neglect of several others. Fitted by nature to support a large population engaged in a variety of pursuits based upon agriculture, it had a small population occupied in the production of raw material that contributed to the maintenance of a dense population in regions where artifice contended against harsh climate and a stubborn soil."^[104] An "address to the Farmers of Virginia" read at a convention for the formation of the Virginia State Agricultural Society in 1852, adopted, reconsidered and readopted with amendments, and finally reconsidered again and rejected on the ground that it contained admissions, however true, which would be useful to abolitionists, contained the words: "... thus we, who once swayed the councils of the Union, find our power gone, and our influence on the wane, at a time when both are of vital importance to our prosperity, if not to our safety. As other states accumulate the means of material greatness, and glide past us on the road to wealth and empire, we slight the warnings of dull statistics, and drive lazily along the field of ancient customs, or stop the *plow* to speed the *politician*—should we not, in too many cases, say with more propriety, the *demagogue*!... With a widespread domain, with a kindly soil, with a climate whose sun radiates fertility, and whose very dews distill abundance, we find our inheritance so wasted that the eye aches to behold the prospect."^[105]

[Pg 66]

In addition to the barrier to manufactures formed by cotton cultivation under slave labor, and the silent opposition which the prevalent system engendered, were not infrequent outspoken declarations against industry. William Gregg was one of the few in South Carolina or the whole South, for that matter, to rise superior to Calhoun's sway, and asserting that there were some who were better able to speak of the propriety of factories than even that statesman, faced him squarely but tactfully. "The known zeal with which this distinguished gentleman has always engaged in every thing relating to the interest of South Carolina, forbids the idea that he is not a friend to domestic manufactures, fairly brought about, and, knowing, as he must know, the influence which he exerts, he should be more guarded in expressing opinions adverse to so good a cause."^[106]

[Pg 67]

And again, speaking of manufactures, he was regretful of the fact that "our great men are not to be found in the ranks of those, who are willing to lend their aid, in promoting this good case. Are we to commence another ten years' crusade, to prepare the minds of the

people of this State for revolution; thus unhinging every department of industry, and paralyzing the best efforts to promote the welfare of our country." His footnote to this passage shows how calmly, in his comprehensive grasp of the whole situation, Gregg could estimate the bias of his opponents and point out to them how even their selfish ambitions could only be served by attention to such reasoning as his: "Those who are disposed to agitate the State and prepare the minds of the people for resisting the laws of Congress, and particularly those who look for so direful a calamity as the dissolution of our Union, should, above all others, be most anxious so to diversify the industrial pursuits of South Carolina, as to render her independent of all other countries; for as sure as this greatest of calamities befalls us, we shall find the same causes that produced it, making enemies of the nations which are at present, the best customers for our agricultural productions."^[107]

[Pg 68]

Gregg felt keenly the opposition to cotton manufactures, which took point, moreover, from the failure of mills in the South, particularly in his own State. This he combatted by showing that not lack of natural advantages but gross mismanagement had been responsible for the fate of these enterprises.^[108] He tried to take heart for the South in the reflection that those who commenced the textile industry in Rhode Island had the whole country against them and the experience of England closed to them, whereas his section had the encouragement of New England and access to the machinery and mechanical skill of the world, and he added, "It will be remembered, that the wise men of the day predicted the failure of *steam navigation*, and also of our own railroad; it was said we were deficient in mechanical skill, and that we could not manage the complicated machinery of a steam engine, yet these works have succeeded—we have found men competent to manage them—they grow up amongst us...."^[109]

[Pg 69]

Because of the striking reversal of front of the city at a later date, which will be of central importance in subsequent chapters of this study, the estimate which Gregg gave in 1856 of Charleston's attitude toward home industry is interesting. As a delegate from Edgefield District in the South Carolina house of representatives he spoke against the grant of aid by the State to the South Carolina Railroad, stoutly declaring, although he was a stockholder in the venture and the men in control were his personal friends, that he believed every dollar the State might put into the scheme would be lost; he observed that the railroad was purely for the commercial aggrandizement of Charleston, and that, perhaps, not honestly, its spokesmen being unwilling themselves to take stock. Instead of commercial policies selfishly followed by "wealthy gentlemen, some of whom have ships floating in every sea", he declared "That her (Charleston's) destiny was fixed and indissoluble with the State of South Carolina, and that mainly her great investment in Internal Improvements should be made with a view to developing the resources of the immediate country around her. That certain and cheap modes of transportation from all quarters of the State could not fail to re-act on the general prosperity of the city. That the dormant wealth of Charleston might be so directed as to be felt in the remotest parts of the State, in stimulating agriculture, draining our great swamps and putting into renewed culture our worn-out and waste lands; diversified industry, stimulating the mechanic arts and increasing the population and wealth of the State."^[110] Instead of this just ideal for leadership and helpfulness, he found it to be the unfortunate fact that, "There is no city in the Union which has accumulated more wealth, to its size, than Charleston—none that has shown so little inclination to put forth her wealth in such a way as to develop the resources of the State. Her millionaires die in New York. There is scarcely a day that passes that does not send forth Charleston capital to add to the growth and wealth of that great city. There is a silent and an imperceptible drain in that direction; the aggregate of which for twenty years would more than build a railroad from Charleston to Cincinnati."^[111]

[Pg 70]

[Pg 71]

The economic thinking of the old South, with its inertia and its inconsistency, is well illustrated in a statement of Robert N. Gourdin, a cotton factor of Charleston and representative of the aristocratic type of its citizenship, made to the correspondent of the New York Herald in connection with the Atlanta Cotton exposition in 1881. After going over the old matter of the war, and the South's vanquishment by superior numbers only, he said: "We (in the South) did not manufacture because there was no necessity for our doing so. With our wonderfully productive soil, our marvellous climate, and with plenty of labor to cultivate our farms, we would accumulate wealth, live comfortably and even luxuriously without troubling ourselves with diggings for minerals or manufacturing cloth. We did not object to the inventions and manufactures of the North, but we did protest against being obliged to pay for them."^[112]

[Pg 72]

The prohibition by city ordinance of the use of the steam engine in Charleston is an extreme evidence of a frame of mind that was general in the South. In order to appreciate how completely deflected from industry the Southern thought and habit had become, it is interesting to observe the seriousness with which in 1845 Gregg was forced to argue against this regulation which now seems so absurd that it could not have existed since the Middle Ages. Its opponent showed that he was linked in his sympathies with other sections and with later years, not only by his antagonism but by the humor which he could not fail to find in the situation.^[113]

The characteristic inclination toward the individual rather than corporate form of enterprise which was noticed as showing itself in the textile and other industries in the South of the Revolutionary period, was still strong up to the Civil War. In 1845 Gregg inveighed against

[Pg 73]

it, particularly as crystallized in legislative refusal to grant charters of incorporation, and, as in others of his pamphlets and speeches, he made analysis of the conditions that would seem to have been plain enough to convince the most stolid; he was quick to hold up New England as a business model to the South; in marked contrast to most men of affairs of the time, he saw economic institutions in their social perspective.[114] Those who have sought to magnify to the largest proportions the industrial activities of the old South have frequently failed to take account of the differences in organization which distinguished the ventures from those of post-bellum years. The textile industry could not be a movement in economic society so long as investment participation sprang from and ended with individual initiative. Until the widespread emergence of the joint-stock form, the mills could not embrace the generality of the community's resources. And in a period when this device was not largely turned to, it is plain that industrial stirrings were comparatively feeble.

[Pg 74]

Not only was there self-satisfaction coupled with dependence upon the North for manufactured commodities in the low-country of the ante-bellum South, but the up-country, that frugal population of which was better disposed for manufacturing development, was so segregated as to be kept in mean state, or actually dependent itself upon the coastal districts. Between the Piedmont and the sea was the barrier of plantations; between the Piedmont and the industrial North were no transportation facilities.[115] Olmsted was struck with finding at Fayetteville, "the point of transfer from wagon to boat, being at the head of navigation", [116] the long wagon trains of highland farmers. He counted sixty wagons in the main street of the town; this was the method of bringing produce to market. "Several of the wagons had come from a hundred miles distant; and one of them from beyond the Blue Ridge, nearly two hundred miles." The teams made less than a score of miles a day through the bad roads.[117] This isolation of one district in the South from another brought lack of concert in political and economic life. "Small landowners in the highlands could not always sympathize with men of princely domain in the low country; and misapprehensions were magnified by separation.... Diffusion of population ... was revealed in the scantiness of common-school facilities; in the division of capital among several small factories or mills, instead of its concentration in a few; in literary, religious, and social life. In 1860, for instance, the South had proportionately more church buildings than the North; but its 22,655 buildings had an average seating-capacity of 307, and an average value of \$1,777, while the 31,344 of the North would accommodate 388 persons each, and were \$4,183 on an average.... Isolation gave birth to individualism, as marked upon the mountain-clearing as upon the plantation; and beginnings of the co-operative spirit were dwarfed by nature and by human inclination...." [118]

[Pg 75]

[Pg 76]

Strong as is the proof of the non-industrial character of the old South as revealed by scrutiny of internal economic facts, evidence afforded by the reflection of this condition in aspects which may be called external, is quite as striking. So much is this the case, that it is believed that an examination of the social, political, educational and moral institutions, constituting the shell of the South, is satisfying as to the character of the egg without looking at the vital cell at the center. The fruits of the tree are conclusive of the sap.

[Pg 77]

Of these external phenomena, the political is that which will most readily occur to everyone. Pervasive economic conditions are shown crystallized in political pretensions; economic transitions are registered in alterations of front. The Protective Tariff of 1816 was introduced and defended, respectively, by two South Carolinians—Lowndes and Calhoun. The signature of a Virginia president—Madison—made it a law. This tariff was opposed by New England in the person of Webster. In 1828, in the debate over the "Tariff of Abominations", the situation was just the reverse—Calhoun opposed protection, Webster championed it. In spite of Webster's explanation that New England was acquiescing, against her inclination, in the expressed will of the country, it is the bottom truth that, as Lodge declares, "Opinion in New England changed for good and sufficient business reasons, and Mr. Webster changed with it ... when the weight of interest in New England shifted from free trade to protection Mr. Webster following it." And Mr. Scherer has done justice to the underlying forces in saying, "Calhoun was neither better nor worse. Both of them simply swung true to the economic interests of their respective constituencies." [119]

Cotton, nearly exclusively in the South, and to a notable degree in New England, was responsible underneath for the changes which were displayed in the superficial play of politics. It was the disintegration of manufactures brought about by the more and more extensive embracing of cotton cultivation that turned the South from protection to free trade; it was the growing absorption in industry, especially cotton manufacture, and the relative relinquishing of commerce, that made New England protectionist instead of, as before, the champion of free trade. [120]

[Pg 78]

This is not the place to remark at length how economic interests are changing the South back, in partial measure, to the first position. Cotton is again central. Cotton factories are largely responsible for the little leaven that is working in a large loaf, producing in the heart of the Solid South Republican adherents and voices for protection. "Slavery has been abolished. The South has re-established manufactures. Its interests in free trade and protection are changed from what they were in 1860. We need not only domestic trade, but foreign markets. We need, apparently, protection and free trade at the same time.... The South is as much interested in protection to home markets as New England is. New England is as much interested in export markets as the South is. In this situation we ought all to get

[Pg 79]

together. We ought to get together for 'Protection and Reciprocity.'"[121]

In summary of the ante-bellum years, which have just been under review, Mr. Clark writes:

"Between 1810 and 1860 three periods of progress marked the factory development of the cotton states. During our last war with England ... mill builders from the North migrated to the Southern highlands, and with local co-operation established small yarn factories at several places in the Carolinas, Georgia, Tennessee, and Kentucky.... During the decade ending with 1833, when hostility to the tariff made the Southern people bitterly resent economic dependence on the North, there was a second movement towards manufactures, especially in South Carolina and Georgia, directed mainly towards the erection of larger and more complete factories. This agitation bore fruit in some corporate enterprises, most of which had but qualified success. Finally, in the late forties real factory development began simultaneously at several points, and had not two financial crises and a war checked its progress, we should probably date from this time the beginning of the modern epoch of cotton manufacturing in the South." [122]

[Pg 80]

Two objections against this passage have pertinence. In the first place, these three periods of comparative interest in manufactures can hardly be called "movements" in any social or economic sense. That of the twenties and running into the thirties may claim more color of this than the other two.[123] The plants set up by the New Englanders earlier were in response to individual enterprise, and that enterprise born out of the boundaries of the South. Co-operation with the newcomers was not of the sort that marks the considerable interest of a community. To the extent that mills were built in the forties as an effect of agitation, William Gregg was almost solely responsible. It has been pointed out above that Gregg was a voice crying in the wilderness—he was a missionary who spoke an unaccepted faith. He was not a social exponent. Also, while some real factories were built, it seems that to speak of these as constituting a "real factory development" is questionable. In the second place, it is rather gratuitous to count upon what would have been the case had not the war broken in upon declared industrial beginnings. The Civil War was not a fortuitous event. It had to come. It was the disastrous evidence of the dominance in the South of a system which gave no room to widespread industrial enterprise, and in which no beginnings could grow and become permanent. Could the war be regarded simply as an occurrence, an unfortunate happening, there might be ground for assuming that industrial enterprise might have been built into and finally changed wholesomely the economic regime of the Southern States, but facts show that it was a case where mastery between mutually exclusive plans had to be made on the basis of comparative strength; the spirit for manufactures had not sufficient force to avert the war, but only enough life to show, in expiring, that it had begun to be born.

[Pg 81]

[Pg 82]

The foregoing pages have not dwelt, except by chance, upon the decade 1850-1860. These years have been reserved for specific discussion because of the effort which has been made by two writers to invest them with a character of industrialism superior to that of the ante-bellum period generally. Not only is the argument defeated by external evidence, but an internal examination of Mr. Edmonds' presentation shows his own consciousness of serious modifications upon the doctrine, and explains in a very natural light the occasion for the point of view which he sometimes too dogmatically expresses. The late Mr. Edgar Gardner Murphy, in treating the subject, was heavily influenced in his opinion by Mr. Edmonds' work; it will be seen that in his discipleship, while he rid Mr. Edmonds' statement of one outstanding error, he failed to notice some of the major allowances made by him, and altogether Murphy's pronouncement is more positive and absolute than that of the source from which he chiefly drew his beliefs.

[Pg 83]

Mr. Edmonds is practically on all fours which Tompkins and others quoted in this study, in recognizing that certainly from early in the nineteenth century until the fifth decade industry was little attended to in the South. This he attributes to the high prices to be obtained from cotton, averaging for the years 1800 to 1839 a fraction over seventeen cents a pound. Then he declares: "Beginning with 1840 there came a period of extremely low prices and the cotton States suffered very much from this decline. In that year the average of New York prices dropped to nine cents, a decline of four cents from the preceding year, and this was followed by a continuous decline until 1846, when the average was 5.63 cents.... In 1847 the crop was short and prices advanced sharply, only to drop back to eight and then to seven and one-fourth cents, making the average from 1840 to 1849 the lowest ever known in the cotton trade for a full decade.

[Pg 84]

"These excessively low prices brought about a revival of public interest in other pursuits than cotton cultivation, and the natural tendency of the people to industrial matters, as evidenced by the history of the colonies prior to the Revolution, but which had long been dormant, was again aroused, and for some years there was a very active spirit manifested in the building of railroads and the development of manufactures.

"The decade ending with 1860 witnessed a very marked growth in Southern railroad and manufacturing interests.... In 1850 the South had 2335 miles of railroad, and the New England and Middle States 4798 miles; by 1860 the South had increased its mileage to 9897 miles, a quadrupling of that of 1850, while the New England and Middle States had increased to 9510 miles. The conditions were reversed by 1860, and the South then led by 387 miles.... While devoting great attention to the building of railroads, the South also made

rapid progress during the decade ending with 1860 in the development of its diversified manufactures." Flour and meal, sawed and planed lumber mills are mentioned, with iron founding and the manufacture of steam engines and machinery. "Cotton manufacturing had commenced to attract increased attention, and nearly \$12,000,000 were invested in Southern cotton mills. In Georgia especially this industry was thriving, and between 1850 and 1860 the capital so invested in that State nearly doubled." Noting that while most of the Southern manufacturing enterprises were comparatively small, those of New England in the early stages were of the same character, he says that "In the aggregate, however, the number of Southern factories swelled to very respectable proportions, the total number of 1860 having been 24,590, with an aggregate capital invested of \$175,100,000.

[Pg 85]

"A study of the facts ... should convince anyone that the South in its early days gave close attention to manufacturing development,^[124] and that while later on the great profits in cultivation caused a contraction of the capital and energy of that section in farming operations, yet, after 1850, there came renewed interest in industrial matters, resulting in an astonishing advance in railroad construction and in manufactures."^[125]

Figures are set up to show the favorable economic condition of the South in 1860 as compared with the North, and these head up naturally in the observation that, "Blot out of existence in one night every manufacturing enterprise in the whole country, with all the capital employed, (he was writing in 1894) and the loss would not equal that sustained by the South as a result of the war.... New England and the Middle States, having grown rich by the war, almost trebled their property (from 1860 to 1870) while the South drops from the first place to the third. In 1860 it outranked the Northern section by \$750,000,000."^[126]

[Pg 86]

In criticism of these quotations specifically it is to be said that the early development in industrial pursuits and the thorough lapse before 1840 are properly observed. The present writer believes that Mr. Edmonds has exaggerated in his own mind both the spirit for manufactures, particularly in the decade from 1850 to 1860, and the extent of their establishment. The recital that there were 24,590 plants, with an investment of \$175,100,000, seems at first to be striking, but a simple division shows that on an average this made the investment in each only \$7,144.37, which is surely not indicative of considerable importance. Many of the enterprises must have been much smaller than would be represented by this average, and the few which were a great deal larger were rare exceptions. The very disparity in size of establishments points away from any concerted movement toward manufacturing. As to the railroad construction, much of it was narrow-gauge, and all of the facts tend to show that railroads were looked upon as facilitating commerce rather than manufactures; even after the war the pet scheme to build a railroad over the mountains gathered sentiment in the long-cherished desire to link Charleston with "the producing interior" typified in Cincinnati; as rails were laid, piecemeal, through the Piedmont, advantages afforded by them for the erection of factories were seldom mentioned, and their utility in tapping pools of available labor was not considered. The easier transport of cotton and the development of the South Atlantic ports were the thoughts uppermost.

[Pg 87]

To vaunt property figures of the South of 1860 by including, as Mr. Edmonds has done, the value of slaves, is an obvious error; and especially because of the failure to note the inclusion of this factor, the spirit of the other exhibits is cast in doubt. Though legally they were property, in the social-economic sense the slaves did not constitute capital any more than their owners represented capital. The question is rather whether this part of the population, as productive agents under the system of enforced labor, did not mean a liability and not an asset at all.^[127]

[Pg 88]

Mr. Edmonds is guilty sometimes of careless statement, as when he says, "The Southern people do not lack in energy or enterprise, nor did they prior to 1860.... From the settlement of the colonies until 1860 the business record proves this."^[128] Or again, "the energy and enterprise displayed by the South in the extension of its agricultural interests was fully as great as the energy displayed in the development of New England's manufactures or that of the pioneers who opened up the West to civilization."^[129] Such expressions, it will presently be shown, proceed from a loyalty to the South and a just desire to defend her against assault respecting her part in post-bellum development, but facts brought out in these pages show the mistaken zeal in seeking to place the old South abreast in industry or even agriculture.

Allowing what is perhaps the exciting cause of Mr. Edmonds' argument to appear from his own context, light is shed in the following sentences: "... 'The New South', a term which is so popular everywhere except in the South, is supposed to represent a country of different ideas and different business methods from those which prevailed in the old ante-bellum days.... Its use ... as intended to convey the meaning that the South of late years is something entirely new and foreign to this section, something which has been brought about by an infusion of outside energy and money is wholly unjust to the South of the past and present. It needs but little investigation to show that prior to the war the South was fully abreast of the times in all business interests, and that the wonderful industrial growth which has come since 1880 has been due mainly to Southern men and Southern money. The South heartily welcomes the investment of outside capital and the immigration of all good people ... but it insists that it shall receive from the world the measure of credit to which it is entitled for the accomplishment of its own people." And then he instances the cotton mills and Birmingham and Atlanta.^[130] His explanation of the inactivity in the South for ten or fifteen years following the war, in the fact and causes of which he is entirely correct,^[131]

[Pg 89]

bears out the belief, clearly indicated in the passage just quoted, that it is his real purpose to accord to the ante-bellum South her deserved praise. However, he overreached in trying to establish anything like continuity for Southern enterprise over the ante-bellum years. The interpretation here given of the new South is now a platitude, but it may not have been a tilting at windmills when he wrote; indeed, its acceptance now may be due in no small part to Mr. Edmonds.

[Pg 90]

Altogether, it is best to rest Mr. Edmonds' theory with the following passage, in which there is no confusion of his own thought and no controversy with anyone: "Since 1880, although the South is still (1894) practically without great accumulated wealth, her people have turned to manufacturing with a facility that not only shows that they are in no way lacking in capability to compete in manufacturing pursuits, but, considering the limited capital, this section has exhibited remarkable gains in developing its resources under adverse conditions. In a little more than a decade from the time the work of development may be said to have begun, it is not a question whether Alabama can compete with Pennsylvania in iron, but rather whether Pennsylvania can compete with Alabama. Nobody now doubts that the South can compete with New England in the manufacture of cotton goods, but many do doubt whether New England can compete with the South.... Since 1880 the growth of manufactures in the South and their success has been more than astonishing."[\[132\]](#)

[Pg 91]

Edgar Gardner Murphy in his spiritual interpretation of the South showed himself discerning and gifted beyond almost any other writer. His conception of the economic history of the South may be held to have been secondary in his purpose and so in his thought. However, his position as an expositor of the section and the emphasis which he places upon his economic opinions regarding its past, make it incumbent upon the student to examine his views. In the following quotation the turn which he gave to the influencing argument of Mr. Edmonds and his personal slant in interpretation of this, are apparent:

"The present industrial development of the South is not a new creation. It is chiefly a revival. Because the labor system of the old South was so largely attended by the economic disadvantages of slavery, and because the predominant classes of the white population were so largely affected by social and political interests, it has often been assumed that the old order was an order without industrial ambitions.

"The assumption is not well founded. Instead of industrial inaction we find from the beginnings of Southern history an industrial movement, characteristic and sometimes even provincial in its methods, but presenting a consistent and creditable development up to the very hour of the Civil War. The issue of this war meant no mere economic reversal. It meant economic catastrophe, drastic, desolate, without respect of persons, classes or localities.... Thus the later story of the industrial South is but a story of reemergence."[\[133\]](#) There are then outlined the steps of Mr. Edmonds' argument, except that Murphy failed to make clear the almost total lapse of industrial activity by 1840.

[Pg 92]

The incentive to discover an industrial past for the section, which Mr. Edmonds found in the desire to establish the South as the magician of her ante-bellum awakening, is matched in Murphy's motive by a more subtle design. In one place he said: "... the most distinctive element in the economic movement of this period (1880 to 1900) is the increasingly dominant position of manufactures as contrasted with agriculture. This industrial revival is but the reemergence of the tendency which we found so manifest in the statistics of 1860. It is but one reassertion of the genius of the old South."[\[134\]](#) Here with his absolute conception of the ante-bellum South is hinted the purpose which really animated it. That in speaking of the post-bellum development as "one reassertion of the genius of the old South" he did not mean, as very easily might be supposed, that through the earlier history of the section had run a genius for industrialism, is made clear in the following passage, which, though it refers particularly to social relationships, is pertinent for the industrial bearings:

[Pg 93]

"The old South was the real nucleus of the new nationalism. The old South, or in a more general sense the South of responsibility, the men of family, the planter class, the official soldiery, or (if you please) the aristocracy,—the South that had had power, and to whom power had taught those truths of life, those dignities and fidelities of temper, which power always teaches men,—this older South was the true basis of an enduring peace between the sections and between the races." He regretted that this old South was not enabled to come into force until after Reconstruction because "a doubt was put upon its word given at Appomattox. Its representatives were subjected to disfranchisement. Power was struck from its hands. Its sense of responsibility was wounded and confused."[\[135\]](#)

This is a fine statement of a primary and outstanding truth in the development of the South that began about the year 1880. The old South did draw breath with the new. The permanent character of the South, the forces resident in the South of earlier as of later years, were those which largely made possible a complete change in viewpoint, which carried through the measures of, if not indeed giving birth to, the potent consciousness of a reversal of program. But, as Murphy failed to see clearly, there is a radical distinction between the continuity of this quality in the South and any continuity of its evidences in industrial pursuits. The new South did not receive from the old South a heritage of industrial tradition; what it received was a traditional and ingrained and living social morality, not marred in its essential characteristics and presence, and very likely even assisted, by the institution of slavery. As again Murphy said: "... this sense of responsibility, deepened rather

[Pg 94]

than destroyed by the burden of slavery, was the noble and fruitful gift of the old South to the new, a gift brought out of the conditions of an aristocracy, but responsive and operative under every challenge in the changing conditions of the later order."^[136]

In this apology for Murphy's view is splendidly apparent the best resource with which to turn from the South that was to the South that is.

CHAPTER III

[Pg 95]

CONDITIONS PRECEDENT TO THE ERECTION OF THE MILLS

To understand the establishment of cotton mills in the South, it is necessary to grasp the deeper impulses which actuated every policy certainly from the year 1880 onward, continuing in only modified degree to the present. Every phase of the movement for the building of cotton mills was conditioned by motives at once tender and heroic, universal in their applicability and too intimate in appeal to admit of more than passing argument. In a study of the actual erection of factories, the hundreds of problems that arose and the mass of practical detail attendant upon their solving constitute, it seems to the writer, a hopeless or at best profitless puzzle, unless it is clearly understood that these minutiae point back to something elemental and primal which gave them character. On the other hand, if this fact is recognized, the circumstances which accompanied the setting of mills in operation, such as the securing of capital, the obtaining of adequate labor, the selection of sites for the location of buildings and the like, from the very coldness of the subjects, and their unsentimental aspect as commonly thought of, strike into peculiarly bold relief the purposes that lay behind them. When it came to money-getting, psychical factors must be crystallized into something very forceful and admitting of unquestioned faith. It is the aim of the present paper to be an introduction to the study of the problems involved in the setting up of cotton mills, by giving the antecedent action, as it were, and by showing the motive force as it developed, operated and concentrated.

[Pg 96]

This responsible cause, catching the phrase from a writer of the day, may be termed "real reconstruction". The impulse for it came over the South in 1880 like a great ground swell, translating itself into a thousand activities and ramifications. "Real reconstruction" was spectacularly the outcome of the defeat of Hancock by Garfield in the presidential election immediately, but its roots run deeper and have their hold in the slow but sure recuperation of the South from the devastation of the Civil War through the troubles of radical rule, assisted by a brief breathing space from the termination of carpet bag government in 1876, when the lesson of fifteen terrible years soaked in thoroughly. It is sufficient here to say that in 1880^[137] the South suffered a change of heart, a revulsion of conscience that was fundamental. The people turned on their heel, and faced about to find a new future of the largest promise.

[Pg 97]

A newspaper which before had bent every effort towards the election of Hancock, the Democratic candidate for the presidency, as securing for the South political independence and revenge for Northern mistreatment, a week after his defeat printed an editorial headed "Our Refuge and Our Strength", with these words:

"... we have been defeated in the national contest. In the administration of the national government for the next four years we need not concern ourselves, for as far as possible our councils will be ignored. What, then, is our duty? It is to go to work earnestly to build up North Carolina. Nothing is to be gained by regrets and repinings.... It is idle to talk of home independence so long as we go to the North for everything from a tooth pick to a President. We may plead in vain for a higher type of manhood and womanhood among the masses, so long as we allow the children to grow up in ignorance. We may look in vain for the dawn of an era of enterprise, progress and development, so long as thousands and millions of money are deposited in our banks at four per cent. interest when its judicious investment in manufactures would more than quadruple that rate, and give profitable employment to thousands of our now idle women and children.

"Out of our political defeat we must work a glorious material and industrial triumph. We must have less politics and more work, fewer stump speakers and more stump pullers, less tinsel and show and boast, and more hard, earnest work. We must make money—it is a power in this practical business age. Teach the boys and girls to work and teach them to be proud of it....

[Pg 98]

"Demand all legislative encouragement for manufacturing that may be consistent with free political economy. Work for the material and educational advancement of North Carolina, and in this and not in politics, will be found her refuge and her strength."^[138]

The uselessness of attempting a political salvation as contrasted with the logic of giving all energy to the building up of the South materially, clearly shown in the passage quoted,

occurs time and time again.[139] President C. C. Baldwin, of the Louisville and Nashville Railroad, born in Maryland but for many years resident in New York, and competent to take a comprehensive view of the South and its problems, said in an interview with the New York Herald in 1881, after the new program had gotten under way: "The commercial men of the states fully appreciate the situation.... They now see clearly how very little politics have done for them, and seriously turn toward the real 'reconstruction' which active trade will inaugurate. All the war issues are dead and buried except to a few politicians who misrepresent their constituents and merely use the language of the past to give them, personally, a passing prominence. True, we hear a great deal more about the men who stand forth prominently as the advocates of these dead issues than we do of the thousands of young and energetic Southern men who are building cotton and woollen mills; who are opening mines and starting iron, copper and zinc furnaces, or who are relaying the roads between the Atlantic and the Ohio and the Gulf. These men don't talk, they don't write books, they don't go to the Legislature or to Congress. They speak, trumpet toned, in results, however. The people of the South have suffered—it is not pertinent whether we regard their sufferings as just or unjust—but they have put aside mourning and are ready for work." [140]

[Pg 99]

The Sumter, S.C., Southern voiced the same idea: "The Southern people, outside of the professional politicians, care very little about Federal politics. They are endeavoring to develop the resources of the South and regain the broken-down fortunes left by the desolation of civil war.

"So taking the past and the present as indices for the future, it is plain to see that a dissolution of the Solid South will cut at the very roots of all these wrangles between the North and the South [141] in which sectionalism is involved." [142]

[Pg 100]

"The people of the South are beginning to learn that the true road to power is not through the White House, supported by a swarm of federal officials", said a Tennessee paper in March of 1880. "They are learning that solid wealth is power, and that wealth is attainable only by working up their cotton and wool into fabrics and their ores into metals." [143]

The clear-headedness of the following extract from an editorial which appeared in the Columbia, S.C. Register, at the time the city was putting forth every energy to realize a desire for cotton mills, is unsurpassed:

"But if we lost the victory, in one sense, we have won it in another. We have been taught what the South can do for itself if it wills to do it. If we have lost the victory on the field of fight, we can win it back in the workshop, in the factory, in an improved agriculture and horticulture, in our mines and in our schoolhouses.

[Pg 101]

"There is where our fight lies now, and the only enemies before us are the prejudices of the past, the instinct of isolation, the brutal indifference and harmful social infidelity which stands up in our day with the old slave arguments at its heart and on its lips, 'I object' and 'You can't do it'." [144]

In the broken and all but disheartened condition of the South after enduring the war, radical rule and defeat of political hopes, this conception of another economic future, once it burst upon the consciousness of the Southern people, amounted to nothing less than a religion. [145] Every one of the old pangs added devotion to the new purpose. The whole pride of the South seemed about to go to disruption, and the imminent danger of this lent a passionate loyalty to the changed program which appealed to everything that was best and noblest in the people.

[Pg 102]

The new spirit was strongest in North and South Carolina and in that portion of Georgia contiguous to South Carolina. Distance from this region as a center about marks the intensity of feeling and comprehensiveness of grasp with which the impulse was voiced. Florida and Mississippi felt it little, due probably to their position so very far South as to be still submerged in misery; Virginia was only slightly affected and Maryland hardly at all in the same sense as the middle South, because of proximity to the North and difference of character, by reason of the absence of cotton as the staple. North and South Carolina and the region about Augusta, Georgia, gave the plan its first conception and its most whole-hearted support because, it appears, North Carolina is by nature resourceful and hardy above any Southern State, and South Carolina, despite every discouragement, would have the heart to try again because she is thoroughbred in a company of thoroughbreds. [146]

[Pg 103]

Just as the philosophy varied in intensity territorially, so it varied in degree within the same region. Some wished salvation through material advance for the sake of the State; this was natural, as growing out of a well-known loyalty of the citizens of Southern commonwealths. [147]

Others with larger view proclaimed the new gospel for the whole South as a section, rather adopting an attitude of aloofness toward the North, wishing the Southern people to work out their great problem without assistance from those who would be predisposed to meddling criticism. It is true that reorganization for the South was the most national thing Southerners could turn themselves to at that time, and in the judgment of many still is, but speakers and writers often failed of just the most fortunate expression of their purpose in that they did not strike the national note very consciously. [148]

[Pg 104]

It is something to have gone through what the South went through and come out not

dispirited utterly, not defiant against fate or enemies, not forgetful of the past, but, remembering the worst, determined soberly, quietly, thoroughly to do the fundamental thing and do it nationally. It was left for Charleston more than all others—noblesse oblige—to speak this greatest message:

[Pg 105]

"The Southern people must be national themselves, in their aspirations and conduct, if they would have the government truly national in spirit", and have Garfield "President of the whole country, and not of a section, or party, to have a government of 'the whole country', to be entitled to it, we must think of the whole country as our own, and demand no more than we are ready to give. It must come to this. In the near future the successful leaders, South and North, will be those whose first thought is for the Republic, men who are national in feeling and purpose; men who understand that the political and social strength and safety of each State depend not on isolation and separation, but on combination and union."^[149]

[Pg 106]

By the late fall and winter of 1880 the mind of the South was ripe for progress and accomplishment. Perhaps the first gropings after procedure struck upon the consideration that manufactures would add another profit to the profit of agriculture. The big, general conception was first grasped without refinements or modifications or drawbacks; it was received with almost childlike simplicity and faith.^[150] But it came to be ingrained. "The cotton which now comes into Charleston and is sold here pays commissions to the factors and brokers, and when shipped leaves behind it the price of the drayage, compressing and storage. Cotton which comes into Charleston and is manufactured here is doubled in value, and an amount equal, at least, to the value of the raw cotton when it reached the city boundary is distributed among the people of Charleston. This is the simple key to the prosperity which invariably attends the development of manufactures. Manufacturing gives additional value to raw material, and this additional value goes into the communities where the manufacturing is done. At present Charleston does nothing to increase the value of the cotton which comes here for sale. It leaves us as it finds us. The city lives on the pickings and scrapings....

[Pg 107]

"Cotton mills change all this. A bale of raw cotton worth forty dollars is spun into yarns or cloth worth eighty dollars.... The stockholders and the working people get the whole difference between the cost of the cotton and the value of the yarns or cloth, except what little may be expended for material that cannot be purchased here."^[151]

President H. P. Hammett, of the Piedmont Factory, in a remarkable address before the State Agricultural and Mechanical Society and State Grange, of South Carolina, to which reference will several times be made, after describing the earlier absorption of the South in a single pursuit, and the ills that grew from this, said: "A new condition of things and a changed sentiment amongst the people prevail at present; with the changed relations of society and institutions a sentiment favorable to a diversity of pursuits has developed ... a disposition is manifested to develop the many resources heretofore lying dormant or hidden.^[152] Capital when needed is furnished, and men of energy, enterprise and ability develop ... the general sentiment of the people is to utilize all the facilities within their reach.... Under such circumstances it is natural that the public mind should be directed to the manufacture of their great staple."^[153]

[Pg 108]

[Pg 109]

There were a score of reasons making this course seem plausible.^[154] They were advanced, scrutinized, at the South sometimes accepted with a grain of salt, at the North not infrequently flatly and stoutly challenged as absurd; they were patiently explained or defiantly, and not always with the closest reasoning, flung in the faces of their objectors—but finally they were proclaimed as gospel, and in this sign the South set out to conquer. Of these beliefs is to be placed first and foremost the conviction that, other things aside, manufacturing was most economical and so logically belonged, at the source of production. Here is the doctrine, given in all simplicity, and not without the force characteristic of newspaper correspondences of that day: "Sir, it matters not what anyone may say to the contrary, common sense tells us that other things—machinery, skilled labor, motive power and facilities of shipment—being equal, a cotton factory in the midst of cotton fields must prove more profitable than the same concern a thousand miles from its base of supply could possibly be."^[155] Other factors there were—cheap labor, unused water powers, abundance of wood and coal nearby, local market for the sale of product, longer running time than in the North, a favorable climate, saving in fuel and light, absence of damage to cotton by compress, saving in bagging and ties, assistance to be given to women and children much in need of work—all of them bore their part in focussing the energies of the South upon that program which was to mean so much in so many ways—the "cotton mill campaign."^[156]

[Pg 110]

[Pg 111]

The current passion for building cotton mills—it was nothing short of this—was stimulated and guided by press^[157] and platform in urging, chronicling and praising advances.

The Columbia, Georgia, Enquirer, after recounting the progress of the city in spinning—it had 60,000 spindles—said: "These are the weapons peace gave us, and right trusty ones they are.... The story the spindles tell is one of joy to all, and show (shows) how rapidly we are climbing the hill of prosperity."^[158] The affectionate tone of this item from the Rock Hill, S.C. correspondence of The News and Courier is unmistakable: "In conclusion let me say a few words in regard to the 'pet' of the town, the Rock Hill Cotton Factory. This factory is owned and controlled by the citizens of the town, (except \$15,000 in stock owned in Charleston). It has a capital of \$100,000, has over 6,000 spindles, with 1,500 more to be

[Pg 112]

added in a few days."^[159] The Marion, S.C. correspondent of the same paper a year earlier contributed this for his town: "Our wants: A bank, an academy, a cotton factory, a comfortable room for passengers at the depot, an iron foundry, and last, but not least, work upon our streets."^[160] So much did cotton mills come to be considered the natural signs of progress that Raleigh made apology for not having a single mill. "There is not a cotton factory in Raleigh, but there are not less than five large planing mills, two foundries, two boiler factories ...", and there follows a list of everything in the corporate limits, including schools and even newspapers.^[161]

Under its caption, "The Cotton Mill Campaign", the active News and Courier every few days listed new entries into the field of cotton manufacture. The issue of February 8, 1881, presented a particularly large number of items from different towns. The Newberry Herald exhorted the citizens with reference to Charleston's achievement thus: "Cheer for Charleston—A Movement all Along the Line. Charleston is in a fair way to have two large cotton factories in a short while.... Camden is preparing for a cotton factory. Hodges, Abbeville County, is preparing for a cotton factory. Rock Hill has a cotton factory. Greenville has several cotton factories. Newberry, the best location for a cotton factory in the State, and the place most needing one is not preparing for a cotton factory, and there is no present likelihood that she ever will." The method followed here, of citing the advance of other places in mill building as an incentive, was widely used, and not commonly with the rather complaining tone of the above from Newberry.^[162]

[Pg 113]

That the spirit was in the air is clearly discernible in a Winnsboro contribution: "Why does not Fairfield (the county in which the town of Winnsboro is located) make the experiment? It is said that \$15,000 will set in motion over five hundred spindles, and continual additions can be made." While recognizing that water power was difficult of access, steam might be used, for there was plenty of cheap fuel for years to come, and the Charlotte railroad offered easy communication with the world for a mill located along its tracks. The Hampton, S.C. Guardian struck the note: "Factories are springing up all over the State, and our people must not be found lagging in the race of progress."^[163]

[Pg 114]

How the people were reaching out for cotton mills, with their attendant profits and advantages, may be seen in this advertisement appearing in the winter of 1881: "We will give to a Cotton Manufacturing Company, that will organize and locate at Landsford, S.C., with a capital of \$300,000 a site, 20 acres of land and 3000 horse water power. Apply for particulars to T. C. Robertson, Allen Jones, Rock Hill, S.C.; Wm. R. Landsford; Edward McCrady, Jr., Charleston."^[164]

[Pg 115]

A little earlier the cotton mill campaign had extended itself to the point of interesting class effort, for the most prominent German citizens of Charleston organized a mill in a short space of time.^[165]

The cotton mill campaign had gotten well under way^[166] when its further progress was greatly facilitated and its successful outcome made plain by the projection of a plan to display the resources of the Southern States in an exposition at Atlanta. The scheme was first proposed in October of 1860, and the International Cotton Exposition was opened in Atlanta October 5, 1881. The exposition, in organization, history and influence, is inseparably bound up with the name of Edward Atkinson, economist, publicist and manufacturer of Boston. He gave it its inception; in an unselfish and magnanimous spirit he guided its beginnings and brought it, by his advocacy and superintendence, to completion. He was "the father of the Atlanta exposition."^[167] In a sincere desire to see the South extricated from the disorganization of the war and the years that followed, he planned this method of showing the people what he considered to be their true interest, namely, concentration upon better methods of cultivating and preparing cotton for market and for manufacture. With a fine comprehension of the most fundamental needs of the section in many directions, he conceived the care of cotton between the field and the factory to be properly the first concern of the Southern States, not temporarily, but for all time. The Atlanta exposition he proposed as the lens through which to focus attention upon this.

[Pg 116]

But Mr. Atkinson, most singularly for a man of his grasp, penetration and experience, had not reckoned upon the force of the enthusiasm for manufacturing cotton, which, as has been shown, came over the Southern people. That cotton mills were being built he could not but see; that they were making profits he could not deny—but in the economic wholesomeness and permanency of the factories he would not believe. In the International Cotton Exposition he created a Frankenstein to amaze and frighten and torment him. For once the resources, of the South were displayed in visible, tangible form in reasonable compass, and once the people were united upon an effort which should gauge their strength and possibilities, the invitation, or, as some put it, the duty to manufacture the staple in the fields where it grew leaped out as a fact more patent than ever. The people had felt the strength that came from union in a common purpose, and nothing could deter them from following the light that this brought to them. Mr. Atkinson, who had acted in the best of faith and with great ability, was surprised and chagrined; when he found that, while following his lead in showing the necessity of more careful culture and preparation of the crop for manufacture, the South, by the agency of the exposition, was fascinated in going beyond his goal, and building mills to make up the cotton for itself, he protested earnestly, and went to no end of pains to turn the people from their course. But the horse had taken the bit in his mouth, had glimpsed a broader highway open ahead, and the reins that had directed him once were of no avail to

[Pg 117]

arrest his career.

Conscious of his New England milling and insurance interests, it is likely that Edward Atkinson felt the South, which he had tried to help, distrusted him. And though the fact of his connections, coupled with a manner of addressing himself to the Southern people at times unfortunate in its seeming superiority, and tendency to become impatient and didactic, might easily have led the section to regard him with enmity, it is to be remembered to the credit of the Southerners that they showed as great charity for him, as they regarded them, short-comings of judgment, as they held in esteem his friendship and constructive cooperation. The vision which the South had caught rose superior, in almost all cases, to any pleasure to be found in taunting those who differed in view, especially when so much was owing to a man as belonged to Mr. Atkinson. His position is one of the most important in the whole history of cotton manufacturing, not only in the South, but in this country, and it is the most dramatic and pathetic. He stood virtually alone after the exposition had run a few months, protesting impotently against a new state of things, every development of which seemed to cry the lie to his objections. His very antagonism lent impetus to the current setting toward cotton mills for the cotton estates. And, to make the sting even more poignant, instead of looking upon his opposition to Southern cotton manufacturing as representing a class of jealous industrialists at the North—and many things there were to lend color to such a belief—the South was appealing over his head to New England capitalists to come down and help erect factories.[168]

[Pg 118]

[Pg 119]

How Southern sentiment had grown beyond Mr. Atkinson's purposes for the exposition is to be seen in the words of A. O. Bacon, speaker of the Georgia House of Representatives, in welcoming a party of South Carolina legislators and their friends to the Exposition three months after its opening: "This exposition—marks an important epoch in the industrial history of the country. It has aroused the South to the value of new enterprises and of new methods of labor; it has awakened the North to a realization of the boundless resources and enormous industrial capacities of the South. It comes at a most propitious moment, for the South, in sympathy with the quickening energies which excite the continent, is even now trembling in the initial throes of the mighty industrial revolution that surely awaits her. A great change is about to come upon us. 'In the fabric of thought and of habit' which we have woven for a century we are no longer to dwell, and a new era of progressive enterprise opens before us." [169]

[Pg 120]

The place of the Cotton Exposition in furthering the cotton mill campaign, already attained to a healthy start, is seen in this from Clifton, S.C.: "It is to be hoped the Atlanta Exposition will not take all the enthusiasm out of our capitalists and enterprising men,[170] but that it will only tend to a greater and more steady development of our resources. There are new families coming in constantly (to the Clifton Mill) and the cottages as far as completed are occupied, and still they come." [171] And again: "A good work has been done, the benefits of which will be felt in every part of the country. The New South takes a fresh start at the Atlantic Exposition." [172] Here also is evidence of the very fortunate juncture at which the exposition happened to fall. The show did much for the South irrespective of its exhibits; indeed, before a shovelful of earth was turned, a real service was rendered. It proved to the people that they could organize and exert a force in common; the South was less individual from that day. It demonstrated besides that the South had resources and possibilities worth presenting to the world. Once the exposition was opened, three distinct influences were brought to bear in carrying forward the work already begun. The people of the South were shown for the first time as a whole the implements of cotton manufacture, capitalists in general were introduced to the opportunities of cotton milling in the section, and, in visualizing and making more than ever evident the industrial future, less effective reflex from the ultimate proposals of Edward Atkinson and others of his belief was afforded once for all.

[Pg 121]

[Pg 122]

The very day of opening, the exposition greeted crowds of visitors with these words from Daniel W. Vorhees, of Indiana; "There is a far higher remuneration than has ever been given by cotton yet in store for the laborer, the manufacturer, the South and the entire country. In the midst of the cotton plantations themselves there is a career for manufacturing development such as the world has not yet seen. With coal, iron and timber in perfection and inexhaustible, and water power everywhere, by what rule of political economy should the Southern people send their cotton, at an expense always deducted from its price, to distant sections and foreign countries to be spun and woven? If the manufacturer in Great Britain, transporting his cotton from India and the United States, can realize substantial profits, why may they not be realized here...? We have seen the manufacturer of New England, at a long distance from a productive base of supplies, turn a sterile country into the seat of culture, refinement and wealth. Why shall not the South put forth its energies and reap the same and a far greater reward? Here the cotton grows up to the doorsteps of your mills, and supply and demand clasp hands together. The average exportation during the last ten years, from these wonderful fields to England and other European ports, has been over 3,000,000 of bales per annum; while to the mills of New England and other Northern states another million have (has) been annually carried away from your midst, and from the best manufacturing region on the globe." [173]

[Pg 123]

So, even from the opening of the exposition, matters had taken a decided turn toward cotton manufacturing for the South. After the fair had been in progress three weeks, Mr. Atkinson

and a committee from the New England Cotton Manufacturers' Association came down for their initial visit. From Mr. Hemphill's letter to The News and Courier[174] it is clear that the New Englanders appreciated most those parts of the exhibit which had to do with "ginning and preparing." Still considering all cotton manufacturing to belong to the North, just as all cotton growing belonged to the South, the verdict of the party on this first inspection was: "Nothing ever happened in the history of the country to prove so adequately the identity of the interests of the cotton grower and cotton manufacturer as this exhibition." Thus were visitors coaxed to examine into the increased efficiency and profit which lay in sending clean Southern cotton to Northern manufacturers.

Soon the situation demanded more drastic handling. Edward Atkinson, in a set speech on the exposition grounds, stated his position clearly: "You have depreciated every crop of cotton you have made at least 12 per cent. by want of care and attention in ginning, baling, pressing and caring for the cotton between the field and the factory. You can save half your labor and add 10 per cent. to the value of your crop if you will use the new tools and machinery here on exhibition and heed the words which I now speak.

[Pg 124]

"The Southern planter and farmer has no knowledge, as yet, outside of the sea island district, of the merits of a true roller gin. Clark's cleaner has just been introduced and is only known within narrow limits.... Now, I am going to touch a tender subject—cotton manufacturing.... I have never taken the ground that there were any climatic difficulties in many parts of the South. The real difficulty is that the margin of profit is very small on a very large capital, and unless you can work, in the long run, on a very small margin you cannot succeed. These times are no criterion.... May I say that the true preparation for success in cotton manufacturing must be in knowing how to save the fraction of a cent.... You cannot spin cotton when you do not know the difference between a cent and a nickel."
[175]

The reception with which Mr. Atkinson's theory met is seen in an editorial comment on his December address: "The future of the South is described with great power in the ... speech of Mr. Edward Atkinson at the Atlanta Exposition.... Mr. Atkinson is misleading only when invincible prejudice keeps him from seeing clearly, and even Northern newspapers admit[176] that he is wrong in his belief that cotton manufacturing, on a large scale, will not pay in the South. The speech otherwise is suggestive and instructive." [177] In a review of an article by Mr. Atkinson on "The Solid South", appearing in the International Review for March, 1881, William E. Boggs, of Atlanta, wrote: "If one so sincere as Mr. Atkinson in the desire that the South shall flourish can so misunderstand the Southern people, what must be the mental condition of those who have prejudice without good-will? Mr. Atkinson is the father of the Atlanta Exposition, and is, in his way, a true friend of the South." [178]

[Pg 125]

[Pg 126]

[Pg 127]

There was one more condition precedent to the erection of cotton mills in the South. The people of the section might come to a determination to set up schools, run telegraph and telephone lines, construct railroads, stop political quibbling and back-biting, and, above all, institute manufactures as the surest release from a condition calling for the strongest action; they might turn themselves wholeheartedly to the building of cotton mills, calling forth every native resource and ingenuity, enterprise and sacrifice, and these would avail much. But the task was so huge in its proportions that sooner or later it must cease to be a sectional matter, and not only was this necessary, but it was proper that it should be the case. The North must be called upon for help. If there are two facts in the building of cotton mills in the South which stand out head and shoulders above all the rest, they are that the Southern people, impelled by inner forces, undertook the work, and that when it became apparent that outside capital and advice were needed and could be had, these were welcomed gratefully. [179]

[Pg 128]

There were certain forces which made for a national mind in the South—certain external influences aside from the reasonings of the choicer spirits. These bound the North and South together, and helped to make possible the augmenting of Southern energy and resources by Northern capital and experience.

Just as the International Cotton Exposition at Atlanta lent impetus to the sectional furtherance of the cotton mill campaign, so the shooting of President Garfield, his lingering illness through three months, and his death, occurring at approximately the same stage as the exposition, may be thought to have done much in preparing the way for receiving Northern, and, indirectly, European capital into the South.

[Pg 129]

"This (the South) is a region where manliness is held in superlative honor", said the Charleston paper so often quoted, "and assassination is loathed for its cowardliness even more than it is abhorred as an offence against law and society.... There could be no doubt then that Guiteau's dastardly act would be heartily denounced—and there was reason to look for some special indignation on account of the exalted official position which Gen. Garfield holds. It could not have been foreseen, however, that the outburst of sympathy and condemnation would have been universal in its manifestation, affectionate in tone and National in spirit. South Carolina does more than reprobate assassination. The people of the State, the whole people, resent the deed because the victim is the President of the United States, the Chief Magistrate of our country.... The process of reunion has gone on with a rapidity which few appreciated. All the elements of cordial friendship and of national good-will were there. It needed only the threat of a common misfortune to give shape and voice to

the recreate but sturdy love of the Republic."^[180]

The following appeared with the announcement of President Garfield's death. "In the history of the United States, President Garfield will be remembered as he whose nomination by the National Republican Convention strangled imperialism in its cradle, and as he whose assassination was quickly followed by an outburst of sorrow and sympathy which manifested to the North the true nature of the South, and do more than the arguments, the prayers and the common intercourse of thrice five years to bring together the peoples whom war had made separate. By the shedding of blood the North and South were sundered; and through the shedding of blood they are united.... In his wounding unto death passed away the alienation, the estrangement which prevented this country from being truly one, although men and millions had made it in appearance indivisible."^[181]

[Pg 130]

Railroads, both because they allowed sentiment to become solidified in the South, and afforded great currents of intercourse with the North, were of first importance. And in the railroads, with the encouragement they gave to manufactures, and the stability they lent to trade in furnishing a strong commercial backbone,^[182] appear early hints of the unifying force of Northern capital itself. A railroad, in which Northern men chiefly were interested, which proposed running up the James River Valley to Clifton Forge, was hailed by Richmond as bringing new prosperity. "We welcome the Northern gentlemen who are to co this invaluable work for Virginia, and we trust and believe that they may never have cause to regret the investment of their capital here. Every such investment is a new band around the States of the Union binding them more closely together."^[183]

[Pg 131]

CHAPTER IV

[Pg 132]

CAPITAL

In the chapter on the conditions precedent to the erection of cotton mills in the South the attempt was made to show how the stage was set for the actual building of factories. The impulse for manufactures, and especially cotton mills was traced through its several more or less definite periods of development. The first of these was the recoil from the Hancock-Garfield election; the failure of the South's determined hopes for the success of the Democratic candidate, which would mean, it was thought, freedom from political insult and economic servitude, and an opportunity to wreak vengeance for the wrongs of radical rule, virtually marked the death struggle of the old exclusive social philosophy as the animating force in the South. This had been bred by the ante-bellum regime, called into concrete trial by the civil war, and intensified in character through each year of Reconstruction, and through each year proven more untenable. The questioned election of 1876, when Tilden was thrown out under circumstances peculiarly galling to the South, set the section as a unit and unalterable for the next four years in a passionate and dogged resolution against all odds to make a Democrat president in 1880. When Hancock was beaten in a fair fight by Garfield, the South was thrown prostrate; devastated by the war, pillaged and ridden in Reconstruction, to gather all her forces for a final defiant stand and have her last poor hope dashed was tragic. But this very extreme of bitterness was the South's salvation.

[Pg 133]

The leaders, with remarkable accord and almost simultaneously in all quarters, after recovery from the first inescapable shock, rallied to the situation like heroes, and called their less valiant brethren after them in a new resolution to build up another South founded on democracy and a purpose to employ every material resource for the building of a foundation which would bear the weight of the different structure that had to be erected.

Words unfamiliar in the South were heard on every hand; in this proposal of "real reconstruction" notions as novel as they were salutary were involved. Communication between States and parts of the same State, by railroads, telegraph and telephone; schools, churches, diversification of crops, deepening of harbors and rivers, municipal pride and civic reform were urged; it was demanded that politics and political wrangles be dropped forthwith, and that the section set about the course of material advancement as the only method of asserting rights against the North, and the only means of bearing her share of the national burden.

In the canvas of resources which this impulse brought, cotton mills were pounced upon as affording the readiest and most permanent instruments of success. It has been seen how platform and press and people concentrated their interest and attention upon the "cotton mill campaign", every new factory being hailed as another banner lifted in the fight. Two great impelling motives were patriotism—either local, state, sectional or national—and humanitarian considerations. These were held up in the plainest view of all, and impressed unceasingly. It was as a means to an end that cotton mills were argued for; their advocacy was grounded in the most splendidly fundamental beliefs and aspirations.

[Pg 134]

Descending from these lofty ideals, the practical inducements to the building of cotton mills

as they were brought before the South and the country at large have been pointed out. It was shown that over and above all others stood out prominent and unquestioned the fact of the presence of the raw cotton. Proximity to the material of manufacture was felt to constitute the chief invitation to go into the textile business in a systematic way. But there were other arguments used, running out to great length—of these the leading one was an abundance of cheap and intelligent if untrained labor crying for employment, and this has been dwelt upon in its phases. A store of unused water powers, favorable freight rates, low cost of living, suitable climate, the supply of inexpensive fuel, and the innumerable gains to the community were made the grounds of advocacy of cotton mills. Estimates of the expenses of erection, maintenance and operation of hypothetical factories of all sizes were worked out in elaborate detail, the saving over manufacture of cotton in New England or in Old England being remarked at every juncture.

[Pg 135]

It is a nice problem to determine how far these advantages possessed or thought to be possessed by the South were aired as a result of deep-lying motives of patriotism and philanthropy, and to what extent they were themselves the exciting forces behind the crystallization of these motives. Did these superiorities of the South come to light mainly because the South had made up its mind to remake the section, or did the South enter upon a course of development because it possessed certain outstanding advantages? To strike a balance here would be an interesting speculative venture. But, however, this may be, it is reasonably clear, as has been previously pointed out, that when it came to putting their money into cotton mills, capitalists, North and South, acted usually upon the assurance given them in the physical assets obtaining. To the extent that general impulses placed in public view definite, concrete and tangible reasons why cotton mills could be made to pay dividends, the undercurrent was indirectly responsible for the erection of the factories.

It is not the purpose of the present paper to set out in any detail the unique resources of the South, either as they constituted the magnet for capital directly, or reacted through the general cotton mill campaign to swell the tide making toward a new character for the section. They deserve separate treatment, especially since they occupy so central a position and have such sensitive contact with the other forces present. Whether, however, physical advantages existing at the South crystallized out of an original philosophical impulse, or operated, more or less unconsciously in the Southern mind, to induce that impulse, it is perfectly clear that the movement for the building of cotton mills in the South originated with the South, and that at least contemporary with the attraction of capital, went an advocacy of the establishment of cotton factories that was consistent, permanent and practically universal.

[Pg 136]

From the very nature of the movement, Southern and in most cases strictly local capital was first appealed to, both by the actual projectors of the mills and the public organs which interested themselves in the enterprises, and local capital was the first offered. It might be questioned whether outside capitalists, perceiving in the Southern manufacture of cotton a favorable field of investment, did not come in as a result of the publicity of the cotton mill campaign, without waiting for either solicitation from the South or proof of the success of the new plants erecting in that section, but it will be shown that, as a matter of fact, this was not the case. At the time the South felt herself to be isolated, cut off from the national life, discriminated against by Congress and the country at large. In the beginning and in essence continuing to the end, the building of cotton mills was a sectional matter. It is not to be said that outside capital was an afterthought with the promoters of the Southern cotton mills, but every circumstance surrounding the movement, and every instinct of the hour, argued for the exhaustion of native resources before help should be sought from without.

[Pg 137]

The story of how capital was secured for the cotton mills of the South may be commenced with a sentence from a North Carolina newspaper which strikes the key-note: "All questions of domestic economy, and especially those involving the capital of our people, whether in the shape of labor or dollars, will necessarily be canvassed and scrutinized very closely in their bearings on our material progress."^[184]

The nature of the appeals made to local capital will best appear by looking at some of them individually.

Patriotism, a consciousness of unity, and appreciation of the dynamic character of manufactures in the South, appear in a solicitation printed on the editorial page of the Charleston News and Courier for capital for a scheme for the development of water power and cotton mills at Columbia. The enterprise had a peculiarly appealing history, which will be recounted in considering the response of domestic capital. After a summary of these facts, the article concludes: "The work—is one of great magnitude and involves expenditure beyond the ability of this community (Columbia). Nor is the interest merely local, but reaches out to every part of the State. We call, therefore, upon all, from the mountains to the seaboard, to take part in this great central development, involving not only the prosperity of our capital, but, in its ramifications, affecting the prosperity of the entire State."^[185]

[Pg 138]

A week earlier, in a Columbia dispatch to the same paper, Charleston was advised that books of subscription to the stock of the company would soon be opened there, and the argument for investment was placed on more practical grounds: "If the recent subscriptions to factories have left any money in the pockets of the people there (Charleston), it had better

be saved for this purpose—a franchise like this is not obtained every decade."[\[186\]](#)

Implying that when the South should make a start in cotton manufacture, outside capital would flow in, but impressing particularly the need for the entrance of domestic interests into the field, a statement of H. T. Inman, capitalist, relative to the plan to purchase Oglethorpe Park, the site of the Atlanta Exposition, from the city authorities and use the buildings for cotton factories, is striking: "We must demonstrate what we have been saying, that there is money in manufacturing in the South. If we wait for others to come here and do it, it will never be done."[\[187\]](#) The argument that the South had faith in her ability to manufacture cotton profitably, as proved by putting her money into the projected mills, was frequently used in soliciting subscriptions at the North, and more frequently Southerners were urged, as here, to go into the ventures, with the specific reason that by so doing Northern capital would be induced to join in.

[Pg 139]

Money accumulating in bank at low rates of interest was often made the basis of observations on the great gain from manufactures, and was pounced upon as evidence of lack of sympathy with the spirit of the time, which was grounded in the deepest needs of the people. In such cases the cotton mill campaign and the gathering of capital as a matter of practical concern usually overlap. An instance quoted in another place is typical: "But with all its (North Carolina's) varied and splendid capabilities it is idle to talk of home independence so long as we go to the North for everything from a tooth pick to a President.... We may look in vain for the dawn of an era of enterprise, progress and development, so long as thousands and millions of money are deposited in our banks at four per cent. interest when its judicious investment in manufactures would more than quadruple that rate...."[\[188\]](#) Several months later the same paper[\[189\]](#) instanced the success of Edward Richardson, of the firm of Richardson & May, cotton factors of New Orleans, in running, in addition to ten or twelve plantations producing 15,000 to 18,000 bales of cotton a year, a nest of factories with 18,000 spindles, 400 looms and 800 hands in the town of Cresson, which he built. He was said to be worth more than \$15,000,000—"all accumulated in the South, the poor South." The closing remark is significant: "His ... accumulations are but the results of forethought, enterprise and nerve. He has no heavy deposits in bank at four per cent."

[Pg 140]

This same galling fact of bank deposits lying relatively idle when they might be used to further the plans held so much at heart was lamented in cases where it hindered the cotton mill campaign, or the taking of initial steps toward realizing a desire for a mill; but it was made more galling where a venture, properly launched, stood still because the moneyed people held themselves aloof. In distinction to the position of Newberry, South Carolina, where there were "numbers of people ready to aid in the enterprise, convinced as they are that it will be a profitable investment, but ... nobody to take the lead,"[\[190\]](#) was Chester another town in the same State, of about the same size. In February of 1881, after the cotton mill campaign had gotten a fair start, the Chester Bulletin commented: "Just now there is a widespread and deep feeling amongst our people throughout the State to foster the manufacturing interests of the country. More than a year has elapsed since our people felt beat a pulse of enthusiasm for the home industries. (Reference was here had to the chartering by the Legislature of two mill corporations which attracted almost no subscriptions.) There is money enough in the county to start the hum of three thousand spindles. The large amount of personal deposits in bank indicate too truly the lack of confidence in home industrial enterprises."[\[191\]](#)

[Pg 141]

It may be well to consider a typical comprehensive appeal for domestic capital. For this purpose a leading editorial in The News and Courier asking support for the Charleston Manufacturing Company is particularly useful.[\[192\]](#) In the first place, this company marked the entry of Charleston into the field of regular cotton manufacture, and the enterprise took firm hold on the interest of the city from this cause. Also, South Carolina experienced the cotton mill campaign as a movement more highly conscious than in any other State; Charleston was the center of the campaign, as spiritual leader no less by reason of her sufferings than her heroism, and the News and Courier was the mouthpiece of Charleston.

[Pg 142]

To begin with, the editorial, headed "Everybody's Opportunity", sets forth clearly the division of arguments: "The Charleston Manufacturing Company addresses itself to the citizens of Charleston in a double capacity: *First*, as a means of making money for the stockholders. *Second*, as a means of enlarging the common income, stimulating the growth and increasing the prosperity of the city."

Proceeding under the first of these heads, it is pointed out that the mill will succeed because the management, in the hands of men known for their business sagacity and activity, will be both economical and progressive. There is no doubt that, along with other appeals to local resources, confidence in the projectors of a cotton mill, as personal acquaintances and men whose whole lives were familiar knowledge in a small community, had a powerful influence. Next it is shown that the profits of the South Carolina mills for the year 1879, probably the last available for citation, warranted a belief that the Charleston mill would succeed, having at least as good a chance as county plants. These profits had ranged from 18 to 25½ per cent. It is explained that steam power will be used, but that it is used in England, and that the trend of the better opinion is toward steam power rather than water power, as being more reliable and capable of better control. The approval of steam by the superintendent of the Camperdown Mills at Greenville in the same State, on these grounds and also because

[Pg 143]

he knew that the Northern mills using steam made larger profits than those using water, is instanced. It is evident that the necessity of employing steam power, instead of being able to use the water power of the interior, was a hard obstacle to get over, for recurrence is several times had to it in the course of the argument, and the great advantages of coastal location are stressed as a counterbalancing consideration.

The favorable facts that the Charleston mill will be able to buy cotton all the year round, and so avoid carrying a heavy stock, that samples and tops may be utilized, that the rates of insurance will be low and water freights nominal, and lastly that no cottages or schools or churches will have to be built, city location avoiding this source of expense to a provincial establishment are recited, and the prospective stockholders are reminded that by State law the whole of the capital invested in manufactures is exempted from taxation for ten years.

[Pg 144]

On the second account, of increasing the prosperity and welfare of the community, it is shown how every \$228 invested in cotton manufactures in South Carolina the year before supported one person, and how when people earn they have something to spend; house rents will go up as a result of the new demand. Besides, the State at large benefits from a new means of support for the people. The very potent argument of the addition to value which manufacturing brings about is next employed. "At a low estimate the value of cotton is doubled by the conversion into yarns." If the Charleston Manufacturing Company uses 10,000 bales of 400 pounds a bale, at 10 cents per pound, \$400,000 will be returned to the growers of the raw cotton. When made into yarns the cotton will be worth \$800,000. Every dollar of this \$400,000 difference, except what will be spent for materials not to be procured locally, will be disbursed in Charleston in wages and dividends. "It is evident that the building of half-a-dozen cotton factories could revolutionize Charleston. Two or three million dollars additional poured annually into the pockets of the shop-keepers and tradespeople would make them think that the commercial millenium had come." The appeal concludes: "In a two-fold sense, then, the Charleston Manufacturing Company is entitled to support. For the stockholders it will earn money. To the city it will give the life and vigor which nothing short of manufactures will assure us."[\[193\]](#)

[Pg 145]

An editorial in the same paper the next spring encouraging subscriptions to the capital stock of the Columbia and Lexington Water Power Company, the enterprise already mentioned, which was opening books in Charleston, urged the two benefits already noticed, profit flowing from physical and economic advantages, and a social gain resulting from the indirect bearings of the plant.[\[194\]](#) The value of the franchise, the offer by the State of more than 146,000 days of convict labor at a low wage, the rebate of taxation on plant and improvements for ten years, and estimated earnings of 17 per cent, on a total outlay of \$431,607, or running as high as 25 per cent. on an outlay of \$725,000, were held up on the side of material things; in dealing with the gain expected to result to the State at large, the influx of immigrants and the employment of thousands of idle women and girls, already present, for whom it was so hard to find profitable work, were pointed out.

[Pg 146]

Not unusually, in place of the larger social sense, local pride as such furnished the point of departure in the proclamation of an enterpriser to his fellow-citizens. It is to be feared that sometimes this was made the means of demagoguery, the appeal to local spirit being linked with a disparagement of Northern assistance merely for effect. Instances of this will appear when the attitude toward outside capital is considered.

The case of Mr. Winn's scheme for Sumter illustrates the personal appeal to local pride. It is to be noticed that he reduced everything to an individual and immediate basis. He spoke through the paper of the town, the Sumter Southron:[\[195\]](#) "I am now engaged in getting up a mill of 2,500 spindles at this place. I do not expect to seek a dollar of foreign subscription, but I want our own citizens throughout the county to be interested in it and to help me build and operate it." There follows a description of his findings at several nearby mills which he visited. One is inclined to believe that he paraded the facts to impress his audience in a general way, rather than to appeal to strict business sense. He cites the earnings of the mill at Charlotte, North Carolina, owned by the Oates Brothers. With running expenses of \$60, "we have the neat little profit of \$155 per day". The Sumter mill could save haulage, and use one-third of its cotton not packed, thus saving in bagging and ties. A concluding sentence indicates his frame of mind: "Will a mill pay in Sumter? Why not?"

[Pg 147]

A statement of the advantages possessed by a mill already in operation as contrasted with those which would contribute to the success of a proposed mill was a favorite method of argument. Thus the Kershaw Gazette said: "Let us realize that what is good for Charleston in this respect is better for us. (Reference was had to the Charleston Manufacturing Company.) She has to use steam as a motive power, which, in the form of coal, has to be brought long distances and at great cost. We have but to harness the magnificent water-powers which are slipping idly by us, and the thing is done. In Charleston, it is the investment of capital on hand, seeking profitable employment. With us, it will be the creation of capital itself; for we venture the assertion that one hundred thousand dollars invested in a cotton factory at Camden would develop interests to more than double that amount." The saving of three-fourths of a cent per pound in the freight between Camden and Charleston would in itself bring a fair dividend upon the capital invested, it was said. "And yet Charleston expects to, and will, make money by what she is about to do. Let the people of Camden and of Kershaw County be up and doing in this matter."[\[196\]](#)

[Pg 148]

These, then, were the grounds upon which domestic and more strictly local capital were solicited. It is proper now to notice with what success the appeals were made.

In the most respectable trade summary published by any newspaper in the South, it was stated in September of 1881: "The industrial feature of the year is the rapid extension of cotton manufacturing in South Carolina in common with other Southern States (naming the plants and the capital invested in or subscribed to each.) A most gratifying feature connected with the establishment of cotton mills in the South is that the great bulk of the capital employed in their operation has been furnished by Southern people. Southern capitalists are putting their shoulders to the wheel.... More than three-fourths of the capital invested in the cotton mills since the war has been subscribed by our own people...."[197]

The conclusion of Mr. Thompson after a review of the rise of cotton mills in North Carolina is interesting: He says that capital for almost 200 mills that grew up in twenty years "has come chiefly from a multitude of small investors within the State"; again, "The development of the cotton industry in North Carolina is a striking instance of the manner by (in) which a people in poor or moderate circumstances can establish manufactures." He gives credence to estimates by those he considers best informed that 90 per cent. of the capital for mills in North Carolina has come from residents of the State. "The industry is distinctly a home enterprise, founded and fostered by natives of the State." [198]

[Pg 149]

The Rock Hill Cotton Factory was spoken of as the "pet" of the town. Its \$100,000 of capital stock was owned in Rock Hill, with the exception of \$15,000 held in Charleston.[199]

Most of the stock of the Belmont Manufacturing Company, the enterprise projected by Mr. Winn in Sumter, already noticed, was taken in the town, and the few thousand dollars needed to increase the capacity above 2,000 spindles would come from Charleston, where President Winn was soliciting support.[200]

The experience of Yorkville, another little town in South Carolina, is interesting, especially for the naive way in which it was related.[201] "... the 'Cotton Mill Campaign' is progressing satisfactorily in Yorkville. We heard an old citizen remark some days ago that he had never seen the town so thoroughly aroused and united.... Yorkville to all appearances is moving forward with a determined purpose to put into successful operation a cotton mill.... The shares have been placed at \$500 each, and up to this writing about \$25,000 have been subscribed. I would state that this amount has been raised within the limits of the town. A prospectus will be forthcoming this week and the doors will be thrown open to citizens generally of the county who may be able and disposed to assist in carrying forward the project."

[Pg 150]

A similar instance is that of Walhalla, South Carolina, a very small place indeed. The people began to talk about a cotton manufactory, and at an informal meeting of a few of those interested nearly \$10,000 was subscribed. "It is believed that as much as \$25,000 will be subscribed in that neighborhood, and if the people of the county will join in the enterprise as much as \$50,000 might be made available." [202]

A typical notice is this one: "The enterprising citizens of the new town of Gaffney City have subscribed \$40,000 towards building a cotton factory at that place." [203]

Columbus, Georgia, was held up to praise for her loyal support of the cotton manufacturing industry. Before the war she was a little Lowell, it was said. The Federal army captured the place in 1865 and burned 60,000 bales of cotton and all the mills. "The very heart of the city was burned out, but nothing could extinguish its indomitable spirit." In fifteen years the mills had been rebuilt until they were taking annually nearly 17,000 bales of raw cotton, which was almost trebled in value by manufacture. "But the proudest boast of Columbus is that she rebuilt her mills by her own aid and money." [204]

[Pg 151]

The statement of a railroad man in the New York Herald is valuable: "Mills for the weaving of the coarser cotton fabrics are now in successful operation in Tennessee, Georgia, Kentucky and several of the Atlantic Coast States, all of which have been built by native labor, mostly with local capital and are managed by Southern men." [205]

[Pg 152]

The Clifton Mill near Spartanburg, furnishes a fair example of the distribution of holdings of the capital stock of a larger enterprise. The joint stock company owning the mill operated under a special act of incorporation of the Legislature, exempting the property from taxation for a period of years, and relieving the stockholders of personal liability. The shares were of a par value of \$100. and aggregated \$500,000 of which \$250,000 was paid in. The stock was held mostly in Spartanburg, Charleston, Boston and Baltimore. Spartanburg capitalists owned \$200,000 worth of the stock, Charlestonians \$150,000, and \$50,000 was held in Boston. [206] To make the capital stock \$500,000 most of the original stockholders had doubled their subscriptions. [207]

For a factory near Gaffneys, South Carolina, which would need \$500,000 capital stock to the amount of \$200,000 would be subscribed for in Chester County, it was thought, and for the remaining \$300,000 the North would be looked to. [208]

Together with large subscription to the stock of the Atlanta Exposition from the North and East, went an early subscription of \$20,000 in Atlanta. [209]

[Pg 153]

While it might be considered under the heading of the cotton mill campaign, or denominated "Southern enterprise", I believe it will be most interesting to relate at this point briefly the facts in the Columbia canal scheme, as illustrating how domestic capital threw itself into the situation in which the South found herself in 1880, and the years immediately following. It is especially instructive to notice how Northern enterprise, while, so far superior to Southern initiative at all times before, after 1880 failed where in the South sometimes native energy succeeded.

Columbia, the capital of South Carolina, is located at the falls of the Congaree River. Today there is a canal of about three miles in length, 60 or 75 feet in breadth, terminating at the lower part of the city. At the end of the canal is a duck mill. In 1868 the Messrs. Sprague, manufacturers of Rhode Island, took up a plan of developing this water power at Columbia, but "in consequence of their misfortunes, failed", and the whole matter of the canal passed to the hands of the State Canal Commission. Some prominent Columbians, hoping to revive the project, contributed money to the employment of one Mr. Holly, a first-rate hydraulic engineer of Rochester, New York. Mr. Holly was making surveys and progressing satisfactorily when, after three months, his engagement was discontinued. The reason for this was that Thompson and Nagle, engineers of Providence, on a tour of inspection through the South, were attracted to the water power at Columbia, and Mr. Thompson appealed to the State for franchises, in which appeal he was supported by the citizens of Columbia who had helped promote the modest work under Mr. Holly. On February 10, 1880, the final contract between Thompson and Nagle and the State Canal Commission was entered into; by its terms the engineers were to have the use of 200 convicts for three years, and at the expiration of this time they were to have developed at Gervais Street 15,000 horse power of water power, and have in operation a cotton mill of at least 16,000 spindles.

[Pg 154]

Thompson and Nagle thought the necessary capital could be had at the North. They failed to secure it, and attributed their failure to the turmoil of the presidential campaign which was raging. Though this was probably a valid basis for the appeal to the Legislature for an extension of the rights granted them, the application for extension was denied. At this juncture, modifying the scope of the plans somewhat, the foremost citizens of Columbia took up the matter themselves, and organized the Columbia and Lexington Water Power Company to bring about the development.[210]

[Pg 155]

Nightly meetings were held of those interested in the purchase of Mr. Thompson's charter. In one hour eleven subscribers gave \$5,000 each—\$55,000—toward the amount.[211] A few days later the subscriptions in Columbia had reached \$117,600, and the expectation was that the sum set to be raised in Columbia—\$125,000—would be exceeded.[212]

Mention has been made several times of the Charleston Manufacturing Company. At the end of the first day \$120,000 of its capital stock had been taken.[213] A little later the subscriptions to the stock had become \$200,000 and more, mostly "for small amounts, which is what is desired. At the present rate the whole capital required will soon be subscribed." On July 6, the News and Courier had these two editorial paragraphs, the justifiable satisfaction pervading which is not to be mistaken: "We are authorized and requested to say that the whole of the stock of the Charleston Manufacturing Company, being half a million dollars, has been subscribed, and that the books are closed. It is useless, therefore, to continue to send in subscriptions.

[Pg 156]

"We believe that more than three-fifths of the whole capital stock are held in Charleston, so that right here will come the bulk of the direct profit by the working of the company..."

But before the Charleston Manufacturing Company had completed its organization another corporation had come into existence. This was a mill company promoted and most largely subscribed to by the Germans of Charleston, headed by Captain Tecklenburg. Not much was said about the concern in the papers, but of its \$100,000 of capital stock, \$75,000 were subscribed between January and May of 1881. This Palmetto Manufacturing Company, as it was called, was apparently, the most restricted in its stockholders of any mill that had been projected in the South to this time.

Little towns, villages almost, did not fail of local enthusiasm and capital in small amounts. [214] In January of 1882 Fort Mill, in York County, was agitating the building of a cotton mill there, and \$50,000 was set as the amount of stock to be secured.[215] Chester, a little earlier concluded her size would compel her to produce \$300,000 for a mill within her borders.[216] A gentleman of Griffin, Georgia, offered to subscribe one fourth of the capital necessary to start a mill there.[217]

[Pg 157]

Having seen the character of the arguments used in attracting native capital to the Southern cotton mill projects, and the extent of the response to these appeals, it is next necessary to turn to the other source of assistance—outside capital. Practically this may be termed Northern capital, although Englishmen interested themselves in the Southern ventures, and much money came from what were strictly termed, the Eastern States. In the minds of the people of South Carolina, North Carolina, Georgia, Alabama and those States, capital stock of a Southern mill held in Baltimore would be classed as appertaining to the North.

It is proper first to consider the attitude of the South toward Northern capital; second, the appeals made to Northern capital; and third, the effect of these appeals or the response of them.

In many aspects the rise of cotton mills in the South was less an industrial development than a subtle drama, powerful in its great motives. As William Garratt Brown has said of the history of the Southern States in their struggle upward after the war, it is not only to be studied with diligence of research, but is to be viewed with passion. The story of the cotton mills is filled with elemental emotions; the moving characters are splendid, clear-cut dramatic types; there are the villain, the hero, the schemer, the lover of his fellow men. The vices and virtues take their part—self-sacrifice, jealousy, hate, charity, revenge, bravery, honor, patriotism.

[Pg 158]

The first act of the drama is constituted in the defeat of Hancock and the magnificent refusal of the South to be baffled—the oath to rebuild her shattered fortunes. The actors leave the stage with hope filling the future. The curtain rises on the second act to discover the chief spirits of the South setting systematically about "the cotton mill campaign"; their brethren converted to a belief that manufacturing the staple would transform the South, they turn in entreaty to their fellows for support, and the answer is loyal and gallant.

The third act opens with a situation which tests the greatness of the players' faith in what they profess. Domestic resources exhausted or exhausting, or slow in response to the need, should the object for which they were striving be lessened in its meaning, importance and desirability? Should the cotton mills which were to mean so much be restricted to the means of the South, urged to the front by a splendid pride and devotion? Should the *esprit de corps* which animated the Southerners, and the cheerfulness of their co-operation, with all that inspired these, when they failed of further effect, be considered to set the natural and proper limits to expansion?

[Pg 159]

Was this to close the action? Or was the South, remembering her vows, to cling to her ambition undiminished? In spite of wounds yet fresh and burning, which in the name of pity and honor and self-esteem cried out to be nursed and comforted at home, could the South face again her enemies, and this time not just to challenge, which was hard, but to entreat, which was hardest? Would the South rise superior to pride, and be content with nothing short of the fullest heroism? Would she go to the North for capital for her young cotton mills?

It was a silent struggle with herself. Little was uttered, but fundamental emotions were at play. When she decided to appeal for assistance in a work which she knew to be right, the climax of the drama had been reached. The crucial test had been endured, and the South had emerged triumphant.

As has been said, few lines are there to indicate the feeling. It is largely dumb show. But we may look at the expressions that did occur to show the attitude of the South toward the question of Northern capital.

The following manifesto is significant, involving as it does recognition of the necessity for a modification of political views if capital to be invested in the South, in the eyes of the North, was to be made safe: "In this state (South Carolina) we need capital and less party and politics.... Such men as Gould, Vanderbilt and Plant have invested millions of dollars in our railroads, manufactories and other enterprises, and have been remunerated in the face of a 'Solid South and a Solid North'. It is useless to say that millions have been driven off from like investments on account of personal whims and jealousies among prominent politicians in both parties. *Can the South afford to remain solid?* This is the great question of the day, and it can be answered in the negative.... We want all the capital possible to develop our hidden and inexhaustible resources...."[218] And again: "So long as we have section unity in politics in the South its material prosperity will be checked and an absolute injury will be sustained through its entire commercial and agricultural dealings by exciting distrust of capital.... So taking the past and the present as indices for the future, it is plain to see that a dissolution of the solid South will cut at the very roots of all these wrangles between the North and the South in which sectionalism is involved." [219]

[Pg 160]

The News and Courier wished to accord to every dollar of Northern capital invested in the South the same credit as was felt to be due home capital likewise contributed to the building up of the section. "Outside capital ... is beginning to seek this Southern field to aid in a more rapid and thorough work of restoration of dead or dormant enterprises. This movement needs a wise encouragement by public and private approval. Some of that credit which was accorded to the man who caused an additional blade of grass to grow should be given to everyone who affords facilities to manufacture an additional boll of cotton, or to carry it and other produce to market." [220]

[Pg 161]

A gentleman connected with the International Cotton Exposition said: "We people of the South should embrace every opportunity which, like the opportunity afforded by this Exposition, will bring among us intelligent and interested observers of our industrial condition, resources and aptitudes. We have in the midst of us the raw material, so to speak, of a magnificent prosperity. We lack knowledge, population and capital. These may be slowly accumulated in the course of years, or they may be rapidly by well directed efforts to obtain them from beyond our own borders. We advocate the latter plan." [221] This is as business-like as anyone could desire.

In an interview with the Atlanta Constitution, Francis Cogin reviewed the cotton manufacturing situation in Augusta, reciting the profits and asserting that the Southern

[Pg 162]

mills had an advantage over those of the North such as would allow the former to earn dividends at a time when the latter would not be making a dollar. He concluded: "The future of cotton manufacture in the South will be limited simply by the good sense and courtesy of our own people. If we invite capital, make it safe here, and welcome those who bring it, we will get all we want."^[222] The element of safety, here remarked, meant frequently safety to be brought about by political arrangements which would violate the established creed of the South; but sometimes ordinary business balance was pleaded for, as when a North Carolina paper quoted with approval from the Financial Chronicle: "Why cannot the South understand ... that the worst hindrance to her needed influx of industry and capital is uncertainty?"^[223]

In another chapter the degrees of intensity with which the cotton mill campaign was urged were seen to vary, roughly, with the distance from Columbia, South Carolina, say, as a center. There is a casual note in the little that found its way into the Richmond papers. This is to be remarked in Richmond's attitude toward Northern capital. It was not a stirring, vital thing in Virginia. For instance: "When we consider that the takings of the Continent from Lancashire are not piece goods, but yarns, why cannot we in the South make these yarns for the Continent ourselves and save to ourselves the profit of conversion now enjoyed by the English buyer of the raw material? Why not have a large and successful cotton manufacturing industry?"

[Pg 163]

"We are persuaded that once the folks in New England, who have surplus money awaiting employment, thoroughly investigate the points Richmond presents for a safe lodgment of that capital in manufacturing, the flow will start this way."^[224]

The attitude of W. H. Gannon was peculiar, but serves as an introduction to the mention of a phase of the subject which is important. Mr. Gannon, referred to in other connections, believed that Northern capital ought to be welcomed at the South as helping to develop an industry in which the South could stand without a rival. He favored inducing Northern manufacturers to set up plants bodily in the South. But, being the agent of a society which sought to colonize New England consumptive operatives in co-operative mill villages in the South, the settlement to be financially backed by a Northern capitalist or manufacturer, Mr. Gannon wished to place a modification upon the influx of capital to the Southern States. He asked whether the South should encourage an economic system with "large stock companies with hundreds of thousands of dollars, in which the operatives have no pecuniary interest in the plant, and from the active management of which we ourselves would be virtually excluded? (It is to be borne in mind that, as at present organized, the treasurer and selling agents in those great concerns necessarily control their direction); or is it better that we aid small co-operative concerns wherein the plant is owned in great part by the operatives, and in which we might familiarize ourselves with manufacturing in all its details?"^[225]

[Pg 164]

To contend for small mills, whether as above for the co-operative features suitable to them, or as a means of insuring proper caution in the development of the industry, frequently with entire sincerity, was nonetheless, I think, one evidence of dislike and distrust of Northern capital. H. P. Hammett, an old cotton mill man in South Carolina, said: "I do not share in the opinion commonly expressed that we must procure capital from the North to manufacture the cotton at the South. I would by no means exclude it, but gladly welcome it." But he worked around gradually to this concluding statement, relative to the report that English and Northern capitalists were seeking to locate mills on the water powers of the South: "—it would be unfortunate if most of the best powers should pass from the control of our own people before they knew it."^[226]

[Pg 165]

One more characteristic quotation, and the point is clear: Objection had been raised to the legislation forbidding the pooling of railroads, producing corners in freights with rising rates—the Sherman Act was probably meant. This was too much for the Winnsboro, South Carolina, News, the reaction of which resulted in these words: "Well enough is it to talk about repelling Northern capital by discriminating legislation, but far better have no Northern capital than have it holding native noses down to the grindstone. The half-starved wolf refused to change places with the sleek mastiff that wore a master's collar. Northern capital that brings Northern collars is not what we wish, and we will not have it as long as the people send incorruptible legislators to Columbia. We welcome foreign capital down here, provided it recognizes that the State is supreme...."^[227]

[Pg 166]

While it is easily understood how this attitude obtained—the wonder is, in fact, as already seen, that it was not more nearly universal than sporadic—the shortsightedness of such a policy for the South is apparent. For whatever outside capital reaped in dividends, the South reaped a larger advantage in collateral benefits socially. The gain to the communities where mills were located, supposing even that Northern capital was greatly in preponderance, were more than any money earnings, in sums however large, for it meant building for the future in material institutions that would prove dynamic. The cotton mills, and all they brought in their train, presaged a change in social ideals and economic outlook on which no price was to be set.

If Mr. Baldwin, the railroad president, was a little early in making the statement in the middle months of 1881, surely his purpose was good, and his hopefulness was justified, when he said: "I say on the strength of recent and extended observation that whatever of antagonism to Northern capital may have existed in the South has disappeared. I never met

[Pg 167]

it, at any time, but (I) am willing to grant that it may have existed sometime and somewhere."[\[228\]](#)

As a corollary of the fact, recognized at the South, that whatever were the social gains resultant upon the establishment of cotton factories, capitalists put their money into these ventures because they believed the conditions of manufacture assured to them dividend, the South grounded its appeals to Northern investors in the hard physical advantages possessed by the South as a field for cotton manufacture, usually stressing superiorities over the Northern States. Northern capitalists were as eager to reap profits as were Southern projectors of mills to enlist their aid and interest, and so the claims of the South were easily investigated without the medium of propaganda. The widespread publicity given to the whole matter of Southern manufacturing in the cotton mill campaign, while no doubt it was registered in all parts of the North and East, was commenced and carried on as of concern to the South.

[Pg 168]

Correspondence of the New York Times from Atlanta well illustrates this. It is to be noticed how quickly the preliminaries are got over—considerations and speculations in which Southern papers indulged to any length: "Manufacturing in the South is the one subject on which thinking men here speak with entire confidence. They have, most of them, some qualifying doubts as to agricultural progress, the cheapening of cotton production, the raising of home supplies, immigration, mining, and the many other now ambitions and enterprises which have engaged so much attention since the opening of the new era of industrial development. But concerning the future of manufactures, particularly of cotton, all men of intelligence and business experience speak with the assurance of inspired prophecy. It is, in fact, not easy to see why the mill should not seek the cotton instead of the cotton seeking the mill." With this introduction, the plunge is made into the supporting facts, which ought to turn the flow of capital toward the South.

The first statement is that it is a dead waste to ship raw cotton to a mill 1,500 miles away, when it can be made into yarns or fabrics in factories distant from the field only short half-day's journey for a mule. The cost of sending the cotton to New England is reckoned, in expenses of bagging, ties, ginning, baling, storage, insurance, drayage, sampling, compressing, commissions of brokerage, waste in handling, and freight to amount to \$14.90 per bale, or almost exactly 1½ cents per pound which the New England manufacturer pays for the cotton above the price received by the planter. The estimate of \$100,000,000 is given as the charge on the cotton crop of the South of 1879, on Edward Atkinson's figures, for the items mentioned.

[Pg 169]

"... to the anxious capitalist tired of a petty 4 per cent. and seeking new and more profitable investments such facts are not without interest. They go to support the claim that the Southern mill has an advantage of from 10 to 20 per cent. over its New England competitor. But these advantages are by no means confined to the elimination of unnecessary charges for baling and transportation." Water power in the South, six dollars per horse power per annum, or in some instances given away for the location of a mill, as against a cost of twelve dollars in New England, is dwelt upon, with the greater utility of the Southern water powers due to the absence of freezes. The cheapness of labor is given prominent place, and the suitability of the climate of the South for cotton manufacture.[\[229\]](#)

Exemption from taxation was a regular method of inviting outside as well as encouraging domestic investment. South Carolina exempted from taxation for a period of ten years all new machinery put in a factory. The Observer, of Raleigh, said editorially: "... North Carolina might well learn a lesson from the liberal course pursued in South Carolina and exempt from taxation for ten years all cotton factories within our borders. The tax does not net the State more than a thousand dollars or so, and the counties only double as much. But then there may be a great deal in it tending to induce Northern capitalists to make investments with us. Once here, they will be so pleased with our advantages that they will never think of leaving us."[\[230\]](#)

[Pg 170]

As early as 1872 Georgia had passed a statute remitting taxes on cotton and woolen mills for a decade.[\[231\]](#)

An indication of the comparative coolness of the States near Northern influence, already remarked, in a little controversy which took place in the Richmond papers over exemption of mills from taxation. Said "Hanover": "It is true that a law exempting capital invested in manufacturing, even for a limited period, is unconstitutional. But if it is necessary to that end, the constitution can be amended." The farmers would not object, he thought, since increased size and prosperity of the cities would mean increased gains to them in sale of produce. Richmond, he said, in addition to her natural advantages, needed to offer exemption from taxation to secure the desired capital. But "King William", in rejoinder, asserted that the city was more dependent upon the country than was the latter on the former; that exempting manufactures from taxation would mean increasing the tax for farmers; and that Richmond was doing well enough as it was.

[Pg 171]

An indirect appeal to outside capital was felt to lie in a direct appeal to domestic capital, and the fact that foreign interest would be attracted by evidence of native faith in the mills was used as an argument in securing capital at home. Thus the Columbia Register, speaking of the plan of the Columbia and Lexington Water Power Company said editorially: "Columbia is now resolved to find money for herself, in the City and the State, for the development of the

Canal and the establishment of factories. This will bring in outside capital later on. Nothing so attracts investors in other States as the knowledge that people on the ground have proved their faith in an undertaking by putting money in it."[\[232\]](#)

Again it was said: "More than three-fourths of the capital invested in the cotton mills since the war has been subscribed by our own people, and new enterprises are opening up the way to a proud and successful future. The Southern investment encourages Northern capital to come into the same field, and the rate of progress is far more rapid than if it depended on either Southern savings or Northern capital alone."[\[233\]](#)

[Pg 172]

A county paper told its readers: "We believe there is money enough in the county, here and there, to make at least a modest beginning so as to attract outside capital."[\[234\]](#)

Having sought to define the attitude of the South toward Northern capital, and to indicate the nature of the appeals made to the outside capitalist, the last topic of this discussion is reached in an examination of the response of investors outside of the South to invitations, and the influx of capital when the opportunities for profit had become apparent.

It must be plain that as the sections drew together with each year that removed the "reminders of the Civil War, the South was more welcoming in her attitude toward Northern capital, and the North more ready to invest in the South. This is recognized in an editorial of The News and Courier, headed The North and Europe Building Up the South": "It has been evident during the past two years that the distrust which had prevented capital from coming to the Southern States for investment has, in a large measure, been dissipated, and that the disposition to place money in the South in undertakings which promise a fair return is rapidly growing strong. Indeed, the process has gone on much more swiftly than is supposed by those who have not watched the course of events...." Continuing, the editorial quotes an estimate appearing in the New York Herald, that in the eighteen months preceding Northern and European capitalists subscribed to Southern enterprises located in the section east of the Mississippi and South of the James, \$100,000,000. Of this amount, more than \$90,000,000 was invested in railroads, without the \$20,000,000 in the Cincinnati Southern. "Besides the investments in railroads there are the investments in cotton manufactures. There is hardly a city in the South in which there is not a new factory building organizing, and in nearly every case a considerable part of the capital is raised at the North."[\[235\]](#)

[Pg 173]

The Baltimore American said the same thing: "The South is now the focal point of trade aspirations for the whole country. Capital and industrial activity are crowding upon it from every point of the compass. Every railroad system in the land is struggling to reach it...."[\[236\]](#)

[Pg 174]

Outside capital invested in Southern cotton mills took two forms—subscriptions to the stock of mills managed in whole or in part by Southern men, and the actual setting up of plants in the South owned throughout by Northern promoters. Of these two, the second was of much the rarer occurrence. Capital not domestic came from two main sources, the North and East, and from England. There is no reason to believe that the English subscriptions, in spite of frequent allusions to England as a possible investor, were large or many.

Pawtucket being the pioneer cotton manufacturing place in the North, Providence, which had come to virtually absorb the smaller city, took a great interest in the new mills of the South after the Civil War. A Providence mechanical engineer designed the mills and machinery for some of the most successful plants, and that its men were thinking of setting up mills of their own in the South is evidenced by the visit of Mr. Boyd to Georgia in 1881, when on behalf of New England capitalists he prospected the State for the best location for a large cotton factory.[\[237\]](#)

A little later it was given as common knowledge that several of the largest manufacturing firms of Manchester, England, had secured sites for mills in the Southern States.[\[238\]](#) A London correspondent of the New York World remarked a clear disposition of English capital to seek investment in Southern manufactures.[\[239\]](#)

[Pg 175]

The railroads, both the minor lines connecting individual points, and the great systems penetrating the South in this period, were influential in fostering and inaugurating manufactures. The little railroads helped the mills by affording transportation facilities and by making the inland water powers accessible, but the big ones could lend money and did of course make it their business to encourage manufacturing along their lines. President Baldwin, of the Louisville and Nashville, distinguished three ways in which the railroads assisted the sections by aiding mills in reach of their tracks, by uniting the parts of the country, and by affording a strong commercial backbone.[\[240\]](#) Hon. Gabriel Gannon urged the claims of railroads upon South Carolina as bringing capital to the Southern field; he attributed the erection of a mill with \$500,000 capital largely to the railroad connections of Spartanburg.[\[241\]](#)

[Pg 176]

An article already referred to said of the railroads in their bearing upon manufactures: "The railroad syndicates are of necessity interested in the general growth of the country through which the lines run, and will spare no pains to bring in immigrants and to encourage the opening of mines and the establishment of factories."

In the majority of instances, Northern capitalists subscribed to the stock of Southern mills after a considerable proportion of the shares had been taken at the South. Similarly, a very usual juncture for the investment of Northern capital was a projected enlargement of a

plant, machinery manufacturers taking stock in payment for equipment. Thus the Rock Hill Cotton Factory, the \$100,000 capital stock of which was owned in Rock Hill and Charleston, South Carolina, in doubling the capital secured a large part of the additional \$100,000 at the North.[242]

[Pg 177]

A vigorous solicitor of Northern funds for Southern mills was D. L. Love, the pioneer cotton manufacturer of Huntsville, Alabama. Before going on one of his trips to New England "for continuous exertion for the establishment of factories in the South," he made a statement of his successes and plans. His project of a cotton mill at Vicksburg, Mississippi, was "on the high-road to success;" he had secured the organization of a company with \$40,000 then subscribed to manufacture the staple at Jackson, Tennessee; he had about consummated a contract with New England capitalists to revive manufacture in a building at Corinth, Mississippi; a Connecticut manufacturer was looking for an opening at the South, and would be induced to settle at Huntsville; in all, he expected to bring about the investment of \$1,000,000 in factories in Huntsville in the three years to come.

Mr. Verdery, of Augusta, telegraphed from New York news of his success in seeking capital at the North. He "placed \$85,000 of the new stock of the Enterprise Factory, and expects to book from \$25,000 to \$50,000 more in that city. He has had urgent requests from Boston, Philadelphia and other cities to go to those places, and has no doubt he will be able to obtain large subscriptions...."[243]

[Pg 178]

Much is to be learned from a close study of the founding of the Charleston Manufacturing Company, which was a representative Southern mill, a child of the cotton mill campaign and an expression of the patriotism, statesmanship and farsightedness of the South of the day. It embodied in its history nearly every element and feature to be noticed in this study. In an advertisement calling for additional local subscriptions, the company made the statement: "Arrangements have been made with capitalists at the North to take such an amount of stock as may be necessary to ensure the success of this enterprise." [244] This statement is to be interpreted in connection with the announcement a fortnight later [245] of the complete organization of the company, with the exception of the election of a secretary and treasurer, two of the nine directors being W. H. Baldwin, Jr., and O. H. Sampson. "Maj. Smythe stated that a considerable amount of the stock was held in Baltimore and Boston, and for that reason Mr. W. H. Baldwin, Jr., of Baltimore, and Mr. C. H. Sampson, of Boston, had been nominated." Woodward, Baldwin and Norris were dry goods commission merchants of Baltimore, and "agents for the goods of several Southern cotton mills," and C. H. Sampson was the senior partner in the firm of Sampson & Co., of Boston, "dealers in yarns and also agents for several Southern cotton mills." Two days earlier Messrs. Sampson and Baldwin visited the site for the company's mill and expressed themselves as pleased with it. On the same day a meeting was held at which it was decided that the mill should manufacture standard sheetings and 3-ply yarns.

[Pg 179]

In this instance the commission merchants in all probability were those who agreed "to take such an amount of stock as may be necessary to ensure the success of this enterprise," it being either agreed that in return for this they should get the brokerage of the mill, or even, perhaps, receiving their pay as agents in shares of stock, which meant taking dividends instead of commissions. The practise was a common one, and machinery manufacturers followed the same plan. It is not at all clear that it could have been avoided, and the net profits which were earned by the mills of the South in this period would seem to dispute the statement, that the commissions charged by firms which had thus gained control over the product were exorbitant, and left the mills barely enough earnings to continue to turn out the goods which was the instrument of their own exploitation.

[Pg 180]

A final instance of Northern pecuniary interest in the development of cotton manufactures at the South may be noticed in the fact that New York bankers were expected to exceed the subscription of \$25,000 to the International Cotton Exposition at Atlanta, allotted to the city. Among the large subscribers were Inman, Swan & Co., \$2,000; Drexel, Morgan & Co., \$1,000; Brown Bros. & Co., \$1,000.[246]

CHAPTER V

[Pg 181]

FINANCING THE MILLS

The preceding chapter dealt with the capital of the Southern cotton mills in the period of their establishment. It was first noticed that local capital was naturally drawn upon before any other, and the character of the appeals to local resources and the response to these appeals were brought out. The second division of the report dealt with the attitude of the Southern mill promoters toward outside, usually Northern capital, the nature of the appeals made to Northern capital, and the extent of the response to these solicitations.

Altogether, the surface aspects of the securing of capital were dealt with in a large way; in

denominating the present chapter and that following: "The Financing of the Mills", it is intended to bring out the minutiae of the process, and to set forth the mechanism of the problem in its detail.

In seeking to make clear the methods of securing capital in the South, it is convenient to consider first the soliciting of subscriptions to stock, and at the outset it will be well to give a notice that appeared in the financial advertising columns of the Charleston News and Courier at the beginning of the period of cotton mill growth. This notice is directed by "The Charleston Manufacturing Company to The Citizens of Charleston", and carries a contemporary flavor that is of service in an understanding of the problem. Given almost entire, it reads:

[Pg 182]

"The necessity of establishing manufactures in our city, not only as a profitable means of utilizing capital, but more especially for furnishing employment to many in our midst, has been long felt. To put this matter into practical operation, a few gentlemen applied to the last Legislature and obtained a most favorable charter for 'The Charleston Manufacturing Company'.

"The intention is to raise the capital necessary and to proceed forthwith with energy and activity to erect and put into operation a cotton factory and yarn mill which will be second to none in the South. The marked and rapid success of the Charleston Bagging Company shows what can be done here.

"The undersigned, therefore, being those named in the charter and their associates, lay the matter before you, and respectfully urge your co-operation in carrying the work into effect.

"For this purpose Books of Subscription to the Capital Stock of 'The Charleston Manufacturing Company', under the charter granted by the last Legislature, will be opened on Thursday next, 27th instant, at 10 o'clock A.M., at Office of the Carolina Savings Bank, corner of East Bay and Broad Streets, and continue open from day to day until the entire Capital stock is subscribed. Shares One Hundred Dollars each. Ten per cent. of the amount subscribed will be called for when the Capital is taken and the Company organized. Further instalments will be called for as needed."^[247] There follow the twenty names of those obtaining the charter.

[Pg 183]

The dignified yet homely character of this advertisement is made even more intimate by a dispatch from the capital, Columbia, to the same paper two months later, in which it is announced that over \$90,000 had been subscribed in amounts of \$2,500 and \$5,000 to the project of "The Columbia and Lexington Water-Power Company" (a plan for a large development of cotton mills). The charter provided for a minimum capital of \$500,000 and a maximum of \$1,000,000. "The present object (in opening books of subscription before calling upon first subscribers for more) is to give everybody in the State an equal chance.... It is designed to visit each county of the State, with a view of making it as far as possible a State institution. It is expected that the \$500,000 necessary can be easily secured in the State, but as much in addition will be welcomed to complete the capital stock ... nearly every man who is able will contribute to its (the undertaking's) speedy fruition." There is added the significant circumstance that "Governor Hagood will accompany the committee when they go to Charleston (to open books there) and use his influence in behalf of the enterprise."^[248]

[Pg 184]

The plant of the Pelzer Manufacturing Company is in the so-called up-country of South Carolina, but its projectors were Charlestonians, and Charleston was the financial center of the State and of the South, indeed, at that time. Consequently books of subscription were opened in Charleston,^[249] rather than in Greenville or Spartanburg, the little cities they were then, near the water power which should drive the mill. Ten per cent. of the amount subscribed would be required in cash.^[250]

The time necessary to secure the needed subscriptions may be checked up by following the optimistic notices that appeared in the paper from day to day as the capital grew. In this instance books were opened on January 25th, and on the twenty-seventh it was published that "the subscriptions to the stock ... amounted yesterday to \$30,000, leaving but \$50,000 to be subscribed. The books remain open today...." Toward the Trough Shoals (South Carolina) mill project of Walker, Fleming & Co., \$50,000 was subscribed in capital stock in one week.^[251] Subscriptions to the Charleston Manufacturing Company, pursuant to the advertisement already quoted, were first received on January 27th; by February 4th, 189 subscribers had taken stock to the amount of \$206,600.^[252] Two days later the amount had reached \$220,200 representing 195 shareholders.^[253]

[Pg 185]

Mr. Converse, one of the proprietors of the Glendale Factory, which had proved itself successful, bought up the site of the Rolling Mill of Mr. Boles, at Hurricane Shoals, seven miles from Spartanburg; the first \$200,000 was quickly subscribed for, and books of subscription for \$300,000 additional stock were opened January 1st; February 14th they were closed, the amount having been taken.^[254]

This suggests a practise which was and still is frequent in the development of cotton mills in the South, namely, that of increasing the capital stock over the amount first proposed, as soon as the original sum had been subscribed, or when subscriptions somewhat in excess of the intended maximum had been received. In the case above, the additional stock was larger

[Pg 186]

by \$100,000 than the amount first offered. The Cannon Cotton Mill, Concord, North Carolina, was organized with a capital of \$75,000. Before the building was completed, the capital stock was increased to \$90,000 or so, most of the stockholders adding to the amount of their subscriptions.[255] The Seminole Mill, now erecting at Gastonia, was designed to have \$175,000 capital. Mr. Armstrong, its projector, saw that more persons wanted stock, and he increased the capitalization to \$225,000. The plant was intended first to have 10,000 spindles, later increased to 12,000 or 15,000 spindles.[256] Similarly, some others of the new mills under construction in Gastonia are capitalized above the amount named in their charters.[257]

A very usual occasion for increase in the capital stock of a mill company has been the enlargement of the plant. Thus the Enterprise Factory, Augusta, Georgia, declared a 10 per cent. dividend and decided to increase its capacity by 125 per cent. or more.[258] In this case the entire \$350,000 extra capital stock was being negotiated for by M. J. Verdery & Co., brokers of Augusta; it was understood that one man and his friends would take stock to the amount of \$140,000.[259] If the statement of a rather flamboyant trade review of three years later may be trusted, the entire stock of this mill after enlargement was \$500,000 which would make the increase in stock \$200,000 greater than the original capital.[260] It is probable that the stock was doubled to bring it up to \$500,000;[261] three months after the decision to increase the stock, it appears, all but \$50,000 had been secured, and this would be placed within the week. The directors of the Louisville and Nashville Railroad took \$95,000 of the stock—"of course as individuals." [262] Evidently, the plan of the brokers did not carry through, and the mill corporation put its stock regularly up for subscription.

[Pg 187]

The mill projected by Walker, Fleming & Co., already mentioned, was intended to have \$100,000 capital as a beginning, this later to be increased to \$200,000.

[Pg 188]

At a meeting of the organizers of the Salisbury Cotton Mills, held in November of 1887, "The capital stock was upon motion fixed at not less than \$50,000, and not exceeding \$100,000." [263] A month later at a meeting of the subscribers, it appeared that \$66,400 had been subscribed.[264] Later the stock was increased; those soliciting subscriptions to the original stock experienced no difficulty in securing increase of these subscriptions. By March, 1893, the capital stock of the company had reached \$250,000.[265]

This last instance accords with what was told me by a gentleman of wide experience in the business, that the plants now having a stock of \$100,000, etc., got their large capitalization by selling additional stock to the original subscribers at a reduction—say at 75 or 80 when the par was 100. The ventures were profitable generally, and the stock was maintained at its par value.[266]

The character of the promoters of a venture always carries weight, but this was peculiarly true in the establishment of cotton mills in the South. Today, truly prominent men are known all over this State, and all over the section. Thirty-five years ago this was the fact even more than at present; the signatures to prospectuses were important through personal qualities as well as through business reputation. When it was said that those back of the scheme to build a factory in York County, South Carolina, were "among the most reliable and responsible men" in the county, the statement probably carried as much earnest of good faith as the accompanying notice that \$25,000 toward \$75,000 had already been taken.[267]

[Pg 189]

The size of the plant to be erected was given consideration in financing a mill, though this did not enter to the extent that one would think. Opposite views were held as to the practicability of financing small mills. As far back as 1849 it seems natural to find a plan for financing a mill, by which fifteen planters would take each \$4,000 worth of stock, select a site near their plantations, each detail three men, making a building force of forty-five, with teams and an overseer and general manager, the latter one of the stock-holders; these proceeding to put up a wooden building of three rooms.[268] A persistence of the economy which suggested this arrangement is reflected, perhaps, in an editorial of The Daily Constitution, Atlanta, thirty years later, in which it is pointed out: "The people of the South who have money to put into manufacturing enterprises should build spinning mills. The South is not rich enough to do much weaving, but there is no reason why it should not convert a good part of the great crop into yarns.... There is plenty of surplus money in the South with which to establish spinning mills.... We do not refer now to mammoth mills, but to little neighborhood spinning mills." [269]

[Pg 190]

The mills about Greenville are nearly all of considerable size. This is due perhaps to the effect of the example of the failure of the Huguenot and Campderdown mills, small ventures, both located within the city limits, as contrasted with the success of Pelzer, built later, and in the depths of the country. It is said to be the impression around Greenville that the small mill is hard to finance; so far from considering the small project suitable to the financial strength of the community in which the plant is proposed to be located, the reason for the lack of favor for small concerns was given the writer in the opinion that they could not attract outside capital, and that consolidations had recently resulted in South Carolina from this fact.[270] For different reasons, principally considerations of managements, there is now a well discerned tendency in the Carolinas, at least, back to the small mill.

[Pg 191]

Mention has been made of the power of reputation in the financing of a cotton mill. Not only was this stressed in suitable ways by those concerned in securing funds directly, but it was used in another way. This may be conveniently illustrated by the history of the great mill at

Albemarle, North Carolina. Some years ago this village was an isolated one of five or six hundred inhabitants. A family of planters near the place, the Efirds, wanted to see a cotton mill located at Albemarle. They were probably as little able to attract capital as the village was uninviting to the industrialist. In this situation, the Efirds approached J. W. Cannon, of Concord, a town nearby, who had succeeded in the cotton manufacturing business and had extended his interests to mills in other places, and asked him to take the presidency of the mill proposed, and subscribe to \$10,000 of stock. Mr. Cannon was not much inclined to go into the venture, but the Albemarle family showed determination. The plant today is a mile long, and represents an investment of some \$3,000,000.[271] It is said that most of Mr. Cannon's mills outside of Concord had birth in the minds of people of the several communities; for instance, a merchant named Petterson interested him in a mill at China Grove.[272]

[Pg 192]

One of the most interesting cotton mills in the Southern States is that of the Gaffney, South Carolina, Manufacturing Company. The mill was conceived by a building contractor of the place while working upon churches and cottages in a nearby mill village, that of Clifton. When he had planted his idea in the minds of the leading men of Gaffney, spurred them to local subscription and then to seeking money at the North, and because receiving small encouragement in New York and Philadelphia, their enthusiasm subsided, Mr. Baker, considering home enterprise and outside assistance unavailing, went to Mr. Converse, head of the successful Clifton Mill, and asked him to take over the Gaffney project at the point at which it had been dropped. Mr. Converse was aged, and felt himself overburdened with mill cares, but he encouraged the Gaffney man in his ambition, saying that mills in the South would pay better dividends than Northern mills, either large or small.

Meantime, however, Mr. Baker had come to know H. D. Wheat, the superintendent at Clifton. The indomitable promoter had hard work to persuade the practical-minded superintendent to leave his good position at Clifton for the uncertain fortune of a factory at a town which had failed to establish the mill itself, and could not interest Northern support; but finally, Mr. Wheat agreed to raise \$20,000 besides his own subscription, to add to the subscriptions still in force at Gaffney, and to take charge of the mill as its active president. The \$20,000 was invested by friends of Mr. Wheat at Clifton and at Kings Mountain, nearby. Directors were soon elected, and the imported president with his contributions to the venture, was installed.[273]

[Pg 193]

At the commencement of the great period of cotton mill building in the South, every town which could make any pretensions to ability to establish a mill was engaging the utmost resources of the moneyed men it had—capital was hardly seeking opportunities for investment. Sometimes, however, a place with almost no resources and with only a few enterprising citizens, perhaps, would advertise itself openly as an inviting chance. An advertisement in the winter of 1881 read: "We will give to a Cotton Manufacturing Company, that will organize and locate at Landsford, S.C., with a capital of \$300,000 a site, 20 acres of land and 300 horse water power." Those interested were directed to apply for particulars to three gentlemen living respectively in Rock Hill, Landsford and Charleston. [274] These were doubtless promoters who had settled on this particular town as worth effort, or who were burdened with real estate of no value unless the town could be built up.

[Pg 194]

But these instances were the exception at a time when everybody was too much concerned with the cotton mill in his own town, to think of the needs of another place. There is a notable instance of the bidding of one place against another for a proposed cotton mill, however, in recent years. Captain Ellison A. Smythe announced that he would put up a fine goods mill as all of his interests in the Piedmont of South Carolina have prospered, there was keen rivalry between Greenville and Laurens for the plant. There were campaigns in both places, much enthusiasm being evidenced; Greenville was able to offer the best proposition, and got the Dunean Mill.[275]

In the methods of securing capital at home, two co-operative schemes are to be considered. The plan that comes first to mind as co-operative is said by Mr. Holland Thompson book to have been often employed in the building of cotton mills in North Carolina; shares would be of \$100 par value, made payable in weekly instalments of one dollar, fifty or even twenty-five cents, thus attracting the very small investor—operatives took shares under such an arrangement. The last payment plan requires eight years for completion, as against four or two for the first plans; those wishing to do so might pay cash, less six per cent. for the aver payment-time, the discount bringing the share down to \$89.60 plus.[276]

[Pg 195]

The second mill—the Cabarrus—built by Mr. Cannon at Concord, North Carolina, was financed in this manner. Its plant was an old wood-working and iron establishment slightly modified to house cotton machinery; its capital stock was only \$15,000 one-half paid up, and the other half payable in fifty cents weekly instalments, the whole to be paid in two years. Mr. Hartsell of Concord, remembers seeing the old secretary-treasurer of the mill going about the town with his collection books under his arm.[277] The Spartan Mills, Spartanburg, South Carolina, were rector under a building and loan scheme which gave the mill management little ready money.[278] Besides the expense of collecting the small and frequent payments, serious disadvantages might result from such a method of financing a mill. For instance, in the case of the Spartan Mills, John H. Montgomery, the projector, was persuaded to buy the old machinery of a mill at Newberryport, Massachusetts; he lacked capital to purchase machinery otherwise, and the Newberryport mill took payment in stock.

[Pg 196]

The machinery thus installed was worn out, out of date, showed quick deterioration and proved very expensive.[279]

The other co-operative plan is said to have been followed in the case of a good many South Carolina mills. All of those who might contribute to the erection of the plant—dealers in lumber, paint, tin, brick, etc.,—would be asked the question: "If you get this contract, how much stock will you take?"[280]

Some account has been given of the additional issues of stock on account of extensions in plant. There is evidence that very often, however, increases in capacity were made through earnings and credit rather than by the issue of more stock. Indeed, the latter method has been much more frequently followed, if the opinion of one of the best informed of the younger cotton mill men is to be taken.[281] He recited in support of his contention the typical case of the 5,000 spindle mill at Williamston, South Carolina, which issued extra stock to \$30,000 and increased its spindleage to 15,000. Since then, the plant has grown to have 32,000 spindles, its capital standing at \$300,000; this was accomplished through earnings and credit. It is fair to say that the normal capitalization of a plant of 32,000 spindles would be something in excess of \$600,000, computing the cost at \$20 to the spindle.

[Pg 197]

The first two-story addition of the Gaffney Manufacturing Company was reected upon earnings of the original plant in the first three years of its operation.[282] The finishing plant of the same mill, erected some years later, had to be dismantled and given over to looms because the stockholders in the company would not give the president the required support, and the debt incurred was pressing.[283]

The Young-Hartsell Mill, at Concord, North Carolina, has been built up in plant by putting earnings back into the factory. Considerable enlargement, on the most approved lines, has recently been completed, the end of the extension being weatherboarded to allow of easy further addition.[284]

[Pg 198]

The capital stock of the Arlington Mill, Gastonia, organized by G. W. Ragan and some of his friends who had withdrawn their holdings in the Trenton Mill, at the same town, was over-subscribed in fifteen minutes. At organization, the stock was fixed at \$130,000 for 3,000 spindles; in three years an additional stock dividend of \$45,000 was issued, and the spindleage increased to 9,500 and later still to 12,000.[285] There evidently was not here, as it has been intimated there sometimes was, an impetus toward expansion by reason of over-subscription at the time of organization, for the additional stock issued, presumably at least, went automatically to the original subscribers. It was a case of extension from earnings.

The mills established at the opening of the era made frequently huge profits, which made increases in size from earnings to the natural course.[286]

Also, just as earnings have in such cases quickened plant extension, so the investment of profits back into the business has in turn increased efficiency and earnings. The capital of the Salisbury Mill, as has been said, has now reached \$250,000, but much of the increase in size of the plant has come by the agency of gains reinvested.[287]

[Pg 199]

Having seen some of the ways in which capital was secured from Southern sources, the paragraphs following deal with the means through which capital was induced to come to the Southern cotton mills from without the section.

From a reading of the preceding chapter, the question might naturally be asked: By just what methods did a Southerner anxious to establish a cotton mill secure financial assistance at the North?

Not a few Southern mills were projected by merchants, frequently small country store-keepers, as they would be called; but it is to be borne in mind that the proprietor of a general store in a rural community or in a small town in the South occupies a position very different from that of the small merchant elsewhere. The economy of the neighborhood pivots upon him—he is the agent of the fertilizer manufacturers, and extends, credit for fertilizers and food until the cotton crop is gathered; he probably markets the cotton when the bales are hauled. He is the link between the great sphere of business without and the little world of affairs within. What the country lawyer is as real estate broker and arbiter of landed fortunes, that, and a great deal more, is the country merchant in all other departments of material activity. Holding, as he did, the contacts of the community with moneyed interests without, it was natural that the merchant should often be the leader, and also natural that he should turn to his mercantile connections for assistance. One case will illustrate how this worked out.

[Pg 200]

James W. Cannon was born at or near the little place of Concord, North Carolina. He early went into a general store as clerk, and through successive stages, largely aided by his attention to business and his civility, he came to own a general merchandise business of his own in the town. He was in the habit of buying brogans from the house of Albert Stone; cloth he got from Leo Loeb, and he had an arrangement by which he shipped raw cotton to William Wood and Son. He decided to build a cotton mill at Concord—really the first at the place belonging to the great period of establishment—and got some \$60,000 in subscriptions to stock locally. This was not sufficient capital, \$75,000 being aimed for. Mr. Cannon under these conditions went to Stone, to Loeb and to Wood and Son and explained his plans. The

mill would enable the town of Concord to grow, and he could do a larger business with each of them. Whether moved by this reasoning, or influenced by the fact, that it was almost worth the amount of the subscription to keep Cannon's business and good will, each of the three firms subscribed to \$5,000 worth of stock.[288]

[Pg 201]

Judging from the statement made by an old gentleman who has seen the whole development of Mr. Cannon's interests, he has held to these former merchant-day connections, though he is now as far from country store-keeping as could well be imagined. After explaining that Mr. Cannon in the early days was merchandising and could get money from his mercantile connections at the North, he said that retired wholesale merchants of Philadelphia, New York and Boston have so much confidence in him that they give him any amount of capital he needs.[289]

Out of 1,287 shares of the Young-Hartsell Mill at the same town, 1,250 are held by North Carolinians. The other 37 shares are owned in Baltimore. Mr. Hartsell was born on a farm near Concord, and some thirty years ago came to town and went in business. In this way he knew the Baltimore merchants who hold 35 of the thirty-seven shares, the other two shares belonging now to the son of one of these men.

Of the two sources[290] of outside assistance to Southern Cotton Mills, cotton goods commission houses and manufacturers of cotton machinery were more often appealed to for capital in financing a mill than were firms with which the Southerner had mercantile relations. The influence of the commission houses and machinery manufacturers upon the rise, development and degree of success of cotton manufactures in the Southern States is of the first rank of importance, and not the least interesting phase of their connection with the industry is the way in which they were approached for help.

[Pg 202]

A South Carolinian, say, wishing Northern capital for a cotton mill which he was projecting, would usually have associated with him some man who had experience in manufacturing in the State. The manufacturer would introduce the projector to the commission merchant in New York who was serving his mill. The Southern promoter thus put upon the track would make the best bargain in New York that he could, that is to say, find the commission house which would take the largest block of stock and lend the most money. He would, similarly, be introduced to machinery manufacturers, and might induce several to become parties to his venture.[291]

Commission houses and cotton machinery manufacturing companies were not, however, making yarns and cloth. Other things apart, their business was selling the product and supplying the means of production, rather than manufacturing goods. They were willing, and sometimes anxious, to lend their assistance to a proposed mill to get its business, but they were not ordinarily interested in establishing mills. Consequently, the promoter had to have his home money first. He would secure, say, for the mill of ordinary size, \$50,000 locally, and would go to the machinery people and say he had this backing, asking whether they would sell him the machinery, and what amount of the payment they would be willing to take in stock.[292]

[Pg 203]

The history of the relations of the Gaffney Manufacturing Company with commission houses is instructive. When Mr. Baker commenced the agitation in Gaffney for a cotton mill, A. N. Wood was doing a sort of private banking and investment business in the work. A fund of about \$50,000 was subscribed, Mr. Wood made president of the organization, and a charter applied for.[293]

Mr. Wood went North to seek additional capital, going to Baltimore and New York. In Baltimore he called upon Woodward Baldwin & Co., Mr. Baldwin was very cordial, and when the plans of the Gaffney people had been explained to him, took \$5,000 of the stock right away, with no strings tied to the subscription. It was not specifically understood that the firm was to have the account of the mill, but Mr. Wood supposes Mr. Baldwin expected it, and that probably it would have been given to his house.

[Pg 204]

Mr. Wood introduced himself to the chief member of another firm, of whom he knew as commission merchant for the Pacolet Manufacturing Company in South Carolina. In this case, the promise of the account was wanted, but to this Mr. Wood did not agree. Mr. Wood said that it was attempted from the outset to take advantage of the position in which he was placed.[294]

Having noticed to this extent the minutiae of securing assistance from commission houses and machinery manufacturers, it will be interesting to observe in general the part played by such firms in the establishment of mills in the South. First of commission houses.

It is possible to be deceived as to the wealth of Southern communities thirty-five years ago by a recital of the capitalization of the mills they built, coupled with the statement that a large proportion of the stockholders were local people, and that nearly all of the paid-up capital was from the neighborhood or State. There might well be a greater number of small local investors, and one or two Northern firms with quite as large holdings as all these together; the capital paid in might be of local origin, but only a small proportion might be paid up,[295] the rest representing the holdings of commission houses and machinery manufacturers in one way and another. If it be asked how the mills hoped to succeed with so little paid-up capital, the answer lies partly in the fact of reliance upon earnings to take care

[Pg 205]

of debt, and partly in the scarce provision of working capital.

The influence of the commission house on the Southern cotton mill is a subject of the deepest interest, and this might be drawn out in some detail under a discussion of the marketing of the product of the mills. Whether the commission houses' participation, as marketing agents, or as stockholders with a voice in the affairs of the company, was on the whole helpful or detrimental is of concern where only incidentally as pertaining to those involved in the launching of the enterprises. For the present purpose, that the commission merchant was an investor is enough, except only for the consideration as to whether it were wise to invite his connection in the first place.

[Pg 206]

One practical-minded man declared that the mills could not have existed without the commission houses, be their influence good or bad, and dismissed the matter with this.[296]

A mill president grown old in the business in North Carolina said that the Southern mills could not have gotten along at all without the commission houses at first; that not only in their establishment, but in selling their product, they needed an influential agent.[297] After explaining that Northern commission houses had supplied much of the capital for the developing of the cotton manufacturing in his region, another mill president, and one who has had experience of every phase of the mills' growth, said: "Their influence (that of the commission houses) was good; you ought to praise always the bridge that carried you over." [298]

The editor of one of the chief textile periodicals in North Carolina said that there were cases where the commission houses hurt the profits of the mills, but they did start the mills.[299] Another North Carolinian, of conservative turn of mind and much practical knowledge, gave a parallel statement, that even as a general rule the commission houses formerly had a baleful influence, though this is no longer the case; that they have had the effect of promoting the development of mills in the South.[300]

[Pg 207]

A mill treasurer in what is perhaps the most progressive and ambitious spinning district of the South, gave it as his belief that as a whole, while there are commission houses and commission houses, their influence on the Southern textile industry had been bad. Asked whether there were not many Southern mills that would not have come into existence but for the aid of the commission houses, he answered yes, but that such mills were built as feeders for a commission house and not to earn money for the local stockholders.[301]

Reference has been made to the effort of Mr. Wood to secure capital from commission firms for the Gaffney Manufacturing Company. He returned to the South discouraged, and the mill project for Gaffney was dropped for the time. When it was later revived, no subscriptions were sought from commission houses. Mr. Wood said: "We wanted to be free and do as we pleased. A mill is very unfortunate to be controlled by a commission house. have not done as well as others." [302]

[Pg 208]

The South Carolinian well versed in the financial affairs and history of cotton mills in the South, computes that in the cases where the mill projector sought the commission house and machinery manufacturer, from 40 to 50 per cent. of the total capital was supplied by them. Mr. Separk, of Gastonia, already quoted as opposed to the participation of commission houses in the financial affairs of Southern mills, said that in the two mills of which he is treasurer and the one of which he is vice-president, no stock is owned by commission houses, and that "They can't get it." The way to rid a mill of the influence of a commission house, he said, is to pay what is owed. If this debt is held by the commission house in the shape of a majority of the shares, they must be bought at an exorbitant figure, but nonetheless bought.[303]

One of the principal bankers of Raleigh asserted with some feeling that the commission houses have been an incubus on the cotton mills of the South; it is true, partially, that many mills would not have come into existence without them, but it is also true that the commission houses put into the hands of the mill projectors little real money; they would take bonds or advance working capital after the *capital* stock of the mill was exhausted in erecting the plant, but when they advanced money, it was usually on goods sent them to sell, and then only two-thirds of the value of the goods would be advanced.[304]

[Pg 209]

This statement is rather borne out by information given by a member of a commission firm which has gone into the South with all its interests, and would therefore be inclined, one would suppose, to lend sympathetic ear to Southern mills in their financing problems, namely, that usually the commission house stands to the mill in the position of creditor rather than of shareholder, for it must have a liquid and not a fixed capital; the commission house arranges loans, discounts loans, and lends direct.[305]

It would appear from one source that when a commission firm lent money to a mill, it did not take a mortgage on the plant, for this would have destroyed its credit. They had, in fact, hardly any security other than the value of the plant.[306]

A young lawyer whose firm has had considerable to do with suits over cotton mill securities, referred to the fact that in the process of starting a mill capital is often depleted before goods are got on the market; at this critical juncture, he said, come to the commission men. Their part has not by any means always been for the good of the people of the South. They get a breeches hold on the president of a mill. The mill may in time go up, but they will have

[Pg 210]

cleared on their commissions.[307]

For a reason which will appear in a moment, the same importance, from a financing standpoint, does not attach to the machinery manufacturers in their relation to the Southern cotton mills as immediately applies in the case of commission firms. There seems to be a strange diversity of opinion as to the extent of the participation of machinery manufacturers in the financing of the mills. A mill man of Anderson, South Carolina, said that the machinery people have played a larger part than the commission houses in the establishment of Southern mills; that the machinery business was at a standstill in New England at the time of the great activity in mill building in the Southern States, and the machinery manufacturers began to look about for mills to equip.[308] Another informant stated that the machinery manufacturers are not found to be very heavy stockholders; that the stock is sometimes not even in the name of the machinery manufacturing company, but is held by the president and directors of the company.[309] A third, whose testimony, however, may be questioned very seriously on this point, went so far as to say that cotton machinery manufacturers took no stock in the mills of the South to amount to anything; nobody asked them to take stock; the machinery was bought outright.[310]

[Pg 211]

Whatever the extent of the participation of the manufacturers of the machinery in the building of the mills in which it was installed, their arrangement for payment seems to have included three means of reimbursements—stock, cash and time notes; a mill might have purchased machinery from several firms under such agreements.[311] It is said that those mills which bought their machinery for cash, rather than seeking to make the machinery manufacturers to greater or less degree a party to the venture, received rebates and many privileges and advantages, though the mill men were assured, particularly those projecting new plants, that the time payment method was just as advantageous to them.[312]

While the fact might better find place in the discussion of the part played by machinery manufacturers and commission houses in the extension of plants, it may be mentioned here, and in conclusion of this particular topic, that Southerners projecting mills were sometimes encouraged, by the offers of machinery manufacturers to sell machinery for stock and on time, to make their plants too large.[313]

[Pg 212]

The opinion was held by a well-informed man very close to the whole Southern industry that the influence of the machinery manufacturers has been good, except that they caused the mills to expand beyond wise limits; they have not exploited the mills otherwise.[314]

It has been said above that the same importance did not attach, from a financing standpoint, to the taking of stock by machinery manufacturers as applied in the case of commission houses. The reason for this is that, generally speaking, the machinery manufacturers have not held their shares for long, while the commission firms have usually been stockholders over a period of years, their holdings sometimes diminishing and sometimes decreasing, but their influence in the affairs of the mills being always felt. A banker's experience was that generally machinery manufacturers taking stock in a mill sold it almost immediately at a discount; it is not reasonable to suppose that a machinery manufacturer would wish to take stock; he did it in order to sell his machinery.[315] An interesting explanation of the statement that the machinery manufacturers were heavier stockholders in the Southern mills than the commission houses is implied in a remark made by Mr. Thackston, of Greenville, a stock broker already quoted; the machinery men must get their profits quickly; these they received partly in the cash payment, two-thirds of the price of the machinery; their shares may have been numerous for either or both of two reasons—they may have been forced to take considerable stock in consequence of making the largest possible sale of machinery, which in turn was made necessary if they were to get a profit out of the proportion of the price paid in cash, or knowing that they must look forward to a quick sale at discount, they figured this into their price to the mill man, and counted upon deriving a profit from as large a number of shares as they could get in payment.[316]

[Pg 213]

The commission men, on the other hand, must expect to get their returns slowly,[317] either through dividends as shareholders, or through profits from the handling of the product of the plant, or by both of these means; in the former case, the necessity of their holding their shares is obvious; in the latter case, to have a voice in the affairs of the mill, particularly in the annual elections and in instances where increased profits from commissions must come through extension of output, active connection with the affairs of the mill must be maintained.[318]

[Pg 214]

The machinery men have in a few cases held the stock they have taken in a mill.[319] An instance of this is seen in the fact that D. A. Tompkins, until a few years ago, the representative in Charlotte, North Carolina, of many Northern machinery manufactures, was obliged to have sold two or three mills to which he had supplied machinery and taken payment partly in stock; ordinarily the machinery manufacturers would not stay in long enough for the first flush of establishment to dwindle to failure, taking away all possibility of sale with minimum discount losses.[320]

Another case in which the machinery manufacturers have retained their stock, and a very notable one, is that of the great Loray, known as the "Million Dollar Mill," at Gastonia, North Carolina. The mill is controlled by machinery makers, holding preferred stock, of which there is an actual majority; they became thus heavily involved when the mill was reorganized incident to the doubling of its capacity, to which more detailed reference

[Pg 215]

appears later. The president of the mill is a representative of a large machinery manufacturing concern, and, in the affairs of the mill, speaks for another great firm.[321]

Before concluding this division of the subject, it is proper to say something of borrowing particularly from banks, in the financing of the mills. Soon after the outbreak of the war in Europe, the greatest of the cotton mill mergers in the South came to disruption. A committee representing New England manufacturers made an investigation into the affairs of the mills concerned in the combination and found that, in its opinion, the mills of the South have an advantage over mills in other parts of the country, particularly New England, amounting to 25 per cent. in labor, and 50 per cent. in respect to taxes. The statement was made by the committee that, in spite of these superiorities of situation, the cotton mills in the South make less than the mills of New England because, in considerable measure, of poor financing, particularly poor borrowing facilities; their credit is not good.[322]

[Pg 216]

Northern mills can borrow money frequently at 2 or 3 per cent. less than Southern mills even today, though the credit of the Southern manufactories has steadily risen. It is true that New England mill paper will sell cheaper, almost invariably, than Southern mill paper.[323]

In spite of this disadvantage, however, if its credit is good, a Southern mill can borrow money at 4½ or 5 per cent.

It was formerly, early in the period, frequently the case that a mill company borrowed money to augment local subscriptions and the assistance given by commission houses and machinery manufacturers, to put up the plant.[324] Borrowing for this purpose is not often done today—the time of very large earnings, due to superior local advantages unmarred by competition, and to the peculiar conditions of manufacture then, which made it possible to pay off a plant debt, is passed; money is still sometimes borrowed for extensions of plant, however. But while it was once a rule to borrow all the working capital, in addition probably to some of the fixed capital, working capital has not passed from this category; the mills still borrow working capital at certain periods.[325]

[Pg 217]

Richmond has done more than any Southern city in recent years, not excepting Baltimore, to assist the cotton mills of the section in their operation and growth. The mills with which one young official is connected, centering about Anderson, South Carolina, have at some seasons of the year owed Richmond as much as \$3,000,000 or even \$4,000,000. He said that the First National Bank of Richmond, probably has more Southern cotton mill paper than all the banks of Atlanta combined.[326]

The next paragraphs consider the principal channels through which capital came to the development of the Southern industry from outside sources, more or less of its own accord, rather than being the subject of solicitation on the part of the Southern manufacturers.

Undoubtedly, one of the chief influences contributing to the physical growth of the cotton manufacturing industry of the South has been the willingness, perhaps the eagerness, of commission firms and manufacturers of cotton machinery to encourage enlargements and extensions of plants; and in the enumeration of counts against these houses, this consideration figures in the mind of the Southern mill man. When the second and effective agitation for a cotton mill at Gaffney, already referred to, was proving successful, it was determined not to seek aid from commission merchants because they "—want too many enlargements; they want more goods; the more they sell, the more they get. This does not always suit the local stockholders." [327]

[Pg 218]

An interesting allusion, showing the effect of the desire for enlargement on the part by commission houses and machinery manufacturers, is contained in an Augusta dispatch to The News and Courier, Charleston, in April, 1881. "At the meeting of the Sibley Manufacturing Company today (it was the first annual meeting of the stockholders)[328] it was decided to increase the capital stock to one million dollars. Stock for the additional amount will first be offered, and, if this is not promptly taken, seven per cent. bonds will be issued." The resolution for the increase was offered by Mr. Samuel Keyser of New York, and seconded by Mr. David Sinton, of Cincinnati, two of the largest stockholders in the company. [329] Mr. Keyser and Mr. Sinton were two of the six directors of the company.[330] The mill was first planned to be three stories high, with 23,936 spindles and 672 looms; the doubled capitalization was to allow of an increase of stories to four, in spindleage of 30,000, and in looms to 1,000; \$66,500 was proposed to be spent on the village-tenements, operatives' homes, boarding house, etc.[331] While there is no specific evidence to show that these directors represented commission houses or machinery manufacturers, or that they would take the seven per cent. bonds in case the community would not absorb the additional stock to be issued first,[332] indications point to this having been the case.

[Pg 219]

It has been seen how the builders of the Gaffney Manufacturing Company's first plant refrained from including commission merchants in the venture, and still earlier in this chapter it was said that the two-story addition, next built, was a product of the earnings of the original plant in its first three years of operation. When, however, the third addition to the plant was made, a great mill costing \$800,000, the persistence of the projectors was weakened by the four years since the first mill was erected, or perhaps success had altered judgment, with some local subscriptions, the machinery people took a considerable amount of stock.[333]

[Pg 220]

A striking case here is that of the Rock Hill, South Carolina, Cotton Factory, "the 'Pet' of the town," it was called by the correspondent of a State newspaper, who continuing said: "This factory is owned and controlled by the citizens of the town, except \$15,000 in stock owned in Charleston. It has a capital of \$100,000 has over 6,000 spindles, with 1,500 more to be added in a few days. The best evidence of its success is that not one dollar of its stock can be bought." This clearly, was a mill born of local effort, with about the right capitalization for a plant of its small size. The conclusion of the notice, coupled with information taken from the same paper of two days later date, is significant: "It is the intention of the company, at an early day to run the factory day and night in order to keep up with its orders. The company, I learn, expect to increase their stock to \$200,000 and build a duplicate factory."^[334] A large part of the stock for this enlargement was subscribed by Northern capitalists.^[335]

The circumstances attending the enlargement of the Loray Mill, at Gastonia, have been alluded to in another connection, John F. Love, a Gastonia man, and the son of R. C. G. Love, who had been very prominent in the Gastonia development, was the primary projector of the mill, he having a larger part in the enterprise than G. A. Gray, the greatest of the Gastonia mill builders. He got the building up, but the factory had not commenced operation, when the company had to be reorganized. It was intended when the mill was started to have 25,000 spindles; it was now wished to increase the spindles to 50,000. The local investors were scared off by this proposal, but the machinery manufacturers encouraged the enlargement, supplying the machinery and taking preferred stock in payment. The Whitin and Draper companies own most of the stock of the mill, and the Whitin representative in Charlotte is president of the mill. Commission houses hold some of the stock. The Loray Mill is the largest and the poorest in Gastonia; it makes coarse cloth from the local short-staple cotton on some 2,000 looms,^[336] while the small mills built by local capital for the most part are making good profits from some of the finest yarns, of long-staple cotton, spun anywhere in the Southern States.

[Pg 221]

It has not always been the machinery manufacturers alone or together with the commission houses who facilitated the installation of more looms and spindles. Sometimes the ends aimed at by the commission merchants could be accomplished only through machinery, and they have been willing to undertake the financing of the enlargements or alterations in plant singly. The so-called Plaid Trust was sought to be formed; it was to handle the plaids of all the Southern mills, and was to be a New Jersey corporation. The plan did not carry, and the Cone Export and Commission Company went into the Southern field to handle the products of the mills generally. The older sheetings and plaids had been sold largely in the South, or almost so; the commission firm, to supply a larger trade, found it must re-organize the product of its client mills. It was attempted to persuade a mill at Durham, North Carolina to increase its denim output, but this was not done. In order to provide canton flannel, a new goods for the South, the commission house induced some interests to establish a mill at Greensboro, North Carolina. This prospered, and the house itself built a denim mill at the same place. All this time the mills were being urged to diversify their product, and the commission firm was financing them in the machinery changes which frequently had to be made. The client mills served were slow in establishing, as the commission firm urged them to do, individual finishing plants, and until this growth came about, the Southern Finishing Mills, founded by the Cones at Greensboro, served them; it was discontinued as a finishing plant when the mills had their own finishing works, which they presently built and operated successfully.^[337]

[Pg 222]

[Pg 223]

There is another way in which unsolicited outside capital frequently has lodged in the Southern mills. The conditions under which this would come about are well described by a banker now in Richmond and formerly the president of the Chamber of Commerce in Raleigh, North Carolina; "Usually the people who made the spirit for cotton mills in this way (through appeals to town pride and by town rivalry) were those least able to participate financially. Many mills started without sufficient capital and never did have enough till they failed in the hands of the original promoters and were bought up by other people, those who had been responsible for the enterprise losing out entirely."^[338] Thus as far back as 1882 Colonel Walter S. Gordon, one of the projectors of the Georgia Pacific Railroad, purchased the Stansbury Cotton Mills, Carrollton, Mississippi, which cost originally \$210,000. "The Georgia Pacific Railroad", says the notice of the purchase, "will run almost by its doors, and will give competition in freights."^[339] Evidently here was a mill which was commenced by local effort and had declined until it could be bought at a lower figure than its cost and held out the prospect of becoming profitable by the coming of new transportation facilities.

[Pg 224]

The Kessler Mill, the third built at Salisbury, North Carolina, offers a case in point. The first mill built in the place was a produce of the most whole-hearted local support centering about community pride; the second mill was an outgrowth of the success of the first, and was advantaged by the spirit aroused by the first mill, not too far spent. The Kessler Mill was organized by a faction which split off from the projectors of the first enterprise; local capital already seriously depleted was not quick in offering because of lack of interest in the project.^[340] Under these circumstances the mill ran an indifferent course until taken over by a large manufacturer of a nearby town, who could command outside capital.^[341]

A mulatto started a cotton mill at Concord in the same State; no white people of the place took shares; the negroes all over the State who subscribed were allowed to pay in little instalments. The operatives were negroes. The promoter was faithful to the enterprise, but

[Pg 225]

came to be heavily in debt, foreclosure followed on ill success, and the mill passed to the hands of the same capitalist who took over the Kessler Mill of Salisbury.[342]

CHAPTER VI

[Pg 226]

FINANCING THE MILLS (Continued)

An eminently successful mill president in Augusta was full of pessimism toward all the problems broached to him, but three characteristic sentences as to the capacity of Southern cotton manufacturers for financial administration fit the case of too many mill officials, undoubtedly:

"The people of the South have got no business sense; I am a Southern man, and I say that. Back yonder before the war what money they had was in land and niggers. They knew nothing about financial management on close make-or-lose propositions." This judgment is borne out by that of one of the foremost newspaper editors of the South, who is also a large investor in cotton factories, who said: "The history of the industry abundantly vindicated what Edward Atkinson said about the South not knowing the difference between a penny and a nickel. None of the projectors, with the exception of H. P. Hammett and a few like him, could carry to the mills more than a general business and executive capacity." Because of prosperous conditions, he said, most of them made money in their ventures, despite their lack of business experience, but he added "... when depression came, when it was necessary to discriminate between a penny and a nickel, the mill went to blazes. It was the exceptional man who could endure the test of the penny rather than the nickel."

Similarly, a Charlestonian who had just returned to the city after attending the reorganization of one of the most famous mills in the South, in which he is a heavy investor, was moved to declare: "Mismanagement and incompetency (the Southern people are the poorest business men in the world with a few exceptions) ... are responsible for most failures."

[Pg 227]

Mr. August Kohn, in Columbia, who is himself a broker and the historian of the South Carolina mills, while recognizing the fact of these shortcomings in Southerners, as obtaining in the past and yet not overcome, held out a more hopeful view for the future: "Lack of capital and lack of trained management have been the great difficulties where mills have failed. We are developing management of the trained sort in experience and in the improvement in the business tone of our people." [343]

With this introduction, it is convenient under the general topic of financial administration, to dispose of several random points at the outset of the chapter.

Until the outbreak of the European war, two great cotton mill combinations in North and South Carolina, were those controlled by Mr. James W. Cannon, and centering about Concord and Kannapolis, North Carolina, and that of the late Mr. Lewis W. Parker, with principal offices at Greenville, South Carolina. The former consists of thirteen plants, and the latter, which is no longer in existence, once numbered as many as sixteen mills. These combinations were financed on opposite plans. A gentleman trained by Mr. Parker, and at one time in a leading position in the management of the mills in the Parker Merger, so called, explained that "... Lewis Parker in his merger thought that amalgamation would reduce over-head expense; that he could get cheaper money and cheaper supplies by buying in quantities." He "... was offered immense sums of money at 3 per cent. when his merger went together, although before he had never gotten money at least than 5 per cent. for the individual mills."

[Pg 228]

In distinction from this plan, the Cannon mills have not been constituted into a merger in the same sense, though they are all under the presidency of Mr. Cannon, who said: "The management of each of the ... mills is distinct, though there are practically the same stockholders in all the mills. Lewis Parker had a merger, and tried to run it all from one office. my view is that each mill must have its own management and separate attention to secure success." He admitted that "There is not much saving on concentration where each corporation is a separate organization. Each mill has its own directors. Each mill must stand on its own financial strength. In many instances where the quantity is large, supplies are purchased for all the mills together, but where the quantity is less, this is not done." [344]

[Pg 229]

These two plans are brought nearer together, however, by Dr. Beattie's opinion that in practice Dr. Parker's idea of the saving to be derived from the merger would not work out, from the fact that all officers and higher employees of the combination would want increased pay for additional work, and not in proportion to the extra labor and responsibility imposed. [345] To this is to be added the caution that Mr. Cannon probably does, in borrowing and in administration generally, accomplish many economies not indicated in his statement.

An editor said that there was no "graft" particularly in the promoting of the mills; that the minutest details of an enterprise were watched by the people of the community. This tends to be a confirmation of the view the writer brought to take of the development of the industry in the South, that it was to a larger extent the child of the public initiative and concern than most economic movements.

Mr. Thompson says that "The North Carolina mills have been almost invariably managed honestly in the interest of all the stockholders."^[347] This is true of the entire South. There have, however, been two instances of fraud, one chargeable to Northern selling agents, but the other, unhappily, though also inexplicably, the result of wrong-doing on the part of a Southern man who had drawn together a number of mills. The former case was one in which a New York commission firm which had taken the president of a successful plant under its patronage, and placed him at the head of a mill in which the firm was sinking large sums, was angered at his effective attempts to free the second mill from the influence of the selling agents, and sought vengeance by ruining the original mill of which he was president. In the second instance, it is said, the president of the merger, during years in which his associates and the general public had every confidence in him, had been owing, unknown to a soul, \$400,000 to the holding company and to the constituent mills. When there was a directors' meeting of the holding company, the constituent mills would appear to be the ones involved, and when the several companies met, the sum seemed due to the general company. One of his intimate co-workers stated that "His failure shook this whole section, not only in a business way, but in a moral way."^[348] And of both incidents, it was believed by another that to them was attributable a loss of interest by the Southern communities in mill building.

[Pg 230]

[Pg 231]

The depression following the panic of 1873 gave trouble to most of the cotton mills established in the years before the period of the industrial revival. During the hard times, for instance, some of those who had gone into Colonel Hammett's enterprise for the Piedmont Factory declined to pay their subscriptions. For the three months during which the machinery was being installed, the only pay the workmen got was credit for groceries at a small store in Greenville, two officers of the company giving their individual note of \$500 as guarantee.^[349] Colonel Hammett drew upon every resource of business and personal friendship to tide the venture over from 1873 to 1876.^[350] He went so far as to mortgage his horses and carriage to buy the belting for the plant.^[351]

In some of the mills, the treasurer has the largest part in financial administration. In such cases he is frequently a younger man, a product of the newer South, who has pushed his way up in the enterprise to the position of real power, leaving the president, who is perhaps a man better equipped in community esteem than in specific training, as nominal head of the concern. This has happened at Gastonia, North Carolina, a particularly progressive spinning place. But in most of the companies, especially the smaller concerns, the president is in chief control of financial affairs. He often stamps his personality deeply on every department of the business of the mill and village and region even. A case in point is that of Mr. Charles Estes, when interviewed 98 years old, and for twenty years before his retirement in 1901, president of the John P. King Manufacturing Company, Augusta. With some show of pride, he related how during his active career the manager of the R. G. Dunn commercial agency in Augusta one day called him into the office and let him see the report of the King Mill. It read: "John P. King Mfg. Co. Capital Stock \$1,000,000. 3 per cent. semi-annual dividends. President calls directors together once in six months and tells them what he has done." "And that was the way I ran the mill," he declared.^[352]

[Pg 232]

The Salisbury, N.C., Mill has a singular plan. Financial administration is concentrated in the hands of a finance committee composed of the president, treasurer and agent, or manager. The directors do about as the finance committee indicates; they hold a less important place because of the ill health of several of their number. Though nominally the whole finance committee passes on questions, the president does not attend regularly, and one of the directors not on the committee always agrees in the action of the smaller group.^[353]

[Pg 233]

The effect of strong personality in a promoter and of the business reputation of his enterprise upon impressionable Southern communities has been mentioned in a previous report. This came out clearly in the ease with which money could be borrowed. It was said by an old gentleman who knew Colonel Hammett in South Carolina very well that "The few capitalists we had then (we didn't have many) just came to his assistance whenever he asked them."^[354] With respect to certain wholesale merchants of New York, Philadelphia and Boston, the writer was made to believe that they have so much confidence in a particular North Carolina manufacturer, that they give him any amount of capital he needs.^[355] Mention has already been made in another connection, of the fact that Mr. Parker was offered large sums of money at 3 instead of 5 per cent. when he broached his merger successfully. The recent depression of the famous Graniteville mill, one of the first in the South, was accounted for by the statement that everybody was ready to lend money to Graniteville as an old and reliable mill, and never thought of requiring it back, until all at once all the lenders wanted their money, and this fortuitous trend made reorganization necessary.^[356]

[Pg 234]

During the war the old Augusta Factory was sold into new hands at, ostensibly, \$200,000. The new company capitalized the plant at \$600,000, about what it was worth. It must have been a device to lend financial prestige to the mill that Governor Jenkins of Georgia was given \$100,000 stock for his influence as a director. He did nothing to earn this, was the

Perhaps it was to facilitate financial management of his mill that William C. Sibley preferred New York and Cincinnati subscriptions to large blocks of stock, to local subscriptions in smaller amounts, when soliciting backing for the Sibley Mill at Augusta.[358]

[Pg 235]

Turning now from the subject of financial administration of the mills to that of profits; it is not clear that gratifying earnings were usually due to good management; it is, however, true that poor profits or no profits were due oftener than otherwise to faulty executive control. It is meant by this to indicate that the industry in the South has shown itself, on the side of profitableness, singularly responsive to the material condition of the section, and to the state and trend of public opinion. The degree of success of the mills has displayed the fundamental fact that the South has in the past forty years been above all else in a process of growth, and has given fresh proof of the intimate connection between the fortunes of the companies and the changes in the whole section—economic, mental and spiritual. The profits of the mills have constituted a good barometer to the evolution of the South since Reconstruction. Graphically represented, the earnings of the plants would exhibit a curve of decided aspect. It is sought by specific references to make this curve appear, and afterwards to sum up the results with several reasons therefore.

[Pg 236]

Tompkins, by many believed to have been the best authority on cotton manufacturing in the South, wrote: "It has been abundantly proved by experience in the Carolinas that cotton mills on every class of goods manufactured there, can make a profit of 10 to 30 per cent. This has been done by the smallest as well as the largest mills on the coarsest and the finest yarns, single as well as twisted; and on the heaviest as well as the lightest weight cloths; and on dyed and undyed yarns and cloths. The variation in profit between 10 and 30 per cent. is caused by variation in prices of cotton and of manufactured goods, and also by variation in management."

In another passage he has said: "From the experience of the best mills that have been running in the South for twenty years and over, and which have always been kept well up to date, it would appear that about 15 per cent. is the average annual profit in clear money for the whole time." [359]

The writer was given the opinion by Mr. Thackston of Greenville, South Carolina, in whose knowledge and judgment great reliance is put, that for the last ten years the average earnings for well-managed Southern mills have been \$2.50 per spindle, which, reckoning the average cost of the plants at \$20 to the spindle (leaving aside other capital invested) is a profit of 12.25 per cent.[360]

[Pg 237]

A banker of Winston-Salem, which is an industrial community, could not understand how the Southern mills succeeded "as well as they have." When there were mentioned to him several mills which have been consistently profitable, he found special advantages accountable for their favorable showing. In one case it was tidewater freight rates, in another skilful cotton buying by a manager of long experience. It was his belief that the average profits of Southern mills from 1880 to 1914 (omitting, that is, the years since the outbreak of the war) were not as much as 10 per cent.[361]

So much for the gains over the whole period. The earnings at several points in the development of the industry show a wider range.

A nephew of Mr. Tompkins, quoted above, who has succeeded in considerable measure to his uncle's manufacturing interests, and who is of too practical a turn of mind to be affected by the enchantment of distance, speaking of the success of mills right at the opening of the era, said that some made from 30 to 70 per cent. profit.[362] In a previous chapter, it has been seen how many mills at this juncture increased their plants from earnings. A Utopian tinge may be suspected in an article appearing in The Daily Constitution, Atlanta, in March of 1880, which, in urging upon Southern communities the establishment of spinning mills, stated: "At prevailing prices there is nearly or quite six cents per pound profit over all expenses in spinning No. 14 yarn, or three cents per spindle per day; this would give \$9 per spindle per year, and as spinning mills can be built for less than \$18 per spindle, no other figures are required to demonstrate the statement that the spinning mills in the South bid fair to realize this year fifty per cent. on the capital invested. Nearly all of these mills are running night and day, and every one of them is realizing handsome profits. These are facts." [363] The goods of the Wesson Cotton Mills, Mississippi, took a premium at the Centennial Exhibition in Philadelphia in 1876. The company started with one mill and a capital of \$300,000. This plant made 30 per cent. profits, so another was built and the stock increased to \$1,000,000.[364] A North Carolina newspaper trying to encourage cotton manufacturing in that State, stated in 1880 that upon the \$2,288,000 invested in the mills in South Carolina, the profits ranged from 18 to 25 per cent.[365] The Boston Journal of Commerce in 1881 gave the opinion of an Englishman visiting the Eagle and Phoenix Mills, Columbus, Georgia, that the No. 3 Mill, then new, was the best equipped in the world, and said that "The profit of these mills last year was 20 per cent. on a capital of \$1,250,000 or \$5.76 per spindle." [366]

[Pg 238]

[Pg 239]

Saffold Berney, in his Handbook of Alabama, published in 1878, made a rather elaborate computation of the earning capacity of a 4,000-spindle, 125-loom mill, making 6,000 yards of cloth per day.[367] It may not be uninteresting to see how he worked out a considerable rate

of profit for a small plant. His calculations are:

3,000 yds. 7-8 shirting at 6 cents		\$180.00
3,000 yds. 4-4 sheeting " 7 "		<u>210.00</u>
Total gross income		\$390.00
Cotton on a basis of 10 1-2 cents, 15 per cent. waste	\$220.94	
Labor and mill expenses	63.44	
Office and general expenses	9.62	
Coal, gas, oil, starch & supplies	19.00	
Insurance	3.11	
Charges in selling goods, 2 ½ per cent	9.75	
Wear and tear machinery 5 per cent	<u>13.69</u>	<u>339.55</u>
Leaving a net profit per day of		\$ 50.45
Or for 300 working days or one year of		\$15,135.00

Figuring the cost of this mill at \$20 per spindle, and leaving aside, as before, money otherwise invested about the business, there is a capital of \$80,000, upon which a profit of \$15,135.00 is 18.8 per cent.

[Pg 240]

"Profits in the past," says Mr. Thompson, "have been so large that often before the last payment on the stock is due, a sum sufficient to pay all obligations has been accumulated." He cites as a particularly favorable instance, that of a mill which required no further instalments on subscriptions after a little more than one-third of the instalment-payment period had run out.[368]

A little incident is interesting as involving two of the most important and picturesque personalities and one of the chief mills connected with the rise of cotton manufacturing in the South, and it bears directly on the topic now being considered. It seems that the founding of the Piedmont Factory by Colonel H. P. Hammett in South Carolina inspired a notice from Mr. Edward Atkinson, of Boston, in which he reasoned that cotton manufacturing in the South could never pay. This came under the eye of Colonel Hammett. To the article he pinned his annual balance sheet, showing a profit of 20 per cent., and sent the two to Mr. Atkinson.[369]

[Pg 241]

In regard to these first years of the large establishment of cotton mills in the South, it is common to hear the opinion that the big profits made attracted the energies of the people to mill building.[370] Going a little further back, the mills in operation just before the textile era, though few in number, showed gains that bore a part in the boom about 1880.[371]

Twelve years after taking charge of the plant, Colonel Hickman had earned by the old Graniteville mill sufficient surplus to build the Vacluse Mill at a cost of \$361,513.24 without calling for assessments upon stockholders, and five years later had accumulated a cash surplus of \$220,831.86. He had doubled the production of the original Graniteville Mill. The statement of the affairs of the two plants in 1804 showed:

Gross Profits:

Graniteville	\$82,724.69
Vacluse	<u>37,131.31</u>
Total profits	\$120,856.00
Net profits	80,701.71

This net profit amount represented 13.5 per cent. profit on \$600,000 capital.[372]

Coming down, now, a decade later in the period. There is shown a degree of success pretty much uniform for the various mills.

[Pg 242]

The first plant of the Gaffney Manufacturing Company which was paid for when operation commenced, in three years earned enough to build an additional plant of two stories.[373] This mill indicates very well a fact brought out in the preceding chapter, that many additions to plant, which were being made after the mills had been a few years in operation, were accomplished from earnings. The Salisbury Mill is a case in point. Its inception and that of the Gaffney Mill the two being projected at about the same time had many things in common (as did the towns in which they were built). Increases in plant of the Salisbury Mill have been greater proportionally than the increases in capitalization.[374]

From manufacturers, from investors, and from persons acquainted with the public economy, have been had statements, each reflecting an individual bias, but each showing unmistakably that there was a general and marked decline in profits in the second decade of the development. A retired mill president, whose decision to leave the field was perhaps affected by the condition she described, regretted that the companies are still laboring under decreased profits as a result of the fact that mills were built more rapidly than the market for goods expanded to meet the development.[375] Another mill president thought that no more mills are likely to be built in his section too many years. "They went it too rank, you know," he declared with some feeling. "Once in a while you hear of a new mill starting up, but its not as common as it was ten or fifteen years ago." He put the date of the fall-off in

[Pg 243]

profits at about 1900.[376] The son of Colonel Hammett, several times mentioned, who is a successful manufacturer, deplored the building of too many mills in a short period, and said that profits fell away abruptly.[377]

A bank president whose institution has played a leading part in the textile prominence of Columbia, South Carolina, said that "1890 to 1900 was the heaviest borrowing period, as this was the greatest period of development. Profits were poor, especially from 1895 to 1903." [378]

Though he does not believe selling agents have taken much stock in North Carolina mills, Mr. Thompson attributes many failures of mills to "slavery to commission houses through which they sell their product." He implies that it was the grip which the agents got on the mill by the loan of running capital that brought the ill effects. At any rate, the commission houses became more deeply interested in the mills as the plants increased in numbers, and profits were hurt by this fact, he believes.[379] This influence continues, thinks a former president of the great Graniteville Mill, who said: "The commission merchants take the very heart out of the mills. The commission houses of New York, Philadelphia and Boston get more out of the mills than the stockholders in the South." [380]

[Pg 244]

While it is true that "most of the mills of the South have succeeded," [381] there have been, besides some concerns which have stood still, neither making nor losing, a few notable failures. It is the common opinion that failures have been due almost entirely to lack of capital and bad management. Probably these faults and a good many others contributed to the ill success of the old Charleston Manufacturing Company, which began life with such high hopes at the outset of the cotton mill era. If any enterprise was an expression of the motive forces in the South in 1880, this one was. It supplied a potent example to communities all over the South contemplating cotton factories. The property of the Charleston Manufacturing Company was sold under the hammer to the Vesta Cotton Mill Company, which was not more successful with the plant. After standing a year idle, the attempt was made to operate the mill with colored help, and a reorganization of the Vesta Company was had for this purpose. A large proportion of the subscribers to the original company remained in the two reorganizations that followed. [382] In the experiment of negro operatives the old factory was again opening up a vista to the South, for, as it was vainly pointed out to the negro population of Charleston, if the trial of colored operatives in the Vesta Mill had succeeded, plants all over the section would offer employment to negroes. [383] When this third effort to use the plant for a cotton mill came to nought, the machinery was moved to Gainesville, Georgia, and though the top of the new mill was carried away by a cyclone almost as soon as completed, the company is now doing well in its new location. [384] The great, gloomy pile that thrice held so much of the confidence of the South and the best hopes of Charleston still flanks the railway tracks and rears itself above the depot, and seems all very silent in spite of the fact that it is now occupied by tobacco manufacturers.

[Pg 245]

The grandfather mill, as it might be called, of the Southern textile industry, is that of Graniteville, established by William Gregg in 1846. The factory nearly failed in 1867, but was saved by the genius of H. H. Hickman, a merchant of Augusta, who became its president at the critical juncture. He died in 1898, and his son came in as president. At his retirement and the reorganization of the mill, a business man of Augusta has been elected the new president, but it will require, it is said, from seven to ten years for him to build up the organization again. [385]

[Pg 246]

The Royal Mills, the only cotton factory now operating in Charleston, was built eighteen or twenty years ago, in the period of stress just noticed. George Wagener, the original manager, left the mill at his death with a surplus of \$90,000. It went into slovenly hands, and failed. It has been remodelled, however, and is now making money. [386]

The small mills' success inspired the belief that large plants would succeed. The Olympia, until recently the largest mill in the world, was built at Columbia, and the Loray Mill, with more than half as many spindles, was founded at Gastonia. It is the general opinion, whether colored too largely by the unsatisfactory history of these two conspicuous factories or not it cannot be told, that there have been more failures among the large than among the small mills. [387] It has been said of the North Carolina manufacturers as opposed to those of South Carolina that they "are not so ambitious for big places, (at the head of large companies) and a lot of those little fellows are getting rich." The North Carolina mind seems to run on smaller things. I am not sure but what the North Carolina mills have been more successful than the South Carolina mills.

[Pg 247]

A committee representing New England manufacturers has stated in spite of an advantage over the Eastern mills of 25 per cent. in labor, and 50 per cent. in respect to taxes, the Southern mills have made less profits than their older competitors because of poor financing. However this may be, the total losses on \$100,000,000 invested in cotton manufacturing in the South in thirty years does not represent more than 20 per cent., is the belief of Mr. Thackston, of Greenville. [388]

To go to a lyceum lecture on a sultry summer night and be whisked away by picture and description to the snowy peaks and green glaciers of the Canadian Rockies is not a more complete or refreshing transition than that experienced by the traveler who lumbers along the Southern Railway for weary, slow miles of sodden country and ill-kept settlement, all at once to alight at the neat station and view the trim town of Gastonia, North Carolina. It is

[Pg 248]

not attempted here to account for the New England psychology that animates this nonetheless Southern place, but it is deserving of better praise than its harsh name gives it. Neither is it proper in this place to seek to account for the success of its score and a half of cotton mills. The recital of the profits they have made since the European War is astounding, but there is every cause to believe in the accuracy of the information given.

In the first place, while the big Loray Mill, as has been seen, has not reflected much credit upon the community of factories at Gastonia, and is spoken of not very warmly there, no mill in Gastonia has ever had a receivership.[389]

The mills at Belmont right near Gastonia are making on the average 25 per cent profits. The Treanton Mill at Gastonia, paid 100% in cash during the first five years of its operation. The Majestic Mill, at Belmont, was expected to make in 1916-1917, 100 per cent., or the price of the plant in a single year.[390]

In cataloguing the notes from a summer trip to the mill towns, the writer feared he had made some mistake in setting down the results of an interview with the vice-president and cashier of the First National Bank, Gastonia, which is most largely interested in the mills of the place, as to the earnings. He therefore wrote for a restatement on doubtful points, and found himself confirmed. To quote the case of one mill from Mr. Robinson's reply. "We have a mill here that had \$150,000 capital paid in, and after a short time issued a stock dividend of 20 per cent. which gave them (it) a capital of \$180,000, and this mill made \$155,000 net profits for the year 1915. I am satisfied that this same mill will make 125 per cent. profit this year (1916) on their (its) \$180,000 capital, or around \$225,000 net profit." [391]

[Pg 249]

From the interview, there is the instance of a 12,000 spindle mill; not one of the most successful in Gastonia, which made \$2,500 the week previous.

While the mill expected to make 125 per cent. net profits for 1916 is said to be exceptional, a number of mills were, as near the end of the old year as November 28th, expected to show from 75 to 100 per cent. net profits for 1916, the writer was told that it would be a pretty poorly managed plant that did not clear the lower percentages.[392]

[Pg 250]

A burly, forceful man in middle life, who has risen from foot pedlar to mill president, said with frankness: "I am making more money than I know what to do with. I am ashamed to take it!" He showed me the statements of the orders for product with which his four mills would be kept busy for the next four or five months. He expected to clear \$60,000 on the output of each plant for this period.[393] Mr. Robinson, previously quoted, recognizes that the cotton mills at Gastonia are more prosperous than those of any other section of which he knows.[394] Not even early in the period, when mills were first building, did they make such profits as now, is the opinion of an old manufacturer at Gastonia.[395]

The foregoing citation of the earnings of various mills at various points of time in the period since their establishment has served to exhibit the general movement of profits. At the outset, most conditions were favorable to large gains—there was little competition, labor was most plentiful and cheap, the lack of advantageous marketing facilities was to some degree offset by purely local demand for the product, and the deficiencies of management tended to be neutralized by the presence of physical advantages which disappeared when a more advanced development increased the size of plants, widened the area from which raw cotton was drawn, and extended the market for product. It is said repeatedly that in those days any fool could make money in cotton manufacture in the South.[396]

[Pg 251]

With the closing years of the second decade of the mill growth, most of these advantaging circumstances were fading before the increase of competition. Their very success was proving fatal to the mills. They had ceased to be local affairs. When outside influences came in—commission and machinery men—new and difficult problems had to be faced. The factories were assuming the physical proportions which they were bound to assume, and which it was right they should assume, but they ran ahead of the development in the textile industry, and in the South of expertness of management, business resourcefulness and economic outlook. The spirit could not keep up with the flesh, and the mind lagged behind the body.

The prosperity which the mills are now enjoying they very well understand to be hectic, the result of the European War. They were having a hard time enough until the war came and put them all on velvet, as someone expressed it; 25% of the Southern Mills were in bad shape, defaulting an interest, etc.[397]

[Pg 252]

There are in the industrial community of Gastonia, however, and in certain individual mills and managers, particularly in North Carolina, signs, that point to a catching up of internal capacities with external maturity. There is being developed—not yet clearly seen by any means, and in not a few points apparently contradicted[398]—a manufacturing spirit in the South, an industrial faculty that is able to cope with difficult conditions, the results of economic progress. This promises that the South is learning after forty years what Edward Atkinson said it did not know, the difference between a penny and a nickel. It indicates that the South will be meeting narrow margins of profit with close figuring of the costs of production.

It is natural to turn from the subject of profits to that of dividends. There is in the history of the mills a general parallel between the two, with, however, certain variations arising from

the fact that the industry has been and is now in constant process of growth. With the exception of perhaps a few years, earnings could always be profitably invested in the business,[399] particularly in expansions of plant.[400] As will be seen in more detail later, the peculiar conditions under which the mills took their rise involved indebtedness for plant and for running capital, and earnings had to go to pay interest and principal of this.

[Pg 253]

The Augusta Factory was founded in 1847,[401] and, with Graniteville nearby, though in South Carolina, resembled in its earlier years, and to a diminished extent still does, the English and Continental textile manufactories.[402] They have both fallen upon evil days more recently. The Augusta Factory made 5 per cent. quarterly dividends for eight years and nine months from its founding.[403] In 1858, eleven years after establishment, the plant was sold to a company with Wm. H. Jackson at its head, for the sum of \$140,000. Though the stockholders in the Jackson Company paid \$60,000 for repairs to the property, the purchase price, payable in instalments for ten years, was made up from profits. The mill at the close of the war was the wealthiest in the South. It was said in 1884 that it had had an uninterrupted course of prosperity since the war. From 1865 to 1880 the company paid average annual dividends of 14 $\frac{21}{32}$ per cent.[404]

[Pg 254]

In 1880 the stock of the mills at Augusta, Georgia, paid about 8 per cent. interest per annum, in semi-annual and quarterly dividends.[405]

Under Col. H. H. Hickman's management of Graniteville there were regular dividends of 10 per cent.[406] The son of this former president, and until recently himself president of the mill as his father's successor, said: "Graniteville was so successful it had a large influence. It never ceased operation, and to my certain knowledge it had a fifty-year record of dividends." [407]

Perhaps some indication of the widespread popularity of cotton mills as an investment from a purely dividend-seeking point of view is contained in a newspaper notice of 1881 setting forth that a large mill at Nashville, Tennessee, had declared a dividend of 14 per cent. and another was built. In 1881 the Enterprise Factory, in Georgia, declared a 10 per cent. dividend, and decided to increase its capacity by 125 per cent. or more—from 13,890 spindles to over 33,000, and from 264 looms to more than 600.[408] Mills as Pulaski, in the same State, were anxious to double their capacity; \$50,000 was subscribed for a mill at Jackson, West Tennessee; Dallas, Texas, was starting a \$200,000 spindle plant, and the town of Sherman wanted a \$75,000 factory.[409] The following year, the same paper printed an item showing further that dividends were being paid to stockholders in factories all over the South: "The cotton mills in Mississippi have proved bonanzas for the owners. The one at Wesson (it has been seen that this company made 30 per cent. profit from the plant) pays 26 per cent. dividends...."[410] The mill established by Mayor Courtenay, of Charleston, at Newry, South Carolina, paid no dividends for the first seven years of its life; this distinction from the earlier mills in regard to dividends, bears out what was said of profits in the period in which this plant was built (1892-3). Over the whole twenty-four years of its history, however, the company has paid an average of 6 per cent. to its shareholders.[411]

[Pg 255]

The building of the Salisbury Mill was completed December 1, 1888. The first cloth was turned out February 9, 1889. The first dividend of 5 per cent. was declared January 11, 1890. The mill has missed only one dividend payment, a quarterly one, since this time.[412] It is true that for the first three or four years of its life, the concern was in an uncertain way, the panic of 1893 proving embarrassing to it, though not as seriously so as in the case of the Newry Mill, just cited. For a long time the investment paid 8 per cent. dividends, then for several years of late 10 per cent. On July 10, 1916, the directors declared an extra dividend of 5 per cent., paid August 1. A part of the profits has for years and years gone back into the business, enabling it now to earn good sums.[413]

[Pg 256]

In the first ten years of its operation, the Laurens Mills were very profitable. Borrowing money to bring its spindleage up to thirty thousand, it expanded to 43,000 spindles on earnings. At the end of the ten-year period there was the plant worth about \$800,000; the company owed no money, and the only liability against it was \$350,000 of common stock. There was a cash surplus, probably small. For six years it had been paying 12 per cent. annual dividends. The mill was incorporated in 1895.[414] It is not certain that dividend payments were made by this company while it was carrying its debt, but the Anderson Mill, Anderson, South Carolina, paid interest on its indebtedness and 8 per cent. dividends as well.[415]

[Pg 257]

Reference has been made to Mr. Thompson's statement that large profits have frequently enabled mill companies to discharge all obligations before the last subscription-payment was due. He cites the case of an enterprise of \$100,000 capitalization, with shares payable in weekly instalments of 50 cents, which after 70 weeks, with only \$35 on the share paid up, declared a dividend of 4 per cent. on the capitalization. This plant, which he says is by no means universal, has, besides building large additions from profits always paid 4 or 5 per cent. in dividends each half-year. This is probably the Cabarrus, one of the Cannon mills, at Concord.[416]

From Mr. August Kohn was had a valuable estimate of the whole matter of Southern cotton manufactories as investments, assuming, that is, that the mills of his State have been typical in this respect of those of the rest of the section. He said: "If the people of South Carolina

had put their money into farm loans at 7 per cent.—the same people and the same money—they would have been better off personally than they are after having invested in cotton mills. There are no failures in real estate mortgages at 7 per cent., but in cotton mill investments, principal and interest has frequently been lost."[\[417\]](#)

[Pg 258]

If this opinion is to be believed, had Mr. Goldsmith taken all the factories of the State, and not "the fifty more important cotton mills of South Carolina," he would have found an annual average dividend for 1905, 1906 and 1907, not of 7.56 per cent., but something below 7 per cent.[\[418\]](#)

It is well to conclude this random review of the dividends paid by the textile enterprises of the South with a thoughtful caution from Mr. Thackston, of Greenville, who has been of chief assistance to the writer in the financial aspects of the problem: "When it is said that the mills (have) made such and such dividends, it is to be remembered that in many cases the plant had cost more than the capitalization would show. Twelve or 10 per cent. on a \$50,000 investment is very different from 12 or 10 per cent. on \$30,000 paid up. The mills made so much money that they could pay off their indebtedness frequently in a few years, but the returns on capital paid up were not so great as might appear in some statements.

"Piedmont is capitalized at \$800,000. The plant probably cost \$1,500,000. When they pay 10 per cent. on the investment, it is because they are neglecting to reduce the debt on the plant. They are really paying about 6 per cent. on the investment, considering the total liabilities of the stockholders."

[Pg 259]

Tompkins has placed a useful modification upon the nominal showing of dividends which finds place here, and has application to what was earlier said of profits as well: "The tables ... showing range of profits, are made up from exhibits as usually made in annual reports. This is exclusive of depreciation, or wear and tear. Even in cases where an item of depreciation is carried in the accounts, it is often simply a matter of bookkeeping, and not a sum set aside for replacing of machinery.... Where large profits are reported, and large dividends paid, it is always a question whether the vitality of the mill is not suffering. There is a number of cases where mills have paid several large dividends at the start, but, on account of making no provision for depreciation, have finally collapsed."[\[419\]](#)

Some mills to continue Mr. Thackston's statement, cost in plant, he said four times their total capital. A man would build a 10,000-spindle mill and add to it greatly, not increasing the capital at all; he trusted to earnings to care for the debt, and delayed payments on common stock.

[Pg 260]

A remark of Mr. Goldsmith, though he unfortunately does not give the source of his information, confirms this calculation. He says: "The average South Carolina weaving mill costs about \$20 to \$21 per spindle; it is capitalized at about \$12 per spindle, and earns from \$2 to \$4 per annum per spindle."[\[420\]](#)

A statement covering five years for average well-managed mill properties in and around Greenville, South Carolina, shows, he said:

Average earnings on plant cost	13.47	per cent.
" " per spindle	\$ 2.94	
" cost " "	21.08	
Capitalized at " "	12.72	

His conclusion was that "In general, the dividends on the actual cost of the plants have not been over 12 per cent."[\[421\]](#)

As to the development, nature and persistence of a market in the South for cotton mill securities, the principal partner in a firm dealing in stocks, bonds, real estate loans, and fire insurance, who has besides long been identified with the cotton manufacturing industry in the Piedmont region, said: "... as far as I am able to recall, the stock market began to develop in this section about 1898 to 1901; and referring to some old records, as of March, 1901, I find such entries as this:

[Pg 261]

"5 Monaghan at 95
3 Brandon at 90"

with other entries of the same kind.

"About this date, in the up-country there were several young men who began trading in these stocks largely on a brokerage proposition. I recall the names of:

A. M. Law & Co	Spartanburg, S.C.
W. D. Glenn	Spartanburg, S.C.
F. C. Abbott & Co	Charlotte, N.C.
George E. Gibbon	Charleston, S.C.

and a few others whose names I do not recall just now.

"In Greenville, there was Mr. A. G. Furman.... All these men are still in the same line of business, and from small beginnings, have developed satisfactory business in the buying and

selling of these securities.

"One element that lends itself to this business was the fact that in a number of instances builders of machinery would take part of their bill in stock, and later dispose of these holdings at concessions. I recall in one year that I disposed of about \$2,000,000.00 worth of such stocks."[\[422\]](#)

An investor with considerable cotton mill holdings, in his replies, threw a little different light on the matter in some particulars: "A market for cotton mill securities developed between 1890 and 1900. There is less sale for them now, but in those ten years they used to go like hot cakes. All these brokers take a whack at them, but any man would starve that tried to deal in them exclusively. I had a friend that tried to make his living from dealing in them, but he didn't make his office rent, I deal in them a little, more than anything else for accommodation to friends. There is practically nothing in it for me."[\[423\]](#)

[Pg 262]

Mr. Buist has here placed the commencement of this market as far back as 1890. But in the early months of 1881 M. J. Verdery & Co., brokers of Augusta, were negotiating for the entire issue of \$350,000 extra capital stock to be made in connection with enlargements to the Enterprise Factory. It was said that one man and his friends would take \$140,000 of the stock.[\[424\]](#) This was, however, an underwriting transaction, such as those of which the first quotation speaks as being conducted on a brokerage proposition, rather than the regular marketing of stocks indicated by Mr. Buist.

Another said: "Nobody deals exclusively in cotton mill securities, and they are not quoted on the big exchanges either."[\[425\]](#) There is no doubt about either of these points, judging from all the information received. And further: "At the opening of the period, the sale for cotton mill stocks was very local, and each mill took charge of its own sales."[\[426\]](#)

[Pg 263]

A mill president of Augusta said that he frequently has inquiries for stock; he refers these applicants to brokers in the city.[\[427\]](#)

It has been seen that the curve of dividends of the mills shows a rough correspondence to that of profits; it may be observed in the paragraphs that follow that the third curve of market values of mill stocks follows more or less the other two curves. There will be mentioned first the cases in which the securities sold, for one reason and another, at low figures, and second the instances of more advantageous quotation, with some comments on the occasion for the high and low prices.

The cotton manufacturing business in the South has been a precarious one; it has proved quixotic, and there have been intervals of sterility.[\[428\]](#) This may be taken as accountable for the fact that "mill stocks usually sell below their book value."[\[429\]](#) This consideration has not, however, as will appear more clearly a little later, prevented great variation in the selling price of securities of mills in different sections of the South, at the same point of time.

[Pg 264]

"Mill shares have been a drug on the market and confidence in them has been lost to a large degree."[\[430\]](#) In conformity with this, an ex-manufacturer, now a cotton factor, of Augusta, Georgia, explained that: "Stocks of mills in Augusta haven't sold at par in twenty years. You can buy preferred stock of mills in Augusta at less than par. You can buy the stock of the Augusta and Enterprise mills at 20 or so. The Augusta Factory hasn't paid a dividend in twenty years." He could not understand why this was true of the local manufacturing community, which is one of the most notable in the entire South.[\[431\]](#)

These considerations are in contrast to the statement of Mr. Goldsmith: "The market value of the stock is almost always above par, increasing in proportion to the age of the mill." The writer inclined to doubt this accuracy of Mr. Goldsmith's information.[\[432\]](#)

Referring now to the sale of stock at less than its book value, it may be noticed again that during the war the Augusta Factory was sold into new hands at, ostensibly, \$200,000. The new company capitalized it at \$600,000 about what it was worth.[\[433\]](#) F. W. Wagener and Julius Koester bought in the property which is now the Royal Mills, at Charleston, at about 20 cents on the dollar.[\[434\]](#) An indication of the prevalence of this condition is seen in the fact that the people of Charleston, who previously had been generous subscribers to cotton mill stock, every promoter going to Charleston for the placement of a large block, "about 1905 or 6 ... got canny, and quit subscribing to the stock of new mills, for they found they could wait and buy the stock at less than par. For twelve or fourteen years Charleston has not contributed to new mills."[\[435\]](#) The reason for the general drop in the value of mill securities twelve or fourteen years ago lies in the depression in the industry caused by the ill-considered boom in mill building, already dwelt upon; a cause which had its rise earlier, but which no doubt continued to operate through this later period, was set forth plainly by a banker of Columbia. He said:

[Pg 265]

"Suppose a Southerner was promoting a mill that was to cost \$1,000,000. In contracting for \$600,000 worth of machinery, the machinery people would take half of the amount in stock. Machinery was in great demand, and high in price. The machinery manufacturers could throw their stock on the market quickly at 50 cents on the dollar, and make money. But in doing this they hurt the price of the stock of the mill."[\[436\]](#)

[Pg 266]

There seems to be pretty clear cause for the sensational drop that once occurred in the selling price of the stock of Pacolet, one of the greatest of the Southern mills. The factory

had been making heavy goods for the Chinese market; this market was so unfavorably affected by the exclusion act that the goods became unprofitable to the mill. It cost money to change the machinery. So much preferred stock was issued that the common stock of the mill fell from 300 to a point below par.[437]

It has been seen that for the last six years of the first decade of the operation of the Laurens Mills, 12 per cent. annual dividends were paid. Within two years after the fight between local shareholders and Northern selling agents, the dividends got down to 5 per cent. and the stock fell from 175 to par.[438] A similar decline has been very apparent in the stock of Pelzer, in the same State, which ten years ago was selling at 175 or 180, and which now may be bought at a little above par.

[Pg 267]

T. C. Duncan built the Union Mills, and these succeeded. The stock went to \$150 a share in 1900 or 1902. Then he built the Buffalo Mills. The projector of these mills was, however, a cotton speculator, it is said, and the market went against him. The town of Union, South Carolina, "busted with Tom Duncan", as it was expressed.

At the opening of the cotton mill period, it was said of the Rock Bill Cotton Factory that "The best evidence of its success is that not one dollar of its stock can be bought." [439] In the same month of the same year it was published that of the successful Mississippi mills, "The one at Wesson pays 26 per cent. dividends, and the stock is worth over 300." [440] Pacolet was built in 1880. The architect suggested a certain firm as selling agents for the mill, and Captain John H. Montgomery, the projector of the company, was introduced to a member of this firm. In consideration of receiving the account of the factory, this official subscribed for the commission firm to fifty or a hundred shares of Pacolet's stock. He told a friend shortly afterwards that he did not know why he bought the stock, and offered to sell it at \$50 on the share. It happened that he held the stock, and he afterwards sold the stock at \$300 per share.[441]

[Pg 268]

This buoyant success of the early mills, previously remarked with reference to profits and dividends, and here seen in the advance in the price of stock, is further illustrated by the history of some plants now having large capitalization. These sold additional stock to the original subscribers at a reduction—say at 75 or 80 when the par was 100. The ventures were so profitable that the stock remained at par value.[442] The same observation comes out, as applicable to a still earlier time, in the circumstance of the issue, in 1865, when the Augusta Factory was paying more than 14 per cent. dividends of three shares for one, bringing up the capitalization to \$600,000.[443]

Fifteen years later it was said: "Augusta is becoming prominent in the South as a manufacturing city, there being eight cotton factories running here successfully.... These factories aggregate about 2,500 looms and 10,000 spindles; they consume about 50,000 bales of cotton annually, manufacture about 50,000,000 yarns (yards) of cloths, (this besides yarn mills) and employ 2,000 operatives. The capital stock of nearly all these factories is at a high premium." [444]

[Pg 269]

If the success of the Augusta Factory in 1865 was sufficient to maintain at par issues of extra stock, as just noted, the reverse was true of Graniteville two years later, when the elder Hickman took charge. Twenty years earlier, the plant had cost to build \$375,000. By 1867 the stock had increased to \$716,000, and the shares had fallen to \$62.50 in value. The mill was \$50,000 in debt. Colonel Hickman cancelled \$116,000 capital shares, bringing the interest-bearing stock of the company down to \$600,000. He restored the depreciated stock to its proper value.[445] Reference has been made to a stock dividend of 20 per cent. issued by a mill of Gastonia within the last few years.

A very present instance of this same quality, reflected this time in the recuperative power of a mill, is contained in a prediction made by the gentleman who knows most about the Graniteville Mill, that the stock which then, at reorganization, sold for \$60 the share will in a year, if all goes well, sell at par.[446]

It has been said that the stock of the Rock Hill Cotton Factory could not be bought, and that the stock of several mills sold for \$300 per share. That of the Tucapau Mills, in South Carolina, is not to be had today, or it can be had only at 3 or 5 for one. This is by some regarded as the most successful mill in the State.

[Pg 270]

It would seem that absolutely no stock of the Salisbury Mills is on the market. Recently an energetic young man anxious to buy stock of the mill for principals, went to the treasurer of the company and to shareholders individually, without success. The treasurer said that by looking long enough, and waiting for his chance, he might induce some stockholder to sell at 200.[447] This comparatively low figure in his prognostication is perhaps accounted for by the conservative character of the company from the start, and the uniformly satisfactory, though not brilliant dividends of the enterprise, together with the fact, maybe most potent of all, that sixty of the one hundred and five shareholders in the Salisbury Mills are ladies, the majority of whom have received their holdings through inheritance.[448]

The Majestic Mill, Gaston County, North Carolina, which in 1916 after nine months' operation declared a dividend of 10 per cent., sold three shares of stock which in some way had not been marketed, at 150 each.[449]

In mentioning the contrast between the market price at this time of the stock of mills in

[Pg 271]

various localities. Thought was particularly of the facts as to the Augusta mills' securities and those of the plants in and about Gastonia. The latter are as optimistic as the former are the reverse. Mills in Gastonia making in 1916 from 75 to 100 per cent. net profits, are represented by stock selling at figures ranging from \$150 to \$250 the share.^[450]

VITA

[Pg 272]

Broadus Mitchell was born at Georgetown, Kentucky, December 27, 1892; he attended a primary school in Richmond, Virginia, and then, for four years until 1908, Richmond Academy; for one session, 1908-1909, attended the Hope Street High School, Providence, Rhode Island; in 1909 entered the University of South Carolina; in the summer of 1911 was a member of the reportorial staff of The Daily Record, Columbia, South Carolina; graduated from the University of South Carolina with A.B. degree in 1913; from June, 1913, until October, 1914, was a member of the reportorial staff of the Richmond Evening Journal; entered The Johns Hopkins University in 1914; was a Hopkins Scholar during this and the succeeding session; was Fellow in Political Economy, 1916-1917; in July, 1917, became special staff writer The New Leader, Richmond, Virginia, and was given furlough from this position to return to the University in the fall of 1917; Fellow by Courtesy and instructor in Courses in Business Economics, 1917-1918.

Footnotes:

[1] P. H. Goldsmith, *The Cotton Mill South*, p. 4.

[2] D. A. Tompkins, in *The South in the Building of the Nation*, Vol. II, p. 58. A more summary statement by the same author is the following; after speaking of the prominence in the South of manufactures in the early years of the nineteenth century: "The profit of cotton raising with slave labor drew people away from manufactures to cotton planting. On the abolition of slavery, the capabilities of the people to organize and conduct manufactures showed itself again.... The re-establishment was not commenced immediately after the civil war, because of the chaotic disorder brought about by the abolition of slavery and the enfranchisement of the negro." But now (1899) "every obstacle to the development of manufactures has been removed. In many parts of the South the development is already well advanced and in others it will undoubtedly grow rapidly." (*Ibid.*, *Cotton Mill, Commercial Features*, pp. 108-109.)

[3] *The South's Position in American Affairs*, p. 1. Cf. "Upon the whole, the last half of the Eighteenth Century, before the influence of the cotton gin and Arkwright's inventions were fully felt in the South, was a period when agriculture yielded some ground in primary manufactures and household industries." (V. S. Clark, in *South in Building of Nation*, Vol. V, p. 308.)

[4] Holland Thompson, *From the Cotton Field to the Cotton Mill*, p. 25. "Except in the East, the feeling against slavery was strong during the first quarter of the nineteenth century", and there is remarked the foundation in 1816 of the Manumission Society, which had thirty-six branches in 1825 and 1600 active members in 1826. (*Ibid.*, pp. 26-27.)

[5] August Kohn, *The Cotton Mills of South Carolina*, pp. 10-11.

[6] Kohn, *Cotton Mills of South Carolina*, pp. 9-10.

[7] Kohn, *Cotton Mills of South Carolina*, pp. 10-11. In 1809 the legislative committee on incorporations reported unfavorably a request of John Johnson, Jr., President of the Homespun Company of South Carolina, for a loan on account of a patent, but it was recommended that he be allowed until the next meeting of the legislature "to report on the utility of the machine called the Columbia Spinster, so as to entitle, in case the same be approved, the inventor of the same to the sum provided by law for his benefit." (*Ibid.*, pp. 11) Cf. *Ibid.*, pp. 11-13.

[8] For these facts the writer is indebted to an unpublished manuscript of M. R. Pleasants, "Manufacturing in North Carolina before 1860", to which reference will frequently be had.

[9] Clark, in *South in Building of Nation*, Vol. V, p. 310.

[10] Kohn, *Cotton Mills of South Carolina*, p. 7.

[11] Kohn, *Cotton Mills of South Carolina*, p. 7.

[12] Ibid.

[13] Ibid.

[14] Kohn, Cotton Mills of South Carolina, p. 7. His citation is of the South Carolina and American General Gazette, Jan. 30, 1777. Cf. Ibid., pp. 6-7.

[15] Ibid., p. 8. Reference is particularly to the City Gazette and Daily Advertiser, of Charleston, January 24, 1779.

[16] Kohn, Cotton Mills of South Carolina. Citation is of the American Museum, VIII, Appendix IV, part II, July 1, 1790. The question mark is Mr. Kohn's.

[17] Kohn, Cotton Mills of South Carolina, pp. 8-9.

[18] W. W. Sellers, A History of Marion County, p. 26.

[19] Clark, in South in Building of Nation, Vol. V, p. 312. Cf. Ibid., pp. 328-9. Referring to the manufactories near Charleston and Statesburg, and to carding and spinning machinery set up in eastern Tennessee in 1791, he concludes, "However the industrial progress of these years was irregular and local rather than general and permanent." Ibid., p. 310.

[20] Clark, History of Manufactures in the United States, 1607-1860, p. 537. As indicating further the lack of causation in these earliest ventures, it is said: "Maryland is hardly typical industrially of the Southern States. Its factories date from the Revolution...." (Ibid., in South in Building of Nation, Vol. V, pp. 328-9.)

[21] "In this country, as well as in England, the germ of the textile industry existed in the fulling and carding mills; the former, dating earlier, being the mills for finishing the coarse cloths woven by hand in the looms of our ancestors; and in the latter, the carding mill, the wool was prepared for the hand-wheel. At the close of the Revolution the domestic system of manufactures prevailed throughout the states" (Carroll D. Wright, "The Factory System of the U.S." p. 6, in U.S. Census of manufactures, 1880.)

[22] The Bolton Factory was built in 1811 on Upton Creek, nine miles southwest of Washington, Wilkes County, Ga., in 1794, on this site had been erected one of Whitney's first cotton gins, propelled by the water power that later ran the cotton mill. It is said that here Lyon conceived important improvements on the Whitney invention, making a saw gin. (Southern Cotton Spinners' Association proceedings seventh annual convention, pp. 41 ff.) Here is a rather striking indication of the fact that the South was on the right road—a gin, so far from diverting attention entirely to the cultivation of the staple, gave way to a cotton mill which was located on the same site and operated by the same water power.

[23] H. R. Helper, The Impending Crisis of the South, (ed. of 1860) pp. 161-162.

[24] W. F. Marshall, interview, Raleigh, N.C., September 16, 1916.

[25] "The first cotton mill built in North Carolina was built at Lincolnton in 1813 by Michael Schenck.... This mill was the forerunner of that remarkable industrial development which has taken place in North Carolina since that time." (Pleasants, *ibid.*)

[26] John Nichols, interview, Raleigh, N.C., Sept. 16, 1916. A. A. Thompson, President of the Raleigh Cotton Mill, expressed about the same view in an interview at Raleigh on the same day.

[27] J. L. Hartsell, interview, Concord, N.C., September 2nd 1916.

[28] Kohn, Cotton Mills of South Carolina, p. 15. Cf. Charlotte News, (N.C.) Textile Industrial Edition, Feb., 1917, with reference to the Rocky Mount Mill.

[29] Though their father had been prominent for his conduct of the mill and had displayed in his personality a generous disposition toward the community, the sons were said to be wild and reckless, and when they fell heir to the plant alienated the sympathies of the people of the vicinity. Any possible public character for the business was thus destroyed.

[30] Charles E. Johnson, interview, Raleigh, N.C., Sept. 16, 1916.

[31] C. D. Wright, "Factory System of the U.S.", p. 6, in U.S. Census of Manufactures, 1880. Cf. Clark, in South in Building of Nation, Vol. V., p. 319.

[32] For a careful narrative of the establishments of the settlers who moved into South Carolina from New England about 1816, with details of the mills of the Hills, Sheldon, Clark, Bates, Hutchings, Stack, the Weavers, McBee, Bivings, etc., consult Kohn, Cotton Mills of S.C., and The Water Powers of South Carolina; for those in North Carolina H. Thompson is useful. Cf. also Southern Cotton Spinners' Association proceedings seventh annual convention, pp. 41 ff. and Tompkins, Cotton Mill, Commercial Features, pp. 301-302.

[33] Wood for the boiler of the Mount Hecla Mills, growing scarce, the machinery was taken to Mountain Island, and there run by water. (H. Thompson, pp. 48-9.)

[34] Cf. Kohn, Cotton Mills of South Carolina, p. 14.

[35] Kohn, Cotton Mills of South Carolina, p. 14. Cf. Charlotte News, *Ibid.*, with reference to

the Rocky Mount Mill.

[36] H. Thompson, pp. 45 ff.

[37] Ibid.

[38] J. B. Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.

[39] H. Thompson, pp. 42-43. Cf. p. 12.

[40] Theckston, interview, Greenville, S.C., Sept. 12, 1916.

[41] Theckston, interview, Greenville, S.C., Sept. 12, 1916.

[42] Clark, in *South in Building of Nation*, Vol. V., p. 321. Cf. Kohn, *Cotton Mills of South Carolina*, giving quotation from *Columbia Telescope*.

[43] *Charlotte News*, Ibid. The McDonald Mill at Concord during the Civil War dealt in barter. A gentleman in a nearby town told the writer that he remembered as a boy trading a load of corn for yarn to be woven by the women at home. (Theodore Klutz, interview, Salisbury, N.C., Sept. 1, 1916.) In 1862 the Confederate government commanded the Batesville factory in South Carolina, and took nearly all of the product. That portion which was allowed to private purchasers was always sold by ten o'clock in the morning. (Thackston, interview, Greenville, S.C., Sept. 12, 1916.)

[44] Thompson, pp. 48-9.

[45] Tompkins, *Cotton Mill, Commercial Features*, pp. 183-4.

[46] Walter Montgomery, interview, Spartanburg, S.C., Sept. 5th, 1916.

[47] Thackston, interview, Greenville, S.C., Sept. 12th, 1916.

[48] John W. Fries, interview, Winston-Salem, N.C., Aug. 31, 1916.

Another with a broad view of the history of the industry in the South was willing to include in a similar statement the Graniteville mill about which a good deal of controversy has clustered: "The cotton mills in the South before the war were third-rate affairs. I speak of Graniteville and Batesville and such plants as these. I remember my mother's telling me that the warp ... used to be supplied by the mills for use in the homes of the housewives. They were not regular cotton mills as the plants of later establishment have come to be." (W. W. Ball, interview, Columbia, S.C., Jan. 1, 1917.)

[49] Figures of Thompson give 700 and 7000 bales of cotton consumed. (Thompson, pp. 49 ff.)

[50] U.S. Census of Manufactures, 1900. *Cotton Manufactures*, pp. 54 ff. A map showing the distribution of cotton spindles in 1839 indicates a good representation for all the Southern States, except Mississippi, Louisiana, Arkansas and Florida, as to mills of small size, but the localization both as to plants and spindles in New England is marked. (Clark, *History of Manufactures in the U.S.*, section on cotton manufactures, pp. 533-560. See the whole section for a masterful discussion of both historical and economic phases.)

[51] Cf. Thompson, pp. 49 ff.

[52] Clark, in *South in Building of Nation*, Vol. V, pp. 319-320. "Few mills south of Virginia had power looms prior to 1840." (Ibid., p. 321.) Cf. omission of looms for Southern States in the census figures quoted above.

[53] Clark, *South in Building of Nation*, Vol. V. p. 322.

[54] William E. Dodd, in *South in Building of Nation*, Vol. V. pp. 566-7.

[55] Quoted in *Pleasants*.

[56] Quoted in *Pleasants*.

[57] Quoted from *Niles' Register*, May 10, 1828, in *Pleasants*. Mr. Pleasants remarks that not until the late twenties did the leaders of thought awaken to the disintegrating process that had set in two decades before, and he notices the striking fact that in a report to the legislature in 1828 it was said: "Nothing but a change of system can restore health and prosperity at large. With all the material and elements for manufacturing, we annually expend millions for the purchase of articles manufactured in Europe and in the North out of our own raw material. At this rate the state is on the road to bankruptcy. There must be a change. But how is this important revolution to be accomplished? We unhesitatingly answer —by introducing the manufacturing system into our own state and fabricating at least to the extent of our wants.... Our habits and prejudices are against manufacturing, but we must yield to the force of things and profit by the indications of nature. The policy that resists the change is unwise and suicidal. Nothing else can restore us."

[58] Tompkins, *History of Mecklenburg County*, Vol. I, p. 124. Cf. Ibid., pp. 126-7.

[59] Kohn, *Cotton Mills of South Carolina*, pp. 18-19.

[60] Clark, *History of Manufactures in U.S.*, pp. 553 ff. Cf. *Ibid.*, in *South in Building of Nation*, Vol. V, pp. 213-214, and pp. 316 ff.

[61] Kohn, *Cotton Mills of South Carolina*, p. 16.

[62] "Cheapness of cotton, abundance of water-power, the resources of the coal-fields, when steam began to supplant the dam, the other mineral resources, and the wealth of forests of pine, live oak, cypress, and other woods in which the South abounded, did not even attract from other parts sufficient capital to develop the section to anything like its full extent. No artificial expedients were necessary there. But capital did not come." (Ingle, *Southern Sidelights*, p. 73.)

[63] Quoted in A. B. Hart, *The Southern South*, pp. 231-232.

[64] Helper, p. 25.

[65] Tompkins, *History of Mecklenburg*, Vol. I, p. 100.

[66] *Ibid.*, Vol. II, pp. 200-201.

[67] Tompkins, *History of Mecklenburg*, Vol. I, pp. 98-99. This statement is strongly influenced by Tench Coxe. Cf. *Ibid.*, *Cotton Growing*, pp. 3-4. It has been said of the Irish people by Lord Dufferin that "the entire nation flung itself back upon the land, with as fatal an impulse as when a river, whose current is suddenly impeded, rolls back and drowns the valley which it once fertilized", and Sir Horace Plunkett comments, "The energies, the hopes, nay, the very existence of the race, became thus intimately bound up with agriculture." (Sir Horace Plunkett, *Ireland in the New Century*, p. 20.)

[68] Tompkins, *Building and Loan Associations*, p. 43. Cf. *Ibid.*, *The Cultivation, Picking, Baling and Manufacturing of Cotton from Southern Handpoint*, pp. 5-6.

[69] Tompkins, *Cotton Mill, Commercial Features*, pp. 109-110. It is interesting that this occurs in a book by a practical manufacturer intended to point the way to technical success in mill management. It is perhaps an indication of how social the South is in even its most distinctly industrial aspects.

[70] Another has used the expression that "the South was throttled by an out grown Economic System." (F. T. Carlton, *History and Problems of Organized Labor*, pp. 19-20.)

[71] Tompkins, *Cultivation, Picking, Baling and Manufacturing of Cotton*, pp. 5-6. "Agricultural Methods were 'stereotyped'." This writer did more than any other in showing the character of the equipment for cotton cultivation and the alterations made therein after the war.

[72] W. H. Gannon, *The Landowners of the South, and the Industrial Classes of the North*, pp. 7 ff.

[73] William Gregg, *Essays on Domestic Industry*, pp. 18-19.

[74] Tompkins, *History of Mecklenburg*, Vol. I, p. 194. "The price which America paid for the introduction and use of cotton was sectionalism, slavery, and war." (James A. B. Scherer, *Cotton as a World Power*, p. 243.) For a careful description of the circumstances surrounding the invention of the cotton gin, and the legal documents in the dispute over the rights to it, cf. *ibid.*, *Cotton and Cotton Oil*, pp. 19 to 31, inclusive, and appendix. "We abandoned a once leading factory system; we imported slaves; we let all public highways become quagmires; we destroyed every possibility for the farmer except cotton and by cut-throat competition amongst ourselves we reduced the price to where there was not a living in it for the cotton producer. We made cotton in a quantity and at a price to clothe all the world excepting ourselves." (*Ibid.*, *Road Building and Repairs*, p. 24.)

[75] Ingle, *Southern Sidelights*, p. 49.

[76] Scherer, p. 253.

[77] Scherer, pp. 168 ff. Cf. Walter H. Page, *The Rebuilding of Old Commonwealths*, p. 139.

[78] A. D. Mayo, In *The Social Economist*, Oct., 1893, pp. 203-204.

[79] F. L. Olmsted, *The Seaboard Slave States*, pp. 140-141. Cf. *Ibid.*, p. 185, pp. 213-214.

[80] Olmsted, *Seaboard Slave States*, pp. 298-299. Cf. "The amount of it, then, is this: Improvement and progress in South Carolina is forbidden by its present system." (*Ibid.*, pp. 522-523. And for his general philosophy on the subject, *Ibid.*, pp. 490-491.)

[81] Olmsted, *Seaboard Slave States*, pp. 179-180.

[82] *Ibid.*, pp. 288 ff.

[83] Plunkett, p. 147.

[84] Ingle, *Southern Sidelights*, pp. 68-69.

[85] Ingle, *Southern Sidelights*, p. 11.

[86] Clark, in *South in Building of Nation*, Vol. V, pp. 213-214. Not only did slavery deter from coming to the South immigrants opposed to the institution, but the Southern whites were indisposed to welcome those who refused to grow into the system. A Southern Newspaper of the fifties betrayed this: "A large proportion of the mechanical force that migrate to the South, are a curse instead of a blessing; they are generally a worthless, unprincipled class—enemies to our peculiar institutions, and formidable barriers to the success of our native mechanics. Not so, however, with another class who migrate southward—we mean that class known as merchants; they are generally intelligent and trustworthy, and they seldom fail to discover their true interests. They become slaveholders and landed proprietors; and, in ninety-nine cases out of a hundred, they are better qualified to become constituents of our institution, than even a certain class of our native born.... The intelligent mercantile class ... are generally valuable acquisitions to society, and every way qualified to sustain 'our institution'; but the mechanics, most of them, are pests to society, dangerous among the slave population, and ever ready to form combinations against the interest of the slave-holder, against the laws of the country, and against the peace of the Commonwealth." (Quoted in Olmsted, *Seaboard Slave States*, p. 511.)

[87] Tompkins, *History of Mecklenburg*, Vol. II, p. 204.

[88] Cf. *Ibid.*, Vol. I, p. 153.

[89] Olmsted, *Seaboard Slave States*, p. 511.

[90] Sidney Andrews, *The South Since the War*, pp. 342-343.

[91] Olmsted, *Seaboard Slave States*, p. 543.

[92] Olmsted, *Seaboard Slave States*, p. 210.

[93] Gregg, *Essays on Domestic Industry*, p. 10.

[94] Gregg, *Essays on Domestic Industry*, pp. 9-10. "He who has possessed himself of the notion that we have the industry, and are wronged out of our hard earnings by a lazy set of scheming Yankees, to get rid of this delusion, needs only seat himself on the Charleston wharves for a few days, and behold ship after ship arrive laden down with the various articles produced by Yankee industry." (*Ibid.*)

[95] Gregg, *Essays on Domestic Industry*, pp. 9-10. "He who has possessed himself of the notion that we have the industry, and are wronged out of our hard earnings by a lazy set of scheming Yankees, to get rid of this delusion, needs only seat himself on the Charleston wharves for a few days, and behold ship after ship arrive laden down with the various articles produced by Yankee industry." (*Ibid.*, p. 11.)

[96] Helper, pp. 21 and 23. See these pages also for interesting illustrations of dependence upon the North, some of which plainly influenced Henry W. Grady.

[97] William Gregg, *Essays on Domestic Industry*, p. 8. Nothing is more frequently remarked as indicative of the exclusive attention to the cultivation of cotton than the large reliance of an almost purely agricultural country upon other sections for many articles of food. And not only subsistence for the people, but subsistence for the plantation as such often had to be imported. Missing nothing, Olmsted said, in a description of a rail journey in North Carolina, "The principal other freight of the train was one hundred and twenty bales of Northern hay. It belonged ... to a planter who lived some twenty miles beyond here, and who had bought it in Wilmington at a dollar and a half a hundred weight, to feed to his mules. Including the steam-boat and railroad freight, and all the labor of getting it to his stables, its entire cost to him would not be much less than two dollars a hundred. This would be at least four times as much as it would have cost to raise and make it in the interior of New York or New England.... He had preferred to employ his slaves at other business." (Olmsted, *Seaboard Slave States*, pp. 376-379.)

But Gregg gave encouragement in any brighter aspects that he found, as when he said, "Limited as our manufactures are in South Carolina, we can now, more than supply the State with Coarse Cotton Fabrics. Many of the fabrics now manufactured here are exported to New York, and for aught I know, find their way to the East Indies." (*Ibid.*, pp. 11) And he held out to his State the prospect of the results that might reasonably be expected from adoption of his proposals: "Were all our hopes ... consummated, South Carolina would present a delightful picture. Every son and daughter would find healthful and lucrative employment; our roads, which are now a disgrace to us, would be improved; we would no longer be under the necessity of sending to the North for half made wagons and carriages, to break our necks; we would have, if not as handsome, at least as honestly and faithfully made ones.... Workshops would take the place of the throngs of clothing, hat, and shoe stores, and the watch-word would be, from the seaboard to the mountains, success to domestic industry." (*Ibid.*, p. 17.) When Southern resources were exploited, the total benefit might not come to the locality; "The great abundance of the best lumber for the purpose, in the United States, growing in the vicinity of the town, has lately induced some persons to attempt ship-building at Mobile. The mechanics employed are mainly from the North." (Olmsted, *Seaboard Slave States*, p. 567.)

[98] Olmsted, *Seaboard Slave States*, p. 544.

[99] Quoted in Olmsted, *Seaboard Slave States*, p. 175.

[100] Olmsted, *Seaboard Slave States*, p. 363.

[101] Olmsted, *Seaboard Slave States*, p. 166.

[102] Tompkins, *Cotton Mill, Commercial Features*, preface to appendix. This is one of a thousand incidents which bring to mind the similarity between Irish temperament and that of the people of the South—how prone both have been to obscure to themselves real issues in public affairs for a joke's sake. And the reflection would be dismal for both peoples but for the finer discernment of which each, at other times, has shown itself capable. Cf. Plunkett.

[103] Gregg, *Essays on Domestic Industry*, p. 18.

[104] Ingle, *Southern Sidelights*, p. 47. Cf. Burkett and Poe, *Cotton*, pp. 312 and 313, and E. C. Brooks, *The Story of Cotton*, p. 157.

[105] Olmsted, *Seaboard Slave States*, p. 169.

[106] Gregg, *Essays on Domestic Industry*, p. 20. "Lamentable, indeed is it to see so wise and so pure a man as Langdon Cheves, putting forth the doctrine, to South Carolina, that manufactures should be the last resort of a country. With the greatest possible respect for the opinions of this truly great man, and the humblest pretensions on my part, I will venture the assertion, that a greater error was never committed by a statesman." (Ibid., p. 14) For a very fine passage, omitted here only because of its length, showing the fallacy of Cheves' position, and defining what Gregg meant by "domestic manufactures"—not household industry, but the erection of steam mills in Charleston, of cotton factories there and throughout the State; "I mean, that, at every village and cross-road in the State, we should have a tannery, a shoe-maker, a clothier, a hatter, a blacksmith ... a wagon maker ... this is the kind of manufactures I speak of, as being necessary to bring forth the energies of a country, and give healthful and vigorous action to agriculture, commerce and every department of industry"—See Ibid., pp. 14-15-16. The *Southern Quarterly Review* in 1845 quoted Cheves: "'Manufacturing should be the last resort of industry in every country, for one forced as with us, they serve no interests but those of the capitalists who set them in motion, and their immediate localities'." And Mr. Kohn remarks, "This expression was not peculiar to any one class of leaders in South Carolina at that time," and he instances other examples. (Kohn, *Cotton Mill of S.C.*, p. 13.) Cf. also references to Burkett and Poe and to Brooks.

[107] Gregg, *Essays on Domestic Industry*, p. 14. See p. 52.

[108] Gregg, *Essays on Domestic Industry*, pp. 19-20.

[109] Ibid., p. 20.

[110] Gregg, *Speech on Blue Ridge Railroad*, p. 67.

[111] Gregg, *Speech on Blue Ridge Railroad*, p. 29.

[112] Quoted in *The News and Courier*, Charleston, March 9, 1881. Said Olmsted in 1856: "Singularly simple, childlike ideas about commercial success, you find among the Virginians.... The agency by which commodities are transferred from the producer to the consumer, they seem to look upon as a kind of swindling operation: ... They speak angrily of New York, as if it fattened on the country without any good in return." (Olmsted, *Seaboard Slave States*, p. 138.)

[113] "... the labor of negroes and blind horse can never supply the place of *steam*, and this power is withheld lest the smoke of an engine should disturb the delicate nerves of an agriculturist; or the noise of the mechanic's hammer should break in upon the slumber of a real estate holder, or importing merchant, while he is indulging in fanciful dreams, or building on paper, *the Queen City of the South*—the *paragon* of the age. No reflections on the members of the City Council are here intended, they are no doubt fairly representing public opinion on this subject...." (Gregg, *Essays on Domestic Industry*, p. 23.)

[114] "The State of South Carolina has been extremely guarded in extending grants to banking institutions, and in this she has shown her wisdom, for it is an extremely dangerous power to exercise." He hoped, however, that the danger to be apprehended from banking privileged would "not be confounded with, and brought injudiciously to bear against the charters which are necessary to develop the resources of our country, and give an impetus to all industrial pursuits.... The practice of operating by associated capital gives a wonderful stimulus to enterprise, and where such investments are fashionable, no undertaking is too great to be consummated. Why is it that the Bostonians are able in a day, or a week, to raise millions at one stroke, to purchase the land on both sides of a river, for miles, to secure a great water power and the erection of a manufacturing city?... The divine, lawyer, doctor, schoolmaster, guardian, widow, farmer, merchant, mechanic, common labourer, in fact, the whole community is made tributary to these great enterprises. The utility and safety of such institutions is no longer problematical.... If we shut the door against associated capital and place reliance on individual exertion, we may talk over the matter and grow poorer for fifty years to come, without effecting the change in our industrial pursuits, necessary to renovate the fortunes of our State. Individuals will not be found amongst us who are willing to

embark their 100, 200 or \$300,000 in untried pursuits: ... If liberal charters were granted, one hundred successful establishments would spring into existence, where one, of feeble order, could be expected from individual effort.... About three-fourths of the manufacturing of the United States, is carried on by joint-stock companies: ... We shall certainly have to look to such companies to introduce the business with us...." He showed the perpetuity of the corporate form by instancing one South Carolina cotton factory operated by a joint stock company; "... there is but one of the original proprietors living, yet the factory is still going on prosperously, producing as good results as it ever has done ...", and this mill he contrasted with the venture of an individual which was prosperous until his death, when the legatees, not able to carry on the manufacture, forced the sale of the property at half its value. (Gregg, *An Enquiry into the Propriety of Granting Charters of Incorporation for Manufacturing and Other Purposes, in South Carolina*, pp. 4-11.)

[115] Clark, in *South in Building of Nation*, Vol. V, pp. 314-315.

[116] Olmsted, *Seaboard Slave States*, p. 361.

[117] *Ibid.*, pp. 358-359.

[118] Ingle, *Southern Side Lights*, p. 32 ff. "There were 101 persons in the jails of Georgia on June 1, 1860; Virginia had 189; Massachusetts, 1161 and Illinois, 489. In the open life of the South and West, where men could easily get to the land, there was little crime and jails were often empty; in the industrial belt the prisons were always occupied. In like manner and for the same reasons Southern and Western hospitals for the insane and homes for the poor often showed very small percentages of these unfortunates." (William E. Dodd, *Expansion and Conflict*, p. 231.) Cf. the map on p. 188, showing the industrial belt of 1860 to extend along the Atlantic Seaboard from New Hampshire to the head of Chesapeake Bay, covering the coastal States, with scattering development indicated to the westward. The territory south of Maryland shows a few plants of an output of \$250,000.

[119] Upon this whole matter, see Scherer, p. 179 ff. "In 1816, when Webster opposed protection, there was a capital of only about \$52,000,000 invested in textile manufacture, of which much still lay in the South. In 1828, when he reversed his position, this capital had probably doubled, and had become localized in and about New England." (*Ibid.*, p. 181.) Cf. *Ibid.*, p. 234.

[120] Scherer, p. 152. "When the United States of America was formed, manufacturing interests were as well developed in the South as the North. Slavery ... existed under protection of law more than a hundred years in Massachusetts before it was tolerated by law in Georgia. At the beginning of the nineteenth century the tariff was not a matter which was exclusively political.... The subject ceased to be an economic one and became a political one in proportion as slavery grew in the South and diminished in the North, and in inverse proportion as manufactures dried up in the South and became of greater importance in the North.... The time came when the South stood for free trade and the North for protection. This was because slavery made agriculture more profitable in the South and protection made manufacturing more profitable in the North with the South as a protected market." (Tompkins, *The Tariff and Reciprocity*.)

[121] Tompkins, *Tariff and Protection*.

[122] Clark, in *South in Building of Nation*, Vol. V, p. 316 ff. See pp. 30-31-32. Contrast Tompkins, *History of Mecklenburg*, Vol. I, pp. 133-137.

[123] But some of the agitation in favor of industries in this period, as in other ante-bellum and indeed post-bellum years, had a flavor not symptomatic of healthy desire for improvement. One hundred and thirty-one delegates represented nineteen North Carolina counties at a meeting held in Salisbury in 1836, at which resolutions were adopted asking the legislature to give assistance in the building of railroads; another evidence of this interest was the Knoxville railroad convention of about the same date. Of the advantages which it was agreed would flow from the building of the Charleston and Cincinnati Railroad, it was declared that "it will form a bond of union among the States which will give safety to our property and security to our institutions." (Tompkins, *History of Mecklenburg*, Vol. I, p. 125.) Of more positive character was the utterance of a Southerner who viewed with deep concern the danger that the North would crush slavery and place the South under complete submission to tariff aggressions, congressional representation for the latter section finding a stop in the limit to slave territory: "Under these circumstances, the true policy of the south is distinct and clearly marked. She must resort to the same means by which power is accumulated at the North, to secure it for herself. She must embark in that system of manufacturing which has been so successfully employed at the north.... All civilized nations are now dependent upon our staple to give employment to their machinery and their labor.... If, then, we manufacture a large portion of it ourselves, we reduce the quantity for export, and the competition for that remainder will add greatly to our wealth, while it will place us in a position to dictate our own terms. The manufactories will increase our population; increased population and wealth will enable us to chain the southern States proudly and indissolubly together by railroads and other internal improvements; and these works by affording a speedy communication from point to point, will prove our surest defense against either foreign aggression or domestic revolt." (J. D. B. DeBow, *Industrial Resources of the South and Southwest*, Vol. II, p. 127.) J. H. Taylor, of Charleston, combatted the antipathy

toward massing the poor whites in factories with the reflection that small farming in competition with slave labor brought discontent that might mean social upheaval, whereas the factory opened a door of opportunity that allowed of intelligence and stability; with the chance of coming to own a slave, "they would increase the demand for that kind of property, and would become firm and uncompromising supporters of Southern institutions." (Ingle, *Southern Sidelights*, pp. 25-26.)

[124] In earlier pages he has developed with much care the promising industrial status of the Colonial and Revolutionary South. "In the Southern colonies iron making became an important industry, even before the beginning of the eighteenth century." The activity in Maryland, Virginia, the Carolinas, Tennessee, Alabama and Georgia is shown: Governor's Spottswood's ventures in Virginia, the passage in 1727 by the Virginia General Assembly of "an act for encouraging adventures in iron-works"; South Carolina forges built in 1773 are dwelt upon. His original investigations reveal valuable facts as to iron-making in North Carolina and upper South Carolina—details are given of the works of E. Graham & Company, formed in 1826 and later merged with the King's Mountain Iron Company; the Magnetic Iron Company, 1837, near the former plant, and the South Carolina Manufacturing Company. It is to be noticed, however, as a modification upon the good effect which might have been expected from these enterprises, that the Graham Company had a considerable part of its capital invested in slaves, and sixty per cent. of the Magnetic Company's capital of \$250,000 was used for the same purpose. (Richard H. Edmonds, *Facts About the South*, Ed. 1894, pp. 3 ff.)

[125] *Ibid.*, pp. 10 ff.

[126] Edmonds, p. 18 ff.

[127] In reference to the false idea of wealth and prosperity in the ante-bellum South, it has been said, "A delusion of great wealth was created in the listing as taxable property of slaves to the amount of at least two thousand millions." (A. B. Hart, *The Southern South*, p. 218.)

[128] Edmonds, p. 2.

[129] *Ibid.*, p. 14.

[130] Edmonds, pp. 1-2.

[131] *Ibid.*, pp. 2-8, 19-20.

[132] Edmonds, p. 21. Cf. *Ibid.*, pp. 19-20.

[133] E. G. Murphy, *The Present South*, p. 97.

[134] Murphy, p. 102.

[135] Murphy, pp. 10-11.

[136] Murphy, p. 21.

[137] There were earlier expressions of the same spirit, some, as if in foretaste of the South's fate under the old system, before the Civil War, and others immediately following the war. But the motives were liable to be selfish and unsound, as for the purpose of retaining slavery, and if they did not lack, that fire and conviction which marked the full movement commencing fifteen years later, they were fruitless of large results. "We are going to work in good earnest, not only to repair the waste places of the war, but to build up and improve and prosper, and to show the world that we can be good soldiers in peace as we are in war." (W. J. Barbee, published 1866) Cf.

[138] *News and Observer*, Raleigh, N.C., Nov. 9, 1880.

[139] "... business is driving sentimental politics to the woods." (*News and Observer*, Dec. 31, 1880.)

[140] Reprinted in *News and Courier*, Charleston, S.C., July 11, 1881.

[141] "... they (the *New York Times*, which carried an editorial questioning the word of General Wade Hampton, and the 'malignants' of the Republican party) must realize the difference between a Southern gentleman and a Northern malignant. They know that the former cannot prevaricate, while the Northern leaders of the Republican party and the malignants are usually devoid of personal honor." This is from an editorial in the *News and Observer*, Raleigh, N.C., and is too characteristic of most of the political writing in the South which was an outcome of reconstruction.

[142] Reprinted in *News and Courier*, May 14, 1881.

[143] Reprinted from the *Memphis Avalanche*, in *The Daily Constitution*, Atlanta, Ga., March 30, 1880.

[144] Reprinted in *News and Courier*, March 18, 1881. The writer had been a slave-holder.

[145] A sentence occurring in an editorial of the *News and Courier*, in the issue of March 24, 1881, is indicative of the love with which this city looked upon the undertaking proposed: "A man who has been in the whirl of New York or in any of the brand new cities of the great

West coming into Charleston might readily enough come to the conclusion that the old city was in a sad state of decadence ... but our own people ... if they have their eyes open (or hearts open would perhaps be the better expression) could not fail to see manifest improvement."

"They dub thee idler, smilingly sneeringly, and why?—
How know they, these good gossips, what to thee
The ocean and its wanderers may have brought?
How know they, in their busy vacancy,
With what far aim thy spirit may be fraught?
Or that thou dost not bow thee silently
Before some great unutterable thought."

—Henry Timrod

[146] "The people of South Carolina are nothing if not heroic, and right or wrong, they are sincere, earnest, and brave ... the same heroic qualities are now leading in the restoration of the South to prosperity, and on a basis that must speedily give the reconstructed States a degree of substantial wealth and power that was never dreamed of before the war." (A. K. McClure, "The South: Industrial, financial and political", p. 55, published 1886.)

[147] The News and Courier, in an editorial on March 19, 1881: "Every true South Carolinian must rejoice at the prudence and energy exhibited by the citizens of Columbia in their management of the cotton mill campaign.... It will be a happy day for the whole State when the hum of myriad spindles is heard on the banks of the historic canal. Columbia will then grow rapidly, speedily rivalling Augusta in the number and success of the cotton mills. Thousands will be added to the population, and from our political center additional life and energy will flow to every part of the State.... we confess to having a weakness for Columbia, which suffered so sorely at the end of the war, and which is the only place of consequence in South Carolina that has not improved its business and enlarged its boundaries since the overthrow of Radicalism in 1876. But cotton mills will soon make amends for the vicissitudes and hopelessness of the past, and for that reason The News and Courier takes the warmest possible interest in the cotton mill campaign at Columbia." The Observer, Raleigh, N.C., July 11, 1880: "... when our people once begin to mingle freely, having a community of interests and a common purpose, sectional feelings will be obliterated, and we will forget that there has been an East, a center, or a West, and remember only that we are all North Carolinians, sharing the same fortunes, blessed with a common hope and ennobled with the same proud memories of a glorious past." The News and Courier, January 25, 1881, carried a plea for State aid for Columbia in her enterprise to build a 16,000-spindle mill, the same as forms the subject of the first part of this note. The editorial especially advocated the placing of convicts at work on the construction: "... The capital, *because it was the capital*, was laid in ashes by Sherman's troops. In the person of Columbia, all South Carolina was ravaged and laid waste. The city which suffered so sorely may reasonably expect the just assistance of the State in the endeavor to repair her losses caused by war, and intensified by years of contact with political profligacy and misrule."

[148] "What the South should do is the caption that graces the editorial effusions of all classes of papers, and especially those of our own deeply solicitous and anxious friends of the North. Many of us think we know. The South should depend upon its own virtue, its own brain, its own energy, attend to its own business, make money, build up its waste places, and thus force upon the North that recognition of our worth and dignity of character to which that people will always be blind unless they can see it through the medium of material, industrial and intellectual strength. We may proclaim political theories, but it is the more potent and powerful argument of the mighty dollar that secures an audience there, and the sooner we realize it the better for us." (News and Observer, Raleigh, N.C., Nov. 27, 1880.)

[149] Editorial in News and Courier, Mar. 9, 1881.

[150] It is interesting and pathetic to observe how unaccustomed the South was to the most obvious facts of business. Concentration upon one crop had precluded from the Southern mind—speaking in the aggregate, of course—the first reasonings springing from diversification of industry and from ordinary competition. But once the necessity for a different attitude became apparent, the statesmanlike manner in which this was pressed must provoke admiration. The article in J. D. B. DeBow's "Industrial Resources", etc., pp. 124-125, presents the consideration that the cotton crop of Tennessee, amounting to 200,000 bales, 90,000,000 pounds at 6½ cents an average pound, gave the producers 11½ per cent. profit on their investment, while the manufacturers of the same crop made 24 per cent. profit—more than twice as great. "Are there any so blind as not to see the advantages of the system?" Much earlier Southern statements of the true fact from manufacturing cotton was to be found, but in the delirium of the latter days of slavery these were lost sight of. Wm. J. Barbee, in his "The Cotton Question" pp. 138 and following, commends for the reflection of capitalists in 1866 the "Manufacture of Cotton by its Producers, suggestions of S. R. Cockrill seventeen years ago." Cockrill speculated as to the gain to be derived from cotton mills in the cotton states, and said: "Facts like these should fix the attention of the cotton planter, teach him his true interest, and stimulate him to become the manufacturer of the product of his field, instead of permitting others to reap the entire profit."

[151] News and Courier, Feb. 2, 1881. The editorial appeared apropos of the opening of books for subscriptions to the Charleston Manufacturing Company, which occupies a prominent place in the history of cotton manufacturing in the South. The editorial concluded: "This is the logic of the investment of money in cotton mills in Charleston. It will pay the stockholders their ten or twelve per cent., and the city at large will get a dollar's profit on every dollar's worth of raw cotton that the mills consume."

[152] While the manufacture of cotton was the most prominent manifestation of the newly quickened spirit in the South, it was by no means the only one. Every opportunity for productive enterprise was eagerly investigated; the discovery of one of these was hailed in the papers with an enthusiasm like the joy of a child in a new-found plaything. Properties of soils, the use of the telephone, the most profitable employment for State convicts were some of the topics of interest. There was, of course, a complete absorption for a time in railroads in the Southern Atlantic coast states, either for the further building of small independent lines, the merging of these into systems, or the extension of the coastal lines over the mountains into Tennessee.

There was also a phase of the movement distinctly moral in tone, as, e.g., the wide formation of temperance societies about this time.

[153] News and Courier, Aug. 1, 1881.

[154] While it is clear that the purpose to build cotton mills in the South arose irrespective of the means at the disposal of the people with which to do so, and would have come about had their financial limitations been even more discouraging, it is certainly true that a revival of business at the time of the commencement of the cotton mill campaign was a spur to the widespread investigation into the profitableness of cotton manufacturing. That there was coming to be money seeking investment, or at any rate capable of investment, was good reason for the searching out of opportunities for productive industry. The following gives an insight into the better times that had begun: "The year that is just finished will be to the present generation a red-letter one, for it brought to an end the long and weary period of enforced economy and restricted business that followed the panic of 1873, and put every branch of industry at work. Agriculture was encouraged in the West and South by good crops and remunerative prices, the factories received more orders than they could fill, the railroads were blocked with freight, the mines were pushed to a greater extent than ever, and all other interests were quickened towards the end of the old year in a way that was full of promise." This summary of the year 1879 appeared in *The Daily Constitution*, Atlanta, January 7, 1880. The return to specie payments did much to stimulate trade. A contribution to the *Savannah, Ga. Morning News*, quoted by W. H. Gannon in "The Landowners of the South and the Industrial Classes of the North", pp. 6, 7 and 8. The article was probably written by Mr. Gannon himself.

[155] Quoted from *Savannah Morning News* by W. H. Gannon, *The Landowners of the South and the Industrial Classes of the North*. "The cotton mill to the cotton field" was the familiar dogma which crystallized out of the course events were taking.

[156] The term is taken from *The News and Courier*, where it was used first, perhaps, in the issue of January 31, 1881. Before long it had come to be a phrase in everybody's mouth, and proved to be apt beyond any thought, probably, of the editor who first ran the line over a column of notices of new mills established.

[157] "The News and Courier busies itself with every enterprise, big and little, that will turn a dollar's worth of raw material into more than a dollar's worth of manufactures." (*News and Courier*, Mar. 19, 1881.)

[158] Reprinted in *Daily Constitution*, Mar. 9, 1880.

[159] *News and Courier*, Jan. 12, 1882.

[160] *Ibid.*, Feb. 22, 1881, see p. 11, note 3.

[161] *Ibid.*, January 26, 1881.

[162] "While Charleston and other points in the State are discussing and initiating their cotton manufactories, Spartanburg is pushing ahead with her grand enterprise. (Spartanburg correspondence of *News and Courier*, Feb. 4, 1881.) The same purpose to encourage new mills actuated the *News and Observer*, December 24, 1880, in referring to Edward Richardson, of the firm of Richardson and May, cotton factors, in New Orleans ... the cotton king of the world. He runs ten to twelve plantations.... Has built a town (Cresson) ... where he has factories employing 400 looms, 18000 spindles and 800 hands. He is worth from \$15,000,000 to \$18,000,000, all accumulated in the South, the poor South." The encouragement lent by one mill to others to come into the field was recognized. In working for the establishment of the Charleston Manufacturing Company, the *News and Courier* was starting a force that would grow in power through the years: "When this pioneer company shall have made a good start, other companies will speedily follow..." (January 28, 1881). And again (*Observer*, January 2, 1880): "Another large cotton factory. The *Charlotte Observer* chronicles the erection in the immediate future of a cotton factory in that city, and regards it as the beginning of a prosperous growth of manufactures." An item in the *Barnwell, S.C. Sentinel*, reprinted in the *News and Courier*, Feb. 8, 1881, declared: "The

people of Charleston should have never hesitated as long as they have about embanking in the manufacture of cotton goods, and we firmly believe, as the ball is started, that it will be kept moving...." The Keowee Courier, in an editorial also reprinted in the Charleston paper, commended Charleston as setting an example to the entire State. A Georgia note, carried in the News and Courier of February 24, 1881, is especially specific in this connection: "If the organization of this manufacturing company (the Enterprise Factory, Augusta, Georgia, which was to be greatly enlarged after making good profits) proves a good omen—its extension may work as an invaluable stimulus to other enterprises now. It will hurry up the walls of the stupendous Sibley Mill, where 25,000 spindles will soon mingle in our industrial acclaim. It will quicken the shuttles of that giant corporation, the Augusta Factory." "It will spur on the Globe Factory and the Summerville Mills to renewed effort, while our South Carolina neighbors cannot but catch the spirit of improvement."

[163] Reprinted in the News and Courier, Jan. 31, 1881.

[164] Reprinted in the News and Courier, Feb. 23, 1881.

[165] Ibid., Jan. 27, Mar. 20 and May 4, 1881.

[166] The commencement of the movement was right clearly marked in the minds of the people. The News and Courier (August 1, 1881) in an editorial commenting on the address of Major Hammett on cotton manufacturing in the South, printed in that issue of the paper, had these words: "Major Hammett was the founder of the Piedmont Factory, which, under his management, is one of the finest and most profitable cotton mills in the South. The Piedmont Factory was projected and built before the opening of the cotton mill campaign in the South, and Maj. Hammett ranks, therefore, as one of the pioneers in cotton manufacturing in South Carolina."

[167] News and Courier, Oct. 13, 1881.

[168] "We people of the South should embrace every opportunity which, like the opportunity offered by this exposition, will bring among us intelligent and interested observers of our industrial condition, resources and aptitudes. We have in the midst of us the raw material, so to speak, of a magnificent prosperity. We lack knowledge, population and capital. These may be slowly accumulated in the course of years, or they may be rapidly by well directed efforts to obtain them from beyond our own borders. We advocate the latter plan." (Interview with one of the officials of the exposition, printed in News and Courier, Mar. 14, 1881.)

[169] News and Courier, Dec. 27, 1881.

[170] An Atlanta dispatch to the News and Courier, February 25, 1881, said the executive committee of the exposition was fully organized, with H. I. Kimball, chairman and J. W. Rickman, secretary. By March 8 (News and Courier) \$20,000 had been subscribed in Atlanta, and General Sherman had headed the Northern subscription to the capital stock with \$2,000. By the 17th (News and Courier) the stock had reached \$40,000, four subscriptions of \$1,000 each having been received from private individuals, and eleven of \$500 each from like sources. Railroad subscriptions at this date were: Western and Atlantic Railroad Company, \$10,000; Louisville and Nashville, \$5,000; Richmond and Danville Road, \$2,500; East Tennessee, Virginia and Georgia Road, \$2,000. By the first day of April (News and Courier still) New York bankers seemed likely to increase by \$5,000 the amount of subscriptions sought from them, and make their shares \$30,000. Inman, Swan & Co. subscribed to \$2,000 worth of stock Drexel, Morgan & Co. took \$1,000; and Brown Bros. & Co. \$1,000. Before the week was out, (News and Courier, April 5) the Boston Herald had taken \$1,000 worth of stock. The executive committee had sent an agent to Europe and had made a tour of investigation through the North earlier.

[171] News and Courier, Oct. 21, 1881.

[172] Ibid., Oct. 7, 1881.

[173] News and Courier, Oct. 10, 1881.

[174] November 1, 1881. This paper maintained Mr. Hemphill as staff correspondent at the exposition for some time after its opening.

[175] News and Courier, Dec. 5, 1881. The speech details the number of miles of railroads that spread like a web over New England. "I have said that there is no better simple standard than the proportion of railroads to the square mile of territory of any State, by which to gauge the condition and prosperity of the people. I ask you, gentlemen of Georgia, if you will lag behind. I ask you men of the South what you will do in this matter." "I told you last year you needed the savings bank more than any other institution; there is a vast unused capital in your Southern States in the hordes of the working people waiting for us, but there is one condition precedent to the savings bank—you must set up schools." This paragraph illustrates Mr. Atkinson's ideas singularly well. His advocacy here of common schools was a part of his great desire to see the South rebuilt, and so was his proposal of savings banks. But he could not understand how the South wished to see money taken out of savings banks and placed immediately in cotton mills, where it would be more productive to its owners, and to the country. As far as Mr. Atkinson went, his reasoning was astonishing

sound, but where he stopped, he stopped irrevocably.

"Where are your dairies? You farmers of the hills of Georgia, from the mountains of the Carolinas and Tennessee, aye, from the North Cumberland valley, from the French Broad River, even from that great blue grass country of Kentucky. Where are your dairies?" he seemed to think of everything but what to his hearers seemed most obvious. He suggested stock raising as profitable in the South, and finally the culture of Pongee, Tussah or Cheefoo silk worms, though the latter would be, he thought, perhaps of doubtful success. A week after this speech, Mr. Atkinson had a talk, reported in the News and Courier of May 8, 1881, with the press representatives in their pavilion. He discussed first "whether a single roller gin, operating against a saw gin, will do an equal amount of work with less motive power and less labor." He had arranged to take to Boston to lay before the New England Cotton Manufacturers' Association samples of cotton from all the gins on the grounds. "Mr. Atkinson has proposed another trial of every kind of gin, cleaner, press and picker, to be made in the building of the New England Mechanics' Institute in Boston, in December, 1882. Every man in the South who is especially interested in cotton production and manufacture will be invited to plant a specific acre for use at this trial, which will be the second step in what has been so well begun in Atlanta. The picking and saving the cotton wasted on the ground, the cleaning, ginning and packing of the staple in good condition, offers to the Southern States a branch of manufacturing the most important in the whole series of operations which neither the Northern States nor Europe can share, but in which there is greater opportunity for profit in ratio to the capital invested than in any other department of manufacture. 'No staple in the world,' said Mr. Atkinson, 'except the sugar raised by the Maylays, is treated so barbarously as the cotton produced in the Southern States of the American Union.'" Tests, Mr. Atkinson thought, showed that cotton from the Charlotte steam compress worked up more smoothly, though the yarn was somewhat weaker, perhaps, than cotton from the county compresses and loose cotton just as it came from the field. It may be that this interview was written by Mr. Atkinson himself, and run into the reports of the day at the exposition as sent out by the correspondents.

[176] Examples of this abound. The Manufacturer and Industrial Gazette, Springfield, Mass., was quoted in the News and Courier, Feb. 3, 1881: "They (the Southern States) have the advantage of cotton location, and, when they have secured new and improved machinery, will do any unrivalled business. They can save freights, buy cheaper and hire cheaper labor. They save buyers' commission, and warehouse delivery and cartage, sampling, classing, pressing, shipping, marine risks and freight and cartage to interior towns, which amounts in all to some seven dollars per bale. The Northern mills also lose from receiving cotton poorly ginned, containing a good deal of leaf and sand, which is computed at six per cent. of the entire crop. The difference between the cost of a bale sent to Fall River, Mass., and a bale sent to Columbia, Ga., is eight dollars and six cents. This makes a tax of eighteen per cent. which Fall River pays in competition with Columbus. It is estimated that, if the planters could manufacture their cotton near home, they would save \$50,000,000 in transportation.... As yet the South manufactures principally coarser goods, yarns, ducks, unbleached muslins, sheetings, shirtings, osnaburgs, jeans, etc., but the time is not distant when it will come to make prints, cambrics, laces, and all the finer qualities of staple goods."

[177] News and Courier, Dec. 5, 1881. (In the same issue excerpts from the address were printed.)

[178] News and Courier, Oct. 13, 1881. In the following editorial comment of the Augusta, Ga., Chronicle and Constitutionalist (reprinted in the News and Courier, Dec. 8, 1881) the contrast between Mr. Atkinson's views and the facts as the South was finding them is made sharp: "Augusta has an abiding faith in her manufactories, despite Mr. Edward Atkinson, and people outside seem to think as well of them, at any rate they are willing to invest their money in such enterprise.... For such factories as the Augusta, the Enterprise and Sibley and the King are of immense importance to a city. There will be when all of them are at work, fully twenty thousand people dependent upon them, including the operatives and their families, to say nothing of the stores that will be supported by their trade. Each factory like the Sibley or the King adds five thousand to the population."

[179] "We have found that we cannot stand alone, that our fight must be made within the Union." (News and Courier, Oct. 24, 1881.)

[180] News and Courier, Charleston, S.C., July 13, 1881. When Garfield was shot, July 2, this paper carried an editorial of similar content. Five days after the appearance of the editorial here quoted, when recovery seemed assured, the paper said this: "One thing the President's desperate illness has unquestionably effected. It has done more than years of ordinary events in bringing the North and South together—vainly will the politicians flourish the 'bloody flag'. The people will not rally on the ensanguined colors again. For the Republic, as well as the President, the danger line is well nigh, passed."

[181] News and Courier, Sept. 20, 1881. Garfield died at Elberton, N.J., September 19. That Charleston meant what she said is shown in the reception which was accorded the First Connecticut Regiment, invited to visit the city after attending the Centennial Celebration at Yorktown, Virginia. The New Englanders came six weeks after the death of Garfield—October 24. On this day the newspaper carried at the head of the first column the Connecticut and South Carolina flags crossed, above them the words "Yankee Doodle Came

to Town", and below "A Welcome Invasion!" An editorial headed "Happy Day" had these words: "It does not strain the probabilities to believe that the visit of the First Connecticut Regiment to Charleston is the outgrowth and sentiment and interest which found expression when the President of the United States lay dying, and when after his long agony he died. Had not President Garfield been slain, and the South felt differently and, therefore, acted differently, this present unpremeditated fraternization would have been impossible. There is no shock now in removing mourning trappings to make room for the wreaths and garlands of joy. It is the fit succession of events, a consequence of the murder of the President. The blood of the Chief Magistrate is the seed of union. Yorktown in itself a reminder of the days when North and South had felt one aim and purpose, furnished the opportunity or occasion, and the unselfish sorrow of the Southern people during the President's mortal illness furnished the motive. The relation of the two events is too plain to be ignored or misunderstood. This is the significance of the coming of the Connecticut First from the land of abundance and diversified wealth to battle-scarred and struggling Charleston."

[182] Interview with C. C. Baldwin In the New York Herald, reprinted in News and Courier, July 11, 1881.

[183] The Daily Dispatch, Richmond, Va., March 5, 1880.

[184] News and Observer, Dec. 1, 1880.

[185] News and Observer, Mar. 25, 1881.

[186] Mar. 18, 1881. In this instance also it is apparent that the State was looked to as a natural unit upon which the company had claims. The dispatch says: "The estimates of the subscriptions here has (have) been raised, in view of the encouragement received already, to at least \$125,000, and it is believed that with this substantial backing the whole State will be assured of the character of the organization, and join in the enterprise."

[187] News and Courier, Jan. 14, 1882.

[188] News and Observer, Raleigh, Nov. 9, 1880.

[189] Dec. 24, 1880.

[190] Newberry Herald, quoted in News and Courier, Feb. 8, 1881.

[191] Quoted in News and Courier, Feb. 8, 1881.

[192] January 28, 1881.

[193] The same dual basis of appeal was recognized in a notice supplementing an advertisement of the company appearing the day before the editorial here quoted (Jan. 27, 1881): "The advantages, direct and incidental, accruing to every citizen of Charleston from this industry about to be started in our city are so manifest that those who have inaugurated the enterprise have every reason to feel confident of a ready response to the call for capital and for abundant success."

[194] News and Courier, Apr. 13, 1881.

[195] Quoted in News and Courier, Mar. 31, 1881.

[196] Quoted in News and Courier, Jan. 31, 1881.

[197] News and Courier, Sept. 1, 1881.

[198] Thompson, P.

[199] Rock Hill Correspondent in News and Courier, Jan. 12, 1882.

[200] News and Courier, Dec. 17, 1881.

[201] Yorkville Correspondence, Ibid., March 25, 1881.

[202] Ibid., Feb. 26, 1881.

[203] Ibid., Apr., 6, 1881; see p. 19.

[204] The Observer, Sept. 10, 1880. The Daily Constitution, Atlanta, on Mch. 9, 1880, carried from the Columbus Enquirer: "... there are 213,157 spindles to Georgia's credit.... Of this number Columbus has 60,000—near a third of the whole.... The Eagle and Phenix mills alone operate 44,000 spindles. All this has been done since 1866 ... with Southern capital and brains." The editor of The Observer, Raleigh, paid a visit to Durham and Winston, North Carolina, and went back to his desk glowing with enthusiasm for what they had accomplished. In an editorial (May 19, 1880) headed "Manufacturing Towns"; he wrote of Durham: "Literally the town has been created through the energy and enterprise of its inhabitants. They began with no capital to speak of, and now they levy contributions on hundreds of thousands of people who live in distant parts of the Union, and with their gains have built and beautified a town whose history should be continually kept in view by all who would have their own homes to prosper."

[205] C. C. Baldwin, president Louisville and Nashville Railroad; the interview was reprinted

in News and Courier, July 11, 1881.

[206] Staff correspondence from Spartanburg to News and Courier, May 21, 1881.

[207] Ibid., Feb. 4, 1881.

[208] News and Courier, Oct. 24, 1881.

[209] News and Courier, Mch. 8, 1881.

[210] News and Courier, Mar. 19 and 25, 1881. The personnel of committees appointed from among the early subscribers is significant. The names are all, or nearly all, old ones in South Carolina, and some of the men are still among the first citizens of the capit. The committees were made up of W. A. Clark, Jno. C. Seegers, Nathaniel B. Barnwell, F. W. McMaster, Preston C. Lorick, T. A. McCreery, Jno. T. Sloan, Jr.

[211] Ibid., Mar. 17, 1881.

[212] Columbia Dispatch, Ibid., Mar. 31, 1881.

[213] News and Courier, Jan. 28, 1881.

[214] See p. 14.

[215] News and Courier, Jan. 9, 1882.

[216] News and Courier, Dec. 14, 1881.

[217] Ibid., Mch. 25, 1881.

[218] "Brutus", writing from Barnwell to News and Courier, May 25, 1881.

[219] Sumter, S.C. Southron, quoted in News and Courier, May 14, 1881.

[220] News and Courier, June 28, 1881.

[221] Ibid., Mar. 14, 1881.

[222] Quoted News and Courier, Aug. 18, 1881.

[223] Observer, June 27, 1880.

[224] Dispatch quoted in News and Courier, Mar. 25, 1881. Francis Fontaine, commissioner of immigration for Georgia, did not represent the method of appeal of his fellow Georgians, when he said tritely and smugly: "The truth is only to be made known, when capital will find its own way to the sunny land." (Observer, Mar. 20, 1880.)

[225] Gannon, W. H., The Landowners of the South, and the Industrial Classes of the North, pp. 6, 7 and 8.

[226] News and Courier, Aug. 9, 1881.

[227] Quoted in News and Courier, July 7, 1881. The isolation of this editor and the provincial quality of his utterance are clearly seen in such phrases as "we welcome foreign capital down here". Even without the context.

[228] Quoted from New York Herald, in News and Courier, July 11, 1881. Hon. Cassius M. Clay, writing in The Industrial South declared: "I am tired of hearing the deprecating cry of 'We want Yankee brains and enterprise.' We don't want any such thing; We want Southern brains and enterprise." (Quoted in Gannon, pp. 18 and 19.)

[229] Quoted in News and Courier, Nov. 5, 1881.

[230] Feb. 13, 1880.

[231] News and Courier, Nov. 5, 1881.

[232] Quoted in News and Courier, Mar. 8, 1881.

[233] Quoted in News and Courier, Annual Trade Summary, Sept. 1, 1881.

[234] Winnsboro (South Carolina) News, quoted in News and Courier, Feb. 8, 1881.

[235] July 30, 1881.

[236] Quoted in News and Courier, Apr. 25, 1881.

[237] Ibid., Apr. 9, 1881. The Batesville Cotton Factory, built by William Bates forty years before, was bought by G. Putnam, of Massachusetts for \$8,000, and he invested \$10,000 additional in the plant. The building was frame, two and half stories high, all was burned in March of 1881, catching from sparks from the boiler room. It was believed that Mr. Putnam would rebuild the plant on better lines. (Ibid., Mar. 2, 1881, et seq.)

[238] Ibid., July 11, 1881.

[239] Ibid., Nov. 10, 1881.

- [240] News and Courier, July 11, 1881.
- [241] Ibid., Jan. 14, 1882.
- [242] News and Courier, Jan. 12 and 14, 1882. When the Sibley Manufacturing Company of Augusta, Georgia, was increasing its capital by \$400,000, President W. C. Sibley received from Boston a telegram ordering \$20,000 of the new stock. (News and Courier May 21, 1881.) Cf. Thompson.
- [243] News and Courier, Apr. 6, 1881.
- [244] Ibid., Mch. 15, 1881.
- [245] Ibid., Mch. 29, 1881.
- [246] News and Courier, Apr. 1, 1881. These subscriptions may have been partly influenced by the purpose of Mr. Atkinson to have the Exposition further the cultivation and preparation, and not the manufacture, of the staple.
- [247] Jan. 27, 1881.
- [248] March 21, 1881.
- [249] News and Courier, Jan. 21, 1881.
- [250] It seems to have been usual to call first for a payment of 10 per cent. of the stock subscribed, rather than to require a certain proportion in cash at subscription. Thus the books of subscription of the Charleston Manufacturing Company were opened January 27th; on March 29th the directors called for the payment of the first instalment of 10 per cent., and at 2 o'clock on the morning of April 9th—how closely the progress of the undertaking was watched by papers and public!—more than half of the amount was in the hands of the officers of the company.
- [251] Ibid., Feb. 10, 1882.
- [252] Ibid., Feb. 5, 1881.
- [253] Ibid., Feb. 7, 1881.
- [254] News and Courier, Mar. 25, 1881.
- [255] Hartsell, J. L., interview, Concord, N.C., Sept. 2, 1916.
- [256] C. B. Armstrong, interview, Gastonia, N.C., Sept. 14, 1916.
- [257] Joseph Separt, interview, Gastonia, N.C., Sept. 14, 1916.
- [258] S. N. Boyce and J. Lee Robinson, interview, Gastonia, N.C., Sept. 14, 1916.
- [259] Ibid., Feb. 26, 1881.
- [260] News and Courier, S.C., Feb. 24, 1881.
- [261] Augusta Trade Review, Augusta, Ga., Oct., 1884.
- [262] News and Courier, Apr. 9, 1881. This paper in the issue of Feb. 26th spoke of the additional stock as being \$350, but puts the amount at \$100,000 lower in this later notice.
- [263] North Carolina Herald, Salisbury, N.C., Nov. 9, 1887, quoted in minute book of Salisbury Cotton Mills.
- [264] The meeting was held Dec. 2nd; the minute book record is signed by F. J. Murdoch, sec. pro tem.
- [265] Klutz, Theodore F., interview, Salisbury, N.C., Sept. 1, 1918.
- [266] J. B. Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.
- [267] News and Courier, Mar. 31, 1881.
- [268] Barbee, Wm. J., *The Cotton Question*, pp. 138 ff.
- [269] March 18, 1880.
- [270] Clement F. Haynesworth, interview, Greenville, S.C., Sept. 9, 1916.
- [271] J. L. Hartsell, interview, Concord, N.C., Sept. 2, 1916.
- [272] W. R. Odell, interview, Concord, N.C., Sept. 2, 1916.
- [273] L. Baker, interview, Gaffney, S.C., Sept. 13, 1916.
- [274] News and Courier, Feb. 23, 1881.
- [275] Haynesworth, interview, Greenville, S.C., Sept. 9, 1916.
- [276] *From Cotton Field to Cotton Mill*, pp. 82 ff.

- [277] Hartsell, interview, Concord, N.C., Sept. 2, 1916.
- [278] L. G. Porter, interview, Gaffney, S.C., Sept. 13, 1916.
- [279] Potter, interview, Gaffney, S.C., Sept. 13, 1916.
- [280] Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.
- [281] B. B. Gossett, interview, Anderson, S.C., Sept. 11, 1916.
- [282] Baker, interview, Gaffney, S.C., Sept. 13, 1916.
- [283] Ibid.
- [284] Hartsell, interview. Concord, N.C., Sept. 2, 1916.
- [285] Rogan, G. W., interview, Gastonia, N.C., Sept. 14, 1916.
- [286] Sterling Graydon, interview, Charlotte, N.C., Sept. 4, 1916.
- [287] C. S. Morris, interview, Salisbury, N.C., Sept. 1, 1916.
- [288] Hartsell, interview, Concord, N.C., Sept. 2, 1916.
- [289] Charles McDonald, interview, Charlotte, N.C., Sept. 3, 1916.
- [290] Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.
- [291] J. W. Norwood, interview, Greenville, S.C., Sept. 9, 1916.
- [292] Thackston, interview, Greenville, S.C., Sept. 12, 1916. J. A. Chapman, interview, Spartanburg, S.C., Sept. 5, 1916. The mills around Spartanburg had a nucleus of local capital, and the commission houses and machinery manufacturers took an interest in the development.
- [293] Baker, interview, Gaffney, S.C., Sept. 13, 1916.
- [294] Wood, Interview, Gaffney, S.C., Sept. 13, 1916.
- [295] Gossett, interview, Anderson, S.C., Sept. 11, 1916.
- [296] Chapman, interview, Spartanburg, S.C., Sept. 5, 1916.
- [297] A. A. Thompson, interview, Raleigh, N.C., Sept. 16, 1916.
- [298] Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.
- [299] Clark, David, interview, Charlotte, N.C., Sept. 4, 1916.
- [300] C. D. Morris, interview, Salisbury, N.C., Sept. 1, 1916.
- [301] Seport, interview, Gastonia, N.C., Sept. 14, 1916.
- [302] Wood, interview, Gaffney, S.C., Sept. 13, 1916.
- [303] Separk, interview, Gastonia, N.C., Sept. 14, 1916.
- [304] Charles E. Johnson, interview, Raleigh, N.C., Sept. 16, 1916.
- [305] Bernard Case, interview, Greensboro, N.C., Aug. 30, 1916.
- [306] Chapman, interview, Spartanburg, S.C., Sept. 5, 1916.
- [307] Haynesworth, interview, Greenville, S.C., Sept. 9, 1916.
- [308] Gossett, interview, Anderson, S.C., Sept. 11, 1916.
- [309] Haynesworth, interview, Greenville, S.C., Sept. 9, 1916.
- [310] Odell, W. R., interview, Concord, N.C., Sept. 1, 1916.
- [311] Norwood, interview, Greenville, S.C., Sept. 9, 1916.
- [312] Ibid.
- [313] Norwood, interview, Greenville, S.C., Sept. 9, 1916.
- [314] Clark, interview, Charlotte, N.C., Sept. 4, 1916.
- [315] Ibid., Also Separk, interview, Gastonia, N.C., Sept. 14, 1916; also H. D. Wheat, interview, Gaffney, S.C., Sept. 13, 1916.
- [316] Thackston, interview, Greenville, S.C., Sept. 12, 1916.
- [317] Ibid.
- [318] Graydon, interview, Charlotte, N.C., Sept. 4, 1916, also J. A. Brock, interview, Anderson, S.C., Sept. 11, 1916.
- [319] Separk, interview, Gastonia, N.C., Sept. 14, 1916; also Thackston, *ibid.*

- [320] Graydon, interview, Charlotte, N.C., Sept. 4, 1916.
- [321] Boyce, and Robinson, interview, Gastonia, N.C., Sept. 14, 1916; also Ragan, interview, Gastonia, N.C., Sept. 14th, 1916.
- [322] Thackston, interview, Greenville, S.C., Sept. 12, 1916.
- [323] Gossett, interview, Anderson, S.C., Sept. 14, 1916.
- [324] Chapman, interview, Spartanburg, S.C., Sept. 5, 1916; also Boyce and Robinson, interview, Gastonia, N.C., Sept. 14, 1916.
- [325] Boyce and Robinson, interview, Gastonia, N.C., Sept. 14, 1916.
- [326] Gossett, interview, Anderson, S.C., Sept. 11, 1916.
- [327] Wood, interview, Gaffney, S.C., Sept. 13, 1916.
- [328] News and Courier, Apr. 29, 1881.
- [329] April 28, 1881.
- [330] News and Courier, Apr. 28, 1881.
- [331] Ibid., Apr. 29, 1881.
- [332] One commission house thirty years ago took all the bonds of a mill. A. A. Thompson, interview, Raleigh, N.C., Sept. 16, 1916.
- [333] Wheat, interview, Gaffney, S.C., Sept. 13, 1916.
- [334] News and Courier, Jan. 12, 1882.
- [335] Ibid., Jan. 14, 1882.
- [336] Boyce, and Robinson, interview, Gastonia, N.C., Sept. 14, 1916.
- [337] Bernard Cone, interview, Greensboro, N.C., Aug. 30, 1916.
- [338] Henry E. Litchford, interview, Richmond, Va., Aug. 29, 1916.
- [339] News and Courier, Jan. 14, 1882.
- [340] Klutz, interview, Salisbury, N.C., Sept. 1, 1916.
- [341] O. D. Davis, interview, Salisbury, N.C., Sept. 1, 1916.
- [342] McDonald, interview, Charlotte, N.C., Sept. 3, 1916. The Caborris Mill, at Concord, previously referred to as having been financed on the co-operative plan was begun by others and taken over by Mr. Cannon when its prospects had declined. (Ibid.)
- [343] Interview, Columbia, S.C., Jan. 5, 1917.
- [344] James W. Cannon, interview, Concord, N.C., Jan. 6, 1917.
- [345] J. H. Meaus Beattie, interview, Columbia, S.C., Jan. 3, 1917.
- [346] W. W. Ball, interview, Columbia, S.C., Jan. 3, 1917.
- [347] Thompson, pp. 82 ff.
- [348] W. W. Ball, interview, Columbia, S.C., Jan. 3, 1917. A minor episode partaking of the character of both of the above may be worth mentioning. Mrs. M. Putnam Gridley, who, until her retirement from the presidency of the Batesville, S.C. Mill, was the only woman cotton mill president in America, said that the Boston commission house which owned and operated the factory under her father's control, was "about to commit a wrong" when the enterprise failed of its own accord. (Mrs. M. Putnam Gridley, interview, Greenville, S.C., Sept. 9, 1916.)
- [349] Thackston, interview, Greenville, S.C., Sept. 12, 1916.
- [350] Jas. D. Hammett, interview, Anderson, S.C., Sept. 11, 1916.
- [351] Marshall Orr, interview, Anderson, S.C., Sept. 10, 1916.
- [352] Charles Estes, interview, Augusta, Ga., Dec. 29, 1916. "When I was mayor of Augusta and Black was City Attorney, we ran the city on the commission plan and didn't know it. I used to draft ordinances in my own handwriting, show them to Black to see whether they were legal, and to Blum to see if they were grammatical, and that was all there was to it!"
- [353] David, interview, Salisbury, N.C., Sept. 1, 1916. The financial administration of this mill is attributable in its form to the conservatism of the company, and to the peculiar conditions of its inception. One director has nervous prostration, and another is too aged to attend meetings, but none have been elected in their places.
- [354] Samuel Stradley, interview, Greenville, S.C., Sept. 12, 1916.
- [355] McDonald, interview, Charlotte, N.C., Sept. 3, 1916.

- [356] Thomas W. Loyless, interview, Augusta, Ga.
- [357] Estes, interview, Augusta, Ga., Dec. 29, 1916.
- [358] T. S. Raworth, interview, Augusta, Ga., Dec. 30, 1916.
- [359] D. S. Thompson, Cotton Mill, Commercial Features, p. 51.
- [360] Thackston, interview, Greenville, S.C., Sept. 12, 1916.
- [361] John W. Fries, interview, Winston-Salem, N.C., Aug. 31, 1916.
- [362] Graydon, interview, Charlotte, N.C., Sept. 4, 1916.
- [363] Mar. 18, 1880.
- [364] News and Courier, Aug. 12, 1881.
- [365] Observer, Feb. 13, 1880.
- [366] Quoted in News and Courier, Mar. 22, 1881.
- [367] p. 271.
- [368] Thompson, pp. 82 ff.
- [369] Thackston, interview, Greenville, S.C., Sept. 12, 1916.
- [370] Orr, interview, Anderson, S.C., Sept. 10, 1916.
- [371] Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.
- [372] Augusta Trade Review, Oct., 1884
- [373] Baker, interview, Gaffney, S.C., Sept. 13, 1916.
- [374] Morris, interview, Salisbury, N.C., Sept. 1, 1916.
- [375] Mrs. Gridley, interview, Greenville, S.C., Sept. 9, 1916.
- [376] J. A. Brock, interview, Anderson, S.C., Sept. 11, 1916.
- [377] Jas. D. Hammett, interview, Anderson, S.C., Sept. 11, 1916.
- [378] Washington Clark, interview, Columbia, S.C., Jan. 1, 1917.
- [379] Thompson, pp. 89 and 90.
- [380] Tracy I. Hickman, interview, Augusta, Ga., Dec. 29, 1916.
- [381] Thomas Purse, interview, Savannah, Ga., Dec. 26, 1916.
- [382] Geo. W. Williams, interview, Charleston, S.C., Dec. 27, 1916.
- [383] W. P. Carrington, interview, Charleston, S.C., Dec. 27, 1916.
- [384] Geo. Williams, interview, Charleston, S.C., Dec. 27, 1916.
- [385] H. R. Buist, interview, Charleston, S.C., Dec. 28, 1916.
- [386] Julius Koester, interview, Charleston, S.C., Dec. 27, 1916.
- [387] Boyce and Robinson, interview, Gastonia, N.C., Sept. 14, 1916.
- [388] Thackston, interview, Greenville, S.C., Sept. 12, 1916.
- [389] Boyce and Robinson, interview, Gastonia, N.C., Sept. 14, 1916.
- [390] Royan, interview, Gastonia, N.C., Sept. 14, 1916.
- [391] J. Lee Robinson, letter, Gastonia, N.C., Nov. 28, 1916.
- [392] Boyce and Robinson, interview, Gastonia, N.C., Sept. 14, 1916, and Robinson, letter, Gastonia, N.C., Nov. 28, 1916.
- [393] C. B. Armstrong, interview, Gastonia, N.C., Sept. 14, 1916.
- [394] Robinson, letter, Gastonia, N.C., Nov. 28, 1916.
- [395] Rogan, interview, Gastonia, N.C., Sept. 14, 1916.
- [396] Estes, interview, Augusta, Ga., Dec. 29, 1916.
- [397] Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.
- [398] The trained men in the industry are in the technical branches, and that when a leader is wanted at the top, as for the president of a mill, a man is still chosen who enjoys a general business reputation rather than specific mill experience.
- [399] Morris, interview, Salisbury, N.C., Sept. 1, 1916.

- [400] Graydon, interview, Charlotte, N.C., Sept. 4, 1916.
- [401] Augusta Trade Review, Oct., 1884.
- [402] G. T. Lynch, interview, Augusta, Ga., Dec. 30, 1916, and Tracey I. Hickman, interview, Augusta, Ga., Dec. 29, 1916.
- [403] Estes, interview, Augusta, Ga., Dec. 29, 1916.
- [404] Augusta Trade Review, Oct., 1884.
- [405] News and Observer, Nov. 16, 1880.
- [406] Augusta Trade Review, Oct., 1884.
- [407] Hickman, interview, Augusta, Ga., Dec. 29, 1916.
- [408] News and Courier, Feb. 24, 1881.
- [409] Ibid., Aug. 12, 1881.
- [410] Ibid., Aug. 12, 1881.
- [411] Buist, interview, Charleston, S.C., Dec. 28, 1916.
- [412] Keatz, interview, Salisbury, N.C., Sept. 1, 1916.
- [413] Davis, interview, Salisbury, N.C., Sept. 1, 1916.
- [414] Ball, interview, Columbia, S.C., Jan. 3, 1917, and Davison's Textile Blue Book, 1916.
- [415] Brock, interview, Anderson, S.C., Sept. 11, 1916. See p.
- [416] Thompson, pp. 82 ff.
- [417] Interview, Columbia, S.C., Jan. 5, 1917.
- [418] Goldsmith, p. 6.
- [419] Tompkins, Cotton Mill, Commercial Features, p. 172.
- [420] Goldsmith, p. 6.
- [421] Thackston, interview, Greenville, S.C., Sept. 12, 1916. A mill man near Greenville said: "The money actually paid in was more or less local in those days (the early years of the period) but not much paid in." (Gossett, interview, Anderson, S.C., Sept. 11, 1916.)
- [422] W. J. Thackston, letter, Greenville, S.C., Nov. 28, 1916.
- [423] Buist, interview, Charleston, S.C., Dec. 28, 1916.
- [424] News and Courier, Feb. 24, 1881.
- [425] Raworth, interview, Augusta, Ga., Dec. 30, 1916. He knew of no Southern mills quoted on any of the exchanges.
- [426] Hickman, interview, Augusta, Ga., Dec. 29, 1916.
- [427] Raworth, interview, Augusta, Ga., Dec. 30, 1916.
- [428] Ball, interview, Columbia, Jan. 3, 1917.
- [429] Ibid.
- [430] Ragan, interview, Gastonia, N.C., Sept. 14, 1916.
- [431] Hickman, interview, Augusta, Ga., Dec. 29, 1916.
- [432] Goldsmith, The Cotton Mill South.
- [433] Estes, interview, Augusta, Ga., Dec. 29, 1916.
- [434] Buist, interview, Charleston, S.C., Dec. 28, 1916.
- [435] Ball, interview, Columbia, S.C., Jan. 3, 1917.
- [436] Washington Clark, interview, Columbia, S.C., Jan. 1, 1917.
- [437] Wool, interview, Gaffney, S.C., Sept. 13, 1916.
- [438] Ball, interview, Columbia, S.C., Jan. 3, 1917.
- [439] A Rock Hill correspondent in News and Courier, Jan. 12, 1882.
- [440] In *ibid.*, A Rock Hill correspondent in News and Courier, Jan. 12, 1882.
- [441] Walter Montgomery, interview, Spartanburg, S.C., Sept. 5, 1916.
- [442] Cleveland, interview, Spartanburg, S.C., Sept. 8, 1916.

- [443] Augusta Trade Review, Oct. 1884.
[444] News and Observer, Nov. 16, 1880.
[445] Augusta Trade Review, Oct. 1884.
[446] Hickman, interview, Augusta, Ga., Dec. 29, 1916.
[447] Davis, interview, Salisbury, N.C., Sept. 1, 1916.
[448] Ibid.
[449] Ragan, interview, Gastonia, N.C., Sept. 14, 1916.
[450] Robinson, letter, Gastonia, N.C., Nov. 28, 1916.
-

Transcriber's Notes:

The following typographical and spelling errors have been corrected:

- "evidenes" corrected to "evidences" (page 2)
- "be lieved" corrected to "believed" (page 4)
- "American" corrected to "America" (page 15)
- "powerul" corrected to "powerful" (page 16)
- "controservy" corrected to "controversy" (page 16)
- "Carolinaian" corrected to "Carolinian" (page 17)
- "Id" corrected to "If" (page 18)
- "build" corrected to "built" (page 19)
- "newsness" corrected to "newness" (page 19)
- "propserous" corrected to "prosperous" (page 22)
- "mangers" corrected to "managers" (page 22)
- "temas" corrected to "teams" (page 26)
- "tage" corrected to "stage" (page 29)
- "advances" corrected to "advanced" (page 29)
- missing "in" added (page 29)
- "steambot" corrected to "steamboat" (page 31)
- "sucsess" corrected to "success" (page 33)
- "delclared" corrected to "declared" (page 45)
- "Calhounng" corrected to "Calhoun" (page 46)
- "feel" corrected to "fell" (page 48)
- "quote" corrected to "quite" (page 49)
- "imiginary" corrected to "imaginary" (page 52)
- "repating" corrected to "repeating" (page 58)
- "reproahced" corrected to "reproached" (page 59)
- "expression" corrected to "expressing" (page 67)
- "tectile" corrected to "textile" (page 69)
- "warm" corrected to "war" (page 71)
- "seaw" corrected to "sea" (page 75)
- "where" corrected to "were" (page 75)
- "perosns" corrected to "persons" (page 76)
- "charged" corrected to "changed" (page 77)
- "an" corrected to "as" (page 82)
- "advances" corrected to "advanced" (page 83)
- "repvailed" corrected to "prevailed" (page 89)
- "understodd" corrected to "understood" (page 95)
- "munitiae" corrected to "minutiae" (page 95)
- "Herland" corrected to "Herald" (page 98)
- "sawrm" corrected to "swarm" (page 100)
- "officials" corrected to "officials" (page 100)
- "Sate" corrected to "State" (page 105)
- "and" corrected to "an" (page 112)
- "grow" corrected to "grew" (page 117)
- "happaned" corrected to "happened" (page 123)
- missing "is" added (page 126)
- "back-bitting" corrected to "back-biting" (page 127)
- "wlecomed" corrected to "welcomed" (page 128)
- "bounds" corrected to "bound" (page 128)
- "adhorred" corrected to "abhorred" (page 129)
- "whol" corrected to "whole" (page 129)
- "di" corrected to "do" (page 130)
- "pilosophy" corrected to "philosophy" (page 132)
- "telephone" corrected to "telephone" (page 133)

"capaign" corrected to "campaign" (page 134)
"loca" corrected to "local" (page 134)
"natic" corrected to "native" (page 137)
"capitalists" corrected to "capitalist" (page 139)
"urges" corrected to "urged" (page 139)
"Souther" corrected to "Southern" (page 148)
"anive" corrected to "naive" (page 150)
"hav" corrected to "have" (page 150)
"struglle" corrected to "struggle" (page 159)
"renumerated" corrected to "remunerated" (page 160)
"Crhonicle" corrected to "Chronicle" (page 162)
"If" corrected to "It" (page 170)
"And" corrected to "An" (page 171)
"Heraldn" corrected to "Herald" (page 173)
"1811" corrected to "1881" (page 174)
"pressent" corrected to "present" (page 181)
"porblem" corrected to "problem" (page 181)
"he" corrected to "the" (page 181)
"ot" corrected to "to" (page 182)
"aided" corrected to "added" (page 184)
"wss" corrected to "was" (page 186)
"neat" corrected to "near" (page 189)
"mil;" corrected to "mill" (page 194)
"sotkc" corrected to "stock" (page 201)
"sone" corrected to "some" (page 202)
"in" corrected to "is" (page 203)
"orgin" corrected to "origin" (page 205)
"yed" corrected to "yes" (page 207)
"ouright" corrected to "outright" (page 211)
"consideraion" corrected to "consideration" (page 218)
"intented" corrected to "intended" (page 221)
"build" corrected to "built" (page 221)
"or" corrected to "of" (page 222)
"propsered" corrected to "prospered" (page 222)
"Unitl" corrected to "Until" (page 227)
"annul" corrected to "annual" (page 232)
"Salsibury" corrected to "Salisbury" (page 233)
"wanters" corrected to "wanted" (page 234)
"deciaion" corrected to "decision" (page 242)
"theys" corrected to "they" (page 251)
"unproftiable" corrected to "unprofitable" (page 266)
"laides" corrected to "ladies" (page 270)
"inheirtance" corrected to "inheritance" (page 270)
"Commerical" corrected to "Commercial" (footnote 2)
"us" corrected to "up" (footnote 19)
"2n" corrected to "2nd" (footnote 17)
"destroyer" corrected to "destroyed" (footnote 29)
"Commerical" corrected to "Commercial" (footnote 45)
"Greenville" corrected to "Greenville" (Footnote 47)
"suidical" corrected to "suicidal" (footnote 57)
"Ibis." corrected to "Ibid." (footnote 82)
"sgainst" corrected to "against" (footnote 86)
"Olmstead" corrected to "Olmsted" (footnote 97)
"Ble" corrected to "Blue" (footnote 110)
"itno" corrected to "into" (footnote 114)
"intenal" corrected to "internal" (footnote 123)
"1811" corrected to "1881" (footnote 144)
missing "to" added (footnote 147)
"solicitious" corrected to "solicitous" (footnote 148)
"to" corrected to "the" (footnote 150)
"ot" corrected to "to" (footnote 162)
"acaclim" corrected to "acclaim" (footnote 162)
"Nasvhile" corrected to "Nashville" (footnote 170)
"unused" corrected to "unused" (footnote 175)
"you" corrected to "your" (footnote 175)
"rebuilt" corrected to "rebuild" (footnote 237)
"Bid." corrected to "Ibid." (footnote 237)
"Greenville" corrected to "Greenville" (footnote 291)
"Greenville" corrected to "Greenville" (footnote 421)

Other than the corrections listed above, inconsistencies in spelling and hyphenation have been retained from the original.

Updated editions will replace the previous one—the old editions will be renamed.

Creating the works from print editions not protected by U.S. copyright law means that no one owns a United States copyright in these works, so the Foundation (and you!) can copy and distribute it in the United States without permission and without paying copyright royalties. Special rules, set forth in the General Terms of Use part of this license, apply to copying and distributing Project Gutenberg™ electronic works to protect the PROJECT GUTENBERG™ concept and trademark. Project Gutenberg is a registered trademark, and may not be used if you charge for an eBook, except by following the terms of the trademark license, including paying royalties for use of the Project Gutenberg trademark. If you do not charge anything for copies of this eBook, complying with the trademark license is very easy. You may use this eBook for nearly any purpose such as creation of derivative works, reports, performances and research. Project Gutenberg eBooks may be modified and printed and given away—you may do practically ANYTHING in the United States with eBooks not protected by U.S. copyright law. Redistribution is subject to the trademark license, especially commercial redistribution.

START: FULL LICENSE
THE FULL PROJECT GUTENBERG LICENSE
PLEASE READ THIS BEFORE YOU DISTRIBUTE OR USE THIS WORK

To protect the Project Gutenberg™ mission of promoting the free distribution of electronic works, by using or distributing this work (or any other work associated in any way with the phrase “Project Gutenberg”), you agree to comply with all the terms of the Full Project Gutenberg™ License available with this file or online at www.gutenberg.org/license.

Section 1. General Terms of Use and Redistributing Project Gutenberg™ electronic works

1.A. By reading or using any part of this Project Gutenberg™ electronic work, you indicate that you have read, understand, agree to and accept all the terms of this license and intellectual property (trademark/copyright) agreement. If you do not agree to abide by all the terms of this agreement, you must cease using and return or destroy all copies of Project Gutenberg™ electronic works in your possession. If you paid a fee for obtaining a copy of or access to a Project Gutenberg™ electronic work and you do not agree to be bound by the terms of this agreement, you may obtain a refund from the person or entity to whom you paid the fee as set forth in paragraph 1.E.8.

1.B. “Project Gutenberg” is a registered trademark. It may only be used on or associated in any way with an electronic work by people who agree to be bound by the terms of this agreement. There are a few things that you can do with most Project Gutenberg™ electronic works even without complying with the full terms of this agreement. See paragraph 1.C below. There are a lot of things you can do with Project Gutenberg™ electronic works if you follow the terms of this agreement and help preserve free future access to Project Gutenberg™ electronic works. See paragraph 1.E below.

1.C. The Project Gutenberg Literary Archive Foundation (“the Foundation” or PGLAF), owns a compilation copyright in the collection of Project Gutenberg™ electronic works. Nearly all the individual works in the collection are in the public domain in the United States. If an individual work is unprotected by copyright law in the United States and you are located in the United States, we do not claim a right to prevent you from copying, distributing, performing, displaying or creating derivative works based on the work as long as all references to Project Gutenberg are removed. Of course, we hope that you will support the Project Gutenberg™ mission of promoting free access to electronic works by freely sharing Project Gutenberg™ works in compliance with the terms of this agreement for keeping the Project Gutenberg™ name associated with the work. You can easily comply with the terms of this agreement by keeping this work in the same format with its attached full Project Gutenberg™ License when you share it without charge with others.

1.D. The copyright laws of the place where you are located also govern what you can do with this work. Copyright laws in most countries are in a constant state of change. If you are outside the United States, check the laws of your country in addition to the terms of this agreement before downloading, copying, displaying, performing, distributing or creating derivative works based on this work or any other Project Gutenberg™ work. The Foundation makes no representations concerning the copyright status of any work in any country other than the United States.

1.E. Unless you have removed all references to Project Gutenberg:

1.E.1. The following sentence, with active links to, or other immediate access to, the full Project Gutenberg™ License must appear prominently whenever any copy of a Project Gutenberg™ work (any work on which the phrase “Project Gutenberg” appears, or with which the phrase “Project Gutenberg” is associated) is accessed, displayed, performed, viewed, copied or distributed:

This eBook is for the use of anyone anywhere in the United States and most other parts of the world at no cost and with almost no restrictions whatsoever. You may copy it, give it away or re-use it under the terms of the Project Gutenberg License included with this eBook or online at www.gutenberg.org. If you are not located in the United States, you will have to check the laws of the country where you are located before using this eBook.

1.E.2. If an individual Project Gutenberg™ electronic work is derived from texts not protected by U.S. copyright law (does not contain a notice indicating that it is posted with permission of the copyright holder), the work can be copied and distributed to anyone in the United States without paying any fees or charges. If you are redistributing or providing access to a work with the phrase “Project Gutenberg” associated with or appearing on the work, you must comply either with the requirements of paragraphs 1.E.1 through 1.E.7 or obtain permission for the use of the work and the Project Gutenberg™ trademark as set forth in paragraphs 1.E.8 or 1.E.9.

1.E.3. If an individual Project Gutenberg™ electronic work is posted with the permission of the copyright holder, your use and distribution must comply with both paragraphs 1.E.1 through 1.E.7 and any additional terms imposed by the copyright holder. Additional terms will be linked to the Project Gutenberg™ License for all works posted with the permission of the copyright holder found at the beginning of this work.

1.E.4. Do not unlink or detach or remove the full Project Gutenberg™ License terms from this work, or any files containing a part of this work or any other work associated with Project Gutenberg™.

1.E.5. Do not copy, display, perform, distribute or redistribute this electronic work, or any part of this electronic work, without prominently displaying the sentence set forth in paragraph 1.E.1 with active links or immediate access to the full terms of the Project Gutenberg™ License.

1.E.6. You may convert to and distribute this work in any binary, compressed, marked up, nonproprietary or proprietary form, including any word processing or hypertext form. However, if you provide access to or distribute copies of a Project Gutenberg™ work in a format other than “Plain Vanilla ASCII” or other format used in the official version posted on the official Project Gutenberg™ website (www.gutenberg.org), you must, at no additional cost, fee or expense to the user, provide a copy, a means of exporting a copy, or a means of obtaining a copy upon request, of the work in its original “Plain Vanilla ASCII” or other form. Any alternate format must include the full Project Gutenberg™ License as specified in paragraph 1.E.1.

1.E.7. Do not charge a fee for access to, viewing, displaying, performing, copying or distributing any Project Gutenberg™ works unless you comply with paragraph 1.E.8 or 1.E.9.

1.E.8. You may charge a reasonable fee for copies of or providing access to or distributing Project Gutenberg™ electronic works provided that:

- You pay a royalty fee of 20% of the gross profits you derive from the use of Project Gutenberg™ works calculated using the method you already use to calculate your applicable taxes. The fee is owed to the owner of the Project Gutenberg™ trademark, but he has agreed to donate royalties under this paragraph to the Project Gutenberg Literary Archive Foundation. Royalty payments must be paid within 60 days following each date on which you prepare (or are legally required to prepare) your periodic tax returns. Royalty payments should be clearly marked as such and sent to the Project Gutenberg Literary Archive Foundation at the address specified in Section 4, “Information about donations to the Project Gutenberg Literary Archive Foundation.”
- You provide a full refund of any money paid by a user who notifies you in writing (or by e-mail) within 30 days of receipt that s/he does not agree to the terms of the full Project Gutenberg™ License. You must require such a user to return or destroy all copies of the works possessed in a physical medium and discontinue all use of and all access to other copies of Project Gutenberg™ works.
- You provide, in accordance with paragraph 1.F.3, a full refund of any money paid for a work or a replacement copy, if a defect in the electronic work is discovered and reported to you within 90 days of receipt of the work.
- You comply with all other terms of this agreement for free distribution of Project Gutenberg™ works.

1.E.9. If you wish to charge a fee or distribute a Project Gutenberg™ electronic work or group of works on different terms than are set forth in this agreement, you must obtain permission in writing from the Project Gutenberg Literary Archive Foundation, the manager of the Project Gutenberg™ trademark. Contact the Foundation as set forth in Section 3 below.

1.F.

1.F.1. Project Gutenberg volunteers and employees expend considerable effort to identify, do copyright research on, transcribe and proofread works not protected by U.S. copyright law in creating the Project Gutenberg™ collection. Despite these efforts, Project Gutenberg™ electronic works, and the medium on which they may be stored, may contain “Defects,” such as, but not limited to, incomplete, inaccurate or corrupt data, transcription errors, a copyright or other intellectual property infringement, a defective or damaged disk or other medium, a computer virus, or computer codes that damage or cannot be read by your equipment.

1.F.2. LIMITED WARRANTY, DISCLAIMER OF DAMAGES - Except for the “Right of Replacement or Refund” described in paragraph 1.F.3, the Project Gutenberg Literary Archive Foundation, the owner of the Project Gutenberg™ trademark, and any other party distributing a Project Gutenberg™ electronic work under this agreement, disclaim all liability to you for damages, costs and expenses, including legal fees. YOU AGREE THAT YOU HAVE NO REMEDIES FOR NEGLIGENCE, STRICT LIABILITY, BREACH OF WARRANTY OR BREACH OF CONTRACT EXCEPT THOSE PROVIDED IN PARAGRAPH 1.F.3. YOU AGREE THAT THE FOUNDATION, THE TRADEMARK OWNER, AND ANY DISTRIBUTOR UNDER THIS AGREEMENT WILL NOT BE LIABLE TO YOU FOR ACTUAL, DIRECT, INDIRECT, CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES EVEN IF YOU GIVE NOTICE OF THE POSSIBILITY OF SUCH DAMAGE.

1.F.3. LIMITED RIGHT OF REPLACEMENT OR REFUND - If you discover a defect in this electronic work within 90 days of receiving it, you can receive a refund of the money (if any) you paid for it by sending a written explanation to the person you received the work from. If you received the work on a physical medium, you must return the medium with your written explanation. The person or entity that provided you with the defective work may elect to provide a replacement copy in lieu of a refund. If you received the work electronically, the person or entity providing it to you may choose to give you a second opportunity to receive the work electronically in lieu of a refund. If the second copy is also defective, you may demand a refund in writing without further opportunities to fix the problem.

1.F.4. Except for the limited right of replacement or refund set forth in paragraph 1.F.3, this work is provided to you ‘AS-IS’, WITH NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PURPOSE.

1.F.5. Some states do not allow disclaimers of certain implied warranties or the exclusion or limitation of certain types of damages. If any disclaimer or limitation set forth in this agreement violates the law of the state applicable to this agreement, the agreement shall be interpreted to make the maximum disclaimer or limitation permitted by the applicable state law. The invalidity or unenforceability of any provision of this agreement shall not void the remaining provisions.

1.F.6. INDEMNITY - You agree to indemnify and hold the Foundation, the trademark owner, any agent or employee of the Foundation, anyone providing copies of Project Gutenberg™ electronic works in accordance with this agreement, and any volunteers associated with the production, promotion and distribution of Project Gutenberg™ electronic works, harmless from all liability, costs and expenses, including legal fees, that arise directly or indirectly from any of the following which you do or cause to occur: (a) distribution of this or any Project Gutenberg™ work, (b) alteration, modification, or additions or deletions to any Project Gutenberg™ work, and (c) any Defect you cause.

Section 2. Information about the Mission of Project Gutenberg™

Project Gutenberg™ is synonymous with the free distribution of electronic works in formats readable by the widest variety of computers including obsolete, old, middle-aged and new computers. It exists because of the efforts of hundreds of volunteers and donations from people in all walks of life.

Volunteers and financial support to provide volunteers with the assistance they need are critical to reaching Project Gutenberg™’s goals and ensuring that the Project Gutenberg™ collection will remain freely available for generations to come. In 2001, the Project Gutenberg Literary Archive Foundation was created to provide a secure and permanent future for Project Gutenberg™ and future generations. To learn more about the Project Gutenberg Literary Archive Foundation and how your efforts and donations can help, see Sections 3 and 4 and the Foundation information page at www.gutenberg.org.

Section 3. Information about the Project Gutenberg Literary Archive Foundation

The Project Gutenberg Literary Archive Foundation is a non-profit 501(c)(3) educational corporation organized under the laws of the state of Mississippi and granted tax exempt status by the Internal Revenue Service. The Foundation's EIN or federal tax identification number is 64-6221541. Contributions to the Project Gutenberg Literary Archive Foundation are tax deductible to the full extent permitted by U.S. federal laws and your state's laws.

The Foundation's business office is located at 809 North 1500 West, Salt Lake City, UT 84116, (801) 596-1887. Email contact links and up to date contact information can be found at the Foundation's website and official page at www.gutenberg.org/contact

Section 4. Information about Donations to the Project Gutenberg Literary Archive Foundation

Project Gutenberg™ depends upon and cannot survive without widespread public support and donations to carry out its mission of increasing the number of public domain and licensed works that can be freely distributed in machine-readable form accessible by the widest array of equipment including outdated equipment. Many small donations (\$1 to \$5,000) are particularly important to maintaining tax exempt status with the IRS.

The Foundation is committed to complying with the laws regulating charities and charitable donations in all 50 states of the United States. Compliance requirements are not uniform and it takes a considerable effort, much paperwork and many fees to meet and keep up with these requirements. We do not solicit donations in locations where we have not received written confirmation of compliance. To SEND DONATIONS or determine the status of compliance for any particular state visit www.gutenberg.org/donate.

While we cannot and do not solicit contributions from states where we have not met the solicitation requirements, we know of no prohibition against accepting unsolicited donations from donors in such states who approach us with offers to donate.

International donations are gratefully accepted, but we cannot make any statements concerning tax treatment of donations received from outside the United States. U.S. laws alone swamp our small staff.

Please check the Project Gutenberg web pages for current donation methods and addresses. Donations are accepted in a number of other ways including checks, online payments and credit card donations. To donate, please visit: www.gutenberg.org/donate

Section 5. General Information About Project Gutenberg™ electronic works

Professor Michael S. Hart was the originator of the Project Gutenberg™ concept of a library of electronic works that could be freely shared with anyone. For forty years, he produced and distributed Project Gutenberg™ eBooks with only a loose network of volunteer support.

Project Gutenberg™ eBooks are often created from several printed editions, all of which are confirmed as not protected by copyright in the U.S. unless a copyright notice is included. Thus, we do not necessarily keep eBooks in compliance with any particular paper edition.

Most people start at our website which has the main PG search facility: www.gutenberg.org.

This website includes information about Project Gutenberg™, including how to make donations to the Project Gutenberg Literary Archive Foundation, how to help produce our new eBooks, and how to subscribe to our email newsletter to hear about new eBooks.