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The All New This Old South

Leann M. Tigges
University of North Carolina-Chapel Hill

Gary P. Green
University of Georgia

THE ALL NEW THIS OLD SOUTH

Leann M. Tigges and Gary P. Green
Carolina Population Center, University of North Carolina-Chapel Hill
Department of Sociology and Institute of Community and Area Development, University of Georgia

ABSTRACT Recent claims concerning the rise of the Sunbelt closely resemble those previously made about the New South. It is assumed that the South has finally broken the ties of dependency with the North and has embarked on a remarkable path of self-sustained growth. In fact, this growth in the south is considered to be largely at the expense of the North. These and other similar claims are based on five assumptions about the South: 1) An economic transformation has occurred in the region; 2) absentee ownership is minimal; 3) benefits of economic growth has been diffused to most segments of the population; 4) economic growth has reduced poverty and inequality in the region; and 5) government spending has spurred much of the region's growth. These assumptions form the basis of the diffusion model of economic-industrial development. Examining these assumptions in light of available data, however, places in question the validity of claims made about the Sunbelt.

Introduction

The development of the South has long been of interest to social scientists.[1] The prevailing interpretation of southern history alleges that the control of a small planter class in the antebellum South prevented the type of development that was occurring in the industrialized North (Woodward 1951). Social historians, however, have recently attacked this view of the postbellum South (Billings 1979; Wiener 1978). These authors have documented the persistence and continued dominance of the planter class through a variation of the plantation system -- sharecropping (Mandle 1978) -- and in the industry that developed in the region after the Civil War (Cobb 1982). This emerging view in social history is critical of visions of the New South as an industrialized region that would one day experience the same type of growth as the North and points instead to the different paths of development taken by the North and the South.

In the past decade, claims have once again been made concerning the rise of the South. The New South has become

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[1] Although many analyses of the Sunbelt have included southwestern states, such as New Mexico, Arizona, and California, their history and present structure are qualitatively different from the rest of the South. Therefore, our discussion of the Sunbelt refers primarily to the traditional delineation of the South.

the Sunbelt (Merrill 1985), sharing assertions once made about the New South. Recent claims regarding the rise of the Sunbelt are based on five important presuppositions: 1) An economic transformation, a shift from an agricultural to an industrial economy, has occurred in the region (this industrialization is assumed to be at the expense of the North); 2) absentee ownership, which once provided a barrier to economic growth in the South, is relatively unimportant; 3) the benefits of economic growth are being diffused to all segments of the population; 4) economic growth has reduced the inequalities in income that once plagued the South; and 5) government spending, primarily through the military budget, has spurred much of the growth in the post-World War II period. This paper evaluates three models of development of the South. We argue that the three models take different positions regarding the assumptions about southern growth.

The alleged rise of the Sunbelt raises some interesting theoretical questions. For many theorists, the growth of the Sunbelt provides evidence of the convergence of the North and the South. Consistent with modernization theories of development, predictions from this position hold that regional differences in economic growth will disappear as a society matures (Rostow 1960). This convergence, it is often argued, is part of a general process of development that promotes reducing political, economic, and social differences not only between regions but also between various segments of society (Blumberg 1980). For example, Sale (1975) described this convergence as a result of a power shift from the Yankees of the Northeast to the cowboys of the South and West. Such a shift has consequences not only for the composition of the power elite but also for government spending and economic development.

Theoretical issues--diffusion, dualism, and dialectic of economic change

Several broad theoretical interpretations of economic-industrial development can be applied on the regional level. This first we call the diffusion model, since the underlying assumption is that the benefits of industrialization gradually diffuse throughout the society.[2] Another contending view we call the dualism model. This view holds that industrial change does not produce even, diffuse social change; instead, it proceeds unevenly, creating or perpetuating the separate structures within society. Included in our conceptualization of dualism are models of internal colonialism and dependency. We also discuss a dialectical view of economic development and regional change that argues for a historical analysis of class power and strategy. In each case we suggest the particular hypotheses such views would develop for a study of economic development in the South.

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[2] The diffusion model can be conceptualized as a variant of the modernization theory of development, which emerged in the social sciences following World War II. Diffusion-modernization theory has important intellectual ties to neoclassical economic theory; both make similar assumptions and propositions about regional development.

Diffusion

Based on what is generally termed modernization theory, the diffusion model encompasses a variety of assumptions about the causes and consequences of economic and social change. Development or modernization is primarily considered technological in nature, based on a shift from animate to inanimate forms of energy used in production. The efficiency of these forms of production allows greater specialization of tasks and an increased division of labor. In an economic sense, the process of development is occurring when growth becomes self-sustaining (Rostow 1960). In a context of political and social equality, this process of technological change, industrial and occupational specialization, and economic growth builds and contributes to greater equality. Culturally, regional and ethnic differences sustained by the economic isolation of groups within the society begin to disappear. The benefits of the industrialization process eventually reach all groups and regions.

The diffusion of benefits throughout modern society was to have several concrete social consequences, including a converging class structure and an end to racial and ethnic disparities (Blumberg 1980). The rationality necessary for modern societies to grow could not allow talent to be wasted through prejudice. In developing the skilled labor force needed to cope with technologically advanced machines, employers would be rewarding talent according to its worth. The result would be a large "middle" class composed of skilled labor, both white and blue collar varieties. Regional development would be based on the availability of resources (land, labor, or capital), with differences between regions diminishing as technology and social advancements freed production from strict dependence on a particular area.

Presenting this admittedly simplified view of a complex and diverse approach to social change and inequality is intended only to expose the dominant assumptions inherent in the variety of works in this area. The diffusion model has been applied at the international, national, and regional levels.

An exemplar of the diffusion approach is Schultz's (1953) work examining income disparity among rural communities. Schultz argues that differences in the level of living between communities are not due to original differences in the cultural values or capabilities of the people themselves but are instead an inevitable product of the process of economic development. Economic development is more likely to occur in industrial-urban areas, and in those regions immediately surrounding these centers, than in rural areas. Schultz (1953) contends that the existing economic organization in the periphery is less effective and efficient. Most classical economic explanations blame this lag on imperfect factor markets. In particular, the spatial lag is often based on price differentials related primarily to transportation costs. Therefore, those communities closer to industrial-urban areas will experience industrial growth faster than will those areas located farther away.

These spatial differences in economic growth will be reduced over time as technological developments and improvements in transportation reduce these costs (Rostow 1960).

The diffusion model, therefore, would predict that differences in the rate of economic growth between the North and the South and between areas of the South would inevitably be reduced. Moreover, it would predict a strong negative relationship between economic growth and poverty.

Dualism

Although dualism is somewhat misleading in its suggestion of only two structures, we use this term to describe the body of literature with the common theme of dominant-subordinate rather than developed-undeveloped (Frank 1967). The pattern of development of capitalist economies has variously been described in this literature as uneven, dependent, and imperialistic. The dominant region or economic sector imposes the conditions for development on the less powerful regions or sectors. Thus, the dominant sector prospers at the expense of the others.

Dualistic models of economic growth have their intellectual roots in Marxist analyses of imperialism and colonialism. The uneven development of world capitalism embodied in the extractive economic relations of colonialism and neocolonialism is reproduced on a smaller scale within the boundaries of the nation-state. Economic dependency and political domination characterize the relations between the center and the periphery regions. The periphery economy becomes specialized, and indigenous sources of livelihood dwindle. Regional disparities are generated and reproduced by the mobility of capital, the development of a labor reserve in the periphery, and the transfer of value out of the region where it is created (Newby and Buttel 1980). The long-term result is not the elimination of poverty but the exacerbation of it (Caudill 1962) and the loss of local sources of control (Caudill 1983) as well.

Although there are several versions of the dependency models of development, the internal colonial models have particular appeal in discussions of unevenness within advanced capitalist societies. Studies of American blacks (Blauner 1969) and other ethnic groups or minorities (Lamphere 1976; Moore 1980) emphasize the social and cultural nature of the boundaries of internal colonies, although geographic boundaries combine with sociocultural factors in analyses of the Appalachian region (Caudill 1963; Lewis et al. 1978).

Proponents of the internal colonial model point to absentee ownership of the means of production and external political control as the major forces pauperizing the periphery (Hechter 1975). The existing stratification system is maintained through a cultural division of labor that restricts access to positions of power on the basis of ethnicity or race. Thus, both regional and racial differences are maintained, despite industrial activity. In studies of the South, a dualistic model would lead to hypotheses of persistent differences in the rate of economic development between the North and the South.

Dialectical approaches

Critical of both the diffusion and dualistic models, a small group of analysts have tended to view capitalist development as a dialectical process. Unique historical forces such as class conflict (Fox 1978) or political conflict (Markhusen 1979; 1980) have resulted in uneven regional development. Spatial specialization occurs not because of the "logic of capitalism" but because of the obstacles that capitalists have encountered in their drive to expand. Different historical conditions have required different strategies by the capitalist class.

Fox (1978), for example, notes a decline in regional unevenness within the United States as monopoly capitalism has developed. Expansion in the era of monopoly capitalism took the form of a "capital deepening strategy," (i.e., increased fixed capital per worker) quite different from the "capital widening strategy" of the competitive era, in which a constant capital-to-worker ratio resulted in more jobs. Fox argues that the capital-deepening strategy has reduced the regional dependence on resources and led to increased wages. There has been no "development of underdevelopment" within the United States, although "within regions the growth of metropolitan areas necessarily exacerbates the unevenness of development between the metropolitan . and nonmetropolitan portions of the region" (Fox 1978, p. 84).

The dialectical view holds that regional convergence or reversal is possible without the demise of capitalism or the internalization of political and economic decision making, as suggested by strict Marxian dependency and internal colonial views (Markhusen 1980). Regional disparities change, depending on the power of corporate capital and the working class. Convergence or reversal of regional inequalities is possible. Proponents of this view argue that the labor victories in the northern United States that increased the costs of production, combined with the deskilling of the production process, led capital to industrialize less developed regions within the United States and abroad (Fox 1978). The competitive pressures of international capitalism also contributed to this process.

According to this view, economic development in the South is likely to reduce poverty and racial differences in the region as capital, constrained by the institutionalized power of the working class, exploits the vast army of reserve labor. The capitalist strategy to accumulate capital requires utilization of the surplus labor available in the South. The South, however, is integrated into the larger capitalist state of federal laws mandating minimum wage levels and other protections for workers; this legal relationship constrains the degree of exploitation of the reserve army of labor. Since the pursuit of profit drives the capitalist class, the expansion into the South will incorporate whites and nonwhites, playing upon racial divisions to prevent development of working class consciousness (Stillwell 1978).

The position developed here suggests that uneven development is not an inevitable consequence of the logic of capitalist development, as the dualistic theorists argue.

However, the dialectical position differs from the diffusion model over the nature and consequences of development. One understands development by focusing on the social and historical circumstances in which it occurs. By ignoring the consequences of previous exploitation of regions and of discrimination, diffusion theorists assume that these historical factors no longer have an impact on the development of these regions. This issue is particularly important for the South, which has lagged behind other regions of the country in terms of industrialization. Expectations of dialectical approaches that these areas will converge with the urban areas of the North and that inequality in the South will be reduced ignore the continuing impact of past racial discrimination, particularly where it has been institutionalized. Without an infrastructure to support industrialization, it is unlikely that these areas will be able to attract new industries other than those which provide extremely low-paying jobs. The consequences of such low-level development, although an absolute improvement in the sense of providing some persons with jobs who previously might have been unemployed, probably will not reduce the relative differences in regional economic well-being. Here we are incorporating into our model one of the strengths of the dualistic perspective; namely, the reminder that previous exploitation has a legacy. Thus, the dialectical model would predict that regions may converge and that previous obstacles to growth may provide both incentives and limits to further economic growth.

Economic transformation in the South

The Sunbelt-Snowbelt distinction is based on the assumption that there has been an economic transformation in the South, a shift from an agricultural to an industrial economy. It is believed that this transformation is taking place at the North's expense. An important part of this shift is embodied in the large number of jobs being created in the Sunbelt. Table 1 indicates the number of jobs created and destroyed in the different regions of the United States from 1969 to 1976. As evidenced, the Snowbelt had the largest proportion of the jobs in the United States in 1969. However, a much larger percentage of the jobs were being created in the Sunbelt. While the number of jobs being destroyed in the South was substantial, it was not as large as the number of jobs lost during that period in the Snowbelt. These data appear to support the Snowbelt-Sunbelt distinction.

Focusing exclusively on these data ignores important countertrends and does not question the consequences of industrialization in the South. Table provides data on plant closings broken down by region. As can be seen from this table, the largest number of plant closing occurred in the Northeast (39 percent of the shutdowns of large manufacturing establishments); however, the probability of plant closings was actually highest in the South. Therefore, although the South has industrialized over the past few decades, it is at the same time deindustrializing at a faster pace than the rest of the country.

Table 1. Jobs (in thousands) created and destroyed in U.S. private business establishments, 1969-1976

		Jobs created		Jobs destroyed	
	Number of jobs in 1969	Openings and im-migrations	Expansions	Closures and out-migrations	Contractions
U.S. as a whole	57,936	25,281	19,056	22,302	13,183
Snowbelt	32,701	11,322	9,470	11,352	7,212
Northeast	15,825	4,940	4,348	5,882	3,589
New England	3,905	1,251	1,131	1,437	952
Mid-Alantic	11,919	3,689	3,217	4,444	2,637
Midwest	16,877	6,381	5,123	5,470	3,623
East North Central	12,564	4,671	3,582	3,963	2,652
West North Central	4,313	1,711	1,541	1,508	972
Sunbelt	25,235	13,960	9,586	10,951	5,971
South	16,045	8,934	5,965	6,824	3,803
South Atlantic	8,204	4,651	2,913	3,548	2,014
East South Central	3,065	1,518	1,090	1,211	632
West South Central	4,775	2,765	1,962	2,065	1,157
West	9,190	5,026	3,621	4,126	2,168
Mountain	1,942	1,226	954	978	481
Pacific	7,249	3,800	2,668	3,147	1,687

Source: Harrison and Bluestone (1984).

Table 2. Closings occurring by December 31, 1976, of manufacturing plants in existence on December 31, 1969, with more than 100 employees at that time, by region

			Manufacturing plants with more than 100 employees in the 1969 sample			
	Number of states	Percentage of U.S. population	Number of plants in the sample in 1969	Number in the sample closed by 1976	Probability of closing by 1976, given existence in 1969	Interregional percentage distribution of closings
Northeast	9	24.1	4,576	1,437	.31	38.6
North Central	12	27.8	3,617	904	.25	24.2
South	16	31.0	3,101	1,042	.34	28.0
West	13	17.1	1,155	344	.30	9.2
Total	50	100.0	12,449	3,727	.30	100.0

Source: Harrison and Bluestone (1984).

Bluestone and Harrison (1982) contend that the Sunbelt-Snowbelt distinction ignores substantial disinvestment and deindustrialization in the South, particularly in the textile and apparel industries. In the early 1970s, more than a million American workers were in textile mills, most of them in the Southeast, but today, only about 750,000 textile workers remain in their jobs. Jobs are being lost because of imports (accounting for over 40 percent of jobs lost in 1985) and automation. Automation has reduced labor costs from over 30 percent to less than 20 percent of total production costs in the textile industry. Wages in textiles, however, remain below the national average ($6.24 per hour compared with $8.91 per hour for all U.S. workers).

Historically, the South has attracted industries like textile and apparel offering low wages and requiring little skill. Not all of these industries are leaving the region, but those that remain are particularly vulnerable to Third World competition because of their low skill and training requirements. Moreover, the benefits to the South from these industries are considerably less than those that could be derived from higher paying industries. In many cases, employment in these low-wage industries means that many workers may continue to be officially defined as poor. Thus, much of the South faces an interesting dilemma. In order to attract new industry, communities must focus on peripheral industries that are low paying, provide few benefits relative to higher paying industries, and are particularly vulnerable to Third World competition.

Neoclassical economic theory postulates that regions that have excess labor and low investment in human capital attract low-wage industry and jobs. This development, however, will lead to greater investments in human capital, which will lead eventually to high-wage intensive industry and jobs. However, recent analyses do not provide any evidence of reduced differences in income between southern and northern workers (Hirschman and Blakenship 1981; Stamas 1981). Several factors may have prevented this shift to higher wages from occurring in many parts of the South.

First, technological advances have reduced the skill requirements for many high-wage industries. Therefore, these industries are as vulnerable, if not more vulnerable, to Third World competition than are the low-wage industries. Technological advances makes the transition from low-wage to high-wage industries in the South much more problematic. Second, the shift from a manufacturing to a service based economy also presents problems for the neoclassical economic explanation of regional development. It is doubtful that the poorer regions of the South will be successful in making a transition from low-wage manufacturing industries to high-wage service industries. The northern model of growth from low-wage to high-wage jobs is not useful for the experience of the South today because the northern transition occurred within the same economic sector in the 1960s (Singelmann 1978).

Absentee ownership in the South

Another component of the alleged economic transformation of the South concerns the ownership and control of establishments locating in the region. Historically, absentee ownership of industrial facilities has served as a barrier to development in the South (Watkins and Perry 1977). Because many of the industries located in the South were owned by northerners, profits were not retained in the region. Similarly, northern banks have historically provided much of the capital for economic development (Haywood 1977). Many accounts of the rise of the Sunbelt argue that branch plants are no longer a significant factor in the region's ascent (Watkins and Perry 1977). Discussing the role of branch plants in the process of regional development Watkins and Perry (1977, p. 45) indicate that it is "unlikely that the branch plant approach produced the phenomenal growth rates characteristic of the Sunbelt." Recent evidence provided by Noyelle and Stanback (1984), however, indicated that the national headquarters of the largest nonfinancial corporations remain in the largest cities of the Northeast. Ward (1981) demonstrates that absentee ownership of economic institutions is much greater in southern communities than in the Northeast. Cohen (1977, p. 212) argues that most corporations in the South, and a large number of those in the Southwest, continue to depend on non-Sunbelt banks to finance their international and domestic operations. Thus, just as in the past, present development in the South continues to be influenced by northern capital, particularly financial interests. The deregulation of the banking industry may lead to a greater reliance on external capital for investment in the South. One consequence of the deregulation acts of 1980 (The Financial Deregulation and Monetary Control Act of 1980) and 1982 is that smaller banks will be at a greater disadvantage in their local market.

In response to these developments, regional banks have taken action to protect their turf. First, there has been a growing number of mergers, through the growth of multi-bank holding companies and branch bank systems. Second, related to these mergers is the development of regional banking pacts. Regional arrangements now exist in the Southeast, Northeast, and Midwest. The conflict between regional and national finance capitalists will influence the nature of development of the South in the future. If the money center banks are successful, the old structure in which the North provided most of the capital for southern development will persist. However, if regional banks succeed in blocking the money center banks, they could portend a new role for finance capital in the South.

Uneven development in the South

Although claims about the rapid economic development of the South correctly describe the experience of a few pockets in the region -- such as Atlanta, the Research Triangle in North Carolina, and much of the state of Texas (prior to the recent drop in oil prices) -- they tend to ignore the persistent lack of development in other areas. For example, the poverty rates in the Delta region of the South continue to be among the highest in the country (Elo and Beale 1985). The Delta contains one of the two remaining counties in the United States where the 1980 poverty rate exceeded 50 percent. Other persistently underdeveloped regions in the South are the coal mining and agricultural resource-related areas of southern Appalachia and the rural areas of the southern coastal plains. Much of the poverty in the coastal plains continues to be influenced by the region's sharecropping past. This spatial uneven development occurs not only between rural and urban areas but also between the suburbs and the central cities. Firestone (1977, p. 191) points out that "much of the Sunbelt's new expansion relies on a relatively better educated, and higher income labor force, the residential location preferences of which are generally in metro suburbs rather than the central city." Watkins and Perry (1977) argue that the lack of an outmoded industrial infrastructure in many southern cities, compared with the deteriorating infrastructure of the North, has been particularly attractive to capital. These advantages, however, may have disappeared in a relatively short period.

The uneven development in the South is based on another dimension. There is some evidence that industries continue to avoid the Black Belt of the South (Schneider 1984; Tigges and Green 1985; Walker 1977). The tendency for blacks to unionize more frequently than whites often has been given as a major reason for this pattern of uneven development (Harrison and Bluestone 1984). Also, the Black Belt tends to lack the social amenities that a white-collar and professional labor force would prefer. Walker (1977) found that when industries located in these areas, blacks do not obtain the better paying jobs even when trained for them. In his study of nonmetropolitan industrialization in the South, Till (1972) concluded that the black poor did not gain as much as the white poor from manufacturing establishments locating in their counties.

Consequences of economic development

Propositions about the rise of the Sunbelt often suggest a convergence between the North and the South. This convergence is based not only on shifts in manufacturing establishments and employment but also on a reduction of regional differences in earnings, inequality, and poverty. Such propositions are predicated on the argument that "civil rights legislation, the substantial flow of migrants from the North to the South, and the general forces of socioeconomic change...have diminished regional distinctions in the economic sphere" (Hirschman and Blankenship 1981, p. 389).

Studies examining the consequences of industrialization in rural areas of the South have found a very weak relationship between the rate of industrialization and family poverty (Tigges and Green 1985; Walker 1977). There is some evidence of a convergence in indicators of socioeconomic status between individuals in the North and South (Featherman and Hauser 1978; McKinney and Bourque

1971); however, recent analyses that control for industrial, occupational, and educational differences have found persistent income differences between northern and southern workers (Hirschman and Blankenship 1981; Stamas 1981). These differences in income exist largely for black workers, blue-collar workers, and workers with low education levels (Hirschman and Blankenship 1981). It would appear that white-collar workers and professionals in the South have the same, if not higher, earnings as their counterparts in the North. Stamas (1981) found that the differentials in earnings between northern and southern workers are based on differences in urbanization, racial composition, training, and union status of the work force.

A substantial recent decline in poverty in much of the South appears to be strongly correlated with development. The decline in poverty has been particularly striking in the rural areas and the Deep South. Walker (1977) asserts that it would be a mistake to assume the declining poverty rates are due to southern nonmetropolitan development. He argues that outmigration produces much of the decline in poverty in these areas. Therefore, in this instance, the decline in the rate of black poverty reflects development's failure more than its success.

Government spending and economic development

Sale (1976) argues that much of the post-World War II growth in the South can be attributed to government spending. In particular, he assumes that military expenditures, which have a large multiplier effect, spurred economic growth in the region. One reason given for the disproportionate amount of spending and the number of military bases in the South is the seniority of key southern legislators. Data provided in Table 3 indicate that the South and West have also increased their share of prime military contracts over the past 40 years at the expense of both the Northeast and the Midwest.

Table 3. Prime military contracts by region, 1939-1981

	Percentage of total						
Region	1939-45	1950-53	1960	1965	1970	1976	1981
Northeast	32.6	33.5	31.3	28.5	26.8	25.8	24.1
Midwest	38.0	34.6	18.4	19.0	19.5	13.3	17.2
South	16.0	13.3	18.5	23.7	29.2	24.9	30.7
West	13.4	18.6	31.8	28.8	24.5	31.0	27.1

Source: U.S. Bureau of the Census (1982b), Table 582.

Recent budget plans indicate, however, that little of the increased military spending by the Reagan administration will be directed toward the South. Thirty-seven percent of the increase will go to the Pacific states, and only about five percent will go to the South (Merrill 1985). One might hypothesize that the political changes in the South since 1980 -- the growing importance of the Republican party in junior positions -- may be having their initial impact on the economic development of the region.

Military expenditures do not constitute the majority of federal spending. Table 4 provides data on the total and per capita expenditures and taxes for the four regions of the United States. As the table shows, of the four regions, the South has the largest spending-to-taxes ratio, but in actual dollars it still lags behind the West. This high spending-to-taxes ration is somewhat misleading because the South generates extremely low taxes. Per capita expenditures in the South are less than in the West but about the same as in the Northeast.

Table 4. Federal expenditures and taxes, 1979

	Spending-taxes ratio	Net flow (million $)	Expenditures per capita ($)	Taxes per capita($)
Northeast	.94	-6,969	2,058	2,200
Midwest	.79	-27,068	1,738	2,202
South	1.22	29,635	2,090	1,864
West	1.05	4,403	2,348	2,240

Source: U.S. Bureau of the Census (1982a).

In absolute terms, the South is not the largest recipient of Department of Defense contracts and salaries (Table 5). In fact, it receives only about half as much as the West and less than the Northeast. Moreover, reductions in other areas of the federal budget will have a disproportionate impact on the South. Cuts in Federal spending on welfare should have a greater impact on the South because it has a disproportionate number of this country's poor. The proposed repeal of the federal income tax deduction now allowed for state and local taxes may also have a disproportionate impact on southern states. A recent study estimated that if the deduction were repealed, 14 southern states could lose up to $4.6 billion annually in revenues that finance public services (Raleigh News and Observer 1985, p. 33A). This reduction in revenue is particularly problematic for southern states now at the point in their development where they must build schools and infrastructure, which already exist in the North, to provide conditions necessary for further growth. In a similar vein, the loss of revenue sharing may add an additional burden to southern city and county governments seeking to build their schools and infrastructure. Therefore, although many Federal programs have redistributed income to the South and have produced benefits for the region, the decline of these transfers comes at a particularly critical period in the South's development.

Table 5. Per capita federal expenditures, 1979

	DOD contracts and salaries	Retirement programs	Welfare programs	Highways and sewers
Northeast	409	632	195	45
Midwest	262	571	132	51
South	258	628	145	52
West	643	601	149	57

Source: U.S. Department of Commerce (1982a).

Conclusions

This examination suggests that the nature of the Sunbelt's present development is not qualitatively different from the past and that it is unlikely to produce a stable economy. We found that the South is experiencing many of the same processes of disinvestment and deindustrialization as the North. The evidence indicates that there has been no substantial change in the ownership and control of corporations in the South. Cohen (1977, p. 212) described the ownership pattern as analogous to "an athletic team which now plays its games on a new and expanded field but does not change its coaches and other directional personnel." Economic development within the South has been uneven, with certain subregions (e.g., the Delta) and groups (e.g., blacks) continuing to experience the impact of past discrimination. Analyses of the effects of industrialization have found a persistent gap between the earnings of northerners and southerners. Moreover, industrialization has had little impact on mitigating the extent of inequality or the rate of family poverty. Finally, changing priorities and cuts in Federal spending mean that in the future the Federal government will likely play less of a role in promoting growth in the South.

How can we characterize the development occurring in much of the South? Persky's (1973) reference to the South as a "favored colony" appears to be quite appropriate. By favored we mean that much of the region is experiencing growth and will continue attracting capital investments. However, that growth continues to be influenced and tempered by northern capital. Much of the relative advantage the South currently holds is based on the cheap labor of the region. If organized labor is able to successfully enter the region, much of this attractiveness will be lost to cost-oriented firms (Malizia 1978).

Economic growth often has been seen as a panacea for social problems (Cobb 1982). It is easy to see why southerners have been quick to embrace this solution. During the 1970s and the early 1980s, much of the South experienced substantial economic growth, both in absolute and relative terms. There are signs, however, that this growth is slowing and possibly even reversing. Consistent with the propositions of the dialectical model, convergence or reversal is the result of socio-historical forces. The factors attracting capital in the 1970s, such as low taxes and limited public spending, may restrict further growth in many areas of the South.

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