

Book Review

November 2013

The Company Town, The Industrial Edens and Satanic Mills that Shaped the American Economy

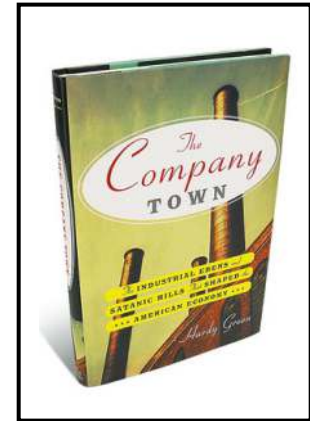
By Hardy Green [hardygreen.com]

Basic Books, A Member of the Perseus Books Group; New York; 2010.

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Summary

This is a big book with lots of information packed into a tidy, readable and powerful package. Story after story of exploitive towns, utopian towns, satellite industrial towns, and towns dominated, but not owned, by a single company. The history of company towns spans nearly two hundred years from Lowell, *Massachusetts* in the 1820s to Oak Ridge, Tennessee in the 1940s to Greer, South Carolina [BMW] in 1990. Mr. Green describes the good, the bad and the ugly in fascinating and learned detail.



Implications for the American City

1. **Business needs to address social issues with its employees and the community.** “The bottom line: American conservatives and many businessmen have long maintained that all problems can be solved via the free market and private enterprise. But...many social problems are also problems that business has a proper role in addressing.” [p207]. “These corporations [Southwest Airlines, Google], in the words of Harvard Business School professor Nancy F. Koehn, ‘meet the needs of a broader set of stakeholders than the shareholders.’”
2. **The welfare of employees and the community is generally addressed by business when it must.** When contemplating the role of industry in the welfare of its employees, the trends are clear.
 - Previously excluded people in the general population have now been incorporated into the mainstream workforce. Women, minorities and others now have access to most jobs along with the associated training and benefits. Companies have internalized these costs.
 - Environmental costs for the use of natural resources and the disposal of wastes for “free” into natural systems have become a cost of doing business; shifting from an external cost to an internal cost. The next frontier is for the social welfare of employees to become the responsibility of corporations; these costs need to be internalized. Education and training, health care and transportation to and from work are costs to be borne by private enterprise; or else private enterprises need to support public programs to achieve the same result. That is the experience of the best of the company towns.

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3. **It is only a matter of time before the social welfare of employees will become internal costs of corporations.**

Employment will include training, education, healthcare, child-care, transportation to and from the job and perhaps a minimum wage based on the cost of housing in the region. As the boomers retire and the pool of talent become more scarce, the competition for talent and labor will demand a new attitude.

YouTube: In addition to the Wall Street Journal review below, check out the YouTube discussion by the author by BookTV posted October 14, 2010. http://www.youtube.com/watch?v=q_p8ZQxdIXg

Published Review

Founders of company towns ranged from dreamy idealists to fast-buck Freddies.

By BILL KAUFFMAN

Published in The Wall Street Journal,
U.S. Edition, Wednesday, September 1, 2010

Excerpt: “When Tennessee Ernie Ford gave the full weight of his bass-baritone to ‘Sixteen Tons’ and boomed that he owed his soul to the company store, the phrase evoked images of stooped miners living in tar-paper shacks under what Hardy Green calls the “super-exploitative conditions of life in a coal-mining company town. But Mr. Green shows, in *The Company Town*, that such communities have also been social experiments, alternative forms of capitalist enterprise that encompassed everything from prophet-blaring to profit-sharing.”

TheAmericanCity.org’s Commentary

As Mr. Green explains, “Such towns [company towns] generally tend toward one of two models, although many fall in between.” The two extremes of the company town phenomenon ranged from the businesses that fully exploited their workers being guided exclusively by profit to the utopian businessmen guided by a higher principle that included both profit and the welfare of their employees.

“Exploitationville” is the name given by the author to the profit only crowd. “The logic behind such places is simple and familiar. It rests on the thinking of every bean counter. Business exists to make a profit, not to coddle employees. Society as a whole benefits most when enterprises are cost-effective, productive and profitable. The very ruthlessness that surfaced in these places seems less like an inevitable outgrowth of such logic than a willful expression of malicious personalities.” [p5].

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Feudalism comes to mind. Coal mining towns were the worst, followed by the textile towns. Company stores created total worker dependence and virtually indentured servitude. “The heyday of southern mill villages was between 1880 and the 1930s. At the turn of the twentieth century, 92 percent of southern textile workers lived in such hamlets, from Roanoke Rapids, NC to Honea Path, SC to Columbus GA.” [p97] Examples include Lynch, Wheelwright and Coal Run, Kentucky [coal]; Kannapolis NC [textiles].

“Utopian Towns” offer the other extreme. This model regularly shows up in the United States, recurring across the decades: ideal communities backed by companies that promise to share their bounty with workers and their families. These utopian towns were and are characterized by modern public buildings, libraries and facilities for leisure, education and cultural enrichment, and comfortable dwellings for managers and workers.

“A paternalistic attitude may be present as well...” tending “...to favor tidiness in housekeeping, sobriety, and oft-times regular religious observance.” Examples are: Lowell [textiles], Pullman [Railroad cars], Hershey [Chocolate], Scotia [Pacific Lumber], Richmond, California [Kaiser WWII Ship Building] and Oak Ridge [nuclear research].

Company Towns in Earlier America

- Lowell, 1823-1923; a hundred good years,
- Pullman, today down at heels,
- Hershey, a theme park,
- Scotia, struggling to survive,
- Richmond, a city of 100,000 people,
- Oak Ridge, thriving w/research.

Sources: *The Company Town*
Cities of Knowledge

It is easy to overlook the massive extent of the company town movement in America. The hard-core towns endured for a hundred years, or four generations of families, dating from the 1820s to the 1930s. Companies still dominate many towns and others provide surrogate living environments in the form of full service campuses where workers are provided the necessities and many luxuries of daily life while on-the-job...think Silicon Valley.

The author recounts the pervasiveness of the company town in 19th and 20th century Americana:

- “By 1916, a thousand companies were providing housing for 60,000 employees...” [p6].
- “...generation after generation of workers found the package [Scotia] to be a good deal.” [p44].

“Altogether, around forty new industrial towns were constructed from 1900 to 1920, in which single family homes came in numerous varieties – but in which the repetitive looks and gridiron pattern of earlier company towns were ‘obsessively avoided,’...” [p56].

Mr. Green’s book is an excellent survey and description of the field. The breadth and depth of thought is interesting and instructive. The digging comes with the search for the lessons to be learned from two centuries of company town development ranging from the exploitive to the utopian.

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The first conclusion one would like to reach is that although workers are probably still exploited, they are not mistreated in such an organized and obvious manner. Coal mining may be an exception to this general view. Exploitation now mostly comes in the form of pockets of poverty due to long-term, gross mismanagement such as happened in Detroit to general neglect and double standards as applied by municipalities that perpetuate environments of poverty that seem insurmountable.

“Utopian Towns” are different; well-intended, but not sustainable; none survived their founders. Mr. Green confirms the obvious - “One thing is certain, though. There can be no such utopias without prosperity.” [p26]. Once the industry, or business, declines, the utopian environment dissipates rapidly. Once the idealistic benefactor is gone, the next generation rarely shares the same zeal for the community or the workers and the town deteriorates and disappears.

Many of the utopian founders observed established industrial towns with their dirt, crime and disease. They wanted to create a place where the worker productivity could be similar without the need for the filth. Hershey, Pullman, Scotia and even Lowell, all “...share one thing: an initial vision and daily existence articulated and elaborated by a capitalistic father figure.” These are generally “American Empire” companies, prior to WWI.

Industrial Satellite Town founders desired to escape the urban wilderness and locate near their natural resource base in the early 20th century. Examples: Fairfield AL [steel], Tyrone NM [copper mining], Arco GA [textiles] and Alcoa TN [aluminum].

Contemporary manifestations include the “...domicile of the high tech company.” [p47]. Modern ‘corporate welfarism’ in no way conflicts with the company’s primary goal of making money. These are towns dominated by one company, not owned by that company. The town runs itself; the company employs people and acts as a good corporate citizen by supporting important civic initiatives. Housing and daily life commodities are left to the private sector to provide.

Company towns take many forms. Tech companies provide food, shelter, training, recreation, day care, health care, personal services and transportation designed to keep people at their work station. Employees may domicile off-site, but they live in the company town, or campus, formerly provided by Bell Labs in Summit NJ, now by Apple, Google, Microsoft and the others. The financial services firms in New York are the high-rise, urban equivalent.

THE AUTO INDUSTRY GOES SOUTHERN

- Honda, 1982, Marysville OH
- Nissan, 1983, Smyrna, TN
- Toyota, 1988, Georgetown, KY
- Subaru-Isuzu, 1989, Lafayette, IN
- Daimler, 1990, Vance, AL
- BMW, 1990, Greer SC

Source: *The Company Town*

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Mr. Green offers his opinions that managers and owners tend to be more benevolent when:

- Labor and talent are in short supply,
- Retention of skilled labor is critical,
- Fat margins enable profit sharing,
- A remote location requires extra recruiting of higher skill workers,
- Positive PR is needed, or
- There is a liberal or progressive national climate.

Managers and owners tend to be less benevolent when [p204]:

- Labor is readily available, this especially applies to companies employing lesser skilled workers,
- Margins are low,
- Products are commodities, and hence must compete mainly on price,
- Production by low-skill workers is at a remote location where abuses are not widely visible, or
- A conservative national political environment prevails.

Mr. Green closes, *“But particularly in these recession years [2010], when the temptation is to bear down even harder on those who have managed to keep their jobs, there should be a greater recognition of the strain on U.S. culture and civilization. Today’s social-enterprise champions could do worse than to reflect upon the diverse experience of America’s company towns.”* [p209].

Related Readings

1. ***Cities of Knowledge, Cold War Science and the Search for the Next Silicon Valle***, Margaret Pugh O’Mara, Princeton University Press, Princeton and Oxford, 2005.
2. ***Power Failure, Politics, Patronage, and the Economic Future of Buffalo, New York***, Diana Dillaway, Prometheus Books, 2006.
3. ***The Idea Factory: Bell Labs and the Great Age of American Innovation*** [Paperback], Jon Gertner, The Penguin Press, NY, 2012.
4. ***The Middle-Class City; Transforming Space and Time in Philadelphia, 1876 – 1926***, John Henry Hepp IV, University of Pennsylvania Press, Philadelphia, 2003.

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