A Business History of Charlotte

4 Booms, 4 Busts, The Next Big Boom

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Background

In anticipation of the arrival of a number of guests and media during the DNC in September, it is useful to reflect upon Charlotte, its past, present, and exciting future. I chose to approach this task with a decade by decade history of the work of the people of this community because it demonstrated the actual legacy of outstanding achievement which is usually quickly forgotten in the hubbub of daily existence. In addition a lot of people are new to this region and are unfamiliar with its inherent spirit.

In developing this article relative to the future, I was fortunate to speak with Dr. Tony Zeiss, who seeks to revolutionize workforce training at all levels and for all ages so that our people can be meaningfully employed. I also met with Michael Gallis, a regional and global planner with a truly visionary understanding and appreciation of how things change and the effects of change on populations and on regions.

Introduction of the Vision

Charlotte owes its existence to its location at the intersection of two local, ancient trading paths. Through time, the intersection gained prominence in the region, then the nation, and now the world. That location is going to leverage Charlotte into one of only a handful of global intersections of commerce.

Charlotte is located at one of those pivotal global intersections. Here, you can create, import, manufacture, assemble, ship, handle, and deliver just-in-time any thing. And you can do it more economically and with a better margin of profit than anywhere else. Charlotte offers fertile soil in which business and grow and prosper.

Charlotte is a place where your business must be located if you want to be relevant in the 21st Century. The economic vision for Charlotte's future is one of a global commercial hub, a great inland port city leveraging its manufacturing and logistical resources to world prominence.

CREATE IT, MAKE IT, and MOVE IT describes the economic vision and essence of this place. The world is connected by commercial trade lines on land, sea, and air. Where those lines intersect, commerce thrives. Those commercial lines intersect in Charlotte and allow it to move anything with mass to half the United States within 24 hours or less. That is the power of place.

To understand the "power of place" you must understand the people and resources of that place. The historic record of Charlotte shows a people, comfortable with their independence, with their capitalism, and with their faiths, who have a long tradition of resilient re-invention. A brief history of Charlotte and the region follows.

History of the Region....past, present, and future

1760s

- Local freeholders determined to establish a town in a new county to be cut out of greater Anson County and sought to name if for the new German-English Queen Charlotte from Mecklenburg.
- The town was sited on a ridge surrounded by creeks at the intersection of old animal migration and Indian trading paths.
- Col. Thomas Polk, owner of numerous flour and saw mills throughout the region, raised the money necessary to build a Courthouse.
- After a real estate "battle of Charlotte" on Little Sugar Creek between two political factions, town boundaries were laid out.
- Charlotte traded in Philadelphia, Charleston, and New Bern.

1770s

- Frustrated by efforts to enforce religious taxes on the populace and prevent practice of their religion and incensed with the failure of the Crown to honor military commitments Charlottetown made to suppress the Regulators and concurrent with the Battle of Lexington, Charlotte declared itself "free and independent" in 1775 and set up a separate government. Surrounding regions followed.
- Members of Charlotte's Committee of Safety participated in the war at Valley Forge and fought in battles ranging from Greenville Spartanburg to Charleston.
- Its location on the Great Wagon Road stretching to Philadelphia and its good fords across the Catawba made it important during the Revolution as a supply center for the Patriot partisan and Colonial Army regulars. It was also one of three, rifle manufacturing facilities in the Colonies using iron from deposits in Lincoln and Gaston Counties.

1790s

• Large gold deposits were discovered in Cabarrus and Mecklenburg Counties and Cornish miners, Italian financiers, and mining engineers moved into the area. This was the beginning of the first boom.

BOOM NUMBER ONE: GOLD!

1830s - 1840s

- By the 1830s and 1840s, as the pre-eminent gold mining town in the Eastern United States, Charlotte experienced her first boom. Until the discovery of gold in California in 1848 Charlotte was the leading gold producing center in the United States.
- Charlotte obtained a branch of the national mint and manufactured mining supplies. Charlotte became a mining boomtown. Boom number one.
- Cotton and water-driven cotton mills located along the regional rivers further stimulated commerce and created a market in Charlotte for the manufacture and distribution of this valuable agricultural product.

1850s

- In the 1850s Charlotte became a railroad center with two railroads. The NCRR had existed for years and had plans to extend their line to Charlotte but made no move to do so. Charlotte boosters went into South Carolina seeking to raise money in Columbia and Camden. Columbia responded and raised the money to build the Charlotte and South Carolina Railroad. When the NCRR heard of these plans, and especially of the idea of extending the C&SC to Danville, Va., they realized they might lose all of the western NC business and quickly began to extend the line to Charlotte. Both railroads reached Charlotte and opened for business in 1856. They shared a platform and station but they ran on different gauges. Freight was moved from one line to the other by carrying it across the platform. The existence of two RR lines meant that a factor could sell his goods, primarily cotton, either to the north or to the south, wherever the price was better.
- Cotton factors sprung up to handle the financial transactions, warehouses were built, and the population of Charlotte doubled between 1850 and 1860. This was the real beginning of Charlotte as a center of commerce.
- This activity created the need for an ironworks to supply machinery for the mining and cotton business.

1860s

- During the Civil War, when the port of Norfolk was threatened by the Northern blockade in 1862, the Confederate government realized that they needed to move the navy yard. While a location on the coast was useful for a naval yard, the most important thing was a location on a railroad. If and when the North took Eastern NC severing the eastern rail line from Wilmington to Virginia, the fallback plan was the use of north-south railroad through Charlotte.
- The operation of the naval yard in Charlotte brought a large number of skilled machinists
 to the town. There was also an iron works which was appropriated to get them
 started. Throughout the war the Navy Yard turned out engine shafts for blockade
 runners and rams, cannon balls and gun shells, etc. Rail lines were extended from
 Greensboro to Danville, Va., This was the only connection left from Richmond to the rest
 of the South as Grant tightened his grip on Richmond.

1870s

- Charlotte survives the war with little physical damage; however the economy will struggle during reconstruction.
- In 1875, local retail merchants look to Charlotte history and use week-long celebrations of the Mecklenburg Declaration of Independence to promote sales.
- It works and the practice of inviting national leaders to speak begins and this event will continued until the advent of the malls in the 1960s.

1880s - 1890s

- In the 1880s and 1890s, Charlotte and the region expanded cotton agriculture and its related businesses including ginning, brokering, thread making, and cloth manufacture as the Northern textile business began its shift to the South.
- It began to adopt the newest technology, electricity. It lit its streets with lamps and built a few trolley lines and the first electric cotton mills were built.
- Telephone service was introduced in the 1890s by Southern Bell operating from Atlanta and by 1900, there were 685 subscribers listed in the City Directory.
- In 1894, William Henry Belk opened what would be the largest, privately held retail chain in the United States in Charlotte, Belk Stores. It would continue to expand in the years ahead.

1900s

- Businesses in new sectors were created. The Dowd family started a speculative business, Carolina Pipe and Foundry in 1901 on South Boulevard.
- The business mix of the last century continued to expand.

BOOM NUMBER TWO: MILITARY BASE

1910s

- New businesses were created. In 1913, the snack food business was created in Charlotte when Mr. Lance and his son-in-law had to sell a load of peanuts which a formerly loyal customer had refused to accept. It subsequently grew into the second largest snack manufacturing plant in the United States with a merger in 2011.
- A national weather tragedy helped Charlotte grow when, in 1916 NC experienced disastrous flooding from two hurricanes. It took out every bridge from Old Fort to the sea and destroyed many mountain towns built on river banks throughout the Appalachians. James B. Duke, the tobacco magnate, was asked by the Governor to build flood control dams which he did in exchange for their use to generate electricity. This was the beginning of the energy business in the Carolinas and Charlotte became the center of the movement which led to damming the entire Catawba River Basin in North Carolina and many of the river basins in South Carolina flowing to Charleston.
- In 1917, when WW I began for the United States, Charlotte leaders successfully convinced Congress to locate a military base in Charlotte. It was called Camp Greene, after a Revolutionary War general. It brought the monthly payroll for 60,000 troops, as many horses, and all of the businesses associated with a military base. This was the second boom.

1920s

- The growth of the textile businesses throughout the region and the growth brought about as a result of the military base improved the financial condition of local banks and a branch of the Federal Reserve was established in Charlotte in 1927. This event laid the foundation for the expansionary philosophy of local banks which reached its apex in 2007.
- Radio came to town. In 1920 Fred Laxton, Earle Gluck and Fred Bunker set up an
 amateur radio station in Laxton's home. In 1925, the original owners sold WBT to
 Charlotte <u>Buick</u> dealer C.C. Coddington, who promoted both the radio station and his
 auto dealership with the slogan "Watch Buicks Travel.

1930s

- In the 1930s. Charlotte manufactured automobiles
- It continued to successfully operated textile companies at an operational cost which caused northern textile manufacturers to leave New England.

1940s

- In the 1940s, World War II again saw Charlotte engaged in military ammunitions and equipment manufacture in the Steele Creek area in what came to be known as the Arrowood Industrial Park.
- The airport expanded and housed the 3rd Army Air Corp pilot training facility at Morris Field. That facility would ultimately become Charlotte-Douglas International airport.

BOOM NUMBER THREE: TEXTILES

1950s

- Television came to town. WBTV signed on for the first time on July 15, 1949. It was the 13th television station in the United States and the first in the Carolinas, and is the oldest station between Richmond and Atlanta.
- By the 1950s Charlotte used the electricity to run textile mills throughout the two Carolinas, electrify businesses, and power up the region and create finished textile goods and clothing. Most of the Northern textile business had now moved to the South and Charlotte was prominent in all aspects of this activity and this created the third boom.
- New dams were under construction including Cowans Ford Dam behind which stretches Lake Norman.
- The trucking business continued to expand to accommodate more textile related businesses. Charlotte's location, 24 hours by truck from half the population of the United States gave if an unassailable advantage in the distribution of goods.
- The Cold War helped Charlotte gain a Douglas Nike Missile plant which employed over 5,000 people during its brief operation. Charlotte became a missile and cotton boomtown! Boom number three.

1960s

- In the 1960s the building blocks of interstate highways, water, electricity and manufacturing drew recognition as national companies moved South. There was a continued nationwide movement to disperse manufacturing out of the big cities in the Northeast into the hinterlands. This started during WWII for fear of invasion from both coasts and continued in the Cold War era.
- The Eisenhower Interstate Highway System provided the new arrivals with improved access from small towns to the national highway grid and interstate commerce. Charlotte's location placed it astride the interstate highway system with I-85, I-77 and I-40 access adding to its position as a logistically significant location.
- Local banks encourage the movement of businesses into the region. As one example, Lundy Electronics of Long Island built a plant in Charlotte near the airport in 1968. They built check processing machines for IBM, NCR and the retail market. Over the years they expanded to produce a variety of computer products and systems for the banking and other industries. There were lots of spin offs in the Charlotte area from these companies which helped support a growing financial community.
- Foreign companies made Charlotte home. Because of good transportation, a convenient East Coast location, a favorable labor environment, and good air connections, Charlotte attracted sales offices for many European companies, especially from Germany. These turned into US headquarters, then import warehouses, then manufacturing, and then, a number of manufacturing plants. Germany recognized the economic benefits of doing business in this region. It's companies continued to expand their presence in Charlotte and the region opening a variety of manufacturing facilities including an automotive plant in Greenville, S.C.
- The airport made Charlotte a central location for manufacturer's representatives who sold goods all over the country and represented foreign companies serving the textile business.

1970s

- All business sectors continued to quietly grow.
- By the 1970s Charlotte began its march toward becoming a major medical and educational center with increasingly strong contributions from UNC Charlotte and

- Central Piedmont Community College. Queens, Davidson, and JCSU. Branches of other universities expanded their reach to create a knowledge-based community and continue to successfully operate facilities in the city.
- In 1978 the restaurant industry was jump started when Charlotte finally voted in liquor by the drink. This would later lead to cooking schools such as Johnson and Wales and CPCC Culinary Institute.
- In 1978 IBM moved into the county and set up plants and signaled the movement of Northern technology to the Southeast to support the banking industry.
- In 1979 Piedmont Airlines made Charlotte its hub and it would later merge with U.S. Airways.

BOOM NUMBER FOUR: BANKING

1980s - 1990s

- During the 1980s and 1990s Charlotte's financial community created a banking model and strategy which was used to consolidate the entire national banking system. Charlotte became the number two banking center in the United States through the entrepreneurial spirit of the local leaders in the financial community. NationsBank, American Credit, Wachovia, First Union, and others grew and merged into even larger entities. By the early Twenty-first Century, Charlotte became a banking boomtown! Boom number four.
- The medical community grew with the expansion of two regionally powerful hospitals, Carolinas Medical Center and Presbyterian Hospital, later Novant, which consolidated their control of other healthcare facilities throughout the region.
- The importance of transportation and its sporting side provided impetus for NASCAR and Speedway Automotive to create a huge entertainment franchise with Charlotte as the center of a hugely successful racing business. NASCAR and the Speedway with Sonic Automotive recognized the genesis of the move of the automotive industry from the Mid West to the Carolinas just as the textile business moved south in the early part of the Twentieth Century.
- National sports were recognized with the NFL approving the expansion of its teams with the addition of the Carolina Panthers, and the NBA recognizing the Charlotte Hornets, now Charlotte Bobcats. Facilities were built for both of these teams.
- And the airport grew as its importance as a national hub for U.S. Airways.
- Local colleges and universities expanded and offered advanced degree programs.

2000s

- At the beginning of the 21st Century, Charlotte was on its way to becoming a major air transportation hub, too, with a growing number of flights and connections both domestic and foreign.
- Light rail made its appearance.
- And Charlotte featured a growing arts community and recreational opportunities accessible from the mountains to the sea. It attracted an educated, productive workforce of an average age of 34.
- The population was served by astute, local retailers such as Belk, Family Dollar, Cato Corporation and representatives of national franchises locating into regional malls. And Charlotte became the national headquarters for international businesses.
- The community college system at Central Piedmont Community College began its focus
 on workforce development with the construction of campuses located throughout the
 county focused on providing local, affordable technical training for employees of existing

- companies and students wishing to gain advanced skills or prepare for university transfer.
- Wealth flowed into Charlotte financial institutions until the the national shocks of 9/11 and the financial recession beginning in 2008 ended the fourth boom.
- National technology companies began to locate data pipelines in the region including Google, Apple, and Disney to service rising data usage needs in the SouthEast.

WHAT'S NEXT?

The financial meltdown struck Charlotte. In his book about Charlotte banks, *Banktown The Rise and Struggles of Charlotte's Big Banks* published just after the crash in 2010, Rick Rothacker wrote about the impact of the damage done to Charlotte. In one interview, he asked Jeff Michael, director of UNC Charlotte's Urban Institute, what was going to happen to Charlotte. Director Michael said this, "On the one hand, we may have just witnessed the beginning of the end of Charlotte's upward trajectory, or alternately, we may be getting ready to see just how resilient this city really is."

And resilient she is! Charlotte is on the path to recovery; however, it will be the significant beneficiary of unprecedented commercial events taking place thousands of miles away. In 2014 a huge number of Chinese trading ships will stop visiting ports in Southern California. Instead, they will are arrive at newly furbished ports along the Gulf Coast and Atlantic Coast as a result of the opening of wider Panama Canal locks. It will be a "gone tomorrow, here today" economic scenario. Some estimates place the number of additional passages through the Panama Canal to reach 15,000 carriers!

In 2014, huge amounts of cargo will be taken off Chinese Panamax freighters hauling 16 train loads of goods into ports including Mobile, Jacksonville, Savannah, Charleston, and Norfolk for distribution and assembly or manufacture. And Charlotte will be ready to take that cargo and insert it into the streams of commerce in a freight handling terminal capable of handling tens of thousands of containers.

Huge amounts of cargo will move by rail and truck throughout the SouthEast. Charlotte will be in the center of much of it, an inland port.

And Charlotte is the best placed city to do things with that cargo because we will have the only fully functional and operational intermodal center on the Eastern Seaboard. And it is located at the airport. The airport is already the least expensive location to move people in the world. Add to that the relocation of the Norfolk Southern Rail Yard between two runways with adjacent bays to ensure adequate truck access, and you will have the most efficient place to move freight by air, land, or sea, on the Eastern Seaboard.

BOOM NUMBER FIVE: INTERMODAL CHARLOTTE: MAKING AND MOVING IT

2010s

 By at the end of the first decade of the 21st Century, Charlotte had created an asset base featuring developed infrastructure and resources conducive to business including; interstate highways, ample water, electricity, major medical services, financing, higher education, employee training, land for expansion, data pipelines, an emerging biotech presence, and an integrated truck, rail, and air transportation hub called an intermodal center. That center provided incredible access to all national and international markets.

- Charlotte had a community and a leadership model receptive to collaborate efforts to work to make change happen and respond to a shifting business climate.
- In 2014, global trade routes shifted through the Panama Canal to open up Charlotte's access to international markets in South East Asia. No longer did its goods come through Southern California ports and across the United States by rail.
- During the second decade of the 21st Century, Charlotte realized that these powerful, natural resource and infrastructure elements could leverage its location to support a vision of the city as pre-eminent in "creating it making it and moving it". Recognition was given to people who had technology, engineering, and manufacturing skill sets. The goal was a diversified, multi-sector-based economy, not one based on a single business sector.

The Future

- In Charlotte, you can create, manufacture, assemble, or make and then move anything with mass to half of the United States within 24 hours by truck. This production can be done faster and cheaper than in any other location on the East Coast adding a competitive profit margin. The huge airport intermodal complex is comparable to that of Houston, Texas in its ability to handle the large TEU containers and rail cars developed for use in the regional seaports of Mobile, Savannah, Jacksonville, Charleston, and Norfolk. Raw materials, parts, and finished goods can move in and out efficiently and economically via air, rail, truck, or ship. The region surrounding the intermodal center is the East Coast hub for manufacturing, warehousing, and assembly complex extending into adjacent counties in both North and South Carolina.
- This integration of logistics and manufacturing gives the region the same edge which the Chinese in the Pearl River Basin recognize and are using to provide additional profit margins and gain international market share. Charlotte has a similar advantage because of her location at the junction and pivot point of two high-skilled and creativemanufacturing regions in North and South Carolina.
- The best manufacturing companies in the United States, Europe, and Asia will locate branches here.
- By 2030, Charlotte will realize its destiny as the center of the most economically diversified manufacturing and distribution economy on the East Coast with strong manufacturing, distribution, energy, healthcare, biotech, and financial services.

Developmental Insights

In every era, certain locations become the new intersections of commerce. In the modern era when the speed of transportation and data transmission erase distances, new locations will be chosen. Charlotte is one of them....an East Coast and Global intersection and hub of commerce. The academic foundation for this fact is laid out in two books which have insights and language applicable to Charlotte's place as a rising hub.

- Cities are organisms competing to survive and prosper (Human Ecology)
- Over time, new institutions and technologies evolve to take advantage of their settings with natural resources and geography put to their best use, ibid
- As civilization becomes more complex, consumption and energy use rise and populations multiply, diversify, and migrate, ibid

- Transportation and communication are the fast-acting catalysts for expansion and change ,ibid
- Charlotte is a catalytic hub
- Cities grow fastest at points where access maximizes the flows of people, products, capital and knowledge, ibid
- Urban development was always contingent upon access the means by which space, time, and economic organization are inextricably interwoven, ibid
- Cities are created not in units of distance but in units of time, ibid
- Distance is not fixed, but flexible, a function of the time and energy required to transverse it, ibid
- Throughout history, businesses have concentrated at the intersections of roads and routes, where the access is the greatest, ibid
- They especially favor cities where there is multimodality, the more forms of transport of transport the better, ibid
- Charlotte is developing the most efficient multimodality center in the United States organizing truck, train, sea, and airplane transportation resources into a seamless and efficient exchange of goods and people...that center is at her airport
- Airports pick winners and losers among American cities adding jobs at seven times the pace of America's downtowns (<u>Aerotropolis</u>)
- The rise and fall of route centers is a familiar phenomenon to students of history; changes in route patterns alter the advantages offered by existing locations leaving some to recede into insignificance and sometimes extinction, and enabling others to rise to new heights of dominance, ibid
- Charlotte is a rising new route center and growing global hub
- Every city, region, and nation is in a Darwinian struggle from which a new world order will emerge and that process is today called globalization, op cit
- To survive and thrive, regions are forced to compete for the most valuable links, innovators and incubators, that are, in turn the ones most resistant to outsourcing someplace else, ibid
- Charlotte has a high degree of "frictionlessness", or the unencumbered ability to move people, goods, and ideas in and out as quickly as possible, ibid

Charlotte

Create it
Make it
Move it

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