Chapter 1: Beyond the ‘Gilded Age’
“Welcome to the South’s Gilded Age.” That’s the opening sentence of a speech by George Autry, the founding president of MDC, delivered at the University of North Carolina at Chapel Hill on an autumn Saturday not long before he died in 1999.

Indeed, as the 21st Century arrived, the South as a region seemed to have “arrived” at its moment of economic ascendency. In summarizing trends documented in _The State of the South_ reports of 1996 and 1998, Autry noted that the South had led the nation in population growth and job creation and, by so doing, had reversed its brain drain. “We are better off by every economic measure than we have ever been,” he said.

But, of course, “Gilded Ages” come with costs and dislocations as well as economic blessings. The South’s surging prosperity during the 1990s was unevenly shared. The South faced educational attainment gaps between and among whites, blacks, and newly arrived Latinos as the economy was demanding that you know more to earn more. While women were an increasing presence in the labor force, there was a drop-off among men, many of whom entered this decade in the precarious position of being employed in the region’s low-wage, low-skill factory and construction jobs. “Fortunately,” MDC said in _The State of the South 1998_, “the South is now in a strong position to respond to these economic and social forces.”

But now, the South feels anything but golden. The two economic downturns that swept across the nation—the eight-month recession of 2001 and the severe post-financial-collapse recession of 2007-09—delivered severe jolts to the people of the South and to the fiscal ability of states and communities to respond. Between the two recessions, back-to-back hurricanes hit the Gulf Coast in late summer of 2005 and the subsequent flooding of New Orleans devastated one of the region’s most culturally distinctive communities.

In most Southern states, unemployment rose steeply between 2008 and 2010. Textile, furniture and auto manufacturing fell precipitously. Median household income declined more in the South than in any other region. And the South—which during the two decades between 1980 and 2000 had reduced poverty at a rate faster than the nation as a whole—remained the region with the highest rate of poverty. Millions of Southerners felt economic pain as the region got knocked off its fast track toward progress.

In geographic terms, the South ended the decade with three discernable patterns of distress: rural counties with persistent poverty, metropolitan areas with a growing population of poor or near-poor people, and manufacturing locales burdened with massive job losses.

The economic crisis has exposed structural weaknesses in the South—for all the progress the region has made over last thirty years, issues obscured during the pursuit of economic growth have reemerged. An upward trajectory of progress has been replaced by a downward spiral of joblessness and by a prevailing uncertainty about the future. The South knows that many jobs lost during the past decade will not return, but no one can know with certainty where the region is headed in its recovery and how long it will take to reach its “new normal.”
So the question facing the South is this: How do we return to the trajectory we were on, of expanding our economy and reducing poverty faster than the nation as a whole?

Through six previous State of the South reports, our research has pointed to the concepts of equity and inclusion as key elements for local, state, and regional success. But now, equity and competitiveness are inextricably bound to one another. Addressing inequity makes more people fit for the competition of a global economy, and the more competitive a community is, the more capacity it will have to close income, wealth, and education gaps.

In this first installment of The State of the South 2010, we document how the people of the region are faring at the outset of a new decade. In subsequent installments, The State of the South 2010 will spotlight certain transformational factors for regional rejuvenation. This is the seventh report to the region and its leadership produced by MDC under the State of the South banner. This year’s report will not come out as a glossy, one-time publication, but rather as a series that MDC plans to disseminate throughout the year, along with launching a new Web site, www.StateoftheSouth.org, which will allow further commentary on issues facing the region.

Uncertainty about the future need not be a reason for inaction or indecision. In the subsequent chapters, we will analyze issues that our state and local leaders—in government, in business, in nonprofits, and in philanthropy—need to address as the region emerges from the depths of recession and repositions itself in a restructured economy. The states and communities of the South must begin now to assemble platforms for creative thinking. Across the region, we need to organize studies and civic discussions designed to illuminate solutions and to foster the active engagement of people in their states’ and communities’ future. Even as it copes with the effects of a severe economic downturn, the South should update our economic vision, refashion our public policy, and forge a social contract to meet the challenges of the post-recession recovery period.

What South? Why the South?

In the midst of the Great Depression of the 1930s, the Roosevelt administration released its National Emergency Council report with the president’s memorable declaration that “the South is the nation’s No. 1 economic problem.” Indeed, for much of its history, endemic poverty, one-party politics, dependency on natural resources, lack of education, and racial discrimination embedded in law left the South a region set apart from the rest of America. No one wondered why the South should be studied.

Now, having grown in population, in economic strength, and in wealth, the South is no longer an out-of-sync, left-behind region. Laws and court rulings that struck down legalized segregation opened the South to an era of economic flowering. During its “gilded age,” the South diminished age-old distinctions and narrowed economic and educational gaps between the region and the rest of America. The South not only joined the nation but became strong enough to lead America’s economic growth. Seventy years after the report of the National Emergency Council, questions often arise as to whether there remains a “South” to study, whether the group of states merit attention as a coherent, definable region.

But why should the South get attention only when it is weak? Perhaps more than at any time since the founding
and earliest era of an independent United States, national leaders arise from the South among both Democrats and Republicans—and the region needs to produce even more. In today’s South flourish corporations and commercial banks of global stature, giants of the entertainment and media industries, foreign and domestic automobile makers, prominent hospitals and health-care institutions, and research universities of international importance. Why not examine the South and its challenges now that it is strong enough to address its own problems and lead the nation?

Even as it has become much like the rest of America, the South retains distinctive traits. The most obvious, perhaps, is that a layer of cultural conservatism hangs more heavily over the South than other regions. The swift transformation of its economic and social landscapes has not completely washed away its history of racial discrimination and economic distress. As it becomes a more metropolitan and less rural region, and as it becomes more multicultural with the immigration of Latinos, the South is becoming a stage where some of the most vexing issues of American life will play out in the near future.

And the South remains a region in which decision makers learn from what they see in nearby states and communities. The region contains networks, some formal, some informal, of government officials, public policy makers, private-sector civic leaders, educators, journalists, and philanthropies. Through these networks, ideas travel across state lines.

For the purposes of this report, MDC has defined the South as comprising 13 states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia and West Virginia. There are many different definitions of the South. The Census Bureau, from which much of the data in this report are drawn, includes several additional states in its three Southern regional divisions. Regional policy organizations have different mixes of states. We have chosen the 11 states that seceded to form the Confederacy at the outset of the Civil War, as well as two additional states (Kentucky and West Virginia) that share the cultural, geographic, and economic characteristics of their neighbors.

This report does not purport to “rank” states and localities. Even as we identify social and economic characteristics common to the South as a region, the report points out differences among sub-sections of the South to call attention to people and places in distress and emphasize issues that will face the region—and the nation as a whole—in the decade to come.
A lost decade

Economists are calling it a “lost decade.” From 2000 to 2009, job losses set the nation back 10 years in the supply of jobs. In the South, 1.8 million jobs disappeared between September 2008 and November 2009. With 30 percent of the nation’s jobs and 33 percent of the population, the South accounted for 29 percent of the nation’s jobs lost in that period.

The two recessions of the past decade dealt harsh blows to the manufacturing sector, which today represents no more than 8 percent of the Southern workforce. The South’s textile and furniture industries had already been in decline due to the forces of globalization and technological change. The textile belt faces the prospect that most of its lost jobs will not return, no matter the pace of overall economic recovery.

Also pummeled were the South’s newer auto-making enterprises, factories that Southern states competed to attract by offering financial incentives, tax breaks, and infrastructure construction. The Atlanta Federal Reserve Board reports that auto-assembly employment fell by 16 percent from early 2008 to late 2009—from 24,800 workers to 21,200. General Motors assembly plants in Shreveport, LA, and Spring Hill, TN, were in jeopardy.

In the broad sweep, the gap between the metro South and the rural South continues to widen. The South added 20.2 million jobs between 1987 and 2007, and nearly nine out of 10 jobs gained were located in metropolitan areas.

### A Decade’s Job Gains... Lost
### Job Loss September 2008-November 2009

<table>
<thead>
<tr>
<th>State</th>
<th>Total Employment Sep 08</th>
<th>Total Employment Nov 09</th>
<th>Job Loss Sep 2008 to Nov 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>1,988,900</td>
<td>1,897,400</td>
<td>91,500</td>
</tr>
<tr>
<td>Arkansas</td>
<td>1,205,800</td>
<td>1,176,100</td>
<td>29,700</td>
</tr>
<tr>
<td>Florida</td>
<td>7,694,200</td>
<td>7,323,600</td>
<td>370,600</td>
</tr>
<tr>
<td>Georgia</td>
<td>4,083,500</td>
<td>3,861,500</td>
<td>232,000</td>
</tr>
<tr>
<td>Kentucky</td>
<td>1,845,000</td>
<td>1,758,800</td>
<td>86,200</td>
</tr>
<tr>
<td>Louisiana</td>
<td>2,102,000</td>
<td>1,906,500</td>
<td>195,500</td>
</tr>
<tr>
<td>Mississippi</td>
<td>1,142,100</td>
<td>1,099,700</td>
<td>42,400</td>
</tr>
<tr>
<td>North Carolina</td>
<td>4,131,900</td>
<td>3,920,000</td>
<td>211,900</td>
</tr>
<tr>
<td>South Carolina</td>
<td>1,916,900</td>
<td>1,845,700</td>
<td>71,200</td>
</tr>
<tr>
<td>Tennessee</td>
<td>2,764,100</td>
<td>2,646,600</td>
<td>117,500</td>
</tr>
<tr>
<td>Texas</td>
<td>10,601,300</td>
<td>10,375,800</td>
<td>225,500</td>
</tr>
<tr>
<td>Virginia</td>
<td>3,764,600</td>
<td>3,646,600</td>
<td>118,000</td>
</tr>
<tr>
<td>West Virginia</td>
<td>763,700</td>
<td>742,000</td>
<td>21,700</td>
</tr>
<tr>
<td>US</td>
<td>145,025,900</td>
<td>138,794,700</td>
<td>6,231,200</td>
</tr>
<tr>
<td>Total in South</td>
<td>44,004,000</td>
<td>42,190,300</td>
<td>1,813,700</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
It stands to reason that metro areas would suffer the greatest loss in terms of total jobs. Still, as DailyYonder.com, the news service of the Kentucky-based Center for Rural Strategies, has pointed out, unemployment rates in rural counties have generally exceeded rates in urban and exurban counties (outer-ring suburbs) in the South. The major exception is Florida, where the urban jobless rate of 11.3 percent in October 2009 exceeded both the rural and exurban rates. “One reason rural counties have shown consistently higher unemployment rates during this recession is education,” DailyYonder.com has reported. “Rural America has a lower percentage of BAs and that results in higher unemployment. ... Unemployment drops as people get more education.”

In the Daily Yonder’s tracking of the course of the recent recession, two findings stand out: One is that the downturn has had a widespread impact on the Southeast’s rural and exurban communities.

Of the 50 rural and exurban counties that lost the most jobs since the recession began, 28 are in the South.

Of those, 10 are in Alabama. “No state has lost a higher percentage of its jobs since the recession began in December 2007 than Alabama,” the DailyYonder reported. Not even Michigan. Rural Alabama has 13 percent fewer jobs than it had in late 2007.

The second finding is that the recent recession struck some states’ job markets with a swift, cutting blow. Florida’s unemployment rate zoomed up from 4.7 percent in December 2007 to 11.2 percent in October 2009, North Carolina’s from 4.9 percent to 10.7 percent, and South Carolina’s from 5.7 percent to 12.1 percent in the same period.

The “lost decade” ended with significant differences in unemployment rates by gender, race, and ethnicity. In 2009, nearly every Southern state had a higher percentage of men without jobs than women without jobs. The only exception was Alabama, where both men and women had unemployment rates just above 11 percent. Over the past year, every Southern state had a substantially higher percentage of unemployed blacks than unemployed whites—and in five states, the black unemployment rate was double white unemployment. North Carolina and Tennessee had the highest rates of Latino unemployment—higher than the national rate—while in most states in the region Latino unemployment rates tended to be higher than white unemployment but lower than black unemployment.
The hard realities embedded in these data pose difficult yet urgent issues for state and local policymakers. A consensus has formed that job growth will not become robust enough in the near future to both absorb new entrants into the labor market and to put all of today’s unemployed back to work. Even given a modest recovery, no amount of industry recruiting is likely to dig the South out of the deep job-loss hole anytime soon.

What can, and should, the states and communities of the South do in the face of stunning job losses, especially in factories, construction trades, and finance, where Southern minorities and men had clustered? While states have much less ability to apply stimulus than the federal government, they have tools at their disposal, including assistance to small businesses, encouraging innovation, preparing the way for “green” jobs in energy and environmental endeavors, and—it should be on the table—considering opportunities for public-financed jobs to alleviate pockets of debilitating distress.
From 1987 to 2007, millions of people moved to the South, drawn in large part by the 20.3 million jobs added in the region during those 20 years. Whites, blacks, and Latinos moved into the region in search of its job opportunities and its quality of life.

In the 1987-2007 period, every Southern state except West Virginia gained population. Population growth, however, was far from uniform.

In general, Texas and the states along the Atlantic seacoast grew more robustly than the mid-South states. Seven states—Georgia, Florida, North Carolina, South Carolina, Virginia, and Tennessee—experienced population growth faster than the U.S. growth rate of 24 percent. Arkansas, Alabama, Kentucky, Mississippi, and Louisiana fell below the national rate. Louisiana’s slow-growth rate turned negative in the wake of the post-Katrina flooding of New Orleans.

The Hispanic population continued to grow across the region over the past decade. Texas and Florida, already home to millions of Spanish-speaking residents and family members, added 2 million and 1 million, respectively, in the 2000 to 2008 period. Among the 13 states, only Texas fell below the national growth rate of 28.7 percent in Hispanic population.
# A Growing Minority

## Change in the South’s Population, 2000-2008

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>122,924</td>
<td>75,830</td>
<td>47,094</td>
<td>62.1%</td>
<td>1,209,666</td>
<td>1,155,930</td>
<td>53,736</td>
<td>4.6%</td>
<td>3,254,119</td>
<td>3,162,808</td>
<td>91,311</td>
<td>2.9%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>148,755</td>
<td>86,866</td>
<td>61,889</td>
<td>71.2%</td>
<td>438,247</td>
<td>418,950</td>
<td>19,297</td>
<td>4.6%</td>
<td>2,224,620</td>
<td>2,138,598</td>
<td>86,022</td>
<td>4.0%</td>
</tr>
<tr>
<td>Florida</td>
<td>3,725,173</td>
<td>2,682,715</td>
<td>1,042,458</td>
<td>36.9%</td>
<td>2,779,331</td>
<td>2,335,505</td>
<td>443,826</td>
<td>19.0%</td>
<td>13,948,307</td>
<td>12,465,029</td>
<td>1,483,278</td>
<td>11.9%</td>
</tr>
<tr>
<td>Georgia</td>
<td>729,604</td>
<td>435,227</td>
<td>294,377</td>
<td>67.6%</td>
<td>2,824,572</td>
<td>2,349,542</td>
<td>475,030</td>
<td>20.2%</td>
<td>5,911,318</td>
<td>5,327,281</td>
<td>584,037</td>
<td>11.0%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>94,176</td>
<td>59,939</td>
<td>34,237</td>
<td>57.1%</td>
<td>316,543</td>
<td>295,994</td>
<td>20,549</td>
<td>6.9%</td>
<td>3,775,752</td>
<td>3,640,889</td>
<td>134,863</td>
<td>3.7%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>140,640</td>
<td>107,738</td>
<td>32,902</td>
<td>30.5%</td>
<td>1,266,990</td>
<td>1,451,944</td>
<td>-84,954</td>
<td>-5.9%</td>
<td>2,794,194</td>
<td>2,856,161</td>
<td>-61,967</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>56,577</td>
<td>39,569</td>
<td>17,008</td>
<td>43.0%</td>
<td>1,083,528</td>
<td>1,033,809</td>
<td>49,729</td>
<td>4.8%</td>
<td>1,750,992</td>
<td>1,746,099</td>
<td>4,893</td>
<td>0.3%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>636,786</td>
<td>378,963</td>
<td>257,823</td>
<td>66.0%</td>
<td>1,917,297</td>
<td>1,737,545</td>
<td>179,752</td>
<td>10.3%</td>
<td>6,350,905</td>
<td>5,804,656</td>
<td>546,249</td>
<td>9.4%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>169,239</td>
<td>95,076</td>
<td>74,163</td>
<td>78.0%</td>
<td>1,245,609</td>
<td>1,185,216</td>
<td>60,393</td>
<td>5.1%</td>
<td>2,971,558</td>
<td>2,695,560</td>
<td>275,998</td>
<td>10.2%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>215,760</td>
<td>123,838</td>
<td>91,922</td>
<td>74.2%</td>
<td>1,011,988</td>
<td>932,809</td>
<td>79,179</td>
<td>8.5%</td>
<td>4,873,827</td>
<td>4,563,310</td>
<td>310,517</td>
<td>6.8%</td>
</tr>
<tr>
<td>Texas</td>
<td>8,566,395</td>
<td>6,699,666</td>
<td>1,866,729</td>
<td>28.4%</td>
<td>2,735,332</td>
<td>2,404,566</td>
<td>330,766</td>
<td>13.8%</td>
<td>17,024,699</td>
<td>14,799,505</td>
<td>2,225,194</td>
<td>15.0%</td>
</tr>
<tr>
<td>Virginia</td>
<td>506,843</td>
<td>329,540</td>
<td>177,303</td>
<td>53.8%</td>
<td>1,505,001</td>
<td>1,390,293</td>
<td>114,708</td>
<td>8.3%</td>
<td>5,442,609</td>
<td>5,120,110</td>
<td>322,499</td>
<td>6.3%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>19,179</td>
<td>12,279</td>
<td>6,900</td>
<td>56.2%</td>
<td>61,469</td>
<td>57,232</td>
<td>4,237</td>
<td>7.4%</td>
<td>1,708,095</td>
<td>1,718,777</td>
<td>-10,682</td>
<td>-0.6%</td>
</tr>
<tr>
<td>United States</td>
<td>45,432,158</td>
<td>35,305,818</td>
<td>10,126,340</td>
<td>28.7%</td>
<td>37,131,771</td>
<td>34,658,190</td>
<td>2,473,581</td>
<td>7.1%</td>
<td>223,965,009</td>
<td>211,460,626</td>
<td>12,504,383</td>
<td>5.9%</td>
</tr>
<tr>
<td>South Total</td>
<td>15,132,051</td>
<td>11,097,246</td>
<td>4,034,805</td>
<td>36.4%</td>
<td>18,495,573</td>
<td>16,749,335</td>
<td>1,746,238</td>
<td>10.4%</td>
<td>72,030,935</td>
<td>66,038,783</td>
<td>5,992,152</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

Source: MDC tabulation of American Community Survey Data, 2000 and 2006-8
In the decade since 2000, the South experienced what demographer William H. Frey has described as a “boom, and then bust” in terms of people migrating into the South. The region continued growing, but especially after 2007, its growth slowed significantly. And Florida actually lost population in the year 2009, a stunning reversal after more than a generation of fast-paced in-migration.

Even with the slowdown toward the end of the decade, Florida, Texas, North Carolina, South Carolina, Georgia, and Tennessee ranked among the top 10 states in rate of population gain. The Census Bureau projects substantial population growth, with Texas, Florida, North Carolina, and Georgia in the top eight states in population by 2030.
Population growth and demographic shifts have given the South an age-and-ethnic profile that will test the region’s ability to adapt in the near future. As the baby-boom generation edges increasingly toward retirement, the South’s white population, in aggregate, grows “older.” The median age of the non-Hispanic white population of Southern states ranges from 39 in Kentucky to nearly 46 in Florida. As a whole, the South is kept “younger” by its black and Latino populations. The median age of blacks across the Southern states ranges from 29 to 33. Latinos are younger still, with a median age of nearly 34 in Florida, but 29 and below in every other Southern state. These data define a clear imperative: The South must strive now to close gaps in educational attainment and job prospects between whites, blacks and Latinos, because the region’s economic and civic health will depend in the future on active and creative participation of blacks and Latinos, filling roles now held by whites of the baby-boom generation.

### Aging Anglos
**Median Age of State Population by Race and Ethnic Group, 2008**

<table>
<thead>
<tr>
<th>State</th>
<th>Total</th>
<th>White Alone, Not Hispanic</th>
<th>Black or African American</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>37.5</td>
<td>40.6</td>
<td>31.5</td>
<td>24.9</td>
</tr>
<tr>
<td>Arkansas</td>
<td>37.2</td>
<td>40.4</td>
<td>29.5</td>
<td>24.6</td>
</tr>
<tr>
<td>Florida</td>
<td>40.2</td>
<td>45.9</td>
<td>30.2</td>
<td>33.7</td>
</tr>
<tr>
<td>Georgia</td>
<td>34.9</td>
<td>38.9</td>
<td>31.0</td>
<td>26.4</td>
</tr>
<tr>
<td>Kentucky</td>
<td>37.7</td>
<td>39.0</td>
<td>30.6</td>
<td>25.8</td>
</tr>
<tr>
<td>Louisiana</td>
<td>35.6</td>
<td>39.2</td>
<td>29.8</td>
<td>29.6</td>
</tr>
<tr>
<td>Mississippi</td>
<td>35.3</td>
<td>39.7</td>
<td>29.6</td>
<td>26.9</td>
</tr>
<tr>
<td>North Carolina</td>
<td>36.9</td>
<td>40.3</td>
<td>32.8</td>
<td>25.3</td>
</tr>
<tr>
<td>South Carolina</td>
<td>37.6</td>
<td>40.9</td>
<td>32.6</td>
<td>25.9</td>
</tr>
<tr>
<td>Tennessee</td>
<td>37.7</td>
<td>40.2</td>
<td>30.7</td>
<td>25.5</td>
</tr>
<tr>
<td>Texas</td>
<td>33.2</td>
<td>40.1</td>
<td>30.6</td>
<td>27.3</td>
</tr>
<tr>
<td>Virginia</td>
<td>37.1</td>
<td>40.1</td>
<td>33.0</td>
<td>27.8</td>
</tr>
<tr>
<td>West Virginia</td>
<td>40.6</td>
<td>41.3</td>
<td>31.5</td>
<td>28.7</td>
</tr>
<tr>
<td>United States</td>
<td>36.8</td>
<td>41.1</td>
<td>31.4</td>
<td>27.7</td>
</tr>
</tbody>
</table>

Source: MDC tabulation of data from the Population Division, U.S. Census Bureau
Though the South’s “gilded age” did not eliminate stubborn poverty, especially in rural stretches of Appalachia, the Black Belt, the Mississippi Delta, and the Rio Grande valley, the region’s growth surge made a dent in poverty as an enduring characteristic of the South.

Every Southern state had a lower poverty rate in 2000 than it had in 1980. In the early ‘80s, several states in the region had poverty rates of more than 20 percent—that is, one out of every five people lived alone or in a family and household with income below the official line (now roughly $20,000 for a family of four—a grossly inadequate measure of a livable income). By 2000, most states’ poverty rates fell below 15 percent, with the exception of Arkansas and Louisiana at 17 percent.

But now recession has bent the curve upward. The economic tailspins over the past decade have increased the rate at which Southerners slid into poverty or near-poverty. Poverty has not returned to rates of 30 years ago, but most states now have higher poverty rates than they had in 2000.
A similar trend becomes evident in looking at the share of Southerners living below 200 percent of the federal poverty line (200 percent of the poverty line means $40,000 for a family of four). Studies show that the poverty population consists both of the long-term persistently poor and people who move in and out of poverty as they lose or gain a job or encounter a health issue or some other personal difficulty. Thus the share of people living below the standard of $40,000 for a family of four serves as a gauge of the extent of the poor and working near-poor. With the exception of Virginia, every Southern state has a larger percentage of people below 200 percent of poverty than the national rate of 32 percent—and in three states, Louisiana, Arkansas and Mississippi, two out of five people live in poverty or near-poverty.

The recessions’ downward tug on the economic well-being of Southerners emerges from another data-set: median household income, the point at which half live above and half below.

For the nation as a whole, inflation-adjusted median household income declined from $52,163 in 2007 to $50,303 in 2008.

While the nation’s median household income fell by 3.6 percent in that period, it fell even more—4.9 percent—in the South.

But as the accompanying chart shows, median household income had begun eroding even before the recession in several Southern states as a percentage of the national median. What the data suggest, therefore, is that, as the region was gaining educated, affluent people during the “gilded age,” a lot of Southerners—including long-time residents and newly arrived workers—did not fully share in the expanding prosperity. Just as U.S. median household income went up from 1987 to 2007, so it did in the South in inflation-adjusted dollars. And yet, in 2007, the South had a median household income of 87.5 percent of the national median, down from 89 percent in 1997.

Once again, Southern states did not all move in the same direction; they did not experience equivalent mixes of job gains and losses, nor an influx of high-skill and low-skill employees. Several states saw gains in median household incomes, both in real dollars and as a percentage of the national median. And yet, three states—Kentucky, Louisiana, and North Carolina—actually experienced a decline in median household income in real dollars from 1997 and 2007. Seven Southern states had declines in median household income as a percentage of the national median from 1987 to 2007, and nine states had declines from 1997 to 2007.
Some states fall further behind the nation
Median Income by State, 1987 - 2007

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$43,834</td>
<td>84.0%</td>
<td>$42,720</td>
<td>86.3%</td>
<td>$35,779</td>
<td>75.9%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$42,362</td>
<td>81.2%</td>
<td>$34,993</td>
<td>70.7%</td>
<td>$34,135</td>
<td>72.5%</td>
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<tr>
<td>Florida</td>
<td>$47,554</td>
<td>91.2%</td>
<td>$43,411</td>
<td>87.7%</td>
<td>$44,400</td>
<td>94.2%</td>
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<td>Georgia</td>
<td>$50,510</td>
<td>96.8%</td>
<td>$49,039</td>
<td>99.1%</td>
<td>$48,434</td>
<td>102.8%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$40,968</td>
<td>78.5%</td>
<td>$44,744</td>
<td>90.4%</td>
<td>$37,482</td>
<td>79.6%</td>
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<tr>
<td>Louisiana</td>
<td>$42,900</td>
<td>82.2%</td>
<td>$44,487</td>
<td>89.9%</td>
<td>$38,707</td>
<td>82.2%</td>
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<tr>
<td>Mississippi</td>
<td>$38,711</td>
<td>74.2%</td>
<td>$38,119</td>
<td>77.0%</td>
<td>$33,565</td>
<td>71.2%</td>
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<td>North Carolina</td>
<td>$45,185</td>
<td>86.6%</td>
<td>$47,938</td>
<td>96.9%</td>
<td>$41,266</td>
<td>87.6%</td>
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<td>South Carolina</td>
<td>$45,912</td>
<td>88.0%</td>
<td>$45,828</td>
<td>92.6%</td>
<td>$45,416</td>
<td>96.4%</td>
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<td>Tennessee</td>
<td>$42,778</td>
<td>82.0%</td>
<td>$40,978</td>
<td>82.8%</td>
<td>$38,399</td>
<td>81.5%</td>
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<tr>
<td>Texas</td>
<td>$47,823</td>
<td>91.7%</td>
<td>$46,915</td>
<td>94.8%</td>
<td>$44,821</td>
<td>95.1%</td>
</tr>
<tr>
<td>Virginia</td>
<td>$61,434</td>
<td>117.8%</td>
<td>$57,458</td>
<td>116.1%</td>
<td>$54,385</td>
<td>115.4%</td>
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<tr>
<td>West Virginia</td>
<td>$43,708</td>
<td>83.8%</td>
<td>$36,767</td>
<td>74.3%</td>
<td>$31,198</td>
<td>66.2%</td>
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<tr>
<td>United States</td>
<td>$52,163</td>
<td>93.8%</td>
<td>$49,497</td>
<td>99.2%</td>
<td>$47,115</td>
<td>97.8%</td>
</tr>
<tr>
<td>South Total</td>
<td>$45,668</td>
<td>87.5%</td>
<td>$44,107</td>
<td>89.1%</td>
<td>$40,614</td>
<td>86.2%</td>
</tr>
</tbody>
</table>

* Income reported in 2008 inflation-adjusted dollars

Source: MDC tabulation of Census Bureau Data, 2009.
Most Southern states had child poverty rates above 20 percent in 2008—that is, one out of five children—with the exceptions of North Carolina, Florida, and Virginia. A study by The Brookings Institution looked at increases in food-stamp participation (now known as the Supplemental Nutrition Assistance Program, SNAP) in 2009 in combination with child poverty rates. The Brookings study found several Southern states among those whose children were at particularly high risk of poverty: Alabama, Georgia, Mississippi, South Carolina, Tennessee and Texas. Average monthly SNAP participation between 2008 and 2009 increased by 485,000 people in Florida and 482,000 in Texas, beating even California’s increase of 455,000 SNAP participants in 2009.

The two recessions in the decade just completed cut into the income, wealth, and general well-being of Southerners up and down the economic spectrum. But an upsurge in poverty is especially distressing—not only because it has called at least a temporary halt to a regional success story, but mostly because it signals a rise in related community and personal distress: food insecurity, family stress and breakups, housing deterioration, ill-health, and, in general, a slide back into a struggle for mere economic survival.

**Youngsters hit hard**
**Child Poverty Rates, 2008**

<table>
<thead>
<tr>
<th>State</th>
<th>Child Poverty Rate (%)</th>
<th>Number of Poor Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>21.7</td>
<td>240,518</td>
</tr>
<tr>
<td>Arkansas</td>
<td>24.9</td>
<td>171,849</td>
</tr>
<tr>
<td>Florida</td>
<td>18.3</td>
<td>721,284</td>
</tr>
<tr>
<td>Georgia</td>
<td>20.1</td>
<td>501,892</td>
</tr>
<tr>
<td>Kentucky</td>
<td>23.5</td>
<td>232,700</td>
</tr>
<tr>
<td>Louisiana</td>
<td>24.7</td>
<td>270,794</td>
</tr>
<tr>
<td>Mississippi</td>
<td>30.4</td>
<td>228,572</td>
</tr>
<tr>
<td>North Carolina</td>
<td>19.9</td>
<td>439,518</td>
</tr>
<tr>
<td>South Carolina</td>
<td>21.7</td>
<td>227,868</td>
</tr>
<tr>
<td>Tennessee</td>
<td>21.8</td>
<td>316,476</td>
</tr>
<tr>
<td>Texas</td>
<td>22.5</td>
<td>1,497,803</td>
</tr>
<tr>
<td>Virginia</td>
<td>13.8</td>
<td>246,734</td>
</tr>
<tr>
<td>West Virginia</td>
<td>23</td>
<td>86,988</td>
</tr>
<tr>
<td>US</td>
<td>18.2</td>
<td>13,240,870</td>
</tr>
<tr>
<td>Total in South</td>
<td>21.1</td>
<td>5,182,996</td>
</tr>
</tbody>
</table>

Since the Great Depression of the 1930s, Americans have looked to their national government for stimulus to counteract an economic downturn. State and local governments, however, have balanced-budget restrictions that prevent them from injecting stimulus spending when it is needed.

In fact, the recessions of the past decade have sapped states’ fiscal capacity to respond to needs arising from plant closings, job losses, and a general fall-off in business, not to mention their ability to sustain and accelerate improvements in education.

Southern states have reported general budget shortfalls ranging from 10 percent to more than 20 percent. States have imposed hiring freezes and furloughed public employees. Four states have cut the children’s health insurance program and Medicaid, which is health insurance for the poor. States also have reduced spending for elementary and secondary schools, as well as for community colleges and universities. Cuts in community colleges have come even as the recession has driven enrollments to capacity limits as out-of-work people seek retraining for different jobs.

Even though economists suggest that the recession has bottomed out and the nation has entered a recovery period, the persistence of high unemployment and the sluggish rebound of consumer spending, as well as other factors, point to another round of reductions in services funded in state budgets adopted in 2010.
Different directions, different speeds

Before the onset of the “gilded age,” the South appeared a unified region of states with similar characteristics—a largely rural place of cotton and cows, tobacco and textiles, one-party politics, and, hanging over everything, an embedded system of racial segregation. But, obviously, the region had its internal cultural differences, political divisions, and economic rivalries—not only among the states but often between neighboring towns. To understand the region, you have to comprehend how the Ozarks and the Mississippi Delta, the Hill Country of Texas and the Low Country of South Carolina, Atlanta and New Orleans, Mobile and Richmond, the Cajuns of Louisiana and Scotch-Irish of Appalachia, were both distinctive and in their own ways Southern at the same time.

To assess the effects of the downturns between 2000 and 2009, one must see the South in its many complexities. The recessions have left their mark everywhere, but the bruising is deeper in some places than others. State and metropolitan data, such as contained in this report and other regional assessments, can serve to spotlight issues and stimulate responses, but it’s important for the region’s decision makers to gather and digest data within their own states and communities.

For example, statewide data reflecting the relative affluence of the Virginia suburbs of Washington, DC, do not fully capture the dynamics of rural struggle in Southside Virginia. Places with strong universities and diversified economies have weathered the recessionary storms more resiliently than communities dependent on traditional, low-skill industries. So to comprehend the condition of the South at the beginning of the 21st Century’s second decade, it is important to illuminate trends and differences within the region.
The State of the South | 2010
Chapter 1: Beyond the ‘Gilded Age’

The region’s two most populous states, Texas and Florida, have the South’s two largest economies. Clearly, Texas has out-performed Florida during the past decade. Texas ended last year with an unemployment rate of 8 percent, three and a half points below Florida’s jobless rate. In addition, Texas’ gross state product, as measured by the U.S. Bureau of Economic Analysis, grew throughout the decade—from $727 billion in 2000 to $1.2 trillion in 2008—while Florida’s GSP flattened around $740 billion toward the end of the decade. Foreclosures in Florida rose from 44,000 in August 2008 to 55,000 in September 2009, far outpacing all other Southern states. By contrast, Texas had 13,000 foreclosures in September 2009.

Put aside Texas and Florida, and the rest of the South comes in two economic clusters. The Atlantic seaboard states of Virginia, North Carolina, and Georgia form one cluster with 2008 GSPs of roughly $400 billion. The remaining states have 2008 GSPs that range from $252 billion in Tennessee to $61 billion in West Virginia.

“The U.S. economy’s performance is driven largely by that of its major metropolitan economies, some of which are recovering and some of which are still in recession,” said The

### Big, Bigger, and Biggest Southern Economies

<table>
<thead>
<tr>
<th>State</th>
<th>1997</th>
<th>2000</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>8,237,994</td>
<td>9,749,103</td>
<td>14,165,565</td>
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<tr>
<td>Texas</td>
<td>599,492</td>
<td>727,233</td>
<td>1,223,511</td>
</tr>
<tr>
<td>Florida</td>
<td>391,451</td>
<td>471,316</td>
<td>744,120</td>
</tr>
<tr>
<td>North Carolina</td>
<td>228,864</td>
<td>273,698</td>
<td>400,192</td>
</tr>
<tr>
<td>Georgia</td>
<td>237,468</td>
<td>290,887</td>
<td>397,756</td>
</tr>
<tr>
<td>Virginia</td>
<td>211,921</td>
<td>260,743</td>
<td>397,025</td>
</tr>
<tr>
<td>Tennessee</td>
<td>153,405</td>
<td>174,851</td>
<td>252,127</td>
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<tr>
<td>Louisiana</td>
<td>113,261</td>
<td>131,520</td>
<td>222,218</td>
</tr>
<tr>
<td>Alabama</td>
<td>102,433</td>
<td>114,576</td>
<td>170,014</td>
</tr>
<tr>
<td>Kentucky</td>
<td>105,725</td>
<td>111,900</td>
<td>156,436</td>
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<tr>
<td>South Carolina</td>
<td>97,397</td>
<td>112,514</td>
<td>156,384</td>
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<tr>
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<td>59,182</td>
<td>66,801</td>
<td>98,331</td>
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<tr>
<td>Mississippi</td>
<td>57,954</td>
<td>64,266</td>
<td>91,782</td>
</tr>
<tr>
<td>West Virginia</td>
<td>38,795</td>
<td>41,476</td>
<td>61,652</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis
Brookings Institution in December 2009. Much the same can be said of the South. For example, of the 13 “corridors” designated by the federal government for the development of high-speed rail passenger service, four would run through and connect major population centers in the South. In January, when $8 billion in economic stimulus money was dedicated to these corridors, Southern projects received more than $1.8 billion. The rail corridor map provides yet another indicator of how much the South has become a region increasingly defined by and economically dependent on metropolitan areas.

The Brookings Metropolitan Policy Program has tracked recession and recovery in America’s largest metropolitan areas, and its analyses illustrate differences within the South. Of the 20 strongest-performing metro areas in the 3rd quarter 2009, 11 were in the South: five in Texas while also including Baton Rouge, Little Rock, Columbia and Virginia Beach. Of the 20 weakest, eight were in Florida, the most of any state.

In late 2009, unemployment rates in several Southern metros—Atlanta, Jacksonville, FL, Charlotte, and Louisville—exceeded the national rate.

Meanwhile, metros centered on San Antonio, Austin, Virginia Beach, and New Orleans had unemployment rates below the national rate. By several economic measures, Louisiana and its major metros appeared to perform better than much of the South—in large part because of the stimulus from the infusion of assistance after Hurricane Katrina in 2005. At the same time, Georgia and its powerful Atlanta metro area found their economies staggering as a result of declines in manufacturing and construction, as well as finance.

Overall Performance of the Largest 100 Metros

This MetroMonitor’s Overall Performance combines metropolitan rankings on four key indicators:

1. Percent employment change from peak quarter to 3rd quarter 2009
2. Percentage point change in unemployment state from September 2008 to September 2009
3. Percent GMP change from peak quarter to 3rd quarter 2009
4. Percent change in House Price index from 3rd quarter 2008 to 3rd quarter 2009

Source: Brookings Metropolitan Policy Program
The 2008 election year also provided evidence of a South going in different directions. Eight years ago, Republican George W. Bush of Texas won the electoral votes from every Southern state in defeating his Democratic opponent, Al Gore of Tennessee. Then, in 2008, Democrat Barack Obama won three Southern states; in becoming the nation’s first black president, he won the electoral votes of North Carolina, Virginia, and Florida, which had once seceded from the union in an effort to sustain slavery. County-level results show that the Democratic president won in the region’s major metropolitan areas, as well as communities with large black populations in the Mississippi Delta and the Black Belt. Meanwhile, Republican John McCain received a stronger vote than Bush had four years earlier in smaller cities and rural counties of West Virginia, Kentucky, Tennessee, Arkansas, and Louisiana.

Historically, the South has had lower voter turnout than the rest of the nation. Voter turnout serves as a prime indicator of civic awareness and involvement. The 2008 election brought a substantial increase in voter turnout in every state in the region, though most states still fell below the national turnout, which was 63 percent of the voting age population. Significantly, the three states won by Obama exceeded the national turnout—North Carolina and Virginia at 67 percent and Florida at 65 percent.

### Voter Turnout in Presidential Elections, 1976-2008

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>61.8</td>
<td>56.34</td>
<td>50.74</td>
<td>48.34</td>
<td>55.73</td>
<td>47.26</td>
<td>50.89</td>
<td>49.12</td>
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<tr>
<td>Arkansas</td>
<td>52.62</td>
<td>52.35</td>
<td>47.05</td>
<td>47.14</td>
<td>53.74</td>
<td>48.75</td>
<td>53.28</td>
<td>51.89</td>
<td>51.34</td>
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<tr>
<td>Florida</td>
<td>64.93</td>
<td>62.77</td>
<td>53.22</td>
<td>50.57</td>
<td>55.09</td>
<td>48.71</td>
<td>51.91</td>
<td>51.91</td>
<td>51.15</td>
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<tr>
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<td>62.27</td>
<td>54.72</td>
<td>45.41</td>
<td>43.01</td>
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<td>40.24</td>
<td>42.32</td>
<td>41.67</td>
<td>41.86</td>
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<tr>
<td>Kentucky</td>
<td>58.04</td>
<td>58.21</td>
<td>51.25</td>
<td>47.74</td>
<td>53.76</td>
<td>49.22</td>
<td>51.95</td>
<td>50.3</td>
<td>48.37</td>
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<tr>
<td>Louisiana</td>
<td>58.74</td>
<td>59.28</td>
<td>55.06</td>
<td>57.23</td>
<td>59.61</td>
<td>55.59</td>
<td>59.02</td>
<td>54.39</td>
<td>48.32</td>
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<td>Mississippi</td>
<td>59.97</td>
<td>54.1</td>
<td>48.36</td>
<td>45.28</td>
<td>52.59</td>
<td>51.9</td>
<td>53.69</td>
<td>52.41</td>
<td>48.39</td>
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<td>North Carolina</td>
<td>67.11</td>
<td>56.83</td>
<td>49.66</td>
<td>45.4</td>
<td>50.73</td>
<td>44.26</td>
<td>47.71</td>
<td>43.78</td>
<td>42.97</td>
</tr>
<tr>
<td>South Carolina</td>
<td>59.58</td>
<td>52.15</td>
<td>46.71</td>
<td>40.99</td>
<td>45.74</td>
<td>39.85</td>
<td>41.32</td>
<td>40.9</td>
<td>40.33</td>
</tr>
<tr>
<td>Tennessee</td>
<td>57.62</td>
<td>55.67</td>
<td>49.15</td>
<td>47.14</td>
<td>52.77</td>
<td>45.86</td>
<td>49.71</td>
<td>49.09</td>
<td>48.39</td>
</tr>
<tr>
<td>Texas</td>
<td>54.26</td>
<td>52.23</td>
<td>47.8</td>
<td>44.36</td>
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<td>49.47</td>
<td>52.11</td>
<td>47.27</td>
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<td>Virginia</td>
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<td>46.09</td>
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<td>48.36</td>
<td>53.9</td>
<td>53.42</td>
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<tr>
<td>United States</td>
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<td>58.32</td>
<td>53.3</td>
<td>55.91</td>
<td>54.72</td>
<td>54.95</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
Chapter 1: Beyond the ‘Gilded Age’

Gearing up for transformation

So far, the South’s leadership has been consumed with coping. Now, challenging questions arise: How can the region prepare for recovery and beyond? Knowing that there’s no return to pre-2000 “normal,” how should the South think and plan for a post-recession resurgence? And how can we learn from the social and economic strides forward of our “New South” cities and apply them to the remaining vestiges of the “Old South,” so the whole South can move forward together?

Despite the setbacks it has suffered since 2000, the South today is, as a whole, stronger than it was before the “gilded age.” It remains in a position to create a model for the nation in a recovery that creates a more equitable society, a more competitive array of entrepreneurs and workers, and a more engaged citizenry. To do that, civic, business, and political leaders must acknowledge that on top of lingering structural inequities, the recent recession has widened disparities by hitting the South’s various people and communities differently and unevenly.

As Southerners have come to realize over the past decade, we all live in a global economy in which the United States doesn’t and can’t control events or the flows of capital and labor. The two recent recessions have proved especially disruptive to mainstays of the Southern economy, disruptive not only to small towns with their small factories but also to sprawling cities with banks in tall towers.

Despite the outpouring of statistics from governments and think tanks, it is impossible to capture the full effects of the recessions on the attitudes and perceived prospects of people. Through its “gilded age,” the South developed a broader middle class than it had ever known. In addition to data on unemployment, poverty, and other economic dislocations, the full story of the recession also includes people who have seen their savings wither, who worry that their children will not be better off, who put off up-keep on their homes, who borrow more to meet the rising costs of college where states are cutting budgets, or who re-enter the education system through a community college for re-tooling of themselves.

From his vantage point in Southside Virginia as president of the Danville Regional Foundation, Karl Stauber sees the people of his region arrayed into three economic strata or subcultures: prosperity, subsistence, and survival. He argues that the two recessions of the past decade disrupted the promise that people and families who worked hard and played by the rules would move up the continuum, from survival to subsistence to prosperity. Stauber’s analysis serves as a useful guide to assessing the condition of the South at the tail-end of a deep recession: too many people have been knocked back downward from newfound—but fleeting—middle-class prosperity.

The impending recovery will not be driven by reassembling the pieces of a shattered economy. Rather, the recovery should be driven by ideas—ideas that emerge from civic discussions and purposeful, organized thinking that looks
beyond current difficulties and addresses the inequities and disparities that will hold people back even when the current low economic tide rises again.

The South needs ideas on how to invest so that more people can thrive in the global economy. It needs to assess and deploy its public and private assets in such a way that equity is seen as an economic imperative in the process of recovery. The more people who are brought into the recovery with skills at their command, the more equitable and competitive the region’s states, cities, and towns will become.

Moreover, the region needs to regenerate a sense of the common good while managing the dynamics of immigration and diversity. The region has the need and the opportunity to do so with leaders who are willing to make the case for the importance of equity.

No one can say for certain what is coming next year, and the next year, and the year after that. But we know, as we said a decade ago, that the South has grown strong enough to respond capably to powerful economic and social forces. States and communities have a better chance of succeeding by grappling with hard realities and seeking creative solutions. If the South is to have a prosperous future with opportunity available to all its citizens, now is the time to focus on what it will take—not simply to transition, but to transform our thinking and our vision. In the white papers to come, we will offer our analyses and findings in five broad categories: learning, earning, living, connecting, and leading. We do not propose a formula for every state and community; rather, we hope to assemble data and analysis in such a way as to foster a change in the conversation across the region—and thus to impel Southerners to think beyond their current difficulties and to imagine a region that confidently enters into a time of transformation.
Learning—Southern authorities spent much of the 20th Century in an ultimately vain attempt to sustain the unsustainable: that is, to maintain racially segregated schools and offer only enough education to support a low-wage, low-skill economy. Legal segregation collapsed under the weight of both moral and constitutional scrutiny. Over the past 40 years, a fast-paced shift to a knowledge-based economy drove Southern states to adopt waves of education reform. Indeed, several Southern governors, both Democrats and Republicans, made a mark by launching initiatives to bolster public education, so much so that the South now features model programs of school improvement.

And yet, the region still finds itself bound by 19th century structures at a time when it should be envisioning 21st century schooling. This is a moment in which the South can learn from itself, from experiments and initiatives taking place within its own states and communities. Across the region, new initiatives have blossomed to expand early childhood education; so have important initiatives to link high schools and community colleges. For much of the past decade, Southern states have sought to address their high rate of drop-outs from high schools. Even as they must do better in retaining teenagers in high schools, states must address a simultaneous need to attend to disconnected youths in their communities—that is, young people without connections to either school or work. What’s more, too many of the region’s young adults enter community colleges but do not complete the requirements of an associate’s degree or a work-ready credential.

The South needs to realign its systems, both internally and in connection with each other, to assure that its citizens get the education from early childhood through post-secondary required to prosper in both economic and civic life. In the realms of education—schools, community colleges, and universities—the South needs a driving conversation around break-the-mold ideas.

Earning—As the South emerges from recession, it will confront several uncomfortable facts: The traditional Southern economy is not coming back; automobile assembly plants and other factories will take the region only so far in an era of globalized manufacturing; and the region’s muscular metro areas feature significant wage and wealth disparities.

Even as states and communities deal with the lingering effects of recession, they can take steps to prepare a firmer economic foundation for their people. Higher-wage work in the future will require a postsecondary credential—which Southerners can pursue in community colleges and four-year universities. Many of the fastest-growing jobs require some postsecondary education or credential—but not necessarily a four-year degree. Southerners should prepare to take advantage of new jobs in the green economy, energy, and technology.

In addition to focusing on access to and completion of postsecondary education, it is vital that states and communities deal with the lingering effects of economic dislocation by drawing down work supports, such as the Earned Income Tax Credit, to bolster incomes in a period of anemic wage growth.

Living—Once the South’s economy shifted into a higher gear following World War II, and even appeared supercharged in the last decades of the 20th century, the South’s civil landscape underwent a profound change. Jobs and the people who took them clustered increasingly in sprawling metropolitan areas that created a new dynamic in the region.
The forces of metropolitanization require policy making and planning beyond the urban/rural/city/state boundaries that now constrain our thinking. Metro areas will face challenges in the near-term as the baby-boom generation ages into retirement. Metro areas have become the preferred destinations for whites, blacks, and Latinos in the migration streams that have swelled the Southern population and workforce.

As the urban-rural gap widened over the last few decades, the South took steps to bolster small cities and towns, and the countryside, that formed so much of its heritage. That work should continue. But if the South needs rural strategies, it needs metro strategies, too. Metro areas serve as the region’s strongest economic engines, where Southerners will confront the full range of issues arising from demographic diversity and development sprawl.

**Connecting**—In that autumn afternoon speech in 1998, George Autry called attention to the emergence of an “insidious problem” rooted in an “increasingly fractured and fragmented” social culture. Cultural enclaves, he said then, “are our new communities … the old community has been undermined by the automobile which carried us away, TV and air-conditioning which drove us inside, the two-earner family that wears us out, and now the computer that connects us to the next century and isolates us from next door.”

Since Autry spoke those words, the South as well as the nation have continued on a path to further fragmentation—resulting from newer social-networking communication technologies, from a media environment that fosters ideological clashes, and from a polarized political system. A democratic system, of course, is naturally competitive—featuring competition of ideas as well as of personalities—but the South is also a region in need of a renewed sense of connection.

**Leading**—The governing, business, and civic leadership of the South has been dominated by aging baby-boomers, most of whom were shaped by the changes wrought by the Civil Rights Movement and by the region’s rush for economic modernization. In the near future, however, states and communities will also depend on leadership from people not born here and from younger generations, who come with their own sets of experiences and styles.

Surely, the South needs to develop new leadership at all levels—not just in high and official places, but in workplaces and throughout communities. This is a moment when Southern states should explore how leadership emerges in the 21st century landscape of technology-infused networking. It is imperative that the South identify, educate, and sustain a new generation of political, professional, and civic leaders—to these leaders will fall much of the task of repairing the structural weaknesses that have made the economic downturn so severe.
About MDC

MDC, founded in 1967, is a nonprofit organization based in Chapel Hill, N.C. For more than four decades, MDC has focused on removing the barriers that separate people from education, jobs and opportunity, working primarily in the American South. Its work includes: publishing research; developing policies and programs to strengthen the workforce and foster economic development; advising foundations, community colleges and other institutions; and demonstrating and incubating promising strategies to address opportunity and close gaps.

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For more information, visit www.mdcinc.org.

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