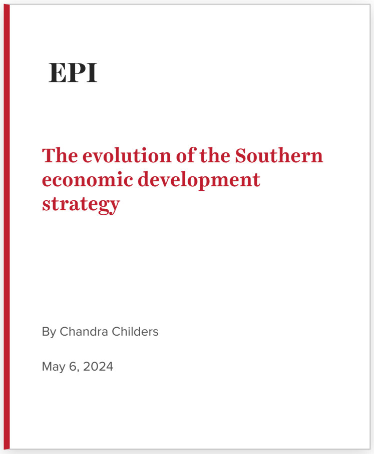
The evolution of the Southern economic development strategy

Rooted in Racism and Economic Exploitation: Part One

Summary: The Southern economic development model has failed to create shared prosperity in the region. In fact, this model was deliberately designed to do the opposite—to extract the labor of Black and brown Southerners as cheaply as possible. This report examines the racist roots of the model and provides the necessary context to challenge the enduring racial hierarchy in the South.



EPI

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Key findings

- From low wages to unfair tax policies to a weak safety net, the Southern economic development model ensures that businesses continue to have access to cheap Black labor even after slavery was abolished.
- A key component of the Southern economic development model is low wages. Twenty states still use the federal minimum wage of $7.25, and half of these states are in the South.
- On top of struggling with low wages, many Southerners—particularly Black and brown Southerners—have trouble accessing unemployment insurance and other benefits, which are often inadequate.
- Policymakers have worked to limit Southerners' rights to unionize and bargain collectively since unions make it hard to keep wages low and benefits stingy.

Why this matters

Analyzing the roots and evolution of the Southern economic development model shows that civil rights are deeply connected to workers' rights. We need an economic strategy that reverses the impact of 150 years of racist, anti-worker policymaking in the South.

How to fix it

The Southern economic development model cannot create shared prosperity. To uplift everyone in the South, we need policies that raise wages, make taxation fair, strengthen the safety net, and protect workers' right to unionize.

Black laborers at Stockham Pipe and Fittings Company in Birmingham in 1950 (Library of Congress).