"Neither Boom nor Gloom": The Economic Development of Huntsville, Alabama, 1940-1990

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For most observers, 1970 was a year of endings for Huntsville. Both of the city's government facilities, the Army's Redstone Arsenal and NASA's Marshall Space Flight Center, faced a lack of funds and a declining workforce. The city endured symbolic losses as well. The year had seen Huntsville's most well-known resident, rocket engineer Wernher von Braun, leave his post at Marshall for a position with NASA in Washington, D.C. and *Explorer I*, the first U.S. satellite and the first of many successes by von Braun's missile team at Redstone, had burned in the Earth's atmosphere. Despite the sense of decline, however, a reporter reviewing the economic year for the *Huntsville Times* pronounced a cautious optimism: "Somehow, in retrospect, the year was neither boom nor gloom." [1] Huntsville still enjoyed an influx of federal funds, and across the city, missile and electronics companies thrived on lucrative government contracts. The city had weathered economic cutbacks before, and city leaders had every expectation that Huntsville would again survive a period of decreased funding. In one sentence, the reporter symbolized the entire economic outlook of the city. Huntsville's leadership consistently sought balance, between a surging federal economy and the loss of governmental support, between reliance on Redstone and Marshall and support for private industry, between bringing in new companies and fostering local ones – a balance between boom and gloom. Armed with a willingness to adapt to the needs of the city, as well as an acute understanding of the vagaries of federal money, Huntsville's proponents continuously worked to create a balance within Huntsville's economy, and in doing so, made the city one of the success stories of the Sunbelt South.

[1] "Change Was Key to Science Element in '70," *Huntsville Times*, 3 January 1971, 7.

On the eve of the United States' entrance into World War II, cotton dominated Huntsville's economy. The city was the processing center for the Tennessee Valley's cotton crops, and Huntsville's mills guided its economic fortunes. By the 1940s, however, cotton was proving a shaky foundation, and the growing war effort presented an attractive solution. The Huntsville Chamber of Commerce begged Representative John J. Sparkman and Senator Lister Hill to work harder to bring defense plants to the area. In July 1941, the *Huntsville Times* announced the fruits of their labor: a $41 million chemical warfare plant.[2] The Army would locate two facilities in Huntsville, a plant for manufacturing shells for chemical warfare, known as Huntsville Arsenal, and a storage facility for the completed shells, later called Redstone Arsenal. The plants would bring in jobs and money to the area, beginning a half-century of economic growth for the city.

The arsenals created wartime boom conditions in Huntsville. Yet even as the arsenals were being constructed, city leaders and government officials began looking to the postwar future, fearing that the city's economic success would not last. In July 1943, a report by the Labor Department highlighted the necessity of serious planning for Huntsville. Redstone Arsenal would almost surely close after the war, and the textile industry, which was experiencing increased wartime orders, would never absorb the thousands of workers displaced when government funding slowed. In an area with trained labor and ample, cheap TVA power, industry was likely to come to the Valley, but city, state and federal leaders would have to work together.[3] Only new industry could prevent the city from falling into serious economic trouble.

The fear of losing the arsenals drove the Huntsville Chamber of Commerce to intensify its efforts to attract industry. In 1944, several Chamber members and industrial leaders formed

[2] "Huntsville Given $41,293,000 Chemical Warfare Service Plant," *Huntsville Times*, 3 July 1941, 1.
[3] US Department of Labor, Bureau of Labor Statistics, *Impact of the War on the Huntsville Area*, July 1943, Hoole.

the Huntsville Industrial Expansion Committee with the specific goal of planning for the peacetime economy by attracting industries to Huntsville. At first, the HIEC was largely an extension of the Chamber of Commerce, employing a basic strategy of raising money from the community and contacting companies with an interest in moving to the Huntsville region. The publicity campaign netted 200 members, $25,000, and two real successes, bringing the John Blue Company, a farm implement manufacturer, and the General Shoe Corporation, to the area.[4] Neither company could match the peak employment of the arsenals, but John Blue and General Shoe began the city's drive for a balanced economy, a campaign that would characterize Huntsville's growth throughout the latter half of the twentieth century.

The first major step in the HIEC's development campaign came in November 1946 with the publication of "Huntsville Has What It Takes," a brochure designed in cooperation with TVA that would list the area's resources and set out the benefits of locating industry in Huntsville. Both of the city's most recent industrial clients included testimonials praising the resources available in the area, and the president of John Blue specifically thanked the HIEC for their work in helping the company locate in Alabama. The brochure gives a clear picture of the business community's view on Huntsville's potential, as well as the city's economic need.[5] Unwilling to rest on agriculture or textile manufacturing, and uncertain of future government investment, city leaders were preparing for an economy based on industry.

"Huntsville Has What It Takes" also provides an excellent example of the early strategy of Huntsville's development officials. The HIEC's focus was publicity, trying to attract industry through a visual presentation of the benefits of the area. Yet even as the group began distributing the brochure, events at the arsenals were forcing a change. In August 1945, the government

[4] "Several Firms Seeking Sites in Huntsville," *Huntsville Times*, 17 February 1946, 1, 10.
[5] "Huntsville Has What It Takes," Huntsville Industrial Expansion Committee, 1946, 17, Hoole.

began cutting contracts, dropping $97 million worth of work after the end of the war and furloughing 1/3 of the workers at the two facilities. By November 1946, Huntsville's unemployment was at 4,000, roughly the level before the war. The next month, the arsenal properties were listed for sale.[6] Sparkman, Representative Robert E. "Bob" Jones, and Hill met with Secretary of the Army Kenneth Royall an attempt to convince him to retain the facilities. City leaders leased space in the old arsenals to an automotive company, but few other companies seemed interested, and the HIEC begged arsenal leaders to return to the city.[7] Huntsville's leadership realized the importance of government payrolls to the city economy and as the arsenals scaled down, city leadership shifted its focus in an attempt to retain the Army, allowing industrial attraction to play a diminished role.

In 1949, in what the *Huntsville Times* called "the most heartening piece of information that has come to this area in some time," the Army announced that it would move a German rocket team led by Wernher von Braun from Ft. Bliss, Texas, to a revitalized Redstone Arsenal. City leaders immediately moved to accommodate the arrivals and prepare for expected future growth by lobbying the Federal Housing Administration for funds and planning for the expansion of school and recreational facilities.[8] As Redstone grew rapidly, economic developers focused on assisting the Army, preparing the city for a massive influx of government funds. The HIEC worked to bring in industries like Thiokol and Rohm and Haas that would work with the

[6] "Both Arsenals Cut Contracts for Materials," *Huntsville Times*, 16 August 1945, 1; "1,850 Workers to Be Granted Furlough Soon," *Huntsville Times*, 22 August 1945, 1; "Local Arsenals Cancellation Is $97 Million," *Huntsville Times*, 2 September 1945, 1; "4,000 Unemployed around Huntsville," *Huntsville Times*, 3 October 1946, 1; "Redstone Arsenal Given Standby Status Order," *Huntsville Times*, 24 February 1947, 1.
[7] Press Release, "Sparkman Urges Hold-up in Disposal of Surplus War Plants," 2 April 1948, Box 66A677-23: Folder 31, Sparkman Senate Papers, Hoole; "Mayor, Cummings to Push Arsenal," *Huntsville Times*, 10 October 1947, 2; "Redstone Due on Permanent, Reduced Basis," *Huntsville Times*, 21 September 1947, 1.
[8] "The Greater Redstone Arsenal Installation," *Huntsville Times*, 4 November 1949, 4; "Harried Chamber Staff Helps Arsenal Families Get Located," *Huntsville Times*, 20 April 1950, 1, 2.

arsenal on missile construction and development.[9] Redstone and its growing contract network began a new period of growth for Huntsville that would eventually outstrip the war years, but the boom was dependent on government funds.

Even as city leaders worked to support the federal installation, they realized that the uncertain nature of federal funds called for a diversified economy. Beginning in 1956, Secretary of Defense Charles Wilson began threatening to remove the Jupiter program from Army supervision and transfer control to the Air Force. The Eisenhower administration, constantly trying to maintain a conservative budget, threatened the Army installation's appropriations. City leaders never felt secure in their prosperity, and knew that budget cuts or inter-service rivalries could wreak havoc with the government's payroll and contract network in the city. Bob Jones was anything but optimistic, foreseeing "serious readjustments" if a change in federal policy or the international situation decreased funding.[10] These uncertainties forced the HIEC and other city groups to return to their original plan of attracting industries that would diversify Huntsville's economy. However, preparing for the Arsenal had provided city leaders with valuable experience in economic planning. The diversification campaign of the late 1950s and early 1960s would build off of that experience.

In 1956, the HIEC scored two major industrial clients, rare metals company Mallory-Schwarzkopf and American Machine and Foundry, their first substantial victories since turning their attention back to economic diversification. Mallory-Schwarzkopf's decision was partially based on Huntsville's material and labor attractions, which the HIEC had been publicizing from the start, but the company also benefited from land that had been specially set aside for them.

[9] "Redstone Contract Signed by Thiokol," *Huntsville Times*, 17 April 1949, 1, 2; "Rohm, Haas Co. to Establish Redstone Labs," *Huntsville Times*, 19 May 1949, 1.
[10] Jones to Walter Wiesman, 24 July 1957, Box 119: 199, Robert E. Jones Papers (RJP), Salmon Library Archives, University of Alabama at Huntsville.

The month before the move was announced, Huntsville Industrial Sites, Inc., a non-profit organization created by the HIEC and funded through the sale of public stock, purchased 248 acres of surplus Redstone Arsenal land, marketing part of the parcel to Mallory-Schwarzkopf. In order to prepare for American Machine and Foundry's proposed underground manufacturing plant, the HIEC worked to acquire land along the Tennessee River and to organize seismological studies of the surrounding area in preparation for construction.[11] Just as they had worked to provide housing and services for incoming arsenal employees, the HIEC and Chamber of Commerce moved beyond simple publicity to cater to the physical needs of potential clients, and were thus able to bring several new industries to Huntsville. Maturing from promotion to site preparation, city leaders expanded their efforts to grow Huntsville's economic base, adopting a modern, professional program of economic development.

With the success of Huntsville Industrial Sites, land investment became one of the city's strongest tools in the quest for new industry. In February 1957, the group purchased the old Lincoln Mills properties, renamed it the "Huntsville Industrial Center," and immediately saw results when Brown Engineering, a Huntsville firm expanding on government contracts, leased the facilities. In July 1958, Chrysler, which had won the contract to construct the Army's Jupiter rocket, decided to locate in the Industrial Center as well.[12] By 1961, the Industrial Center was joined by "Industrial Research Park," an area of land adjacent to the arsenal properties. Brown Engineering's president, Milton Cummings, purchased the 150 acres, occupying one tract and selling the rest at cost to other research and development firms locating in the area.[13] Later to be

[11] "Industrial Sites Funds Are Sought," *Huntsville Times*, 8 January 1956, 1; "New Metals Industry Will Be Located Here Soon," *Huntsville Times*, 26 January 1956, 1, 24; "2 Years of Effort Required to 'Land' Green Mountain," *Huntsville Times*, 4 June 1956, 1, 6.
[12] "Industry Outlook Bright for City," Alex Thomas, *Huntsville Times*, 30 April 1958, 1, 8; "Chrysler Sets Consolidation at Lincoln Site," *Huntsville Times*, 1 July 1958, 1.
[13] Melinda Gorham Joiner, with Peter Coburn, *Huntsville: Where Technology Meets Tradition* (Huntsville: Community Communications, 1993).

renamed "Cummings Research Park," the land would become the epicenter of Huntsville's economic boom, especially as Redstone Arsenal expanded to encompass the new civilian space agency.

Despite the early success of carefully zoned industrial parks, development officials remained nervous, especially when the government threatened to move the von Braun team from the Army facility. In the late 1950s, President Dwight D. Eisenhower created NASA with enacting legislation allowed the agency to borrow the top researchers from each branch of the military, a direct threat to the Army, which led the field in missile and rocket technology. Business owners quickly wrote to Sparkman, asking how the uncertainty at Redstone would affect the business climate.[14] The *Huntsville Times* called for civic groups to attract "new private industry" to "achieve a more healthy economic balance."[15] In the end, NASA did gain control of the von Braun team, but located them on the Redstone Arsenal facility at the George C. Marshall Space Flight Center, allowing scientists to work in their old laboratories and temporarily assuring the continued flow of government payrolls into the city. However, the uncertainty had once again proven the unreliable nature of government funding.

Faced with a robust federal economy and a renewed challenge to diversify, Huntsville's economic leaders professionalized their campaign. In early 1960, the HIEC hired the New York firm Fantus Area Research to conduct an independent survey of Huntsville's economic possibilities. Surveying data such as employment statistics, material resources, government services, and living costs, Fantus tailored industrial contacts to fit the city's needs and capabilities and gave economic leaders a list of potential clients.[16] In December 1960, following

[14] Allen Clark to Sparkman, 31 March 1960; and John C. Hall to Sparkman, 29 January 1960, Box 355: Mili. 4, Redstone Arsenal, 1960, Sparkman Senate Papers, Hoole.
[15] "Industrial Outlook Improved," *Huntsville Times*, 8 September 1958, 4.
[16] "Industrial Survey Here Slated to Start Soon," *Huntsville Times*, 7 February 1960, C8.

the survey's recommendations, the HIEC hired Guy B. Nerren to the position of executive director.[17] Unlike other HIEC positions, Nerren would be paid a salary, and industrial development would be his sole occupation. The year also saw Huntsville refine its relationship with the larger Tennessee Valley region.[18] After 1960, Huntsville's city leaders agreed to focus solely on the development of Huntsville and surrounding Madison County instead of the larger Valley region, targeting industries that fit the city and county's specific needs. With a development staff focused on industrial growth, a survey tailored to the city's needs, and a strategy highlighting the city's attractions, the HIEC and other economic development groups could focus on diversifying Huntsville's economy.

By the early 1960s, the actions of the HIEC and other groups demonstrated the professional nature of the city's economic program. In 1963, in what had become a routine trip for the group, Nerren and fellow HIEC officers left for the West Coast in a recruiting drive to discuss the possibility of aerospace and high tech companies moving operations to Huntsville. The group landed in California, where they met with officials from Aerojet-General who were planning to purchase sites at Research Park, alongside new tenants IBM, Lockheed, Northrup, and General Electric, all of whom held contracts with the government. While in California, the group also met with executives from Ford's Aeronautic Division, Rocketdyne, Lear-Siegler, and others. They distributed pamphlets and brochures extolling Huntsville's general industrial climate and, more specifically, the properties at Research Park. The HIEC conducted several such recruiting trips, combining publicity, personal attention, federal support, and community development into a unified drive for industry.

[17] "HIEC Hires Industrial Specialist," *Huntsville Times*, 4 December 1960, 1.
[18] "Industrial Hopes Brightening Here," *Huntsville Times*, 3 April 1960, 12.

The campaign demonstrated the maturity of the city's development campaign, but also emphasized an increasing shift in Huntsville's economic focus from manufacturing to research-based and high-tech companies tied more closely to national defense. Both Redstone and Marshall worked to direct at least a portion of their contract revenue into the city. Speaking to industrial leaders at the newly dedicated Space Center, von Braun told his audience that Marshall would use the "maximum capabilities of private industry."[19] In 1965 alone, companies contracting with Marshall and Redstone added 3,600 workers, bringing the total employed at Research Park alone to 9,000. Huntsville Industrial Sites, now renamed the University of Alabama at Huntsville (UAH) Foundation added more acreage to the industrial park, and Boeing planned a 107,000 square foot facility, just one of nine companies building in the park.[20] Expanding on government paychecks, Huntsville reaped the benefits, and the city's leaders used the opportunity to prepare the city for growth and to bring in the companies that would contribute to the prosperity.

In 1968, technicians at Marshall and Redstone celebrated the success of the Apollo mission, but the project had dominated Marshall's schedule, and once it was completed, the Space Center struggled to maintain the same level of activity. Beginning in 1969, both Redstone and Marshall faced years of diminishing budgets and shrinking workforces as federal funds went elsewhere.[21] The *Times* tried to remain optimistic, promising that the city had "a viable research and development capacity" that could "attract manufacturers of space exploration hardware," yet space work alone would not preserve the prosperity. City leaders would need to focus on planning and recruitment, carefully laying out the benefits of working in Huntsville, selling the

[19] "Industry's Role at MSFC Told," *Huntsville Times*, 27 September 1960, 1, 2.
[20] Bob Ward, "Space Employment Spiraling," *Huntsville Times*, 2 January 1966, 1, 2; Ward, "City's Research Park Among Tops in Nation," *Huntsville Times*, 1, 3.
[21] R.J. Richey, "MSFC Work Peaks with Apollo in '68," *Huntsville Times*, 1 January 1969, 6; "Change Was Key to the Science Element in '70," *Huntsville Times*, 3 January 1971, 7.

city, purchasing lots and preparing them for industries, training, and venture capital – the tools that had proven so successful in the past. The paper concluded with a telling statement of the city's economic policy: "Proud as we are of local space industry, eager as we are to see it expanded, assured prosperity in the '70s will require a broader more diverse economic base."[22]

Even as government funding seemed sparse, city leaders remained active. The decade saw the completion of Huntsville's downtown revitalization projects, helping the city boost retail sales, and the remarkable growth of the University of Alabama at Huntsville as a center for training technicians and engineers for private companies and government agencies.[23] Much of the industrial growth in the 1970s came from electronics and research companies, some locating in Huntsville or expanding existing facilities, while many older companies adapted to the new economy.[24] Brown Engineering merged with California-based Teledyne Engineering and began shifting its focus to computer software, taking on new contracts for missile defense systems, with the Army at Redstone, but also with foreign defense agencies.[25] Building on the accomplishments of Huntsville's city leaders, industries took up much of the slack when Redstone and Marshall faced retrenchment. In fact, as city planners looked back on the 1970s, they concluded that, while losses at the government facilities had been troubling, the growth of high-tech and computer industries had actually created a demand for workers in the city. In the eyes of the city's leaders, Huntsville was poised to come out of the 1970s as strong, or stronger, than before the slump – Huntsville's growth seemed "assured."[26] When Ronald Reagan poured

[22] "Goals for the '70s – V," *Huntsville Times*, 6 January 1970, 5.
[23] Alan Moore, "Downtown's Year Called a Landmark," *Huntsville Times*, 2 January 1966, A7; "A Base for Building," *Huntsville Times*, 1 January 1974, 7.
[24] Randy Quarles, "1978 a Year of Steady Growth in Area," *Huntsville Times*, 1 January 1979, 37.
[25] Elise Hopkins Stephens, *Historic Huntsville: A City of New Beginnings* (Woodland Hills, CA: Windsor Publishing, 1984), 184-6,
[26] Logan, Granville A., *Growth Patterns in Huntsville*, Prepared by the City of Huntsville Planning Department, Sept. 1982

funds into defense spending, Huntsville's economy was better prepared to face the shocking growth of its government facilities.

In 1982, Huntsville's developers left on another recruitment drive to California, but this time focused specifically on high-tech companies. The trip complemented the flow of Huntsville's shifting economy. By 1985, Huntsville would be second only to San Diego in concentration of high-tech employees to total employment.[27] Much of this growth could be traced to Marshall and Redstone, but development still rested on the economic base created by Huntsville's city leaders. The 1982 trip built on a tradition of working with companies to move them to the "Rocket City". Groups like the HIEC and the UAH Foundation created an environment that encouraged further growth. By 1990, Research Park had 16,000 workers, making it the second largest industrial park in the world, and 1/5 of Huntsville's 133,000 workers were employed in aerospace and related industries.[28] Companies from Huntsville developed a global presence. Integraph, a company formed in Huntsville by five engineers from IBM, grew from its small contract with the Arsenal to become a globally recognized interactive graphics developer holding contracts with 50 countries across the globe. UAH economics professor Niles Shoening noted the city's success in weathering the down periods: "When you look back on Huntsville's economy in the 1980s, you can't even find the national recession of 1981 and 1982 … Our economy is just different."[29]

By the early 1990s, as Marshall engineered space shuttles and Redstone worked on Patriot missiles for the first Gulf War, Huntsvillians still worried about the health of their city's economy. City officials continued to work to balance the federal facilities with a diverse

[27] Melinda Gorham Joiner, *Huntsville: Where Technology Meets Tradition* (Huntsville: Community Communications, 1993), 35,
[28] Joiner, *Huntsville*, 37, 48.
[29] Ibid., 50-3.

economy. Developers never equaled the might of federal funds – the city was still largely dependent (and continues to be) on Marshall Space Flight Center and Redstone Arsenal. Yet as the slump of the 1970s showed, Huntsville's economic leaders were successful enough to survive the retrenchment that came with budget cuts and recession. The HIEC, the Chamber of Commerce, the UAH Foundation, and other groups developed a professional civic booster program and then implemented it in order to bring new industries to the city in the expectation of fluctuating government funds. City leaders proved unusually foresighted in anticipating development, but they benefited from the city's great selling points: its proximity to transportation networks, cheap TVA power, and most importantly, active government installations. Even during the slump of the 1970s, the city's optimism is unsurprising. With active leaders successfully diversifying the Huntsville's economy, citizens could rest assured that, at least for their city, neither boom nor gloom could derail their prosperity.