

JOSEPH MOSNIER: This is an interview with Senator Lauch Faircloth at his home in Clinton, North Carolina on Monday, March 22, 1999 for the Southern Oral History Program's series, North Carolina Business History. This is cassette 3.22.99-LF. My name is Joe Mosnier. Now Senator, I thought we might start with just a brief sketch of your upbringing on the farm and what your early family life was like and how your family farming operations took shape.

LAUCH FAIRCLOTH: Well the family farming operation was, I had three much older brothers. So I almost, my rearing was somewhat that of an only child. There was a big gap between my brothers and myself and particularly in view of World War Two coming on. So during the thirties, all of my brothers went to the University at Chapel Hill immediately out of high school. Of course, high school was eleven grades then. So they were gone early. My father was in the, as everybody in the South was, the cotton business. It just became absolutely impossible to function. He had a lot of people, a lot of cotton, a lot of land. It meant nothing. You just couldn't survive on it. But Sampson County, which is where we live here, is had historically been a pretty big produce area because of blueberries, native wild blueberries, just train loads of them are shipped out of here. So the rail service here for refrigerated cars directly into the Eastern markets was real good. We began to get into the produce business a little bit. He had established a pretty good, that became certainly much more profitable particularly the yellow corn, the sweet corn that we eat today. It was developed by a man named Robeson from Hall, New York. They're still in business incidentally. He was an agronomist, I guess that's what they, at Cornell. We grew a lot of it, a couple thousand acres or more, under contract, which really was the relief from cotton. We grew what tobacco we could but of course that was strictly an allotted. So the farming moved from cotton to produce early on. He was one of the first to grow early squash in this area, the early spring crooknecks. We had a lot of people.

JM: How big was the operation in acreage?

LF: Oh it had been twenty five hundred acres in produce, which required enormous amounts of people. Then of course the war came on, World War Two, and my brothers all were in the service. The older one was in the Air Force. He was Eight Air Force, flying over Germany, anyway whatever Air Force that was. My other brother was in the Navy in the Pacific. Then my other brother was in the Marine Corps in the Pacific. So they were all spread out all over the country. So when the war was over they had degrees

and had all finished the university and were doing various things. My father was sick. He had extremely high blood pressure. But there, as opposed to today, there was absolutely nothing they knew to do for it. Absolutely nothing. It was two eighty, two seventy, two eighty over a hundred and seventy. Actually was in the hospital when he had a stroke. But he was lying there, they knew nothing to bring it down. There was no medicine. This would've been in '47 I guess because actually I went into, I finished high school and I stayed out of school a year to help him because he was ill. My brothers were all married and families and they didn't want to get back into farming, they didn't think at that time. After high school I stayed out a year and worked for the farm and traveling. By that time we were doing a little bit of stuff in Florida and a little bit on the Eastern Shore but very little. But the next fall he was feeling better, he thought. I went up to High Point College. The reason I went there was because my brother was there. My older brother was there. He was teaching. I was there about, oh until about Christmas and that's when my father got much worse and had a stroke. So I quit and came home. So the September to some time in December constituted my higher education career. So then I went right on into the business. His stroke was severe. He actually never recovered. He lived for fifteen, sixteen years but he was always an invalid from then on. So he never even looked back at the business. So I went on and ran it and was in business, the produce business, for a pretty long time. I did not like the business. It's a very difficult business. You move every three weeks. I was doing some business with a man named Studstill. It was from South Florida, Immokalee, Florida, which is about forty miles east of Naples. All the way up to Riverhead, Long Island and all the points in between there. I began to do some other things. We had some tractors, crawler tractors on the farm and I bought some more.

JM: Actually Senator before we, can I ask one question?

LF: Sure.

JM: Can you tell me just for a moment about how your family's history in the area. How it came to pass that your father had become so successful and had run such a large operation. Did it go way back?

LF: It wasn't that successful. He was about to starve to death during the thirties. Well, that goes back--

JM: Just briefly, not--

LF: Oh sure. Well, Faircloths were, I assume poor English, or I know I don't assume. They were poor English and early, early and this is direct descendancy. They came out of London in that immediate area, York, London but primarily London as indentured servants. They came through Norfolk, the registry shows about eight or ten of them. I mean, early, early, 1660's, 1650's as indentured servants to work on the Virginia plantations. Of course tobacco then as it is now was very addictive. Well as soon as it got to the very first of it, a little bit got to London, it got very socially not only acceptable but a sign of sophistication I guess would be the word, to smoke. So the courtiers and other wealthy British people, particularly the primogeniture, they would families aristocratic and royal families would send son in laws and thirds and fourth children and establish them on big plantations in Virginia to grow tobacco which was extremely profitable. Well, to grow tobacco the first thing you had to have was a lot of cheap labor. The Indians certainly weren't going to plow. So they rounded up a lot of people off the streets of London as indentured servants. Some of them came out of prison. I'm not sure exactly where my group came from, but they came early, early. I mean, before you established a plantation, you had to have people to clear it, to work it, to make it. So around 1640, '50 they were bringing them in as indentured servants. They worked off the indenture and maybe worked on a little while for wages. They worked off the indenture and Eastern North Carolina was wide-open territory, and they could come down and do what they call patent land. So they drifted, Faircloths into this immediate area and have been here ever since. They settled between, out where I was born out towards Roseboro, and it's a very common name here. You don't see it a lot of other places. But if you see one, a Faircloth, and he knows anything about his history, he came out of this area or came through the system of indentured servants. Now, my mother's people came from Scotland. I was named for my grandfather, Duncan MacLauchlin which is where the Lauch with the pronunciation as lock came from just as the pronunciation was if it were l-o-c-k. They migrated out of Scotland actually much, much later than my father's people did. They came in the early 1800s to what is now Fort Bragg and settled there and lived there until the government took the land around 1910 or '12 to establish Forth Bragg. They were forced to move somewhere. They had to leave there. That's where my mother wound up meeting my father after that. They came about 1800 out of Scotland and spoke Gaelic.

JM: When I interrupted, you were talking about some of the early machinery purchases and the tractors you were using.

LF: Yeah. I bought some crawler bulldozers and got established a little land clearing business and then that moved on to got into the ready-mix concrete business.

JM: This is the early '50s?

LF: In the early '50s, also early on I picked up an automobile franchise, the Cadillac-Olds-Pontiac franchise here in Clinton. So I ran those along for a while continuously buying land, timberlands and farm lands. I got out of the produce business. Studstill took that. So I kept expanding the concrete. We had about, actually my brother who had been in the county superintendent came back and ran the concrete business for me. I sold him a third of it. Then I went on to, what's the--continue to bought a lot of land and kept buying and primarily timberland. Farms were consolidating rapidly.

JM: Let me ask this question. Was your decision to get out of the produce business largely driven by economics or less driven by economics than by personal affinity?

LF: Oh. Less by economics. It was a very good business. It is still a very active business here in the county. Up in the, there are some big operations here. But you couldn't do everything and that constant moving, it's a highly volatile business. So I, what did I have? I had the produce. Then we got into the hog growing business.

JM: Again, let me ask another question before we move on towards hogs. Did you have something as formal as a broad business strategy buying businesses like land clearing and concrete? Were you anticipating a certain pattern of growth? Were you banking on something or was this just local?

LF: Just moving on doing whatever we could find that would be profitable.

JM: How about the land acquisition, buying timberland. Was that, how did you measure the prospects for timber profitability?

LF: Always with the assumption, I guess, if I ever had a long range thought or plan, it was that ultimately, two things, I think you're going to see the environmentalists, at some point they will prohibit the cutting of timber on federal lands. Whether that's good or bad, I don't know, but it's going to happen. So there will be more demand for timber on private lands. But as we're seeing, but also there will be far less demand for timber. Anyway, at that point, I was seeing the move from a lot of land, timber was being cut on government land and public lands and anticipating that that would cease to be. Also the demand for paper was escalating heavily; so, I bought a lot of timberland. Then I bought some more automobile

dealerships. I had the Ford-Lincoln-Mercury in Sanford, Pinehurst, Greensboro, and some others, interest in. Picked up about seven automobile, eight automobile dealerships. We established concrete plants in a lot of little communities, towns down towards Wilmington and in this area. But always, always farming. Then we began to, hog farming became very profitable. The new and more precise ways of doing it, which has come under massive attack now by people that don't know how it used to be and really don't have any idea what they're talking about. But that's beside the point. They're free to talk, and they do. We got into that--

JM: When abouts did you get into hogs?

LF: Oh--

JM: Sixties?

LF: Oh yeah. Early '60s.

JM: Early '60s. Already conceptualizing a new model for raising hogs.

LF: Oh yeah. Of course, we were doing a lot of businesses that were businesses that would go with the concrete. Of course, that's the first thing you need is feedmills, always are concrete operations. Over the growth of the area, so during that time I went to one of the Highway Commissions in 19--

JM: '61, I think.

LF: '61 with Sanford and was there until '65. I had what was called the Third division which was Wilmington, Brunswick County, New Hanover, Brunswick, Pender, Onslow, I think I had Onslow, Sampson, Duplin, a pretty big territory. I was a pretty young man then. I didn't think I was. I guess I was thirty-two or three.

JM: How did you become to be appointed to the Commission?

LF: Well, I was a, going way back in politics. This has nothing to do with business. I was as a young man. I had the produce business and businesses going. I really had not had a lot of interest in politics. Kerr Scott, Kerr Scott was running for Governor and generally was not conceded to have much of a chance because the people that had controlled North Carolina politics for five or six Governors were supporting another man. Of course that group was what was referred to as the Shelby Mafia or the Webb Dynasty was what they were referred to more often. Are you familiar with that?

JM: Um hmm.

LF: Of course they had gone through a series of Governors from O. Max Gardner to Blucher Ehringhaus to, going East and West. Blucher Ehringhaus from Elizabeth City, next was--oh he's from Shelby had all the long hair. I'll skip it temporarily. Then after him was wore a front tailed coat. Long rolled up hair. He fathered Blucher Ehringhaus. Oh everybody loved him. He went to the Senate. He died in the Senate. Anyway, following him was Mel Broughton out of Raleigh and then behind Broughton went back to Greg Cherry. Greg Cherry being from Gastonia. The next move was to pick a man from the East. The man selected was a man named Charlie Johnson who was state treasurer who was actually from Burgaw, Pender County. He--and Scott was Secretary of Agriculture. So along came Scott and, of course, I was in farming. Actually I wasn't old enough to vote. I was twenty. Because I was born in '28. But they, all the agriculture people were supporting Kerr Scott and the road programs. The County Agent called me one day and said they were having a political event for Kerr Scott. I didn't know who the hell Kerr--maybe I had heard the name but I didn't care. But I had to work with him so he wanted to know if I would come to the meeting. I said, 'Yeah.' I don't think he knew how young I was. I know he didn't. Anyway, I went to the meeting that night. The meeting, hell there wasn't anybody there. The County Agent didn't show up. There were two drunks and two cripples and two retardees and myself and Kerr Scott was there. Well, he wanted to know if I would be his county manager. I told him that I didn't know anything about managing a campaign. He said, 'All you got to do is nail up a few placards and--'. I said, 'All right, I can do that.' That was my great surge into politics. Well, he was elected Governor. And all the political structure in the state had been for Charlie Johnson. I mean the total, the county here was total, the political hierarchy was for Johnson. Clyde Hoey was the man I couldn't think of. So that, with that going. I, of course he had initiated this huge road building program. Well I had some tractors; so, I had some working for the state, which was very, very profitable. The state rented tractors, and they furnished the driver and the fuel. He was such a push to get his program going until I had several, good many working for the state. Then we, I was trying to run my business and was single. He called me one time to come up to Raleigh--

JM: Kerr Scott did?

LF: Yeah. Of course, I went. I knew he had, of course, I knew that Mel Broughton died. It was Mel Broughton. I think I'm right there. Mel Broughton died. He was in the Senate. I think it was Mel Broughton that was in the Senate. Is that right?

JM: I can't recall actually. That's okay.

LF: A Senator died. So Scott appointed Frank Porter Graham to be a Senator. I never will know exactly why. I don't think he was close to Frank Porter Graham. Scott was conservative. Graham was a liberal. There was even, and I do not know this but there was strong feeling that he probably appointed Graham to get him out of the University system. I suspect that was true. But once he appointed him he couldn't walk off and leave him, but he almost did. He called me and wanted to know--he called me to go to Raleigh if I would--I believe I had a dealership by this time, I'm not sure, but anyway I had cars available. He said, 'Wondered if I drive Dr. Graham somewhere.' The reason, another things that brought it on, Graham's campaign manager was from here in Clinton. A man by the name of Jeff D. Johnson was managing Frank Porter Graham's campaign. He was one of those people--of course, I never had been to the University. I had not attended there and had no real interest in it. But he wanted to know if I would drive him somewhere. I said, 'Sure. Where do you want me to take him?' He said, 'Well I want you to stay with him a month or two.' I said, 'A month or two?' He says, 'Yeah. You can do it.' Says, 'He needs help. He's the worst politician I've ever known. He needs somebody to look after him that understands politics.' I said, 'Governor. I guess we've got some good help and I can do it, but it's certainly not something I'd planned to do, and I don't know Dr. Graham at all. I know he's a fine gentleman, but I don't know him at all.' I said, 'Besides I would think that I'm a lot more conservative thinker than he is.' He says, 'I know that and that's the reason I want you to go. You're what he needs. You can speak the language of North Carolina and the politicians, and he doesn't.' So anyway I wound up picked him up and not everyday but traveled with him pretty regularly for about ten months.

JM: Here in North Carolina?

LF: Oh yeah. That's where he was running. Predominately from Greensboro, Charlotte east. I went into the west with him some, but practically always when he was East I was with him. But he was a wonderful man. He really did not have a lot of concept of the art of grassroots politics. But he was a very fine man. He kept telling me I ought to go to college. He kept saying, 'You could go. You'd make a bright student.' I said, 'Dr. Graham, I'm'--of course at that time they thought about school differently--I guess this was 1950. What was I twenty-two? I told him I didn't believe that I wanted to do that. He says, 'I worked. You ought to go.' I told him that I had already quit that. Anyway, I traveled with him. Then, Kerr Scott

ran for the Senate. No. Next thing was Scott came to me. A man named Hubert Olive from Lexington was running for Governor and wanted me to help him. [phone ringing/pause] Olive oh if I remember right had been head of the maybe American Legion or something. He was judge and he did look like a Governor if one ever did. He had tall bushy hair. He was great orator. He was from Lexington. We were running against Umstead. It was a--but the old Shelby dynasty or the Webb machine certainly had long since left Shelby. That group had kind of revitalized themselves after Kerr Scott. They did not like being out of office and selected Bill Umstead who was a very sick man, very sick. He was a very, very sick man during the campaign. I saw him a time or two. A number of times his color was out of his skin. He had major heart problems. Of course, today they would've done stints and bypasses and he would've been absolutely fine. I'm not trying to analyze his health, but he was a very sick man. This was a strange part of politics. The man running for Lieutenant Governor, of course at this time the Republicans didn't matter, was a man name Roy Rowe, I think his name was, who'd been in the legislature from down in Pender County, Burgaw. That old joke at this time the woman had two sons. One went into submarine duty and one was a Lieutenant Governor. The submarine sunk and she never heard from either one of them again. That's about the way the Lieutenant Governor was looked on. But during the campaign it began to dawn on Bob Hanes who ran Wachovia that Mr. Umstead was a sick man, a very sick man and wasn't getting any better. Some of this I'm surmising but some of it I know for truth. Of course, Hanes had put up the money and raised the money and a big backer of Umstead. He began to see his bet going down the drain because I'm not being critical or hard or anything, but it was obvious that Mr. Umstead was in big trouble. Anyway, he went on to beat Hubert Olive who was a specimen of health. Olive was, oh he was--anyway we lost. North Carolina has a tendency to despise outgoing Governors. That is, I've watched it and watched it and watched it. When a Governor is on his way out, generally they become very unpopular. The appointments are out, and it kind of becomes a feeding frenzy on the way he's parting his hair or something. Scott going out could not elect Hubert Olive. Well, but you get on a--Mr. Hanes just really, of course, I'm not speaking of Mr. Hanes, but he began to be concerned that he was going to spend a lot of money and elect a Governor and not have one. So he went up to Reidsville, Eden. Now they have great euphemisms for it today, back then it was called fired. Today it's early retirement or whatever. But Luther Hodges had taken early retirement from Fieldcrest. He was kind of sitting around not doing a lot, but Hanes had of course known



him through the banking connection with Wachovia and Fieldcrest. I don't know, it was just a management shift. I don't even pretend to know what happened at Fieldcrest. Those things happen in business. Mr. Hodges was not there, actively engaged and was a relatively young man, fifties I guess. Mr. Hanes went up and told him he needed to run for Lieutenant Governor, bought him a bus, put signs on it and started riding him around the state. Hodges for Lieutenant Governor. Well, Roy Rowe was sitting in a filling station down there in Burgaw; so, it wasn't too hard to get more popular than he was. Of course, he didn't have any money, and it became pretty glaringly evident that the Lieutenant Governor was going to be Governor if Umstead won. So anyway out he comes and so all over the state is Hodges and that bus running for--nobody had ever run for Lieutenant Governor before. It was the first time anybody had ever run for Lieutenant Governor. But he was out stirring around. So the election came and Umstead won and Hodges was Lieutenant Governor. Well, from day one it was--Umstead was a sick, sick man. I don't know, two years into the campaign Umstead died. How long was he--

JM: I'm not certain but that's my recollection.

LF: About two years he officially died. I mean, gave it up and died; so, Hodges was Governor and his loyalty and beholden forever was to Bob Hanes. So I was out of politics for a while. Frank Graham got beat. Well no I wasn't. I'd forgotten. Graham was defeated. Willis Smith was the Senator. Lo and behold, Willis Smith died. Umstead appointed a Congressman from Wilmington, oh I know he's-- his wife's name was Kay. What was that man's name? I know I started the campaign with Scott, and we were running against Willis Smith. We were charging it up against Willis Smith, and they announced one morning he was dead. So then we had to turn and run against this man from Wilmington who was in Congress that they appointed. Anyway, I worked with Terry Sanford, this is a long story to get back to-- but Terry Sanford and I worked in managing Kerr Scott's campaign.

JM: So you built that relationship with Terry Sanford.

LF: Yeah. In the Senate. Scott went to the Senate and lo and behold he went to the Senate and I went to the Army. I went in '54 and got out in '55. So there wasn't much political happening then. I used to, going back and forth to Fort Jackson, I'd stop and see Sanford in Fayetteville. He was talking then about running for Governor. Of course I was out and back here. Hodges was Governor, and I didn't have much to

do with politics. Really wasn't anything interesting in the Senate to me. I had a--Scott died in April of '58.

That's when Hodges appointed Jordan.

END OF TAPE 1, SIDE A

START OF TAPE 1, SIDE B

LF: Everett Jordan was under Hodges. But that didn't have any effect. I was busy working in automobile dealerships, building concrete plants, and politics was an avocation of not a lot of interest. Anyway, in 1959 I guess it was, '60, Sanford made the decision to run for Governor. So we started putting together and working a team and raising a little money and putting that together. I worked with him trying some fundraising and did generally what we needed to do. He won. He won but I went on the Highway Commission.

JM: What were the ambitions of the Highway Commission in relation to economic development in those years?

LF: What was it?

JM: How ambitious were the plans under Sanford with regards to the Highway Commission?

LF: I'm sorry.

JM: How ambitious were Sanford's Highway Commission plans for road building, and how much attention was he giving to that issue, Sanford as against say some other Governor?

LF: A lot, but I don't think at that time Sanford was aware of the--I began to be aware of it during that time. It was totally, we were just coming out of the mindset that economic development was railroad oriented. I don't think that we had really reached that point, but we were beginning to be aware that economic development was going where the highways were. So I began to push for a lot of things. One, I built the bridge across the Cape Fear River. That was my highway district. I built a world of roads into Brunswick County. Brunswick County and all the beaches today, of course, are considered just a mega-growth area. Well, when I went to Brunswick County on the Highway Commission in 1960 as the commissioner, I tried to work with some of the--as a young man, I was thirty-three. You know, I tried to work with the County Commissioners. It was where we would build secondary roads is primarily what we were talking about. In Brunswick County at every Commission meeting was this man in a suit that sat over to one side, somewhat bucolic commissioners. Everything that came up, they'd look at him. He would nod, 'Yes you can do that.' Or 'No. No,' shake his head. I was wondering and I asked them, 'Who in the hell is that man?' He was the trustee for Wachovia Bank. Brunswick County had gone broke in the '20s, issued bonds they couldn't pay. The courts had appointed Wachovia Bank as the trustee for the county.

They really had no authority to do anything, until the trustee approved it. So you look at the beaches, you could've bought a mile of it for nothing. That was the county seat. The little courthouse was not as big as this house. It wasn't anything as big, it was a little straight. It's still there in Southport. Southport was the county seat. It was a very poor county. It shows you how things change. Today it's a very, very prosperous county because of the growth and the beach area. We're talking about roads for development. I built a lot of roads into Brunswick County. It was just a real backward county. I did a lot of work to beach roads in New Hanover County, also in Onslow and Pender. We began to see the road development and the interstate system was just beginning to be put together. North Carolina didn't take much of the interstate system and we were criticized for it during that Highway Commission. We didn't, I'm not sure exactly but the interstate system started under --

JM: Eisenhower-

LF: Eisenhower in what '55, '56, some time in there. I might be wrong a little bit but the original proposal was a predominant state pay. Eighty state maybe twenty federal, I'm not sure of the exact figures. That was the thrust of it. It was a very, very expensive system, very expensive. The states just simply-- North Carolina--except where they put in toll roads, it just wasn't attractive. The toll road through Richmond, I did the clearing, helped do the clearing and grubbing on it. Ted Jordan and Ted Phillips out of Robbinsville, North Carolina. By 1961, I think it was fifty/fifty and that was still an enormous drain on the revenues of states to jump in, we're going to build all these interstates. But the one in North Carolina, the first one and the most needed one--well the absolute first one, now the first one had nothing to do with need. It was where Mr. Hanes wanted it and that was through the middle of Winston-Salem, which is now I-40. That was the first one down there, and it had such a curve in it. It wasn't built to anything like interstate standards, but that's where he wanted it built. It had a forty-five mile an hour curve in it. Do you remember it?

JM: I sure do.

LF: Well it's still there. I believe they're taking it out now. Of course, we bypassed Winston-Salem, and I was through there not long ago, and I believe that they're taking that curve by the Medical Center out now. That was the first little lick. But the first real venture into the worst road in the world, nation beyond any question was 301, which was the North/South thoroughfare. In many cases, it was just

two lanes of highway and went through every little community there was. So the first piece we built in North Carolina was from Kenly down to beyond Dunn. I think Godwin, Falcon somewhere down there. We picked it. That was the first lick of I-95. But 301 was just an impossible road. Then we went on, and then the ratio began to change. You went from fifty-fifty to eighty Federal. Then we went to ninety-ten. Of course, then when it went to ninety-ten, everybody wanted interstates.

JM: It went ninety-ten in favor of the states? It swung ninety-ten, the Feds contributing ninety.

LF: Oh yeah. I think it started out something like the reverse of that. So now everybody wanted interstate and we were trying to build them. Let's see what moved on. Sanford went out; Dan Moore came in. So I was chairman of that Dan Moore Highway Commission for a year almost because Scott didn't appoint his Commission, but I became chairman in January. Joe Hunt was gone, and I became chairman. I worked with and became very, very good friends and had already had been, with the, working with the Dan Moore Highway Commission. Then Scott appointed his Commission; so, I ran the Highway Commission and back in those days, it was pretty well a dictatorship. They didn't have all these rules and regulations that they have today. It is just hard to imagine the things, how they have changed so much. Nello Teer came to me sometime. It must have been '69, maybe '70. He was building a motel, and there was no way to get to it because of, we were trying to build I-40. His motel was finished or about to be finished. He wanted to know if I would go ahead and let the contractor build the bridge for Davis Drive so you could get from Durham to his motel because if you didn't it was going to be isolated for a lot of months or a year or more or whatever. So I did. We went ahead and expedited the contract on Davis Drive. At one point, I thought about running I-40 through the Durham Freeway. We looked at it and had planned that. But then we got into the--number one, that would've isolated Chapel Hill, and they wanted to be isolated. They wanted I-40 way out of town. That was--some of them wanted it farther out than it was. But we couldn't run I-40 through the Durham Freeway because the interchanges had to be so close to service Durham, and we couldn't get an alignment so it went the other way. Then I came off the Highway Commission in '72, all the time running a business. I have said many, many times that politics is a nice avocation but a damned poor vocation. So I always was in business and ran my business. During this whole time we were expanding the timber holdings, the hog operation, and picking up some automobile dealerships along.

JM: It must have been good years in the auto retailing business I would think.

LF: They were pretty good yeah.

JM: I mean, generally.

LF: But nothing like now. Two things, poor people didn't own cars back then, but today everybody has one. Number two, they were all financed with recourse. There was no such thing as non-recourse financing. Today you've got dealers that don't even know what recourse financing was. But it wasn't unusual in those tight economic times to go in on Monday morning and have six or seven cars and somebody from the bank or GMAC standing there waiting for the check for them. You had to screen. It's a total different way of selling. The automobile dealers today, if they had to take the recourse, they wouldn't be selling one-third the automobiles they are, one-third. The financing agency loses about four thousand dollars on every kickback lease or repossessed automobile. That's about a thirty-five hundred to four thousand dollar average loss. If the dealer had to take that, you better believe it would be a different way of doing business.

JM: Sure. Sure. If you would, paint a picture for me of the evolving, growing North Carolina business landscape say while you were chair of the Highway Commission under Bob Scott, early '70s.

LF: All right, that's when we really started the big economic growth. Some economic growth came about under Sanford. Skipper Bowles headed the conservation and development, C and D Department, which is today Commerce Department. It was a different world. I mean, Skipper did a great job at it, and some industry came, and we began to see some little movement at the Park.

JM: For the tape, that's the Research Triangle Park.

LF: Yeah. But not a lot. Wasn't much out there. A company, Becton-Dickinson, I believe is the name of it, put a little plant out there. But there wasn't a lot going on. Then in the '70s it began to pick up. It began to pick up and under Scott, then under Holshouser.

JM: Let me ask this question. Besides the roads program generally as an area where the government is working to build infrastructure basically to help the state's long-term economic prospects, what was your perspective on anything else the state might have been doing in the way of policy or program to push industry?

LF: Well, the state was and it's become far, far less so now, but this state was--going back to the Umstead and the Hanes and get into Hodges, less so with Sanford but totally back to with Dan Moore--was

a business oriented state. That was the thrust. What was the business of the state? It was business. So our worker's compensation laws it was very, very favorable to business. The tax structure of the state and the state was dominated by business interests, which was something that was not true in so many other states. We were totally a non-union state. Right to work laws and I mean, from the Gastonia fiasco right on. It was a, you just simply, unions and North Carolina did not go together. When a company was looking for growth and relocation and also we were moving from heavy industry, we referred to it as the rust belt. But lighter industry was what was moving the--certainly we were beginning to see the first of the electronics industry, micro-electronics was just beginning to evolve. The last thing that the high tech industry wants, hates is two things it hates most, unions and an unreliable source of power. We had those in North Carolina, no unions and a very reliable source of power. This was when it began to develop. I'm not even sure who, Holshouser had a Secretary of--

JM: Commerce or C&D maybe--

LF: George Little maybe.

JM: I'm not certain.

LF: George Little maybe, but it had begun to develop. It really started in the mid-sixties and the road structure throughout--the textile industry began to grow again, became automated. These old blue windowed plants were closing, and newer modern textile industry was developing. Then along came--I supported Hunt. He asked me to be his Secretary of Commerce. Well, I looked at it, and there wasn't any Commerce Department. It was a joke. They had some little regulatory authority over the--I mean, it was kind of milk commission, and I'm not even sure what was there. But I looked at it and it was the burial commission, the cemetery commission. It was nothing. I told him if we wanted to do economic development in North Carolina and that the Commerce Department was the place to do it, but you were going to have to put all of those things that had an impact upon business into one agency. It was fragmented and--

JM: So it sounds as if your first order of business was really to build the--

LF: That was the first order to take it.

JM: The Commerce Department.

LF: Right and I told him we had to put everything there. So then we put in the Utilities, some of these could have been there, I'm not real sure. There was a little something there. Put in the Utilities, Employment Security, the Industrial Commission, Banking Commission, Savings and Loan, Credit Unions, ABC stores, they might have already been there, Ports Authority, Travel and Tourism--

JM: Any resistance at all to this idea of consolidating the department's responsibility?

LF: No. I think we had seventeen agencies in there. That's the first time it had been done. We did that, and then consolidated it all into the Dobbs building, I did. I ran that from January of '77 through about July of '83. We had a really great economic growth period.

JM: Yeah. Tell me about your tenure there. What your ambition was going in? What you hoped to see begin to develop on the North Carolina economic landscape? What sorts of headway you made? And what principal challenges you found still remaining.

LF: Well the headway we made was we brought in a lot of industry, an enormous amount of it. It was spectacular. We lead the nation for a number of years. But one thing I did was to try to keep the industrial climate so it could continue to grow. One event that would have changed the landscape of the Research Triangle Park. In it's heyday going back--I felt very strongly that unions, well I didn't feel, I knew.

JM: I'm sorry. You felt very strongly that--

LF: I knew that if we ever allowed a union mindset to come into the state we could forget the high tech part. That's proven to be true all over the country. You look at Austin today. You look at Sunnyvale, California. Any area that is heavy union dominated has simply not been able to grow in that area. But anyway, early on and this is kind of a funny story. We of course I just view unions as an anathema to business. So early on we, back in the fifties or some time, when all the tobacco companies were making a lot of money, Liggett and Myers brought a verifying piece of land out in the Park, the edge of it. I don't know. It was a big piece of land, I don't know. Maybe it was fifteen hundred acres. It was a big piece of land. Of course, Liggett and Myers just went to hell in the tobacco business. It was the worst run company ever put together. They did it all wrong. But anyway, without saying anything to anybody, this must have been '78 maybe. We began to hear that General Motors was buying the piece of land or looking at it, negotiating to buy it and built a Chevrolet engine plant there to be a General Motors manufacturing facility.



Well, we'd been all over the country trying to recruit industry but non-union primarily, and it was the way to go. We might not have liked it, everybody that mindset, but if it was a union plant, I just simply had more difficulty finding them a location. We never hung out a sign but. But anyway that just absolutely shocked me because I knew the kind of people we were trying to get with IBM and Northern Telecom and Burroughs-Wellcome. I was courting Glaxo back and forth. Of course they were coming at that time to Zebulon. I knew that the last thing under the sun we wanted was a United Autoworkers Union sitting out there. Shearon Harris, President of CP and L at the time, was on the GM board. A man named Charles Murphy, I think the man's name, was president of General Motors. So I called Shearon, and he got me an appointment with Mr. Murphy. Well, I got up there. A big limousine met me at the airport and up to the GM building. Mr. Murphy's office was big as a warehouse, mahogany walled or whatever. Anyway they, it was in the morning about ten thirty or eleven o'clock, and we were going to have lunch, and that was the plan. I was by myself. I didn't carry anybody with me for a number of reasons. I normally travel by myself. I didn't feel like I needed anybody, and particularly on this trip I didn't want to take anybody. But he had a room full of people, you know, seven or eight. So he started out saying that he knew how anxious we were to have the General Motors plant. It wouldn't be as fast as we wanted it, but they were negotiating on the land and would begin to be moving and I said, 'Mr. Murphy, there is a misunderstanding as to why I am here.' Hunt did not know this because I think he would've been appalled if he--I'm sure he would not have wanted to block that GM plant. But I didn't tell anybody anything. I said, 'Mr. Murphy, we don't want a GM plant in the Park. We feel that it is not the direction we want to move in and would be detrimental to the type of industry we are trying to attract there with the UAW there.' And I said, and this was the one thing I said that made me just furious, 'When you all signed that Ruth and Naomi agreement with the union, we simply don't want that.' He says, 'What do you mean Ruth and Naomi?' I said, 'You remember in the *Bible* where Ruth told Naomi 'Where thou goest, I goest.'" I says, 'You all have signed that with the union, which means UAW will be there from day one, there's no question. It's just not what we want.' He says, 'You mean you don't want a General Motors plant in North Carolina.' I said, 'Well no. That's not what I said.' I said, 'I would prefer you not come into that particular area that we're trying to develop as a very high tech industry.' He says, 'Well I don't see the difference.' I said, 'There is a difference.' Anyway, he did what all big shots do. He pushed a button or something. In came his secretary

or aide in a flurry and that he had two dead uncles and a dying mother, and he had to go immediately. So out he went. Then in a little bit the other people were--nobody was saying anything. The conversation was kind of dying, and they began to drift off, some without saying anything. Finally it was down to one man. Oh and of course Mr. Murphy had had to cancel the lunch with all the things that were coming up. Finally, one sort of young man, kind of the aide to the aide to the aide asked me if I needed a ride back to the airport. I told him, 'No I'd go down front and get a cab and get on back.' I got up and left and that was the end of that. They never came.

JM: I guess not. Anybody here in North Carolina displeased that you had sort of freelanced on the chasing General Motors away?

LF: I don't know that a lot of people even knew it. They didn't announce that a jackass from the Commerce Department had come up and told them that they didn't want them to come. They announced some very stiffy, let it die.

JM: Let me go off here for just one second. [break] That GM example is a really interesting one. You're trying to, you have a model of the nature of the economic growth that you want to unfold in North Carolina, and you're out recruiting on that model and making sure that that moves forward.

LF: And we made it very clear, made it clear, I mean, we didn't put ads in the paper you know that it was a non-union state. We put a lot of industry into mountains. The outboard motor industry in three different plants up there, that specifically asked for non-union. But most of the industry coming to the state without blatantly picking put the switchblade and saying no union, they wanted non-union atmosphere. Can you imagine what a union would do to IBM? And the atmosphere if Northern Telecom were unionized. It just doesn't work. The type of industry that I was trying to bring to the state and the type of industrial mood I was trying to bring did not lend itself to unionization because that was coming out of the old heavy steel industry and that sort of thing. We did a lot of traveling. We picked up a lot of foreign industry. One thing I concentrated on was the pharmaceutical industry. At one time of the ten major pharmaceutical plants in the world, we had nine of them here. Of course, there's been so much consolidation since then, I don't even know which was which. But we brought a, worked on two areas I did, and we really concentrated on it was high tech, micro-electronics industry. And you can't do everything. Some heavy industry and the expansion of our textile industry. We tried to work very closely

with the new modern sophisticated textile industry. But the pharmaceuticals and that type of industry worked real hard on. A quick funny story. I remember I had a man who was head of Squibb. That was before it became Squibb-Merck. I'm not even sure they've all merged so fast now. But I think this man's name was McFarland but I'm not sure. Sort of tall, distinguished and very British, very elegant man. I was trying to get him to build a penicillin plant in Kenly, Johnston County. You know where it is? You know, Johnston County was notorious bootlegging area for years and years and years. He said to me, Did ah--we were having a little meeting and very proper McFarland, he was head of Squibb. He says, 'Do you think that the people in Kenly can manufacture penicillin?' I said, 'Well, yeah. I think so. You're making it in New Jersey, and if they can make it there, we can make it here.' I says, 'How do you make it?' He says, 'Well it's nothing complex. It's fundamentally a fermentation and distillation process.' I says, 'Hell, they've been in business a hundred and fifty years. They just didn't call it penicillin.' But we concentrated into that. Made a number of trips to Japan and Europe, Hunt and myself. I remember from Japan was we brought Ajinamoto, Takita--

JM: I'm sorry, those two are--

LF: Chemical, pharmaceutical.

JM: What was the first Ajina--

LF: Ajinamoto. They are in Raleigh now, big. Takita's down near Wilmington. Those are the two pharmaceuticals we brought. Then into Europe, a number of companies. Oh the company out near Burlington, GKN I believe it is. It makes automobile differentials for Chrysler. Glaxo, I made many, many trips to Europe on Glaxo. And they first came they promised two hundred jobs, and that's all they would commit to.

JM: Good ()

LF: Two hundred.

JM: Let me ask two questions. Generally speaking, the perceptions of persons outside the state, both in the US and abroad, of North Carolina and the business climate in those years. What kind of reaction what kind of reception did you meet?

LF: Very, very favorable. We were the, oh I don't know, it's not self-praising. It wasn't me. But we were the envy of the nation. I don't know. You can check the records but as far as economic growth, we were way ahead of anybody.

JM: Was North Carolina then yet experimenting with and doing any of the what we see typically these days, tax incentives other--

LF: No, no. We did not.

JM: Inducement packages.

LF: The community college system was a tremendous boost to us. We did not do any tax incentives.

JM: That had not really yet begun?

LF: We did not. I was adamantly opposed to it.

JM: On what kind of argument? Why did you take that view?

LF: Because, all right so we bring in Mr. Brown's company with a massive tax incentives. All right so that means that next year, Mr. Brown's come. He's running. He's going to have to pay a hell of a lot more taxes to bring Mr. Green in. Then Mr. Green's going to pay to bring Mr. Black in. I was opposed to tax incentives and I still think it was a terrible way to do business because the existing industry is paying for new industry. All right, truth is it's somewhat of a competitive labor. Labor is not infinite. So you are putting an additional tax on an existing industry to have their labor supply depleted.

JM: Another question. Tell me about what was happening in the Commerce Department in those years in the way of what you were hearing from the banking community.

LF: We were not hearing a lot from the banking community. There was not a lot of push. The banks were most cooperative and went on a lot of the hunting trips with us. If time were, industry was in town and looking at Greensboro or Lexington or wherever, we would notify the banks. Once it had gotten to that stage that they would try to entertain them, welcome them, certainly looking for business and growth for the city or town that they were going to. But as far as the Banking Commission, not a lot of state chartered banks were deeply involved.

JM: Maybe we should, I know you have commitments, maybe we should stop here for today.

LF: All right.

JM: Thank you so much.

END OF INTERVIEW