

THE TUPELO MIRACLE— ECONOMIC REVITALIZATION AND COMMUNITY TRANSFORMATION

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In 1940, Lee County, Mississippi was one of the poorest counties in the poorest state in the country. The average annual income for a family was \$750, a quarter of the national average. Nearly 80% of the county's people were employed in agriculture; cotton was the principle crop. A 40-year decline in the cotton industry offered little hope for the struggling farmers who were trying to scratch out a meager living in the red clay hillsides. Lee County had no extractable minerals, and the farmland was of poor quality. There were no navigable rivers in the region and few railroads. Many of the adults were functionally illiterate. To make matters worse, a tornado in 1936 had devastated the county seat, Tupelo, and killed 230 people. A two-week textile workers' strike in 1937 engendered deep tensions in Tupelo, and the strike ended with no increase in the ten-dollar-a-week salaries of the workers. Businesses on Tupelo's main street were struggling to survive. Most of the businessmen boycotted the local newspaper, the *Tupelo Journal*, because its owner, George McLean, had supported the workers' strike. Those were desperate economic times, and in those days, there were virtually no government safety nets for people to fall back on.

Out of this dark and seemingly-hopeless situation emerged one of the most inspiring examples of community revival our country has ever seen—a revival whose lessons can and should be embraced by any community that seeks to move from a discouragingly dark today to a dramatically brighter future. It began in 1940 with George McLean, the owner of the *Tupelo Journal*, when he entered a hardware store to talk to the owner about revitalizing the community. As sociologist Vaughn Grisham describes the encounter, the storeowner interrupted McLean right away, saying, "I know who you are. You're a troublemaker. I don't put ads in your paper, and I don't subscribe to it." McLean told him he wasn't selling ads, but the owner didn't care and began pushing McLean backwards to the door. McLean looked up and boldly asked, "How much did you gross last year?"

Without answering, the store owner angrily pushed him out the door, but McLean baited him to respond by stating, "You probably grossed two thousand dollars."

Insulted, the owner replied, "I grossed eight thousand dollars!"

"What if I could show you how to gross ten thousand dollars more in two or three years?" McLean asked. With the store owner's interest piqued, McLean pointed out that the average family in Lee County made only \$750 per year. "These are your customers," he said. "The only way you can make more money is for your customers to make more money."

"I can't help a man farm," the owner retorted. "I work eighty hours a week here." He was so consumed with his own survival that he couldn't conceive of lending effort to help the farmers. But as they stood there on Main Street, McLean began to share a vision of how the store owner and other local businessmen could turn the Tupelo economy around. McLean eventually convinced the wary man, and 15 other local businessmen, that with community support, the farmers could add a new source of income to their struggling farms: increased dairy production.

New technologies had recently made artificial insemination of cattle possible, and McLean had researched how this could be used to bring the county's modest dairy industry to life. What was needed, he explained, was for this hardware store owner and the other businessmen in the community to invest in a prize stud bull and the expertise and facilities to launch an artificial insemination program that would allow the area's farmers to rapidly improve the size and quality of their dairy herds. The investment was sizable—over \$600,000 by today's standards. Even though he was hated by most of the struggling local businessmen, McLean appealed to their self-interest and convinced them that farmers and shop owners would sink or swim together. His logic persuaded 16 of them to come up with the cash to fund the project, even though many of them went into debt to make the investment. Thus, from the very beginning, the community itself was in charge of the development plan. The Tupelo case demonstrates that bottom-up change is most effective when community members can clearly see how their engagement in an initiative will positively impact their own lives.

The first year that cows sired by the prize bull gave milk, they generated \$1 million for the area's growing dairy industry. That figure rapidly grew to \$10 million per year, and by the 1950s, Lee County surpassed many Wisconsin counties in dairy production. By harnessing new technology and community teamwork, this strategy built up the assets, income and quality of life of the county's poorest citizens. As new value was created, it breathed new economic life into the community as the dollars earned by the farmers were spent with other local businesses, improving their income and building what economists call a local economic multiplier.

The initial success of the breeding program encouraged McLean and the farmers to continue to look for new ways to improve the productivity and profitability of their dairy farms. The February 17, 1951 issues of *The Saturday Evening Post* included a quote of McLean talking about the community-based strategy that was part of their approach to rural community development. "We organized the farmers by communities and offered community, not individual, prizes for such things as improved farm practices, new crops, increased efficiency in dairying, chicken raising and such. The proactive community approach to advancing their farming practices worked. Lee County dairy farmers received industry awards for innovations five times, and McLean traveled the country consulting dairy farming experts on their best practices. The business owners that invested in helping their customers received increased sales that paid back their investment many times over. Their customers finally had money to spend.

This was just one example of what has become known as the Tupelo Miracle. This is not a story about the wonders of dairy farming. It is about a community that collaborated to build up and better use the assets that it had and the innovations that could move it forward. Tupelo achieved its dramatically positive results because it invested in every individual in the community as a valuable resource to be nurtured and developed. As they listened to the needs of the citizens, the community leaders built childcare centers to give rural adults the chance to attend classes that taught them how to read. In 1949, the city of Tupelo also began to invest in community leadership training. By emphasizing a reliable, educated workforce, rather than a cheap labor, Tupelo attracted expanding companies like Toyota. Tupelo learned from the lessons of otherwise similar Mississippi communities that had jumped at incoming manufacturers offering many new low-wage jobs, but found that they provided no long-term growth. Indeed, the town actively turned away companies that it perceived to be interested only in a cheap source of labor and not

the development of the community. McLean's key principles held that "human resources are our most vital assets" and that development of the community depended upon "the fullest possible development of each person in our community."¹ This is the necessary base for strong economic development.

In addition, Tupelo cultivated its own leadership from within, forming a strong group of "generalist leaders" who held prominent positions in the community and could motivate their neighbors to get involved in developing the town.² These were leaders like Amos Reece, a widely respected broker of racial relations, J.C. Whitehead, an influential banker with a keen sense of altruism, and a number of other community leaders who used their influence for public service. The leaders of Lee County were also pioneers in innovative uses of measurement to spur an intentional blend of competition and teamwork. They developed a point system for intra-community competition: each family had a scorecard on which it could catalog "points" earned (like children's perfect attendance in school, the use of innovative farming techniques, or vaccination). The community earning the most points received an award. Tupelo thus mobilized the only strong resource it had—human capital—by developing local leaders and empowering ordinary citizens.

One of the most important factors that led to the Tupelo Miracle was George McLean's view of the local economy as a *system*, not just needy individuals and struggling businesses. This led him, and others in the community, to explore a series of innovations that built human value which could then generate economic value to strengthen the vitality of the entire system, benefitting all rather than pitting one against another. Instead of general policies to promote entrepreneurship and business growth, they nurtured "ecosystems" that focused on some specific industries, such as dairy or furniture manufacturing. Those ecosystems made it easier for business owners and entrepreneurs to be more successful than they would have been if they were all acting independently. This combination of system thinking and value-creating innovation fostered an approach in which the community worked together to create a more prosperous and equitable future. It is encouraging to note that this approach was not significantly dependent on external funding.

The initiative's systems-level, multi-angle approach meant pursuing other avenues of change besides the initial dairy industry investment. When Lee County started its initiative on literacy, it was in the bottom quarter of all counties in the nation in reading skills, but by the mid-1980's the investment in education allowed Lee County to approach the 90th percentile. It also started projects to tidy the appearance of the county, to boost morale and make the area more attractive to outsiders. By the beginning of the 21st Century, the county had a poverty rate that was approximately one-half of the national average.

The development of the people paid off. In 1967, Lee County produced more jobs than the other eighty-one counties in Mississippi *combined*. By the 1990s, the area was consistently generating 1000 new manufacturing jobs a year. The region became home to over 200 furniture factories. The vast majority of these factories were owned locally by people who learned the craft either by working at the first furniture company in the region or through training from people who worked

¹ Collum, 2004.

² Grisham and Gurwitt, 1999, 71.

there. Each new factory became an engine for creating value, building wealth and increasing incomes of the county's workers. Since most of those businesses were locally owned, the income and wealth they created stayed in the community, enhancing the success of other local businesses. Today, Tupelo has a 10,000-seat coliseum and a new Advanced Education Center. The new North Mississippi Medical Center is the largest non-urban medical center in the country and the largest employer in the area. As of 2003, Lee County was the second most prosperous county in the state of Mississippi.

The success that started in 1940 was not the first time Tupelo had attempted to diversify its economy, but it was the first true success. In 1916, bankers in Tupelo invested substantially in other crops to shift some economic reliance away from the doomed local cotton industry. The effort succeeded, but only temporarily, because there was no organizational structure to sustain the coalition. The Rural Community Development Councils and Community Development Foundation (CDF) established after George McLean's project took flight provided a stable base for continued collaboration. As the French political economist Jean Monnet wrote, "Nothing is possible without individuals; nothing is lasting without institutions."³ The Community Councils and CDF served as points of entry through which ordinary citizens could engage in the process of community decision-making and make their opinions heard. The trust and communication these institutions fostered were essential forces in the revitalization project. The CDF and Councils also facilitated the creation of a shared vision for the town, and the development of a culture of community collaboration across difference. They were an early example of providing "backbone support" and played the role of what is now sometimes called a "Community Quarterback."

As part of this remarkable journey, Tupelo and the surrounding area developed traditions of interracial cooperation, enlightened self-interest and extraordinary charitable giving. George McLean used his local newspaper as a vehicle of inspiration and persuasion to help create a culture where people worked together. Not long ago, the Chronicle of Philanthropy ranked Lee County in the top 2% of all U.S. counties in charitable giving. A culture of volunteerism and mutual support characterized the initiative, which proved essential to revitalizing the community and developing human capital in Tupelo.

The key principles of this model are as follows, as outlined in Vaughn Grisham and Rob Gurwitt's *Hand in Hand: Community and Economic Development in Tupelo*:

- Local people must address local problems.
- Each person should be treated as a resource.
- The goal of community development is to help people help themselves.
- Community development must be done both locally and regionally.
- Expenditures for community development are an investment – not a subsidy.
- Meet the needs of the whole community by starting with its poorest members as partners.
- Leadership is a prime ingredient.



³ Grisham and Gurwitt, 1999, 31.

- Never turn the community development process over to an agency that does not involve the people of the community.

The authors illustrate the process as a pyramid, with human development as its base.⁴

The Tupelo Miracle is an apt demonstration that no single cure-all solution will entirely eliminate a public problem. Tupelo was successful because it pursued a collection of avenues of change—dairy farming, manufacturing, and investment in education, to name only a few. One of the central lessons of Tupelo is that economic development is a means, not an end, and that economic and social capital are mutually-reinforcing. Diversification of methods was critical to the progress seen in Tupelo, and the town's embrace of technological innovations and creativity facilitated its rapid development of solutions.

In 1940, Tupelo was in the direst of economic straits. The town's lack of natural, fiscal and institutional resources made growth challenging, and hope for a prosperous, stable future seemed unreasonable. The central wisdom of the Tupelo project was that it focused its energy on developing the one resource every community has: people. The teamwork, camaraderie and social capital emerging from Lee County are a testament to the power of all struggling communities, when they equip their citizens to be leaders and invest in a shared vision for their home.

⁴ Grisham and Gurwitt, 1999.

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