

DUKE AND REYNOLDS: URBAN AND REGIONAL DEVELOPMENT THROUGH
BUSINESS, POLITICS, AND PHILANTHROPY

by

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ABSTRACT

BRIANNA MICHELLE DANCY. Duke and Reynolds: urban and regional development through business, politics, and philanthropy. (Under the direction of DR. AARON SHAPIRO)

The Industrial Revolution witnessed an increase in wealthy entrepreneurs who were also philanthropists. During this era, James Buchanan (Buck) Duke and Richard Joshua (R.J.) Reynolds led the tobacco production industry in North Carolina. These industrialists and their families became active agents in defining southern Progressivism and modern philanthropy during the twentieth century. Southern philanthropy differed from the North. Northern philanthropists donated their wealth at home and abroad, while southern philanthropists contributed to the social welfare of their communities and regions. In addition, politics in the South created a unique opportunity for these industrialists to become paternalistic leaders in their respective communities. Legal segregation in the South also limited the impact of the industrialists' philanthropy. However, unlike some of their fellow southern industrialists, the Duke and Reynolds families contributed to African American causes. This study demonstrates the key role that the Duke and Reynolds families played in the development of their respective cities and the Piedmont region, as well as their role in improving social welfare. Examining these cities and the region through the intersection of business, politics, and philanthropy explains the relationship between company growth and urban development. The legacies of these families are evident today through their former companies, as well as universities and organizations they established.

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CHAPTER ONE: INTRODUCTION

“They say corporations are soulless. Perhaps they are. I wouldn’t know about that. But even if they are, it would be wrong I think, to assume that those connected with corporations are soulless.”¹

–Upton G. Wilson

The expansion of the American Industrial Revolution in the latter half of the nineteenth century witnessed a concomitant growth in wealthy entrepreneurs who were also philanthropists. While headlines criticized these robber barons and their unethical business practices, some good came from their fortunes. Andrew Carnegie and John D. Rockefeller had reputations as ruthless businessmen. Carnegie’s company dominated steel and Rockefeller’s oil. Newspaper reporters covered their respective industries and their outsized role with interest as both men had created monopolies within their industries. Though ruthless in the board room, these men gave back to society in new ways. These “Titans of Industry” used their fortunes to define modern philanthropy during the twentieth century, devoting their time, energy, and resources to building hospitals, libraries, museums, universities, and institutions as well as creating endowments, trusts, and foundations on a national scale.²

¹ Letter to Duke Power Company, Upton G. Wilson, April 11, 1937, *Duke Power Company Magazine Periodical*.

² Evan Sparks, “Duke of Carolina: Was James B. Duke More Successful than Andrew Carnegie and John D. Rockefeller?” *Philanthropy Magazine*, (Winter 2001), accessed March 30, 2015. philanthropyroundtable.org/topic/donor_intent/duke_of_carolina

During this era, James Buchanan (Buck) Duke and Richard Joshua (R.J.) Reynolds of North Carolina dominated the tobacco industry. Like Carnegie and Rockefeller, these tobacco titans used their money to aid their communities and regions. Duke and Reynolds, along with their families, contributed money to build schools, universities, churches, hospitals, clubs, arts, foundations, and endowments, which resulted in the development and economic prosperity of Durham and Winston-Salem, respectively.

This study examines how both the Duke and Reynolds families' philanthropy contributed to the growth of their cities and regions. North Carolina was the largest producer and manufacturer of tobacco in the United States, with Durham and Winston-Salem leading the industry during the late nineteenth and early twentieth centuries. During their time, these families were active agents in defining southern Progressivism and modern philanthropy. At the turn of the twentieth century, southern philanthropy differed from its northern counterparts. The Dukes, Reynoldses, and other southern industrialists limited their donations to the South. Specifically, the Dukes and Reynoldses focused their major contributions in the Carolinas, while philanthropists like Carnegie and Rockefeller shared their wealth at home and abroad.

Yet, the philanthropy of the Dukes and Reynoldses occupies its own position within southern philanthropy. Religion and race relations during the Progressive and Jim Crow eras created a unique setting. Progressive northern philanthropists became involved in the welfare of African Americans. At the same time, most southern philanthropists,

such as Julian Carr of Durham, did not donate their funds to African Americans.³ But the Dukes and Reynoldses donated a large portion of their money to African American and religious causes. However, legal segregation in the South limited their impact.

Southern politics after the Civil War influenced southern paternalism and provided a unique situation for industrialists to become strong leaders in the community. The Reconstruction Act of 1867 divided the South into five military districts and outlined their governments.⁴ During the Reconstruction era, the Republican Party ruled the South, but its rule was short lived. In 1877, white southern Democrats returned to power.⁵ According to the governor of Florida, George F. Drew, the new government's policy was to "spend nothing unless absolutely necessary."⁶ White southern democrats minimized the powers of government and raised revenue through limited taxation.⁷ African Americans and the poor especially suffered. This situation called for the private sector's assistance. The Dukes, Reynoldses, and their associates stepped in to fill the void through their philanthropy, becoming involved with infrastructure and public services.

The Progressive era also influenced southern politics and paternalism, with its innovations in science and technology, economic productivity, mass communication and

³ Michael Muhammad Knight, "UNC Must Confront Its KKK Legacy," *Time* (February 6, 2015), Accessed July 15, 2016. time.com/3697578/unc-students-protest-kkk-legacy/ Carr was a tobacco industrialist in Durham. As late as 1913, Carr boasted of abusing a "negro wench" in his younger days, as well as his pride for the fallen Confederacy.

⁴ Michael Perman, *Pursuit of Unity: A Political History of the American South*, (Chapel Hill: The University of North Carolina Press, 2009), 121.

⁵ Ibid., 142.

⁶ Ibid., 145.

⁷ Ibid., 145. During this time, the Democrats created an inactive, low-cost government that provided few public services and raised negligible amounts of income through taxation. Public health and social services were unfunded, while state institutions deteriorated.

entertainment, and health and living standards.⁸ Americans also experienced social and political reforms. Progressive reformers believed that the problems society faced, such as poverty, greed and racism, could be solved by providing a good education, safe environment, and an efficient workplace.⁹ Northern Progressive reformers like Ida Tarbell and Jane Addams lived in large cities and were college educated.¹⁰ However, Progressivism in the South differed from the rest of the nation. According to William Link, “two fundamental values clashed: the paternalism of reformers and the localism and community power of traditionalists.”¹¹ In the South, a paradox existed where reformers praised progress, but they believed in the power of white supremacy and culture.¹² In the case of the Duke and Reynolds families, their Progressivism stemmed from an accepted form of paternalism. They provided citizens with jobs, housing, and public services in return for their loyalty.

Many studies have examined community history from multiple angles.

Examinations of Durham and Winston-Salem are no different.¹³ However, unlike these works, my study offers an examination of the cities and regions and the relationship

⁸ “Overview of the Progressive Era,” *Digital History*, accessed August 20, 2016. digitalhistory.uh.edu/era.cfm?eraid=11. The exact dates for the Progressive Era have been debated by scholars.

⁹ “The Progressive Era,” *The Eleanor Roosevelt Papers Project*, accessed August 20, 2016. gwu.edu/~erpapers/teaching/glossary/progressive-era.cfm

¹⁰ *Ibid.*

¹¹ William A. Link, *The Paradox of Southern Progressivism, 1880-1930*, (Chapel Hill, N.C.: The University of North Carolina Press, 1992), xii.

¹² *Ibid.*, xii.

¹³ For information regarding the history of Durham see Jean Bradley Anderson, *Durham County, A History of Durham County*, (Durham, N.C.: Duke University Press, 2011); For information about the African American community in Durham see Leslie Brown, *Upbuilding Black Durham: Gender, Class, and Black Community Development in the Jim Crow South*, (Chapel Hill: The University of North Carolina Press, 2008). For more information regarding the history of Winston Salem see Fambrough Brownlee, *Winston-Salem: A Pictorial History*, (Norfolk, Virginia: Donning Company Publishers, 1977), Frank Tursi, *Winston-Salem: A History*, (Winston-Salem, N.C.: John F. Blair Publisher, 1994), Heather Fearnbach, *Winston-Salem's Architectural Heritage*, (Winston-Salem, N.C.: Forsyth County Historic Resources Commission, 2015). The books above do mention the industrialists, however their examinations are brief.

between company growth and urban development through the intersection of business, politics, and philanthropy during the late nineteenth and early twentieth centuries. This study highlights the key role these industrialists and their families played in the development of their respective cities and the Piedmont region, as well as their role in improving social welfare.

While examining the impact of philanthropy on Durham, Winston-Salem, and the surrounding counties, this study also distinguishes between northern and southern philanthropy. The history of modern American philanthropy has been intensely studied over the past few decades by historians such as Robert Bremner and Oliver Zunz. Bremner's *American Philanthropy* discusses popular trends in American philanthropy from colonial times to the 1960s.¹⁴ Zunz discusses few philanthropists by name, instead focusing on the act of philanthropy and social reform. Zunz's book explores American philanthropy during the twentieth century, suggesting the actions of early philanthropists aided the spread of democracy in America; without it, American civic democracy would look much different.¹⁵ In his introduction, Zunz argues that modern philanthropy, "would be a capitalist venture in social betterment, not an act of kindness as understood in Christianity."¹⁶ However, my study shows that modern philanthropy can stem from both desires, especially in the cases of Washington Duke and Katharine Reynolds. He further points out the connections between private giving and public affairs. While the studies are beneficial, Bremner and Zunz are less interested in the role philanthropy plays in the

¹⁴ Robert Brenner, *American Philanthropy*, (Chicago University Press, Chicago, 1960). This book offers an introduction into the changing trends in American philanthropy.

¹⁵ Oliver Zunz, *Philanthropy in America: A History*, (New Jersey: Princeton University Press 2012), 7.

¹⁶ *Ibid.*, 2.

development and growth of cities and regions. My study expands on the work of Bremner and Zunz by examining motivations for philanthropy and analyzing different aspects of philanthropy in the North versus the South.¹⁷

This study also examines the progressive ideals of the Duke and Reynolds families. The Progressive era was a time of social and political reforms. For instance, I examine Katharine Reynolds' progressive ideals through her philanthropy and estate. However, in the South, Progressivism was challenged due to local autonomy and race relations. Historians began examining southern Progressivism in the 1940s, beginning with Arthur S. Link's essay on how Populism affected the development of Progressivism in the South.¹⁸ Since then, many historians have expanded upon his work. William A. Link's book, *The Paradox of Southern Progressivism, 1880-1930*, examines the cultural conflicts between social reformers and southern communities. Link claims that southern reformers were "unable to resolve the conflict between Jim Crow segregation and promoting black progress."¹⁹ My study extends his argument through specific examples of the Dukes' and Reynolds' desires to aid African Americans and the limitations placed on their philanthropy due to legal segregation.

Finally, my thesis is a case study of the Duke and Reynolds families and their impact on their communities and regions. A few scholars have examined the Duke and Reynolds families as separate entities. However, there are no studies examining the two

¹⁷ Emily Herring Wilson, *For the People of North Carolina: The Z. Smith Reynolds Foundation at Half-Century, 1936-1986*, (Chapel Hill: The University of North Carolina Press, 1986). Wilson examines family foundations. It is helpful in comparing the Dukes' and Reynolds' family foundations and gives a detailed account of the Z. Smith Reynolds Foundation's grants for its first fifty years.

¹⁸ Arthur S. Link, "The Progressive Movement in the South, 1870-1914," *The North Carolina Historical Review*, Vol 23, no 2 (April 1946), 172-195.

¹⁹ Link, *The Paradox of Southern Progressivism*, 267. The reformers wanted to promote black progress. However, ending segregation was not on their agenda.

families together. Comparing them has allowed me to highlight the impact of the tobacco industry on the Piedmont region. Robert Durden established himself as the leading scholar on the Duke family and their legacy, writing about the Duke family and their enterprises.²⁰ *The Dukes of Durham* investigates the economic, social, cultural, and educational impact the family had on the region. Meanwhile, Michele Gillespie is the leading historian on Katharine and R.J. Reynolds. Gillespie's work, *Katharine and R.J. Reynolds Partners of Fortune in the Making of the New South*, examines the couple's life together in relation to the New South's rise, as well as the roles they played in the business and social history of the region. Gillespie's book allows for a rare in-depth examination of Katharine's life and philanthropic efforts.²¹ However, Gillespie is less interested in the philanthropy of the Reynolds children and the lasting Reynolds' legacy in Winston-Salem, which I expand on here. Durden and Gillespie's studies are instrumental in the study of these two families. My work extends theirs by analyzing the families together and placing them in regional context rather than isolation.

²⁰Three of Durden's most influential works are entitled: *The Dukes of Durham, 1865-1929*, (Durham, N.C.: Duke University Press, 1975), *Lasting Legacy to the Carolinas: The Duke Endowment, 1924-1994*, (Durham: Duke University Press, 1998), and *Bold Entrepreneur: A Life of James B. Duke*, (Carolina Academic Press, 2003). Dolores Janiewski has also done studies that examine manufacturing workers in Durham. These works highlight the unionizing of Durham's workers during the twentieth century. They offer a lens into the lives of manufacturing workers in Durham and the South. *Sisterhood Denied: Race, Gender, and Class in a New South Community*, (Philadelphia: Temple University Press, 1985), *Subversive Sisterhood: Black Women and Unions in the Southern Tobacco Industry*, (Idaho: University of Idaho History Department, 1984).

²¹ In addition to Gillespie, there are two other books that examine the Reynoldses. Nannie Tilley, *The R.J. Reynolds Tobacco Company*, (Chapel Hill: The University of North Carolina Press, 1985) and Heidi Schnakennerg, *Kid Carolina: R.J. Reynolds Jr., A Tobacco Fortune and the Mysterious Death of a Southern Icon*, (New York: New York, Center Street, 2010). Also Bryan Burroughs's and John Helyar, *Barbarians at the Gate: The Fall of RJR Nabisco*, (New York: New York: Harper & Row Publishers, 1990) which examines the RJR Nabisco merger in the 1980s and its effects on Winston-Salem. Finally, Robert Rodgers Korstad, *Civil Rights Unionism: Tobacco Workers and the Struggle for Democracy in the Mid-Twentieth Century*, (Chapel Hill: The University of North Carolina Press, 2003) examines black and white workers in Winston-Salem during the 1930s and 1940s.

Chapter one examines the urban and regional development of Durham and Winston-Salem through the Duke and Reynolds families. Four main components are addressed: business practices, relationship to workers, presence in the community, and company towns. These concepts highlight the development of the Duke and Reynolds' businesses, their communities and regions, and their paternalism. Chapter two examines the philanthropy of the Duke and Reynolds families. They were some of the earliest southern philanthropists and provided a model for future philanthropists. Their philanthropy will be examined through their motivations as well as limitations and compared to their northern counterparts. The epilogue briefly examines urban decline and revitalization in Durham and Winston-Salem. The epilogue suggests that the legacy of the Dukes and Reynoldses influenced urban revitalization through their businesses, universities, and organizations. In order to emphasize the families' impact on revitalization in the cities, this study skips a detailed evaluation of urban decline. Finally, there is a digital project in the form of a public website that accompanies this thesis. It examines urban revitalization and preservation through adaptive reuse in more detail.²² Collectively, these chapters highlight the roles that businesses and philanthropy played in the urban development of cities and regions, and that business interests informed southern philanthropy.

²² The project will be offered in the form of a free website to reach a wider audience and expand the examination of the revitalization of Durham and Winston-Salem. I chose a public website in order to provide more detailed descriptions, photos, and other forms of media involving the cities. The link to the website is bdancy1.wixsite.com/dukeandreynolds

CHAPTER TWO: URBAN AND REGIONAL DEVELOPMENT

“The city is humanity’s laboratory, where people flock to dream, create, build, and rebuild.”

-Edward L. Glaeser, American economist

Prior to the Civil War, few southerners saw the need for industrial development; agriculture dominated the landscape as it had for generations. By 1830, critics deemed North Carolina the “Rip Van Winkle State.” A legislative committee reported that it was a state “without foreign commerce, for want of seaports or a staple; without internal communication by rivers, roads, or canals; without a cash market for any article of agricultural product; without manufactures.”²³ But by the 1880s, North Carolina had undergone reforms that expanded transportation, education, and health-care. Through these advances, North Carolina began to wake up from its sleepy state. Industries such as furniture, textiles, and tobacco became a major source of income. Specifically, the production of tobacco greatly impacted Winston-Salem and Durham.

The Industrial Revolution led to large developed cities in the North and Midwest with 62% of the U.S. population living there. In the South, the population spread over vast distances due to its agrarian nature. By 1900, the population of New York City was

²³ Wiley J. Williams, “Rip Van Winkle State,” *NCpedia* (2006), accessed June 5, 2016. ncpedia.org/rip-van-winkle-state

over 2 million people, while North Carolina's largest city, Wilmington, housed 21,000.²⁴ However, with the increase in industrialization and manufacturing, southern cities began to emerge.²⁵

The Duke and Reynolds families aided in the growth of Durham, Winston-Salem, and the Piedmont region through their businesses, although they had different motivations. James Duke had plans of global domination with his business ventures. His influence spread from Durham to surrounding areas through his businesses, focusing on economic development. R.J. Reynolds wanted a nationally recognized business that retained its manufacturing and production in Winston-Salem, which influenced urban development. In this sense, urban development means the social, cultural, economic, and physical development of the city. Individually, and through their companies and philanthropy, these industrialists influenced their communities and region. The rise of their cities through industry reflected the changing urban landscape in the South. People were moving from the country to the cities in search of industrial employment.

The Duke Family, Durham, and Regional Development

The Bull Durham Tobacco Company and W. Duke and Sons Tobacco Company were partially responsible for Durham's rapid growth. After the Civil War, growing demand by smokers led to increased production of the Carolina region's bright leaf tobacco.²⁶ Farmers and unemployed men flocked to the town for jobs in the tobacco

²⁴ "Population of New York City from the Years 1860-1990," *Columbia*, accessed July 15, 2016. tc.columbia.edu/faculty/waite/teach/texts/txt01.htm. "North Carolina Cities Population Changes in the 1800s," *History NC*, accessed July 15, 2016. historync.org/NCCityPopulations1800s.htm

²⁵ David Walbert, "Industrialization in North Carolina," *NCpedia*, accessed July 15, 2016. learnnc.org/lp/editions/nchist-newsouth/4745, David Walbert, "The Growth of Cities," *NCpedia*, accessed July 15, 2016. learnnc.org/lp/editions/nchist-newsouth/4708

²⁶ Anderson, *Durham County*, 15. Bright leaf tobacco had a milder flavor. The tobacco was grown in the rural regions surrounding the cities and then taken to the city for manufacturing. For more information

industry. Durham also had the benefit of being a depot town. With the railroad coming through the city, it was a prime area for industrialists to build their factories.

Durham's Station was established in 1849 when Dr. Bartlett Durham donated four acres of land to the North Carolina Railroad for a rail station.²⁷ By 1855, the railroad stop became Durham. Over the next twenty years, Durham began to flourish. Special economic opportunities such as growing demand for the region's tobacco and the emergence of new industries in the South aided the Dukes' expansion of their empire and Durham. In the late 1890s, James B. Duke envisioned North Carolina becoming a great industrial state that would rival the North.²⁸ By the 1920s, the Dukes had invested in many of the industries in Durham, collaborating with other business leaders in the tobacco, textile, power, banking, and railroad industries.

The Duke family's road to success began after the Civil War. Washington Duke joined the Confederate army in 1864 due to conscription. Not only was he opposed to secession and slavery, but it also pained him to leave his children without a parent since their mother's death.²⁹ After the war, Duke came home to a ruined farm. With little money, Duke began to manufacture chewing tobacco by hand with his sons on their property. "Pro Bono Publico" became the first brand the Duke men introduced to the

about the Carolina's bright leaf tobacco, see Nannie Tilley's book, *The Bright Tobacco Industry: 1860-1929*, (Chapel Hill: The University of North Carolina Press, 1948). Her book traces the rise of Carolina tobacco from the farm to the factory.

²⁷With an increase in business, growth, and population, the townspeople found the county seat in Hillsborough too far away. Doing business in Hillsborough required a fourteen mile train ride. Businessmen could lose days to the trip as one train left Durham in the morning and did not return until night. Citizens of the region began to demand for a new county with an accessible seat. As a result, the state legislature created Durham County in February 1881 from pieces of Orange and Wake Counties in the Piedmont Region with the city of Durham as the county seat. Anderson, *Durham County*, 87, 140.

²⁸ *The Duke Endowment: The First Fifty Years, 1924-1974*, (Charlotte, North Carolina: The Duke Endowment, 1975), 37.

²⁹ Durden, *The Dukes of Durham*, 9.

public.³⁰ After the oldest Duke son, Brodie, moved to Durham to create his own factory, the rest of the family followed. In 1878, the Dukes created a partnership with George W. Watts, and a formal tobacco company was set in motion, W. Duke and Sons.³¹ A few short years later, the Dukes found themselves in charge of the largest tobacco corporation America had ever seen.



Figure 1: Benjamin, Washington, and James Duke³²

During the 1880s, Benjamin and James moved to New York City to build a factory in the North that would relieve the Durham factory of increasing demands.³³ Duke chose New York City because he wanted to make financial contacts that would allow him to expand his company.³⁴ But they maintained homes in Durham. Washington Duke had since retired in Durham to focus on philanthropy, leaving his sons to run the company.

³⁰ Durden, *The Dukes of Durham*, 13.

³¹ *Ibid.*, 18.

³² "The Duke Family," David M. Rubenstein Rare Book and Manuscript Library, Duke University. This photo was taken from the about section involving the Duke family on the Duke Archives webpage. Link to photo: library.duke.edu/rubenstein/uarchives/history/articles/duke-family

³³ Durden, *The Dukes of Durham*, 24.

³⁴ Burroughs and Helyar, *Barbarians at the Gate*, 43.

Given the closeness of competition among tobacco factories, James Duke began looking for ways to get ahead. In the 1880s, James found that it was becoming impossible to sell cheap cigarettes due to high wages necessary to pay skilled workers.³⁵ During this time, Duke met a young man named James Bonsack, who invented a machine that rolled cigarettes. Impressed, Duke brought Bonsack and his machine to Durham,³⁶ eventually producing thousands of cigarettes a day.³⁷ But overproduction became a problem with the factories producing cigarettes faster than they could sell them.³⁸ As a solution, James began an effective advertising campaign.³⁹ Duke also transformed traditional tobacco sales by buying leaf directly from the farmers, instead of through middle men. This helped control prices, supply, and processing of the leaf under one company.⁴⁰ James Duke's business genius kept the family at the head of the tobacco industry.

³⁵ T. W. Chambliss, "Fifty Cents and Two Mules," *The Wilmington Morning Star*, June 1, 1913, 11.

³⁶ *The Duke Endowment: The First Fifty Years*, 35. The crude early machine seldom rolled perfect cigarettes.

³⁷ Chambliss, "Fifty Cents and Two Mules," 11.

³⁸ Durden, *The Dukes of Durham*, 33.

³⁹ James' business talents revolutionized advertisements for tobacco. Each pack of cigarettes contained a card. These cards had a double purpose, they were used to stiffen the box and advertised as collectibles. The cards had the photos of "birds, flags, Civil War generals, and baseball players and included historical or educational information on them. The most popular cards included photos of actresses in risqué clothing. W. Duke and Sons sold many cigarettes due to this imaginative marketing campaign. Other companies followed Duke's example and began producing their own collectable cards. "More About the Tobacco Advertising and the Tobacco Collections," Duke University Libraries, Accessed November 12, 2015. library.duke.edu/digitalcollections/eaa/guide/tobacco/ Advertising in this way led to more people choosing a particular brand to smoke. As a result of Duke's business skills, W. Duke and Sons became one of the top five producers of tobacco in America. Durden, *The Dukes of Durham*, 22.

⁴⁰ "From Farm to Factory in Durham County and the City of Durham," *Vernacular Architecture Forum* 2016, (VAF 2016), 39, Accessed July 15, 2016. vernaculararchitectureforum.org/resources/VAF%20Durham%202016/Conference%20download%20material/Farm%20to%20Factory%20and%20City%20of%20New%20South.pdf



Figure 2: One of Duke's earlier trading cards featuring actress, Miss Lynne⁴¹

Though Duke's company dominated the American tobacco market, he wanted global control. He devised a plan that led him to create a tobacco monopoly, forming The American Tobacco Company in 1890, a trust that swallowed many tobacco firms.⁴² Through Duke's consolidation he controlled the tobacco industry in Durham and nationwide. The factories in Durham provided job opportunities, which expanded the population, and increased the need for other businesses and services in the city.

⁴¹No. 768 - Miss Lynne, N145 Actors and Actresses Card Series, Box 1, *W. Duke, Sons & Co. Advertising Materials, 1880-1910*, Duke University Digital Collection, accessed on December 5, 2015. For more information and to view examples of the Duke advertisements see the *W. Duke, Sons & Co. Advertising Materials* collection. repository.lib.duke.edu/dc/wdukesons/dscsi01289

⁴² Duke quickly took over ownership of the five major tobacco companies in the country including: W. Duke & Sons Company of Durham, The Kinney Tobacco Company of New York, Allen & Ginter of Richmond, W.S. Kimball and Company of Rochester, and Goodwin and Company of New York. Robert W. Carter Jr, "American Tobacco Company," *NCpedia* (2006), Accessed on September 15, 2015. ncpedia.org/american-tobacco-company <https://fee.org/articles/antitrust-history-the-american-tobacco-case-of-1911/#0>

Running the largest tobacco corporation in the world gained Duke enemies. Many newspaper reporters critiqued Duke's monopoly. *The Alton Evening Telegraph* deemed Duke the "Czar of all the tobaccos," comparing him to Napoleon Bonaparte.⁴³ The newspaper stated, "He rules the tobacco world with autocratic power. Never was Havemeyer's sugar monarchy nor Carnegie's steel kingdom nor Rockefeller's oil realm so wide and all-inclusive as is Duke's tobacco empire."⁴⁴ Evidence suggests farmers criticized Duke too. One farmer asked Duke "not kill the goose laying the golden egg," meaning the tobacco farmers.⁴⁵ With the American Tobacco Company in control of the tobacco market in the United States and abroad, the farmer became afraid that the trust would make the price of tobacco dramatically drop. If this happened, it would cost more for the farmers to produce the tobacco than they would make in sales.⁴⁶ It is no surprise that Duke gained enemies through his control of the tobacco industry.

The American Tobacco Company became a case for "trust-busters" of the early twentieth century, led by Theodore Roosevelt. Roosevelt advocated for the dissolution of monopolies due to the greed of industrialists, fearing an uprising if industrialists continued to exploit their employees. He further claimed that industrialists had begun to think of themselves as above the government.⁴⁷ By the time Duke's trust was busted in 1911, he possessed eighty percent of the market sales for cigarettes in the country.⁴⁸ The

⁴³ "Czar of All the Tobaccos: James B. Duke, Head of a Mighty Trust That Uncle Sam is Fighting," *The Alton Evening Telegraph*, August 15, 1907, 7.

⁴⁴ *Ibid.*, 7.

⁴⁵ Letter from C.F. Button to James Duke, September 19, 1905, Box 1, Folder 7, James Buchanan Duke Papers, David M. Rubenstein Rare Book and Manuscript Library, Duke University.

⁴⁶ *Ibid.*

⁴⁷ "43 B: The Trust Buster," *US History.org*, Accessed December 5, 2015. ushistory.org/us/43b.asp

⁴⁸ Durden, *The Dukes of Durham*, 80. In 1907, the American Tobacco Company came under investigation for violating the Sherman Anti-Trust Act created by Roosevelt.

dissolution of the ATC was good for business in Durham because competition allowed the factories to increase production and profits.⁴⁹ Though the Dukes fought the dissolution of the ATC, they were not ruined by the decision due to their diverse investments in other industries.

The Dukes' investment in other industries promoted a more diversified economy in Durham. In the 1890s, textile mills were popular, due to the efforts of J.S. Carr and the Duke's half-brother, Brodie.⁵⁰ Soon after, Benjamin joined the textile industry. He saw a bright future for North Carolina through cotton mills, collaborating with William A. Erwin to create the Erwin Cotton Mill. By 1892, the mill and the village of West Durham began to materialize.⁵¹ By 1896, the mill employed over 1,000 workers and became one of the largest mills in North Carolina.⁵² Through participating in another industry, Benjamin expanded the area's job opportunities and encouraged regional growth.

Popular opinion of the mills favored this partnership. A newspaper reporter from 1900 emphasized that Benjamin ran his companies with morals and respect for his employees.⁵³ During the Dukes' time, company towns controlled every aspect of their workers lives from the food they ate to the clothes they bought. Workers could expect

⁴⁹ Anderson, *Durham County*, 210.

⁵⁰ Ibid., 180. When Brodie went bankrupt during the Panic of 1893, Benjamin rescued his brother by buying back Brodie's company shares. Ibid., 18.

⁵¹ Durden, *The Dukes of Durham*, 130.

⁵² Ibid., 130.

⁵³ "Benjamin N. Duke: One of the Largest and Most Successful Manufacturers in the South," *The Durham Recorder*, April 16, 1900, 25. The author states that no one under the age of twelve was permitted to work in his factories. Furthermore, each employee was expected to be able to read and write, as well as being held to a strict code of morals. He even had a hand in their religious training. Though influencing employee religion pushed the envelope in employee/worker relationships. Overall, the Dukes and Erwin's used their power and religious beliefs to influence their employees.

“long hours, low wages, and poor living conditions.”⁵⁴ However, workers preferred working in the mills to the uncertainty of farm life.

The role of paternalism was evident in the South from antebellum days up until World War II. William Link claims that at the end of the nineteenth century, elite southern whites thought “their region was confronting a general social and cultural crisis.”⁵⁵ In addition to their commitment to white supremacy, they wanted to reform lower class whites. According to Link, they believed that “lower class whites were the other half of the race peril.”⁵⁶ Link further argues that southern progressive reformers believed that “racial peace, social harmony, and regional progress depended on white supremacy.”⁵⁷ Generally, racial peace was maintained through segregated factories. African Americans and foreign labor worked in the tobacco factories, while whites, mostly females and children, worked in the textile mills.⁵⁸ It is apparent that the leaders of Erwin’s Mill possessed the same ideals as well. In 1900, union organizing became popular in Durham. That same year, unionized workers attempted to speak with Erwin, but he denied their request. He felt it was his responsibility to take care of his workers and did not want any interference with his “family.”⁵⁹ Those unionized workers were

⁵⁴ Durden, *The Dukes of Durham*, 134.

⁵⁵ Link, *The Paradox of Southern Progressivism*, 58.

⁵⁶ Ibid., 59.

⁵⁷ Ibid., 70.

⁵⁸ John Hope Franklin and August Meier, *Black Leaders of the Twentieth Century*, (University of Illinois Press, 1982), 173. Whites worked in the tobacco factories too; work was divided by gender and ethnicity. White women operated the packing machines and white men ran the machines that manufactured the cigarettes. Meanwhile, black women worked in the leaf and stemming departments while black men worked odd jobs as helpers. These studies do not provide clear numbers for the black to white ratio of factory workers in Durham. Janiewski, *Sisterhood Denied*, 99.

⁵⁹ Anderson, *Durham County*, 207. This discussion does not include later strikes that occurred from the 1920s to the 1940s. Arguably, Duke and Erwin treated their workers better than most. Erwin began by creating a public park for the community in order for them to have somewhere to socialize. In addition, Erwin was one of the first to reduce employee’s hours from sixteen to eleven hours a day. Durden, *The Dukes of Durham*, 134. Though they treated their workers better than most, these men were a product of

fired and there were no more attempts for a while. Similar strikes occurred throughout the South that were handled quietly. While Benjamin focused his attention on textiles, James became interested in hydroelectric power.

The most successful of the Duke ventures arose from a partnership between James Duke, Dr. W. Gill Wylie, and William States Lee. Duke was interested in the power of rivers thinking their energy needed to be harnessed to produce electricity. Duke saw this as a means to “bring industry and jobs to the region of North Carolina and South Carolina in order to bring the area economy and an investment for capital.”⁶⁰ In 1904, the three men opened the Catawba Hydro Station in South Carolina to “provide electricity to Victoria Cotton Mills in Rock Hill, South Carolina.”⁶¹ Duke’s investment produced results. Within a few years, the Southern Power Company provided power to factories, businesses, cities, and homes across the Carolinas and Canada. Duke had succeeded in his goal of bringing even more jobs to the region. Southern cities were brought into a modern era.

James Duke’s interest in hydroelectric power expanded the success of the brothers’ textile mills too. Evidence suggests that Duke’s hydro-electric power companies aided in the salvation of Carolina textile mills. In 1922, coal was becoming scarce, forcing many factories to shut down.⁶² However, those factories powered by

their times. The lives of textile workers reflected the struggle to develop labor reform laws at the turn of the twentieth century.

⁶⁰ *The Duke Endowment: The First Fifty Years*, 37. Duke’s approach to building his power company was similar to his approach in building the ATC. Duke and his associates quickly set out to create a new monopoly on the fledgling power industry.

⁶¹ “Our History,” *Duke Energy*, Accessed November 12, 2015.
duke-energy.com/about-us/history.asp

⁶² “Carolina Power Patrons Have No Cause for Alarm Over Shortage of Coal,” *Durham Morning Herald*, September 15, 1922, 1.

Duke's hydro-electric power plants remained open for business. Durham especially, remained unharmed.

The brothers also took an interest in banking and the railroad industry. Letters addressed to Benjamin discussed costs for the expansion of Durham and the Southern Railway Company.⁶³ This allowed Durham to become even more accessible to the rest of the state. For a time, Benjamin was also the president of the Fidelity Bank and the Citizens National Bank in Durham. The Dukes' work with other businessmen in the state created a better economy.

As an investor, Washington Duke also played a role in Durham becoming the "Black Wall Street" for a time in the early twentieth century. John Merrick, who served as barber to Duke, created a new identity for the black businessman through his relationship with Washington. During the late 1800s, Merrick created North Carolina Mutual Life Insurance Company. The business eventually became successful due to the efforts of Merrick, Charles Spaulding, and Dr. Aaron M. Moore.⁶⁴ Other businesses such as banks and institutions were soon to follow. The "Black Wall Street" created a unique situation in which conditions were "separate but equal" between select black businessmen and whites. Evidence suggests that blacks in Durham enjoyed the highest per capita income and highest rate of home ownership in the country.⁶⁵ Though they created a successful district, the African Americans and their white supporters reinforced segregation further.

⁶³ Box 135, Folder 11, Benjamin Newton Duke Papers, David M. Rubenstein Rare Book and Manuscript Library, Duke University. The papers of B.N. Duke reflect the broad range of businesses the Duke Brothers were involved with.

⁶⁴ Anderson, *Durham County*, 188.

⁶⁵ Mark Roberts, "Durham Home to Original Black Wall Street," *WRAL News*, February 25, 1999. Accessed September 30, 2016. wral.com/news/local/story/139037/

The impact of the Duke family's business endeavors stretched a long way. Early newspaper reporters from Durham emphasized the growth that had taken place over a short period of time. For instance, a newspaper article from 1902 highlights the expansion of Durham in just twelve months. The author states, "Durham has steadily added industry to industry until the city is full of industrial establishments of various kinds, all growing, giving employment to many, and adding to the trade and population of the city."⁶⁶ The author then highlights the prosperous industries in Durham including: tobacco, textiles, furniture, telephone, and lumber, most of which had Duke investment. Though the Dukes were not the sole benefactors of the city or region's development, their influence was substantial, due to ATC dominance. Julian Carr, W.T. Blackwell, E.J. Parrish, and George Washington Watts also played a role in the development of the region through the tobacco industry and would all join the ATC.⁶⁷ Through the ATC and their other ventures, the Dukes assisted in the economic growth and development of the region and provided necessary jobs and welfare services.

Reynolds, Winston-Salem, and Urban Development

A little over eighty miles from Durham lay the town of Winston, which would come to rival Durham in the tobacco industry. In 1920, the combined cities of Winston and Salem became the largest and wealthiest metropolis in North Carolina.⁶⁸ Due to the singular influence of Reynolds and his company, Winston operated as a company town

⁶⁶ "Durham Sets the Pace: One and a Quarter Million Dollars Invested in the Past Year in Manufacturing Enterprises and Buildings, A Record Breaker in Expansion," *Raleigh News and Observer*, April 8, 1902, 29.

⁶⁷ These men had all been popular competitors in the tobacco industry in Durham before joining the ATC.

⁶⁸ The cities merged to become Winston-Salem in 1913. Heather Fearnbach, *Winston-Salem's Architectural Heritage*, 2. By 1930, they had been replaced by Charlotte as the largest city in the state. "Five Carolina Cities in 50,000-100,000 Class", *The Robesonian*, June 5, 1930, 9.

during the early twentieth century. A lot of the businesses in Winston, such as Hanes Brands and Wachovia, would emerge and prosper due to Reynolds' influence. Durham also operated as a company town but not in a traditional sense. There were many different industries in the community, but a lot of workers relied on their employers for social welfare.

Tobacco production was already an established business when R.J. Reynolds rode into the town of Winston in 1874. Two years prior, Hamilton Scales opened the first tobacco factory in Winston and other industrialists followed.⁶⁹ Reynolds chose Winston as his new home due to “the benefit of railroad facilities, and on account of this town being located in the center of the belt in which the finest tobacco in the world is grown.”⁷⁰ The first year, Reynolds built his “Little Red Factory” next to the railroad tracks and began producing plug tobacco. Within twenty years, the R.J. Reynolds Tobacco Company employed the majority of the community. In the following decades, Reynolds, his family, and associates would partake in the urban development of Winston-Salem as well as philanthropic endeavors that benefited the community.

Prior to 1913, Winston-Salem had been two separate towns, Winston and Salem. The town of Salem was established in 1766 by deeply religious Moravians from Eastern Europe.⁷¹ By 1849, the town had become moderately successful and the church sold a

⁶⁹ Fearnbach, *Winston-Salem's Architectural Heritage*, 16.

⁷⁰ “The Tobacco Industry and Winston-Salem,” *Digital Forsyth*, Assessed May 22, 2015. digitalforsyth.org/photos/stories/the-tobacco-industry

⁷¹ The Moravians were missionaries that had established an earlier settlement in Bethlehem, Pennsylvania prior to settling the Wachovia tract in North Carolina History. *Old Salem*, Accessed March 30, 2016. oldsalem.org/learn/the-town-of-salem/history/ By the 1820s, Salem experienced difficult economic times. In order to keep up with industry, the church allowed textile mills to open. Alex Schenker, “History of Old Salem,” *My Winston-Salem* (November 19, 2014), Accessed March 30, 2016. mywinston-salem.com/history-of-old-salem/

tract of land to create a new town. As a result of Salem's sale, the "secular" town of Winston was established in 1851.⁷² After the Civil War, the principal products of Winston were wheat, dried fruits and berries and the small town only had a population of about six hundred.⁷³ By the 1870s, tobacco warehouses became a popular business venture. In 1880, Winston's population grew to almost 3,000 residents with over forty tobacco factories.⁷⁴

R.J. Reynolds and his family impacted Winston-Salem's urban development due to their hands-on approach to expanding and improving the city. They became involved in the city culturally, socially, economically, and physically. As previously discussed, the Industrial Revolution provided unique economic opportunities for growth. Located in the Piedmont, Winston-Salem grew rapidly due to demand for the region's bright leaf tobacco. Reynolds collaborated with many other business leaders in the tobacco, banking, textile, and railroad industries in order to aid urban expansion.

Richard Joshua Reynolds was born in 1850 in Patrick County, Virginia. R.J., as he would later be known, descended from two generations of tobacco farmers.⁷⁵ His father, Hardin, was a well-respected tobacco farmer and his mother, Nancy Jane Cox, descended from a famous Revolutionary War family.⁷⁶ Hardin Reynolds was an entrepreneur, with his hands in many enterprises including: growing food and tobacco, manufacturing tobacco, and running a community store. Like most other southern families, the Reynolds family was affected by the Civil War. Stoneman's raiders had

⁷²Winston was named after Revolutionary War hero, Major Joseph Winston. "Past, Present, and Future," *Visit Winston-Salem*, Accessed March 30, 2016. visitwinstonsalem.com/about/past-present-future

⁷³ Brownlee, *Winston-Salem: A Pictorial History*, 51.

⁷⁴ *Ibid.*, 51.

⁷⁵ Gillespie, *Katharine and R.J.*, 16.

⁷⁶ *Ibid.*, 18.

robbed the family of their provisions and slaves, leaving them with a small supply of hidden livestock.⁷⁷ It did not take long for the Reynolds family to get back on their feet through leasing out their land to sharecroppers and the sale of plug tobacco. In 1873, R.J. had formed a partnership with his father, producing 40,000 pounds of plug tobacco. However, within the year R.J. sold his shares and moved down to North Carolina.⁷⁸ Later, his brothers William and Walter would join his business.

When he was fifty-four, Reynolds married twenty-four year old, Katharine Smith of Mt. Airy. Smith was the daughter of his first cousin, Zachary Smith.⁷⁹ After college, Katharine took a job at Reynolds' company as his secretary. Katharine later gained Reynolds' favor after winning \$1,000 from a company contest.⁸⁰ During the course of their short marriage, Katharine bore R.J. four children: Dick, Mary, Nancy, and Smith. Katharine later became the force behind Reynolds' philanthropy and ideals.

⁷⁷ Gillespie, *Katharine and R.J.*, 30.

⁷⁸ *Ibid.*, 30.

⁷⁹ "Mr. R.J. Reynolds to Marry," *The Morning Post*, (Raleigh, NC), February 23, 1905.

⁸⁰ Tursi, *Winston-Salem*, 190.



Figure 3: R.J. Reynolds, his wife Katharine, and their four children: Dick, Mary, Nancy, and Smith⁸¹

Reynolds' experience from working in the family business and Katharine's progressive ideals, influenced his business activities in Winston. Reynolds' plant opened in 1875 with a capital investment of \$7,400 and two full time employees.⁸² Reynolds personally peddled his plug tobacco to prospective buyers. During its first year, the company produced 150,000 pounds of tobacco. In order to keep up with competition, Reynolds borrowed money and expanded his factory. By the 1890s, Reynolds was producing one million pounds of tobacco annually and growing. In addition, he incorporated his business, RJR, Inc. and took on two partners. Reynolds chose his younger brother William and Treasurer Henry Roan to sit with him on the board of directors.⁸³ During those years, Reynolds' company absorbed smaller tobacco companies in the region until his company became one of the largest in the South.⁸⁴ Reynolds preferred to hire African American workers rather than the white and immigrant

⁸¹ This photo comes from Patrick Reynolds personal collection. "The Gilded Leaf," *Tobacco Free*. accessed October 20, 2016. tobaccofree.org/book/

⁸² Gillespie, *Katharine and R.J. Reynolds*, 78.

⁸³ *Ibid.*, 112.

⁸⁴ Barry McGee, R.J. Reynolds Tobacco Company, *NCpedia* (2006), Accessed April 25, 2016. ncpedia.org/r-j-reynolds-tobacco-company

populations used by the Dukes and other industrialists.⁸⁵ Reynolds found black labor to be easier to control, so he decided to recruit African Americans from Patrick and Henry counties in Virginia and later on from the cotton fields of South Carolina.⁸⁶ Reynolds had white workers as well; until the 1950s workers were divided by race and gender in the factories.⁸⁷

Given ATC's dominance of the tobacco industry, Reynolds made a bold decision. He sold two-thirds of the stock in his company to Duke in 1899, which gave the ATC partial control of his company. But Reynolds remained the president of his company due to his knowledge of plug tobacco.⁸⁸ During that time, Reynolds released one of his most popular brands, Prince Albert.⁸⁹ Though Reynolds could have been sued by the ATC for releasing the product under his own brand, he forged ahead with a nationwide campaign.⁹⁰ Although partners, the Dukes and Reynolds remained competitors. Reynolds displayed advertisements everywhere from *Collier's Weekly* to Union Square.⁹¹ The Dukes were displeased with Reynolds; however, the dissolution of the ATC

⁸⁵ Fearnbach, *Winston-Salem's Architectural Heritage*, 20.

⁸⁶ Transcript of a lecture on the impact of the tobacco industry and the Reynolds family on the growth of Winston-Salem given by Dr. Nannie May Tilley at the second annual Tobacco History Symposium held at East Carolina University, March 27, 1974. Introduction to Dr. Tilley given by Fred Ragan, Accessed September 30, 2016. digital.lib.ecu.edu/encore/ncgre000/00000015/00014671/00014671.xml. Reynolds was forced to recruit labor from out of town due to the lack of African Americans in the area. Most people in the region were not slave owners before the war.

⁸⁷ African Americans worked in the prefabrication department and whites worked in the cigarette and skilled crafts department. The majority of Reynolds' workers were young single black women. Occasionally workers would switch jobs but were still segregated. Robert Korstad, *Civil Rights Unionism*, 95-96.

⁸⁸ Gillespie, *Katharine and R.J. Reynolds*, 104-105.

⁸⁹ Ibid., 194. The brand proved immensely popular as a result of advertising.

⁹⁰ National Historic Register Nomination Form, "Winston-Salem Tobacco Historic District," *United States Department of the Interior Heritage Conservation and Recreation Service*, 1990, Accessed June 30, 2016. hpo.ncdcr.gov/nr/FY3151.pdf. Reynolds could have been sued due to the agreement his company had with the ATC, he was only supposed to produce plug tobacco. However, Reynolds was threatened with a lawsuit, which was never carried out.

⁹¹ NR Form, "Winston-Salem Tobacco Historic District," 195.

overshadowed Reynolds' discretion. As a result of the dissolution, Reynolds regained independence.

After his release from the ATC, Reynolds launched a massive campaign for his Turkish blend Camel Cigarettes in 1913. The cigarettes were made from a blend of different kinds of tobacco, known as the "American Blend." Reynolds' advertisements were innovative. The first advertisements simply read "The Camels Are Coming!," leaving the consumer wondering what Camels were.⁹² Camel Cigarettes became the first nationally popular cigarette in the United States that same year.⁹³ In addition, Reynolds' cigarettes established "virtually every packaging standard in the U.S. cigarette industry."⁹⁴ Reynolds' company introduced the twenty- cigarette pack, the ten-pack carton, and the use of cellophane to protect the cigarettes. Camel Cigarettes became so popular that by 1916, Winston-Salem was the eighth largest port of entry for goods in the United States, despite being two hundred miles from the sea.⁹⁵ With the popularity of his brands, Reynolds kept a steady supply of employees in the factories.

In order to avoid being controlled by another company again, Reynolds encouraged his employees to buy stock in the company. When that was successful, he created Class A stocks, designed to put voting rights in the hands of the workers.⁹⁶ Known locally as "anticipation stock," the dividend paid ten percent of all profits in excess of \$2.2 million.⁹⁷ Though the stock was designed with workers in mind, anyone

⁹²Gillespie, *Katharine and R.J.*, 204-211.

⁹³ "A Look Into Our Past," *RJRT*, Accessed March 30, 2016. rjrt.com/transforming-tobacco/history/

⁹⁴ *Ibid.*

⁹⁵ Tursi, *Winston-Salem: A History*, 110-11, 183.

⁹⁶ Joshua Kennon, "Reynolds Tobacco Company and Its Legendary Employee Stock Ownership Plan," *Joshua Kennon Blog*, Accessed April 22, 2016. joshuakennon.com/reynolds-tobacco-company-and-its-legendary-employee-stock-ownership-plan/

⁹⁷ Joshua Kennon, "Reynolds Tobacco Company and Its Legendary Employee Stock Ownership Plan."

was free to purchase it. The majority of those who purchased the stock were blue collar workers with no investments besides Reynolds.⁹⁸ The annual dividend for the stock put money in everyone's pockets all over the city. Local car dealers and luxury item dealers benefitted the most. Reynolds' daughter, Nancy, once stated that Reynolds "would loan money to invest in his company, that's why there are so many millionaires in Winston."⁹⁹ In later years, that stock would turn Winston-Salem into the city of reluctant millionaires. Reynold's Class A Stocks drew in employees, and in return for their loyalty, he offered welfare services.

Reynolds' influence over Winston-Salem can be defined as welfare capitalism. Welfare capitalism refers to the internal welfare systems for employees that were developed by companies. At the urging of his wife, Reynolds offered on-site lunchrooms, water fountains, child care, sports teams, and women's clubs for his workers.¹⁰⁰ Reynolds treated his company as a social institution in order to keep his employees content.

Reynolds contributed to the growth of the city in other ways. Early on, Reynolds realized the importance of establishing himself as a community leader, which is something the Dukes did not practice. They led their industries from afar, while still influencing growth and economic development. In Winston, Reynolds rooted himself and invested into the city. As early as 1879, Reynolds and other industrial leaders petitioned

⁹⁸ Robert E. Dallos, "Buyout Spawns Reluctant Millionaires in RJR Hometown," *The Washington Post*, Dec 2, 1988, accessed August 5, 2016. [washingtonpost.com/archive/business/1988/12/02/buyout-spawns-reluctant-millionaires-in-rjrs-home-town/3a3d58ef-87be-4d4d-bc0c-14a81a4466c3/](https://www.washingtonpost.com/archive/business/1988/12/02/buyout-spawns-reluctant-millionaires-in-rjrs-home-town/3a3d58ef-87be-4d4d-bc0c-14a81a4466c3/) Evidence regarding Class A stocks does not refer to the demographics of workers who purchased Reynolds stock. However, newspaper articles imply that employees of any race were free to purchase the stocks.

⁹⁹ Nancy Reynolds Oral Interview, 52, Box 3, OH.01.004.001, Reynolda Oral History Collection. Reynolda House Museum of Art Collections. The number of "reluctant millionaires" in the city is unknown, due to lack of evidence.

¹⁰⁰ Gillespie, *Katharine and RJR*, 87.

the town to procure a railroad, which they gained in the 1880s.¹⁰¹ That same year, Reynolds ran for city commissioner in order to serve his business interests, but lost.¹⁰² In 1884, he ran again, this time successfully, gaining a seat on the Fire and Sanitary Committees.¹⁰³ Reynolds kept his seat until 1890, when he and the other white Democrats lost to the Colored Men's ticket. His loss to an African American reflected the demographic change of the city.¹⁰⁴ As previously mentioned, the tobacco work-force was primarily comprised of African Americans. Two-thirds of Reynolds' workers were African American and over one-half of them were women.¹⁰⁵

The success of the Colored Man's Ticket was short-lived. Democrats responded by openly disenfranchising African Americans.¹⁰⁶ Jim Crow laws in the South allowed the whites to significantly limit African American voting rights. By 1892, Democrats cut the number of black voters in half.¹⁰⁷ This led to racial tensions in the city for decades to come. Reynolds and other powerful city leaders did nothing to aid African American voting rights, not wanting to publically speak out in favor of the blacks and "ruin" their own reputations.

Ranked by his townsmen as a man of super initiative in his city,¹⁰⁸ Reynolds invested his profits into local stocks, real estate, transportation, and infrastructure. He began by investing in Winston-Salem Water Works in 1880 and then became a real-estate

¹⁰¹ City of Winston-Salem Government Meetings Notes Town of Winston: 1870-1879, Accessed March 24, 2016. cityofws.org/portals/0/pdf/marketing-and-communications/history/winston/Winston%201870-1879.pdf

¹⁰² Gillespie, *Katharine and R.J.*, 82.

¹⁰³ City of Winston-Salem Government Meetings Notes Town of Winston: 1870-1879.

¹⁰⁴ Gillespie, 82. The Colored Man's Ticket was part of the Republican Populist Fusion ticket.

¹⁰⁵ Korstad, *Civil Rights Unionism*, 2.

¹⁰⁶ Gillespie, 92.

¹⁰⁷ During this time, Democrats used North Carolina election law by challenging black voters and using intimidation against those who tried to vote. Korstad, 50.

¹⁰⁸ Untitled, *Winston Salem Journal*, August 2, 1918, 7.

developer in tenement housing, hotels, and dozens of tracts of lands through-out Winston.¹⁰⁹ Reynolds' brother, William, bought a rock quarry for the town as well, in order to pave streets and provide fill.¹¹⁰ The Reynolds' brothers saw the importance of investing in their city, associating the importance of a successful city with a successful business. While other industrialists were leaving their legacy with endowments, Reynolds was giving small amounts of money to aid the needy and strengthen the community.¹¹¹ Reynolds desired to be a booster in the community by funding clubs, charities, orphanages, and churches in order to bring social stability.¹¹² This allowed those in the community to form social bonds. Social institutions also kept African Americans in town and helped discourage them from leaving for better opportunities in the North.

In 1913, the towns of Winston and Salem officially merged into Winston-Salem.¹¹³ Previous votes for a merger during the 1870s failed. However, in 1899, federal officials merged the post offices of the two towns, paving the way for their union.¹¹⁴ Residents were wary of a merger, fearing they would lose their identity. However, the economic opportunities outweighed residents' fears. According to the *Winston-Salem Journal*, "The combined city would be one of the largest in the state, giving it greater economic clout to support R.J. Reynolds Tobacco Company, Hanes Hosiery Company,

¹⁰⁹ Gillespie, *Katharine and R.J.*, 81.

¹¹⁰ City of Winston-Salem Government Meetings Notes Town of Winston: 1900-1906. Accessed March 20, 2016. cityofws.org/Portals/0/pdf/marketing-and-communications/history/Winston/Winston%201900-1906.pdf

¹¹¹ Gillespie, 86.

¹¹² Gillespie, 86.

¹¹³ Before the merger industrialists such as Hanes and Reynolds used the term "twin cities" in their advertisements, which also influenced a merger. Brownlee, *Winston-Salem: A History*, 159-165.

¹¹⁴ Richard Craver, "Merger of Winston, Salem Allows Seed of Industry to Sprout," *Winston-Salem Journal*, May 8, 2013, Accessed April 6, 2016. journalnow.com/news/local/article_c86ef7a8-b77d-11e2-b9c9-0019bb30f31a.html. Evidence does not suggest that the *Winston-Salem Journal* was influenced by the Reynolds Company.

and Wachovia Bank and Trust.”¹¹⁵ In addition, regulatory obligations were simplified for merchants.

After the merger, Reynolds’ company continued to expand, especially with the success of Camel Cigarettes. In July of 1918, Reynolds died after a long battle with cancer.¹¹⁶ Upon his death, *The Charlotte Observer* referred to him as “the leading figure in the industrial life of the city as well as a dominating personality.” Newspaper articles across the country praised Reynolds for his efforts in Winston-Salem and beyond. Reynolds was not worried about the future of the company, supposedly stating “I have written the book, all you need to do is follow it.”¹¹⁷ Reynolds’ brother, William, took over after his death until 1924.

In 1924, Reynolds’ close friend, Bowman Gray, took over the company. As president, he expanded the company by buying out more tobacco companies as well as constructing new factories downtown. During his tenure as president, Gray constructed the Reynolds Building. After its completion, the building was the tallest in the state until 1966.¹¹⁸ According to the building’s National Register form, “the Reynolds Building was not only the corporate offices of RJRT, but also the premiere Winston-Salem office building for a variety of businesses, including insurance firms, brokerage firms, attorneys, architects, and developers, as well as rail lines.”¹¹⁹ In addition, the basement and first floors contained shops, a restaurant, and a barber shop for the white public. The

¹¹⁵ Richard Craver, “Merger of Winston, Salem Allows Seed of Industry to Sprout.”

¹¹⁶ The Junior Observer, “Observations: R.J. Reynolds,” *The Charlotte Observer*, July 30, 1918.

¹¹⁷ Burrough and Helyar, *Barbarians at the Gate*, 47.

¹¹⁸ National Historic Register Nomination Form, Reynolds Building, *United States Department of the Interior Heritage Conservation and Recreation Service*, 23, Accessed March 25, 2016. hpo.ncdcr.gov/nr/FY2141.pdf

¹¹⁹ *Ibid.*, 28.

Reynolds Building became a status symbol for Winston-Salem and the tobacco industry. Shortly after its completion, the architects Shreve and Lamb went to New York and designed the Empire State Building similarly to the Reynolds Building.

Other companies grew from Reynolds' influence as well. According to historian Nannie Tillie, Reynolds' account books are full of records relating to loans and deposits connected to Wachovia National Bank.¹²⁰ The bank began loaning money to Reynolds and other industrialists as early as 1881.¹²¹ Over the years, their investments paid off and the bank and town grew. The success of R.J. Reynolds Tobacco Company even brought the manufacturer of Krispy Kreme to the twin city. In 1935, Vernon Rudolph, the man behind Krispy Kreme, planned to sign a lease in Illinois for his doughnut shop. But the night before he signed the lease, a pack of Camel Cigarettes caught his eye.¹²² Rudolph thought that since the national brand came from Winston-Salem, perhaps it would be a good place to develop his business. The next day, Rudolph moved to Winston-Salem and his business grew exponentially.

Winston-Salem continued to enjoy growth under Reynolds' influence until the 1980s. For a time, Winston-Salem operated as a company town, due to the singular influence of Reynolds. Reynolds and his family contributed to the urban development of the city significantly because they understood the importance of an economically stable

¹²⁰Transcript of a lecture on the impact of the tobacco industry and the Reynolds family on the growth of Winston-Salem given by Dr. Nannie May Tilley at the second annual Tobacco History Symposium held at East Carolina University, March 27, 1974. Introduction to Dr. Tilley given by Fred Ragan.

¹²¹ National Historic Register Nomination Form, Wachovia Bank and Trust Company Building, *United States Department of the Interior Heritage Conservation and Recreation Service*, 1, Accessed March 25, 2016. hpo.ncdcr.gov/nr/FY2163.pdf

¹²² Ruth Carlitz, "Hot Doughnuts Now: The Krispy Kreme Story," *The Chronicle*. October 22, 2003, Accessed February 6, 2016. dukechronicle.com/article/2003/10/hot-doughnuts-now-krispy-kreme-story

city. The company continued to expand and by the middle of the twentieth century became the second largest tobacco manufacturer in the country.

The Duke and Reynolds families each influenced their cities and regions individually and through their companies. Through their business ventures, The Dukes expanded the economy of the area, provided jobs and amenities, and provided power to the region. By the time of J.B. Duke's death, the region had many successful textile and tobacco factories rooted in Duke investments. In Winston-Salem, the Reynolds family became heavily involved in urban development. They aided in the success of other businesses, provided amenities for employees and citizens, and supported social and cultural institutions. Though the families had different motivations for improving their respective cities, their cities grew and developed.

CHAPTER THREE: PHILANTHROPY

“What we give to alleviate the need, suffering, and sorrow of others, whether we know them or not, is charity. What we give to prevent and correct social and environmental problems and improve life and living conditions for people and creatures we don't know and who have no claim on us is philanthropy.”¹²³

-Robert Bremner

Modern philanthropy as we know it began in the nineteenth century with the rise of industry and the fortunes created by it. With their wealth, these industrialists shaped community, national, and international affairs.¹²⁴ For instance, John D. Rockefeller donated over \$50 million to improve education and rural reconstruction in China¹²⁵ and Andrew Carnegie aided in the construction of public libraries nationwide. In the South, industrialists tended to keep their philanthropy limited to the social welfare of their region. However, southern philanthropy propagated the segregated system through donating to separate schools, churches, hospitals, etc. for blacks and whites.

Andrew Carnegie's *Gospel of Wealth* influenced the minds of millionaires nationwide at the end of the nineteenth century by calling for millionaires to distribute their wealth for the public good. Previously, charity had been for the needy, but

¹²³ Robert H. Bremner. *Giving: Charity and Philanthropy in History*. (New Brunswick, NJ: Transaction Publishers, 1996), XI.

¹²⁴ Zunz, *Philanthropy in America*, 8.

¹²⁵ “China Suffers Great Loss in Death of John D. Rockefeller,” *The Gazette and Daily* (York, Pennsylvania), May 25, 1937.

philanthropy was to be for the betterment of mankind.¹²⁶ In addition to providing those less fortunate with food and clothing, philanthropists began to contribute towards education, science, and public health. Beginning in the late nineteenth century, the Duke and Reynolds families joined their fellow philanthropists in the crusade to improve mankind.

The Duke and Reynolds families' philanthropy encompassed a range of social needs for the public and focused on hospitals, orphans, schools, churches, and minorities. Later on, these areas would become the basis for their foundations. Through their foundations and endowments, they created a model for future generations of southern philanthropists. Until the implementation of the Duke Endowment in 1924, Washington and Benjamin were the philanthropists in the Duke family, while Katharine was the primary benefactor of the Reynolds family until her children came of age. Katharine's philanthropic influence was rare in the South. Limited evidence exists of philanthropic endeavors of elite southern white women during that time.¹²⁷

The Dukes' and Katharine Reynolds' philanthropy was unique in that it stemmed from their political beliefs. Washington Duke was a die-hard Republican and he passed this trait along to his sons. As post-Reconstruction Republicans, they were a minority among upper class southerners. Due to their political beliefs, the Dukes were sympathetic

¹²⁶ Zunz, *Philanthropy in America*, 10.

¹²⁷ Katharine's sister-in-law, Kate Biting Reynolds was also a philanthropist on a much smaller scale and her contributions are usually lumped in with her husband's. "About Us Overview," *Kate B. Reynolds Charitable Trust*, accessed November 2, 2016. kbr.org/content/about-us-overview. Edith Vanderbilt and her husband were progressive reformers with goals of bettering the lives of those in western North Carolina. After her husband's death she helped build a hospital and donated land to create Pisgah National Forest for the public. Rachel Carley and Rosemary G. Rennie, *A Pictorial Guide to Biltmore Estate*, (Asheville, North Carolina: Biltmore, 2008), 18-19.

towards the minorities and the downtrodden.¹²⁸ Though a Democrat, Katharine Reynolds also aided in the plight of minorities. The Dukes and Reynoldses had always been charitable, even when they barely had any money. However, their massive fortunes allowed them to contribute on a monumental scale. They had many motivations for their philanthropy involving creating vibrant communities, racial uplift, and maintaining middle class whites.

Color was not a determining factor when it came to giving; the industrialists didn't explicitly discriminate. The Dukes and Reynoldses contributed to the construction of African American schools, hospitals, and churches. Though they failed to advocate for civil rights, the families did aid in making better social institutions available to African Americans. However, as mentioned, their efforts reinforced segregation by choosing to uphold Jim Crow laws and not standing up for African American equality.¹²⁹

In Winston-Salem, a majority of R.J. Reynolds' philanthropy was devoted to African Americans. But his motivations differed from the Dukes. At the time, two-thirds of Reynolds' employees were African American.¹³⁰ His philanthropy stemmed from paternalistic desires. Reynolds thought of his philanthropic donations as an investment in the city and his company's growth.¹³¹ As a southern Democrat, Reynolds saw African Americans as an economic source that mandated care. With Katharine's prodding, Reynolds was the first in town to shorten the work week, and he provided lunchrooms,

¹²⁸ Durden, *Dukes of Durham*, 101.

¹²⁹ My research did not turn up any evidence supporting other Southern philanthropists' role in the uplift of African Americans during that time period. However, Robert Woodruff of the Coca Cola Corporation donated to African Americans and HBCU's significantly in the latter half of the twentieth century. Jamil S. Zainaldin, "Robert W. Woodruff, 1889-1985," *Georgia Encyclopedia* (2006), accessed September 30, 2016. georgiaencyclopedia.org/articles/business-economy/robert-w-woodruff-1889-1985

¹³⁰ Gillespie, *Katharine and R.J.*, 210.

¹³¹ *Ibid.*, 3.

medical departments, and nurseries for his employees, all segregated.¹³² When Reynolds decided to create Reynoldstown, a neighborhood for his employees, it was segregated as well, with the whites getting the better housing, as was custom in the South.¹³³

One African American man in particular gained the respect of Reynolds, Simon G. Atkins. Atkins was a well-known educational reformer with a goal of bettering the lives of African Americans. Reynolds and Atkins worked together to increase the size of the Slater Industrial School for African Americans as well as building a hospital. In 1899, Reynolds promised Atkins \$5,000 for the expansion of the school and construction of the hospital if Atkins could match the pledge.¹³⁴ Upon his death, Reynolds left money for the establishment of two new hospitals in Winston-Salem, \$120,000 each for construction of a white hospital and a black hospital.¹³⁵ Perhaps the hospitals were Reynolds' final gift to the community he built.

Conversely, the Duke family employed fewer African Americans. In addition to their Christian duties, the Dukes also felt paternalistic responsibilities towards African Americans. As previously mentioned, Washington Duke befriended his black barber, John Merrick, in the 1890s. Through his friendship with Washington, Merrick persuaded the Dukes to build a hospital. At the time, hospitals in general in the Carolinas lacked enough doctors, beds, and resources to properly care for those in need.¹³⁶ In 1901, they

¹³² Tursi, *Winston-Salem: A History*, 190.

¹³³ National Historic Register Nomination Form, Reynoldstown Historic District, *United States Department of the Interior Heritage Conservation and Recreation Service*, June 2006, Accessed April 26, 2016. hpo.ncdcr.gov/nr/FY2353.pdf

¹³⁴ Gillespie, *Katharine and R.J.*, 182.

¹³⁵ "Two Hospitals at Winston-Salem," *Raleigh News and Observer*, August 13, 1918, Accessed February 18 2016. newspapers.com/image/80420563/?terms=R.J.%2BReynolds%2Bdies

¹³⁶ *The Duke Endowment: Year Book 1, 1928*, (Charlotte, North Carolina: The Duke Endowment, 1928), 11-13.

established Lincoln Hospital, the first African American hospital in Durham.¹³⁷

Additionally, the hospital allowed African American doctors and nurses the chance to practice medicine. Merrick later became the president of the board of directors for Lincoln. Whenever Merrick needed funds for the hospital he wrote to Benjamin, who continued funding the hospital.¹³⁸ The hospital provided care for African American patients until it merged with Watts hospital in 1976.

The Dukes took an interest in African American education as well, from primary grades to higher education. In 1896, Benjamin Duke donated over one hundred school desks to the African American schools in Durham County, as well as to the construction of a new school.¹³⁹ With the local government struggling, donations supported the education of African Americans. In addition, Benjamin donated over \$50,000 to establish the North Carolina College for Negroes in Durham.¹⁴⁰ Today, that school is North Carolina Central University.

During the late nineteenth and early twentieth centuries, the government in North Carolina lacked the ability to provide proper social welfare services to its citizens. When the Democrats regained power after Reconstruction, there was no money. Therefore, they decided to put the state's government in a "straight jacket." They minimized powers of government, prohibited state aid for railroads and other development projects and

¹³⁷ Brenner, *American Philanthropy*, 10.

¹³⁸ For instance, in May 1925, Benjamin donated an additional \$10,000 to the hospital in order to build a home for the nurses. Letter from May 1925 from Alex Sands Jr, Box 62, Folder 1, Benjamin Newton Duke Papers, David M. Rubenstein Rare Book and Manuscript Library, Duke University. Benjamin's personal records indicate that Lincoln Hospital received more money than any other hospital the Dukes donated to. They received over \$55,000 out of the \$130,000 that was spent on hospitals. List of Charitable gifts made by B.N. Duke, Box 87, Folder 4, BND Papers.

¹³⁹ Letter from W.G. Pearson, September 26, 1896, Box 8, BND Papers.

¹⁴⁰ Letter from Alex Sands Jr to R.L. Flowers, July 16, 1928, Box 62, Folder 1, BND Papers.

reduced the allowable rate of taxation and public services.¹⁴¹ As a result, the industrialists began aiding their regions and communities in order to supplement the meager resources provided by the government. Influenced by Washington's ideals, the Dukes took an interest in healthcare, education, orphans and religion. In Winston-Salem, R.J.'s philanthropy was similarly influenced by his progressive wife Katharine.

In Winston-Salem, Reynolds' wife, Katharine, used her country estate to provide social services to the community and to educate them about agriculture. Without Katharine's estate, it would have been difficult for citizens to learn about modern techniques for farming and hygiene. Reynolda reinforced the "company town" aspect. Katharine ran her estate based upon her morals and provided the employees of the estate with lodging and their social welfare needs.

Upon returning from her honeymoon, Katharine set out to build a grand farm, Reynolda, which had a tremendous impact on the community. Reynolda was the product of Katharine's progressive ideals. The estate provided services and amenities to the community such as: a farm, farming demonstrations, gardens, a dairy, schools, churches, a post office, and recreational amenities. Though her farm was incorporated, the estate was for show and not intended as a money making venture.¹⁴² To an extent, Reynolda was an effort at combating the effects of industrialization, through promoting rural ideas and practices.

¹⁴¹ Perman, *Pursuit of Unity*, 145.

¹⁴² Interview with Stratton Coyner, July 1980, Box 4, OH.02.00181, Reynolda House Oral History Collection, Reynolda House Museum of American Art. R.J. allowed Katharine to conceive and build Reynolda as she saw fit, which was rare at the time.

The history of Reynolda provides a unique opportunity to examine southern philanthropy and progressive ideals. Katharine was an instrumental player in educating the community about a variety of subjects.¹⁴³ Though the family did not move into Reynolda until 1917, Katharine's farm was in production by 1912. Her farm had the most up-to-date equipment and she subscribed to the latest farming magazines. Katharine promoted the idea of a model farm in which people could "learn the benefits of soil analysis, crop rotation, and other progressive methods."¹⁴⁴ When she designed her dairy, the cows were kept in pristine living conditions in order to "produce perfectly hygienic milk," making her dairy one of the most modern in the state.¹⁴⁵

Katharine ran a tight ship. Her instructions and regulations for Reynolda Farm contained rules that exemplified her morals and progressive ideals. Her rules ranged from the proper time to eat lunch to banning alcohol and vulgarity from the premises.¹⁴⁶

Katharine's farm provided a great service to the community. At the time, it was rare for

¹⁴³ Reynolda was designed as a self-sufficient community, providing meat, dairy products, fruits and vegetables. In addition, Katharine influenced the community through her schools and churches. National Historic Register Nomination Form, *Reynolda Historic District*, United States Department of the Interior Heritage Conservation and Recreation Service, 1980, 6, Accessed February 4, 2016. hpo.ncdcr.gov/nr/FY0024.pdf

¹⁴⁴ Wall Text, *Reynolda House History*, Reynolda House Museum of American Art, Winston-Salem, N.C. The Reynolds partnered with the Forsyth County Extension Service in order to provide demonstrations to the community such as canning and cheese making. In addition, Katharine offered a corn club for boys and a canning club for girls. Meyer, *Reynolda*, 24.

¹⁴⁵ "Reynolda: Demonstrating the Importance and Value of Scientific Agriculture to Farmers of the Piedmont Section," *The Twin City Daily Sentinel*, July 7, 1917, 9. The dairy contained concrete floors, a modern ventilation system, and individual drinking fountains for each cow. In addition, the milk and produce were stored in electric refrigerators, and the staff had strict safety rules to follow. Catherine Howett, *A World of Her Own Making: Katharine Smith Reynolds and the Landscape of Reynolda* (Amherst: University of Massachusetts Press, 2007), 26.

¹⁴⁶ "Instructions and Regulations of Reynolds Farms," Box 9, Folder 258, Reynolds Family Papers, Reynolda House Museum of American Art. For instance, one rule states: "The management expects good work, harmony, loyalty, and cooperation, and in return will make just and prompt payment of all wages due, and will demand prompt and explicit obedience to all orders and instructions, and will treat each employee justly and kindly as possible and will, at all times, hear any employee personally and individually who thinks he has been treated unfairly and unjustly and if in the manager's opinion, an injustice has been done, it will be corrected, if possible. But the management will not submit to being dictated to by the employee and expects all orders, instructions and regulations to be obeyed without question."

the elite to open up their personal property to the public.¹⁴⁷ Her programming allowed local farmers to learn new techniques to use on their own properties.

Progressive as she was, Katharine was a product of her time. During the early twentieth century, no southerner seemed to escape Jim Crow, including Katharine. Much like the rest of the South, the Reynolda community was segregated. Black employees were housed in the Five Row Community while white employees were housed in Reynolda Village. The houses in Five Row did not have running water, indoor plumbing, or electricity, while the houses in the village did.¹⁴⁸ But the farm's location outside of the city separated the African Americans on Reynolda from their urban counterparts.¹⁴⁹ African Americans at Reynolda were treated decently and given raises based on merit while those in the factories were given dirty jobs and worked for low wages.¹⁵⁰

¹⁴⁷ James Duke had opened his farm in New Jersey to the public until destructive picnickers lost the privilege for everyone. Durden, *Bold Entrepreneur*, 64.

¹⁴⁸ In both communities each family was allotted their own garden plot, access to a reading room that provided them with the latest farming techniques, and lived in their homes free of charge. Howett, *A World of Her Own Making*, 161.

¹⁴⁹ "The Negro and Reynolda," 1940, *Reynolda House*, accessed February 5, 2016. Years later, former residents of Five Row would present Katharine's daughter, Mary, with a photo album of the community's history in order to thank them for their good will towards the residents. The leaflet explains how former African American workers at Reynolda were treated during Katharine's tenure. reynoldahouse.org/collections/object/the-negro-and-reynolda?display=thumbnail

¹⁵⁰ "PBS' Downtown Abbey Has Resonance with Camel City's Reynolda House," *Camel City Dispatch*, (January 12, 2014), accessed November 3, 2016. camelcitydispatch.com/pbs-downtown-abbey-has-resonance-with-camel-citys-reynolda-house/ Also Janiewski, *Subversive Sisterhood*, 1-15.



Figure 1: Reynolda House Today, Taken by Brianna Dancy

In addition to creating a self-sufficient farming community, Katharine offered many recreational facilities to middle and upper class whites.¹⁵¹ People from all over the state came to visit Katharine's estate to see the various farm and garden demonstrations.¹⁵² Katharine's vision of her estate provides a unique opportunity to examine the social, cultural, economic and educational history of Winston-Salem. An early article from the *Twin City Sentinel* deemed Reynolda as the pride of Winston-Salem and Forsyth County, "because of its beauty and worth from a civic standpoint, and because of its influence and material aid in developing the agricultural interest of the county and assistance in promoting the welfare of rural life."¹⁵³ However, Reynolda also reinforced the system of southern elite white womanhood which involved benevolent

¹⁵¹ Gillespie, *Katharine and R.J.*, 213-262. Amenities included: Lake Katharine, a golf course, two tennis courts, a polo field, and a swimming pool. Katharine was a big part of the social life in Winston, from her early days of marriage she was known to throw fancy dinner parties and impromptu plays and concerts at the grand estate.

¹⁵² "Reynolda House Timeline," Reynolda House Museum of American Art, accessed April 15, 2015. reynoldahouse.org/about/history It has been documented that over one hundred thousand visitors came to see the Reynolda gardens in 1917 alone.

¹⁵³ "Reynolda: Demonstrating the Importance and Value of Scientific Agriculture to Farmers of the Piedmont Section," *The Twin City Daily Sentinel*, July 7, 1917, 9.

paternalism and maintaining status. For instance, Katharine took care of the African Americans on her property and provided them with barebones housing and hosted events on her estate for the city's elite citizens.

The Dukes and Reynoldses contributed to the social welfare of their communities in other ways. For instance, religion became one of their main focus areas. Religion has always had a strong presence in the South and as Christians, the Duke and Reynolds families contributed heavily to religious causes. Washington Duke became involved in philanthropy long before he was a wealthy industrialist. He attributed circuit-riding Methodist preachers in uplifting his spirits after the Civil War. He always stated that he owed his philanthropic decisions to religion and politics.¹⁵⁴ In Winston-Salem, R.J. and Katharine Reynolds had different religious beliefs. R.J. was never a devout Christian, but he believed in social betterment and in Katharine and her ideals. Meanwhile, Katharine was a firm Protestant and attempted to raise her children as such.

When his sons were children, Washington Duke donated money to the Methodist Church when he had money to spare. Up until their deaths and after, the Duke men contributed to religious causes by building new churches, funding church programs, and aiding in the general operations of churches.¹⁵⁵ Though he was Methodist, Benjamin donated to many religious denominations. Letters in his personal papers reveal contributions for building churches, donating pews, fixing roofs, buying organs, and donating to a variety of different Christian groups.¹⁵⁶ Benjamin believed that churches

¹⁵⁴ "Washington Duke: 1820-1905," *Duke University Libraries*, Accessed November 10, 2015. library.duke.edu/rubenstein/uarchives/history/articles/washington-duke

¹⁵⁵ "Guide to the Washington Duke Papers, 1764-1987," accessed March 30, 2016. library.duke.edu/rubenstein/findingaids/dukew/

¹⁵⁶ Boxes 1-3 contain the correspondence of Benjamin Duke, BND Papers. James correspondence also contains some of Benjamin's letters. There are multiple letters in Benjamin's correspondence that ask for

should be humble places of worship and disapproved of churches operating outside of their means. For instance, a church congregation asked for an astronomical amount of money to build a new church. Benjamin replied: “\$65,000 is an enormous sum to put a church in a town with less than 1,800 inhabitants, and those responsible for the project have used poor judgement...and I consider it a form or spirit of vanity.”¹⁵⁷ Duke was willing to donate money for rural or impoverished churches. However, he had no desire to donate money towards frivolous expenditures such as constructing a gaudy church.

Katharine Reynolds believed in aiding religious institutions as well. She had two churches built on her country estate, one for the white community and one for the African American community. Katharine’s Protestant churches attracted visitors from the estate and the city. She taught Sunday school and used her churches to promote social benevolence and moral improvement in the community.¹⁵⁸ As an elite southern woman controlled by social sanctions, Katharine used her pious beliefs for spreading progressive ideals.

The Dukes also focused on the welfare of orphans because of their religious beliefs. Benjamin Duke began donating to orphanages as early as the 1890s, beginning with the Oxford Orphan Asylum. His relationship with the asylum lasted the rest of his life. Over the course of almost four decades, Duke contributed over \$61,000 to the upkeep and maintenance of the orphanage.¹⁵⁹ Additionally, each Christmas he sent the

aid in repairing/improving churches. Benjamin’s assistant, Alex Sands, responded to a vast majority of the letters. For instance, Cary Whitaker wrote to thank Duke for a contribution in November of 1908. Box 1, Folder 1. He also sent \$350 to the Methodist Episcopal Church in Durham. Sept 16, 1915. Ibid.

¹⁵⁷ Letter to McCracken, May 20, 1920, Box 62, Folder 1, BND Papers.

¹⁵⁸ Gillespie, *Katharine and RJ*, 231.

¹⁵⁹ List of Charitable gifts made by B.N. Duke, Box 87, Folder 4, BND Papers.

orphans to a concert. The Oxford was among twenty-four orphanages that received Duke's support.¹⁶⁰

Healthcare was another main focus of the philanthropists. In the late 1800s and the early 1900s, the Carolinas were at the bottom of the list for health care in the United States. The Dukes, along with other industrialists, including their partner George Watts, made major contributions to the hospitals in the Carolinas. They became board members and trustees for hospitals and donated money. For instance, James was on the board of trustees for the North Carolina Orthopaedic [sic] Hospital in Gastonia, North Carolina, which received over \$40,000 from the Dukes.¹⁶¹ However, Durham hospitals received a majority of the Duke's donations. Benjamin's personal list of contributions indicates that over sixty percent of his money donated to hospitals was spent in Durham.¹⁶² With the help of these philanthropists, North Carolina hospitals were better able to meet the needs of their communities.

Though all of the industrialists lacked a complete formal education, they significantly contributed to education state-wide. The families contributed to a variety of schools from elementary grades to higher education. In Durham, they built an industrial school for girls and a school for children.¹⁶³ A personal list of charitable gifts by Benjamin lists the names and amounts of over seventy-five schools and institutions to

¹⁶⁰ Other orphanages included Baptist Orphanage for Colored Children in Winston-Salem, the Children's Home Society of North Carolina in Greensboro, and Methodist's Orphanage in Durham. He also donated to Orphanages in other states such as New Jersey and New York. Charitable Contributions, 1892-1928, Box 87, Folder 4, BND Papers.

¹⁶¹ Lists of Annual Contributions by the Duke brothers, 1892-1928. Box 87, Folder 4, BND Papers

¹⁶² Box 50, Folders 1-5, BND Papers. These folders hold the records for the quarterly contributions of Benjamin and JB Duke.

¹⁶³ Unsigned letter from May 20, 1891, Box 1, Folder 5, BND Papers.

which he contributed.¹⁶⁴ The Dukes invested a majority of their money in higher education, while the Reynolds focused the majority of their efforts on primary and secondary education.

At the beginning of the twentieth century, there was limited public higher education. North Carolina College of Agriculture and Mechanic Arts (North Carolina State University) and North Carolina University (UNC Chapel Hill) were the only state supported schools.¹⁶⁵ It was during that time that the Dukes began supporting both public and private schools. Some notable schools Duke contributed to were: North Carolina University, Catawba College, Guilford College, Wake Forest College (University), and Wofford College. Though Benjamin Duke spread his wealth to schools in the Carolinas, his father concentrated most of his focus on one school, Trinity College, which later became Duke University.

Washington Duke first took an interest in Trinity College during the 1880s at its location in a small town in Randolph County. By 1890, Washington offered the school \$85,000 to relocate to Durham County.¹⁶⁶ Duke made headlines in 1896 for offering the school \$100,000 if they admitted women on an equal footing with men.¹⁶⁷ Duke retracted this condition later on, as he did not want to interfere with the administration of the college.¹⁶⁸ However, Trinity decided to accept his offer and allowed women to enroll. This was a radical event at the time, as women were not considered to be the equals of

¹⁶⁴ Lists of Annual Contributions by the Duke brothers. Box 87, Folder 4, BND Papers.

¹⁶⁵ For information regarding the histories of state supported schools in North Carolina visit: northcarolina.edu/?q=content/our-17-campus

¹⁶⁶ "Washington Duke: 1820-1905," *Duke University Libraries*, Accessed May 25, 2016. library.duke.edu/rubenstein/uarchives/history/articles/washington-duke

¹⁶⁷ "A Handsome Donation," *The Wilmington Messenger*, December 11, 1896, 1.

¹⁶⁸ "Washington Duke: 1820-1905," *Duke University Libraries*.

men. Newspaper reports from the period estimate that Washington Duke donated over \$1 million to the school over a twenty year period.¹⁶⁹ With his contributions, Washington created a relationship with Trinity College (Duke University) that survives to the present day.

Benjamin Duke also played a large role in the early success of Trinity College. By the turn of the century Washington became too old to continue with his philanthropy and James became too busy running the family's businesses. Therefore, Benjamin carried on his father's role as a primary benefactor for the Methodist college. Benjamin ultimately became a liaison between the family and the school. For years, Benjamin donated money behind the scenes. Personal correspondence between Benjamin and members of the university's staff emphasize that Duke was best known for aiding construction. However, he also gave money towards equipment, salaries, renovations, landscaping, and general expenses. Letters from the 1890s ask Benjamin for money to keep the school open,¹⁷⁰ while other letters ask for money towards construction.¹⁷¹ Washington had made Trinity his pet project and Benjamin intended to aid the university in any way he could.

In addition to making donations to the school, Benjamin paid tuition for some students. One letter from 1896, thanks the benefactor for paying his tuition to Trinity College, stating, "The crowning object of my life is dawning-through obtaining an education, it is to you that I am indebted."¹⁷² The move of Trinity College to Durham

¹⁶⁹ "Mr. Washington Duke," *The Charlotte News*, May 9, 1905, 1.

¹⁷⁰ A letter dated July 10, 1896 from the college's president petitions Duke for \$2,500 to keep Trinity from closing its doors. Letter from V. Ballard July 10, 1896, Box 8, Folder 4, BND Papers.

¹⁷¹ Letter to Mr. Arrington (Benjamin Duke's Secretary) from N.W. Newsome, July 15, 1912, Box 1, Folder 10, James B. Duke Papers.

¹⁷² Letter from J.H., July 14, 1896, Box 8, Folder 4, BND papers.

became one of their lasting legacies and a boost for the reputation and economy of Durham. The Dukes created an elite southern institution that catered to the white and wealthy. Though the Dukes supported some scholarships, it remained elite.

In Winston-Salem, Katharine Reynolds' personal account book reveals receipts for donations to a wide variety of causes from the YWCA to the education of underprivileged women.¹⁷³ Katharine's interest stemmed from social progressivism and a belief in education. As a young woman, she had aspired to become a teacher. Years later, with her vast wealth she decided to focus her energies on education. Reynolds High School is one of her lasting legacies on Winston-Salem, built to honor her husband upon his death. But it may have been the schools on Katharine's farm, Reynolda, that most influenced education in Winston-Salem.

Katharine had two schools built on her estate. Though they were segregated, each school contained the same desks, school supplies, and lesson plans. Compared to other schools in the area, Katharine's offered a progressive curriculum with subjects such as: French, art, music, and physical education, in addition to academics and vocational studies. The children also used the property's grounds as a laboratory, examining nature, the farms, and the dairy.¹⁷⁴ Katharine also offered the first night school in the county at Reynolda for those who wished to learn English and math.¹⁷⁵ Those educated at Reynolda, received a more comprehensive education than those in the rest of the community.

¹⁷³ Katharine's Account Ledger, Box 9, Folders 258-262, Reynolda House Museum of American Art.

¹⁷⁴ Barbara Mayer, *Reynolda: A History of an American Country House*, (Winston-Salem, N.C.: John F. Blair Publisher, 1997), 84.

¹⁷⁵ "Reynolda—The Unfolding of A Women's Dream," *Winston Salem Journal*, October 15, 1915, 4.

Contributions such as these were critical in the first half of the twentieth century. The state's government did not have the necessary social services to care for its inhabitants. During that time, these industrialists aided the social welfare of the state just as much, if not more than the government. The Duke and Reynolds families donated millions of dollars to a variety of institutions, communities, individuals, etc., following the philanthropic path of Carnegie and Rockefeller but on a smaller scale. Instead of trying to change the social welfare of the entire nation, they attempted to transform the Carolinas through their philanthropy. The earlier philanthropy of the Duke and Reynolds families set the pace for their future foundations and endowments. Through their institutions, they created a legacy in the Carolinas that has lasted to today.

The Duke Endowment

“What is the greatest thing you have ever done?,” James B. Duke's close friend, William Perkins, asked this question at the height of his career. Duke replied with, “assembling the American Tobacco Company.” Years later, Perkins asked Duke the same question. This time the reply was, “The creation of the [Duke] Endowment, because through it, I make men.”¹⁷⁶ Duke dedicated his \$40 million endowment to aiding social welfare in the Carolinas. Money was provided for healthcare, education, religion, and orphans, which were the areas of focus where his father and brother dedicated their philanthropy. In addition, the endowment provided much needed jobs to the Carolinas. Duke had watched his father and brother's charitable endeavors for decades. He decided it was his turn to give back to the region where he made his fortune.

¹⁷⁶ *The Duke Endowment: The First Fifty Years*, 38.

For thirty years, James focused on running the family business, leaving Benjamin in charge of philanthropy for much of their adult lives. But ten years prior to his death, James began planning his greatest legacy, the Duke Endowment. Today, the Duke Endowment gives away millions of dollars each year to “help people and strengthen communities in North Carolina and South Carolina.”¹⁷⁷ Established in 1924 with \$40 million, money was allotted to four main categories, “nurturing children, promoting health, educating minds, and enriching spirits.”¹⁷⁸ Upon his death in 1925, the Endowment gained another \$67 million. Unlike other endowments with broad mandates, Duke left explicit directions, which are still followed closely today.¹⁷⁹ Duke identified

¹⁷⁷ “Enriching Lives and Communities,” *The Duke Endowment*, Accessed November 5, 2015. dukeendowment.org/about/about-the-endowment

¹⁷⁸ Ibid.

¹⁷⁹ William R. Perkins, *An Address on the Duke Endowment: It's Origin Nature and Purposes*, (Charlotte, N.C.: The Duke Endowment, 1929), 5.

specific percentages for each area: higher education received 43%¹⁸⁰, health care 33%¹⁸¹, while rural church¹⁸² and child care each received 12%.¹⁸³

As a resident of New Jersey and New York, why did Duke decide to bequeath the Carolinas with his endowment? Duke stated, “I might have extended this aid to other charitable objects and to other sections, but my opinion is that so doing probably would be productive of less good by reason of attempting too much.”¹⁸⁴ Duke chose the Carolinas because they were home to him and aided in his rise to global significance in the business world.

¹⁸⁰ Trinity College, renamed Duke University, received the most money from the endowment. However, Davidson College, Furman University, and Johnson C. Smith University received a portion as well. The Duke University of today is a product of the endowment’s capabilities. Duke’s endowment called for \$6 million to be used to create a “Duke University.” Duke desired the school to be named Duke University in order to recognize his father and brother’s contributions to the school. The trustees set to work on “improving lands, and erecting, removing, remodeling and equipping the school” with necessary provisions. The campus and architecture that exists today are a result of careful planning by the Duke Endowment Trustees. Perkins, *An Address on the Duke Endowment*, 39.

¹⁸¹ During its early years, the endowment significantly contributed to the growth of hospitals in North Carolina. Increasing the bed capacity, number of patients, and professional service allowed hospitals to flourish. One of the most impressive effects was that hospitals provided treatment for a larger number of those in need and those unable to pay. *Duke Endowment Hospital Yearbook 1928*, (Charlotte, N.C.: The Duke Endowment, 1935), 79. Yearbooks for the Duke Endowment located in the Carolina Room at the Charlotte Mecklenburg Library, provide specific details involving the first years of the endowment. Each sector had its own yearbook published each year by the Duke Endowment until at least the 1930s. The yearbooks provide evidence of the Endowment’s impact on the Carolinas. For instance, over a ten year period, the endowment donated \$9,090, 242.67 to assisting hospitals in the Carolinas. *The Duke Endowment 11th Annual Report of the Hospital Section*, 1935, (Charlotte, N.C.: The Duke Endowment, 1935), 70.

¹⁸² James was more direct about his donations to churches than his father and brother. While Washington and Benjamin donated to multiple denominations, James chose to only focus on the Methodist Church. James decided on Methodists, as he was raised in the Methodist Church. Each year the endowment donated an annual gift of \$15,000 for the building of country churches. In addition to building churches, Duke set up a fund to support retired ministers and the widows and orphans of deceased preachers within the Methodist Church. *Year Book 1, the Duke Endowment* (Charlotte, N.C.: The Duke Endowment, 1928), 65.

¹⁸³ James was concerned for the well-being of orphans who were dependent upon communities and the government to take care of them. Twelve percent of the endowment’s income was dedicated to the care of orphans. The endowment did not deal directly with these orphans, however they donated to public and private institutions, organizations, societies, and agencies that protected them. The endowment also specified that race would not be discriminated against. During the endowment’s first year, over \$300,000 was dedicated to the care of orphans in both Carolina states. *Yearbook 1, the Duke Endowment*, (Charlotte, N.C.: The Duke Endowment, 1928), 53-60.

¹⁸⁴ *The Duke Endowment: The First Fifty Years*, 16.

When guiding his group of trustees, Duke stated:

“For many years I have been engaged in the development of water powers in certain sections of the states of North Carolina and South Carolina. In my study of this subject I have observed how such utilization of a natural resource, which otherwise would run in waste to the sea and not remain and increase as a forest, both gives impetus to industrial life and provides a safe and enduring investment for capital. My ambition is that the revenues of such developments shall administer to the social welfare, as the operation of such developments is administering to the economic welfare, of the communities which they serve.”¹⁸⁵

Duke ran his endowment like his business. For years, Duke Power Company stock financed the endowment, with one-fifth of each year’s net income from such stock. The great care in decision-making that Duke placed into his endowment is impressive. He planned for a self-perpetuating board of fifteen trustees that would follow his areas of focus. If any of these areas ceased to exist, then the money could be allocated to another sector.

That Duke’s endowment was perpetual became a source of great interest.

Perpetual trusts are set up with no limitations on their duration. In the 1920s, philanthropist Julius Rosenwald opposed the idea of a perpetual trust. Upon his death, he ruled that all of the money from his donations, both principal and income, be expended within twenty-five years of his death.¹⁸⁶ He claimed perpetual endowments tie up capital and outlive their usefulness.¹⁸⁷ There is merit in his argument. To what extent should trustees follow the dead hand of their benefactors? Duke’s endowment seems to be an

¹⁸⁵ Perkins, *An Address on the Duke Endowment*, 6

¹⁸⁶ *Ibid.*, 7.

¹⁸⁷ *Ibid.*, 7.

exception to this rule. He created an endowment that has stood the test of time. By choosing to aid in the social welfare of the region, Duke ensured the usefulness of his endowment. The board of trustees has followed Duke's wishes while making small changes occasionally to keep up with the times. Today, Duke's perpetual endowment has exponentially increased its assets and charitable capabilities.



Figure 5: An aerial view of a proposed West Campus Layout, 1925¹⁸⁸

Duke shocked newspaper reporters at the time with the announcement of his endowment. Unlike his father and brother, Duke's philanthropic side was not as well-known.¹⁸⁹ According to Duke's lawyer and confidant, William R. Perkins, Duke was considered a "malefactor of great wealth by those who sought to secure their own preferment by his distraction."¹⁹⁰ This meant that some critics frowned upon Duke's business practices, such as amassing wealth through monopolizing goods in the luxury

¹⁸⁸ Proposed West Campus Layout, 1925, *Construction of Duke University, 1924-1932*, Duke University Digital Collection, accessed on December 5, 2015.
library.duke.edu/digitalcollections/duc_ducph02001/

¹⁸⁹ Perkins, *An Address on the Duke Endowment*, 2.

¹⁹⁰ *Ibid.*, 2.

sector. The *Lincoln County News* expressed shock and gratitude towards the benefactor.¹⁹¹ Other newspapers across the country discussed the generosity of a notoriously cutthroat business man.

Duke's Endowment has consistently aided the Carolinas since its creation. At the time it was created, there were no other endowments of that size except those of Carnegie and Rockefeller. However, Duke differed from Carnegie and Rockefeller in that his endowment was meant only for the Carolinas and specified how the funds would be used, while Carnegie and Rockefeller had open ended charters for their endowments.¹⁹² Duke's endowment created a model for future southern philanthropists. A decade later, the Reynolds children created their own foundation.

Z. Smith Reynolds Foundation

The Reynolds children followed in their parents' footsteps beginning in the 1930s. Unfortunately, it was tragedy that marked their introduction to philanthropy. In July 1932, the youngest Reynolds, Smith, hosted a birthday party for one of his friends at the lavish Reynolda Estate. At some point during the night, the young heir died of a gunshot wound to the head. After his death, the remaining heirs donated their shares of his inheritance to create a trust in his name. On August 2, 1936, the Z. Smith Reynolds Foundation was created with more than \$7 million, as a general purpose family foundation. Originally, the foundation focused on health and education.¹⁹³ Today, grants

¹⁹¹ "The Deathless Gift of Mr. Duke," *The Lincoln County News*, December 15, 1924, 8.

¹⁹² Evan Sparks, "Duke of Carolina," *Philanthropy Magazine* (Winter 2011), accessed Oct 19, 2016. philanthropyroundtable.org/topic/donor_intent/duke_of_carolina

¹⁹³ Brian Haislip, *A History of The Z Smith Reynolds Foundation*, (John F. Blair Publisher: Winston-Salem, 1967), 5.

are restricted to non-profit, tax-exempt organizations in North Carolina¹⁹⁴ and the foundation focuses their grants in five main areas: public education, community-based economic development, environmental sustainability and stewardship, strengthening democracy, and equity.¹⁹⁵ The Reynolds Foundation has similar goals to the Dukes, however their criteria for aid is broader than the Duke Endowment.

The foundation's first grant awarded \$100,000 to the North Carolina Board of Health in December 1937, to help fight venereal disease, specifically syphilis. During that time, venereal diseases were spoken about behind closed doors. The large grant sparked headlines in North Carolina and beyond. This campaign was the foundation's primary concern for nearly a decade.¹⁹⁶ The Reynolds Foundation worked closely with doctors and public health officials to choose sixteen North Carolina counties to provide health services in an attempt to eradicate syphilis. The foundation did not get rid of the disease, however it succeeded in creating public awareness and local support to aid in controlling the disease. The Reynolds' work with venereal diseases also led to the National Venereal Disease Control Act of 1938. Many states looked to North Carolina for guidance when starting up their own programs.¹⁹⁷

Relocating Wake Forest University to Winston-Salem became one of the foundation's emphasis areas. In 1941, Wake Forest's medical school was relocated to the city due to a generous donation from former RJR executive, Bowman Gray's heirs. It became known as the Bowman Gray School of Medicine using Baptist Hospital's

¹⁹⁴ Anna Withers Blair, "Z. Smith Reynolds Foundation," *NCpedia* (2006) accessed April 10, 2016. ncpedia.org/z-smith-reynolds-foundation

¹⁹⁵ "About the Z. Smith Reynolds Foundation," *ZSR*, Accessed April 10, 2016. zsr.org/about

¹⁹⁶ Haislip, *A History of The Z Smith Reynolds Foundation*, 4.

¹⁹⁷ *Ibid.*, 22.

facilities to expand its program.¹⁹⁸ With the medical school already in place, city and college officials courted the idea of moving the rest of the college to Winston-Salem. With the backing of William Reynolds and the Babcocks (Reynolds' daughter Mary and her husband), the plan to move the college was set in motion. Charles and Mary donated land for Wake Forest's relocation. William had been on the board of trustees at Duke University "which gave him the opportunity to observe the transformation of a church-supported college through the philanthropy of a tobacco fortune."¹⁹⁹ As part of the agreement for relocating the college, the name of the school had to remain and control stayed with the Baptist State Convention.

The war years had taken their toll on the family and caring for Reynolda was becoming increasingly expensive. As a result, the Babcock's originally donated 300 acres of Reynolda's land for Wake Forest. Beginning in 1947, the Z. Smith Reynolds Foundation supported the construction of the college campus. During the early 1950s, the foundation, Wake Forest, Baptist churches, and the Winston-Salem community began campaigns to raise money for the move. William Reynolds died in September of 1951, before he could see the fruits of his labors. However, he left \$1 million for the construction of the campus as well as a \$14 million trust for the college in his will.²⁰⁰

In 1956, after almost fifteen years of negotiations the college was dedicated. President Harold Tribble presented the Z. Smith Reynolds Foundation with a scroll of appreciation stating: "Through their wisdom and leadership, emphasizing fruitful continuity with the past and stimulating new interest and generosity in others, these

¹⁹⁸ Haislip, *A History of the Z. Smith Reynolds Foundation*, 35.

¹⁹⁹ Ibid., 37. Duke University provided an effective model for the Reynolds' to follow.

²⁰⁰ Ibid., 41.

trustees have become, in a real sense, the founders of the new Wake Forest.”²⁰¹ The move to Winston-Salem provided an opportunity for the college to grow.

In addition to the Z. Smith Reynolds Foundation, the Reynolds children and their families aided their city in other ways. In the late 1940s, Mary’s husband, Charles Babcock, decided to investigate the renovation/restoration of Old Salem. At his own expense, he brought in a team of architects that had done the architectural studies for Williamsburg.²⁰² Along with other city leaders and the mayor, a committee was formed. Charles did not want to be “John Rockefeller for Old Salem.”²⁰³ He wanted it to be supported by the entire community. Along with Ralph Hanes of Hanes Brand, Inc., Charles convinced many members of the community to donate to the restoration of Old Salem. He personally encouraged his own foundation, The Mary Babcock Foundation, and the Z. Smith Reynolds Foundation to contribute hundreds of thousands of dollars to the project.²⁰⁴ The restoration of Old Salem was successful. Today, visitors come from all over to visit the old houses, gardens, and more.

During the 1940s, Reynolds’ son Dick saw an opportunity to renovate the tiny unfinished airport in Winston-Salem. This project was the most sentimental for the Reynolds family. Their younger brother, Smith, had been an avid pilot before his death. In June 1940, the Z. Smith Reynolds Foundation donated \$150,000 towards airport improvements, while Dick gave the airport land to expand their runways.²⁰⁵ Over the next few years, the federal government provided money for the airport. During World War II,

²⁰¹ Haislip, *A History of the Z. Smith Reynolds Foundation*, 43.

²⁰² Dale Gramley, Box 3, OH.01.001.001, Reynolda Oral History Collection, Reynolda House Museum of American Art, Reynolda House Oral Histories, 13.

²⁰³ *Ibid.*, 14.

²⁰⁴ *Ibid.*, 15.

²⁰⁵ *Ibid.*, 30. The airport has always been public.

the airport became a busy hub used by the military. Up until the 1960s, Reynolds was one of the busiest airports in the state.

Overall, the philanthropy of these families created a new model for future southern philanthropists, especially in North Carolina where they were some of the richest men and women in the state. Their foundations and endowments have provided the Carolinas with aid for almost a century with no signs of slowing down. For instance, since 1925, the Duke Endowment has provided over \$3.3 billion in grants. And as of 2016, its assets equal \$3.35 billion.²⁰⁶ These institutions have continued to focus on the social welfare of their regions, as well as providing money for research innovations that have aided people worldwide.

²⁰⁶ “Enriching Lives and Communities,” *The Duke Endowment*, Accessed November 5, 2015. dukeendowment.org/about/about-the-endowment

EPILOGUE: THE DECLINE AND REVITALIZATION OF DURHAM AND WINSTON-SALEM

Durham and Winston-Salem continued to enjoy growth and development well into the twentieth century due to the success of their industries. But towards the mid-twentieth century, unionizing activities challenged the companies. Through their persistence, workers were able to improve working conditions and influence civil rights activists. But beginning in the latter half of the twentieth century, industry declined in North Carolina, especially tobacco. With the decline of urban manufacturing, leaders looked for new industries to replace them. In Durham and Winston-Salem, research innovation and technology became the new industries. The switch to innovation has allowed the cities to partner with businesses and universities nationally and worldwide. Though the cities have lost their tobacco industries, the Duke and Reynoldses legacies live on through the new industries. In addition, city and business leaders have revitalized the downtowns by repurposing old tobacco factories and warehouses. The philanthropy the Duke and Reynolds families established is at the core of each city's revitalization. Their influence has persisted through the foundations, endowments, and institutions they created.

The Mid-Twentieth Century

For years, those that grew and manufactured tobacco worked separately, divided to prevent recognition of common interests between blacks and whites and any conflict between men and women.²⁰⁷ During the mid-twentieth century, the factory workers that had been ruled by benevolent paternalism for decades, began fighting for better working conditions. In the following years, African Americans and poor whites worked together to change working conditions in the tobacco and textile factories.

During the 1930s to 1940s in Durham, unionizing activities increased in the manufacturing industry. During most of the 1930s, manufacturers refused to negotiate with returning employees after a strike. But workers continued to agitate, protest, and organize strikes, and their persistence worked in their favor.²⁰⁸ In 1934, strikers shut down all of the cotton mills in Durham and the hosiery mills followed. But their victories were short lived, employers vowed the strikes would cause no changes in operations.²⁰⁹ Though discouraged, strikes still occurred throughout the city's factories.²¹⁰ Interestingly, the formerly divided working class worked together to defend their collective interests, creating unity that exceeded racial and gender lines. However, once back in the factories, workers returned to segregated communities and job assignments. But the line separating gender and sexes had begun to shrink. As a result, the political system in Durham

²⁰⁷ Janiewski, *Subversive Sisterhood*, 1. The textile industry was even more segregated due to a predominately white workforce. By the 1930s, black women that had been oppressed by racial, class, and gender controls were at the forefront of the movement attempting to mobilize tobacco workers.

²⁰⁸ *Ibid.*, 4.

²⁰⁹ *Ibid.*, 161. Durham Manufacturing Company and Durham Hosiery Mill No. 6 fired some workers as a warning to the strikers. As a result, Durham's textile mills never had a united front of strikers that large again.

²¹⁰ *Ibid.*, 4. In 1939, black and white workers struck Liggett and Meyers together and won their demands. In another instance, Erwin Mills signed a contract with workers in 1941.

changed and an alliance of trade unionists, the liberal professional middle class, and the Durham Committee on Negro Affairs gained control of the local government, promoting civil rights.²¹¹ However, the power change in Durham led to the deterioration of mill villages. Leaders at Erwin Mills decided to no longer subsidize housing for “ungrateful employees.”²¹² Meanwhile, some industrial neighborhoods disappeared completely due to suburban flight.²¹³ In the following decades, manufacturing operations would decline significantly in Durham.

In Winston-Salem during the years surrounding World War II, roughly 10,000 tobacco workers, mostly African American women, started a movement. The movement challenged economic exploitation, political disenfranchisement, and racial discrimination against the managers of R.J. Reynolds Tobacco Company through Local 22.²¹⁴ Their mission gained national and international recognition, but this was a local movement anchored by local people. The union helped African Americans negotiate with Reynolds’ executives to bring improvements in wages, benefits, and working conditions.²¹⁵ In the early 1950s, Local 22 disbanded, but Reynolds maintained many of the standards and policies implemented during the 1940s.²¹⁶ The efforts of Local 22 provided a better working environment for black and white workers in Reynolds’ factory. It also

²¹¹ Janiewski, *Subversive Sisterhood*, 171-172.

²¹² Janiewski, *Sisterhood Denied*, 172.

²¹³ African Americans and whites moved to segregated suburbs during that time. It appears unionizing efforts inadvertently began urban decline in the mill villages. Janiewski, *Ibid.*, 172.

²¹⁴ Korstad, *Civil Rights Unionism*, 1. There were several white strikers as well. They were organized through Local 22 of the Food, Tobacco, Agricultural, and Allied Workers-Congress of Industrial Organizations (FTA-CIO). The efforts of Local 22 provided President Franklin D. Roosevelt and his New Deal Policy an opportunity to advance the “Southern Front”, which included labor unionists, civil rights activists, and Southern New Dealers.

²¹⁵ *Ibid.*, 413. For the first time in the company’s history, black workers got the same wage increase as whites.

²¹⁶ *Ibid.*, 413. The union folded during the Cold War era, fueled by McCarthyism and white supremacists but its legacy inspired future generations of civil rights activists.

influenced the development of an African American community in Winston-Salem.

Though their efforts made working conditions better, manufacturing in Winston-Salem declined significantly due to a change of leadership at Reynolds' company in the 1980s.

Decline in Durham and Winston-Salem

Beginning in the 1950s, Durham's tobacco industry began to decline. Tobacco companies came under attack, due to accusations of their products being hazardous to health. These companies attempted to fight back, denying the accusations. Bans on smoking in public and the requirement of Surgeon General Warnings hindered the tobacco companies' plight.²¹⁷ In the 1980s, Liggett and Myers and the American Tobacco Company downsized or moved their headquarters elsewhere. By the end of the century, the tobacco industry ceased to exist in Durham. Abandoned buildings and factories served as reminders of the lost tobacco industry. Additionally, the textile industry in Durham declined due to high labor costs, inefficient and outdated manufacturing plants, and foreign competition. This resulted in the final closure of Erwin Mills in 1986.²¹⁸

The 1960s, especially, were profitable for Winston-Salem, which continued to grow from within. All of the companies that began in the city, such as R.J. Reynolds, the Hanes Branes, Inc., and Wachovia, grew there and remained.²¹⁹ But in the 1980s, Winston-Salem experienced buyouts, mergers, bankruptcies, and foreign competition.²²⁰ Reynolds' 1985 merger with Nabisco, and the appointment of F. Ross Johnson as the chief executive, impacted the city immensely.²²¹ Not long after the merger, Johnson

²¹⁷ Anderson, *Durham County*, 351.

²¹⁸ Ibid., 350.

²¹⁹ Brownlee, *Winston-Salem*, 264.

²²⁰ Ibid., 275.

²²¹ Kevin Sack, "Tobacco Town Changing Image as Reports on Smoking Darken," *New York Times*, April 26, 1998, accessed October 10 2016. nytimes.com/1998/04/26/us/tobacco-town-changing-image-as-

decided to move the R.J.R. headquarters to Atlanta.²²² While the move only relocated a couple hundred employees, it offended the citizens of Winston-Salem. Reynolds' company had been a central part of the city for over one hundred years. Then in 1989, a buyout left the company billions of dollars in debt. As a result, R.J.R. began job cuts that would continue for the next two decades.

Reynolds wasn't the only company downsizing. Other companies such as AT&T, Hanes, and Piedmont Airlines cut jobs in the city as well. By 1995, a majority of the tobacco factories in downtown were abandoned. Additionally, Reynolds laid off 8,000 workers between 1987 and 1995.²²³ After F. Ross Johnson became chief executive at Reynolds, Winston-Salem was never a company town again. The company had lost its singular influence on the city.

Revitalization through Innovation, Technology, and Urban Repurposing

The decline of these cities was not sudden. Therefore, the process of urban revitalization projects in Durham and Winston-Salem was more subtle, occurring over many decades.²²⁴ But revitalization has expanded recently. With manufacturing's decline, innovation and technology emerged. In Durham and Winston-Salem, Duke University and Health Center and Wake Forest Baptist Medical Center became the largest employers, respectively. Both of these institutions owe their success to the philanthropic efforts of the Duke and Reynolds families. Finally, Durham and Winston-Salem have

reports-on-smoking-darken.html. Johnson was the exact opposite of previous Reynolds' executives. Previously, executives were frugal with company funds, hated leaving town, and placed great pride in their city. While Johnson spent excessive amounts of money on private jets, jewelry, vacation homes, etc. Brownlee, 276.

²²² Sack, "Tobacco Town Changing Image."

²²³ Jay Price, "A Tobacco Town Loses its identity," *Winston-Salem Journal*, Nov 13, 1995.

²²⁴ For the purposes of this study, I will only be including revitalization efforts that directly correlate to the Duke and Reynolds families' investments.

undergone urban revitalization efforts in order to restore their downtowns to their former glory. The preservation of these building allows the cities to preserve their tobacco heritage. The digital project accompanying this thesis further explains the cities' and regions' revitalization and preservation efforts.

Urban revitalization in Winston-Salem began as early as the 1940s, when Dick Reynolds took an interest in the slums of Winston-Salem. When running for mayor of the city in 1940, Dick's platform was based upon expanding the boundaries of Winston-Salem and clearing out the city's slums. Up until that point, the city alderman had denied that slums existed.²²⁵ According to Dick's lawyer, Stratton Coyner, the city made money off rent from "negro slums." There were "eight to sixteen families that lived in two buildings and shared the same water spigot and outdoor restroom. As a result, diphtheria spread through the families."²²⁶ After Reynolds took office, he was able to convince the board of alderman to request federal funds for slum clearance and appointed the first housing authority in the city.²²⁷ He also put up money to get it organized, understanding the importance of saving his city from decline. According to Reynolds' lawyer, "this was the first entry of the Federal Government into providing housing or funds for housing, the idea was that the government would subsidize the rent." As a result, twelve hundred units were built in Winston.²²⁸

With the decline of industry in Durham, city officials began looking for new sources of income. In the late 1950s, Durham turned its attention to research and

²²⁵ Interview with Stratton Coyner, 24.

²²⁶ Ibid., 26.

²²⁷ Ibid., 26.

²²⁸ Ibid., 26.

technology with the creation of Research Triangle Park (RTP). The park, located close to Durham, is the product of one of the first ventures in public/private collaboration between the government, universities, and business leaders.²²⁹ At present, Research Triangle Park is the largest high technology and research park in North America.²³⁰ The name derives from the partnership between Duke University, the University of North Carolina at Chapel Hill, and North Carolina State University. The “knowledge economy” in Durham has contributed significantly to the region and changed the demographics. As of 2013, 55,000 individuals’ salaries can be linked to university research.²³¹ The partnerships created through RTP allow for sustainable regional growth. In addition, innovations developed have won Nobel and Pulitzer Prizes and scientists’ discoveries have impacted citizens all over the country and world. The model they created is important because the collaboration of private and public sectors provides economic benefits. The ideals behind RTP reflect the Duke’s interest in expanding the Piedmont region through diverse industries. The creation of RTP spurred initial revitalization efforts in Durham and today the park is an integral part of Durham’s economy and development.

In Winston-Salem, Wake Forest Innovation Quarter has significantly contributed to the city’s revitalization. The Quarter is a mixed use, high-tech community that serves business, academic, and societal needs.²³² Over the last fifteen years, the Quarter has

²²⁹ “Research Triangle Park,” *Learn NC*, accessed October 20, 2016. learnnc.org/lp/editions/nchist-recent/6177

²³⁰ “Research Triangle Park Maps and Info,” *Durham, North Carolina*, accessed October 18, 2016. durham-nc.com/maps-info/districts/research-triangle-park/

²³¹ “State of Research Triangle Region Event Highlights Regional Economic Growth,” *Research Triangle Regional Partnership* (2016), accessed October 21 2016. researchtriangle.org/news-and-events/state-of-research-triangle-region-event-highlights-regional-economic-growth

²³² “History of Innovation Quarter,” *Wake Forest Innovation Quarter* (2016), accessed October 19, 2016. innovationquarter.com/about/history/ Businesses that have become a part of the Wake Forest Innovation Quarter include: manufacturers of lab equipment, start-ups from medical school research, a biotech oriented firm and a maker of clinical research software developers.

become the nation's fastest growing research park, rivaling the Research Triangle Park in Durham.²³³ The Quarter is a result of the Winston Salem Alliance, which is comprised of the CEOs and Presidents of the major businesses and universities in Winston-Salem.²³⁴ In 2001, the CEO of Reynolds, Andrew Schindler, began leading the group and created a Millennium Fund. Soon after, the fund was being used behind the scenes for a variety of projects.²³⁵ Through the Alliance, leaders are able to influence each other and coordinate the city's development.²³⁶

The rise of innovation and revitalization efforts in both cities have been integral to their economic and urban growth. Arguably, the rise of industry in the early twentieth century could also be seen as an earlier revitalization of the cities. Through their leadership, companies, and philanthropy, the Dukes and Reynoldses contributed to the economic and regional growth of their respective cities during the twentieth century. However, their legacy lives on today in this newer collaborative model driven by innovation. Their former companies, universities, and institutions have remained central to their cities' economic and urban growth.

In recent years, communities have been renovating historic buildings as a means of urban revitalization. In Durham and Winston-Salem, the abandoned factories and warehouses provided ample opportunities for adaptive reuse. These buildings emphasize

²³³Colin Woodard, "How Tech Helped Winston-Salem Quit Tobacco," *Politico Magazine* (October 20, 2016), assessed October 22, 2016. politico.com/magazine/story/2016/10/winston-salem-technology-tobacco-town-214377

²³⁴ Ibid. The Alliance also partnered with Dr. Anthony Atala Regenerative Medicine Research Team which grows replacement organs for people using their own cells.

²³⁵ Ibid. The Millennium Fund was created in order to aid downtown corporate development and it order to make investments downtown as well. Projects it has backed include, funds for small businesses, funds for annual festivals, and buying land for a baseball stadium.

²³⁶ Ibid.

that physical place matters and that the buildings are relevant in the history of the urban landscapes. Adaptive reuse also saves resources, preserves the cultural identity of a community, and can be used as a tool in sustaining the local economy.²³⁷

In Durham, the American Tobacco Campus has undergone extensive renovations in order to provide Durham citizens with shops, restaurants, and other amenities. During the 1970s, the campus was deemed a National Historic Landmark. Later, the Central Broadcasting Company and the city of Durham partnered to create new businesses.²³⁸ The goal of renovating the campus was to remind the city that it was built on tobacco, while also luring consumers into an abandoned part of town. The ATC campus offers restaurants, office space, and entertainment venues. Today, the campus is a physical legacy to the Dukes' hard work. The revitalization of the ATC campus began efforts to revitalize downtown Durham, which continues today. Elsewhere in Durham, old warehouses and factories have been converted into condominiums, bars, restaurants, art studios, and office space. As a result of urban revitalization, the city of Durham has preserved the lasting legacy of the tobacco industry.

²³⁷ Yvonne Hunter, "Historic Preservation: A Springboard for Economic Development," *Western City* (2013), accessed November 30, 2016. westerncity.com/Western-City/September-2013/Feature-Historic-Preservation-A-Springboard/

²³⁸ John Reardon and Paige Rollins, "Repurposed Historical Sites in North Carolina," *Commemorative Landscapes* (2013), accessed October 18, 2016. docsouth.unc.edu/commland/features/essays/reardon_rollins/



Figure 6: Night time view of the renovated American Tobacco Campus²³⁹

With the decline of Reynolds' company in Winston-Salem, downtown suffered most. The restaurants and shops that depended on Reynolds' employees closed when their customers were laid off.²⁴⁰ Later on, Reynolds' company sold and donated their abandoned properties to the city, businesses, and Wake Forest University.

R.J. and Katharine Reynolds' dedication to the city of Winston-Salem during the early twentieth century has influenced the company's dedication to the city and Wake Forest University over the past several decades. Wake Forest Innovation Quarter has become one of the premier beneficiaries of former R.J. Reynolds buildings.²⁴¹ Executives at Reynolds' company have a partnership with the company that began in 1986, when Reynolds moved their operations to the Tobacconville plant. The company sold a portion of its former site to Wake Forest Baptist Medical Center for \$1 million. Since then, the company has donated the rest of its buildings and plants in downtown.²⁴² The repurposed

²³⁹ Photo taken by Anthony Doudt, December 13, 2014, *Flickr Commons*.

²⁴⁰ Rich Lewis, "Downtown Winston-Salem Revitalization Far From an Overnight Success," *Yes Weekly* (June 15, 2016), accessed October 19, 2016. npaper-wehaa.com/yes-weekly/2016/06/15/#?article=2764455

²⁴¹ Susan Stafford Kelly, "Inside the Revamped R.J. Reynolds Tobacco Factory," *Our State* (2016), Accessed October 19, 2016. ourstate.com/wake-forest-innovation-quarter/

²⁴² Keith Schneider, "Technology Overtakes Tobacco in Winston-Salem, N.C.," *New York Times*, April 28, 2015, accessed October 19, 2016. nytimes.com/2015/04/29/realestate/commercial/technology-overtakes-tobacco-in-winston-salem-nc.html?_r=0

buildings contain the original floors, columns, and walls that were part of the original Reynolds' buildings and factories.²⁴³

In addition to revitalizing buildings for innovation, Winston-Salem has also created a boutique hotel out of former Reynolds offices. The former headquarters built by Bowman Gray in the 1930s, has just been repurposed into a Kimpton Hotel with a fine dining restaurant, and it is located on the bottom six floors of the building.²⁴⁴ The remainder of the building will be used for private residences.

Through the creation of innovation research and technology in Durham and Winston-Salem, the cities rebuilt themselves after their decline. They were also able to reuse buildings and reinforce the legacy of the tobacco industry in North Carolina. As manufacturing has significantly decreased in America over the past several decades, cities and governments across the country have been forced to seek out new industries in order to support their regions. Durham and Winston-Salem provide examples of how cities have revitalized after the loss of manufacturing.²⁴⁵

²⁴³ Kelly, "Inside the Revamped R.J. Reynolds Tobacco Factory."

²⁴⁴ Richard Craver, "Historic Reynolds Building Will be Known as Kimpton Cardinal Hotel," *Winston-Salem Journal*, November 5, 2015, Accessed October 19, 2016. journalnow.com/news/local/historic-reynolds-building-will-be-known-as-kimpton-cardinal-hotel/article_aa0f51c6-7a54-5212-b7b4-5788c927c397.html

²⁴⁵ As previously mentioned the digital project that accompanies this thesis expands on this section.



Figure 7: Renovation efforts taking place in downtown Winston-Salem²⁴⁶

There is no denying that urban renewal is great for the economy in cities. Through revitalization, Durham and Winston-Salem have boosted the economy and provided jobs to replace those lost by industry. However, there is a down side to urban renewal; gentrification. With the trendy boutiques, bars, restaurants, and condos, a more affluent group is moving into the downtown areas. These areas that once represented the hard-work of blue collar workers are no longer affordable to those that lived in the area for generations.

In Durham, the traditionally African American and blue collar neighborhoods have been displaced by a whiter and richer crowd.²⁴⁷ Similar patterns have developed in Winston-Salem as well. With the focus on innovation and technology rather than industry, blue collar workers are unable to gain employment. City leaders in both communities need to work together with these industries in order to provide affordable housing and job opportunities to those that helped the cities flourish under industry.²⁴⁸

²⁴⁶ Allen Forest Photography, n.d., *Flickr Commons*.

²⁴⁷ Gillian B. White, "The Downside of Durham's Rebirth," *The Atlantic* (March 31, 2015), accessed October 19, 2016. theatlantic.com/business/archive/2016/03/the-downside-of-durhams-rebirth/476277/

²⁴⁸ I did not find any evidence of the Duke Endowment addressing the issue of gentrification. However, the ZSR Foundation offered a grant to the Atkins (S.G) Community Development Corporation in 2015 to help

Though far from perfect, the Dukes and Reynoldses influenced the Carolinas in positive ways. Robber barons wreaked havoc upon the business sectors and were responsible for many of the rules and regulations that were put in place during the Progressive Era. However, the history of these individuals, their businesses and their philanthropic arms highlights the key role they played in the development of cities and improving social welfare. The families provide a unique study of the development of southern philanthropy. Like other industrialists, they sought to improve the social welfare of their communities. However, their religious and political affiliations separated them from the majority of southern philanthropists. Today, the influence of the Duke and Reynolds families are still felt in Durham and Winston-Salem. In Durham, the American Tobacco Company, Duke University, the Duke Endowment, and Duke Power stand as a testament to the industry that Duke perfected. In Winston-Salem, the name Reynolds is everywhere. Though there were other industrialists in the two cities, none had as much of an impact as the Dukes and Reynoldses. It is important to examine the role of these families and their philanthropic arms over time in order to understand how southern philanthropy has aided urban development. Overall, it appears that the legacies of these families will continue to impact their respective communities and the Piedmont region for years to come.

revitalize the neighborhoods surrounding Winston-Salem State University. They also provided grants to organizations in Durham with similar goals. ZSR.

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