THE NEW NORTHWEST:
THE TRANSFORMATION OF SMALL-TOWN ECONOMIES IN NORTHWEST ARKANSAS SINCE 1960

A Thesis in Geography
by
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Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Science

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ABSTRACT

Major population growth in the recent past of the United States has occurred in metropolitan areas of the South and West. However, northwest Arkansas, neither an urban region nor a suburb of another urban area, has experienced remarkable population growth and economic expansion since the 1960s. Populations of Benton County and Washington County have exploded three- and five-fold. The peripheral hill towns of Bentonville, Rogers, Springdale, and Fayetteville have morphed into a thirty-five mile long mini-megalopolis home to the Fortune 500 companies of Wal-Mart and Tyson. The recent growth of northwest Arkansas is examined to assess how and why the region grew so quickly, and how the region achieved such economic transformation. In addition, this pattern of development is scrutinized to determine if a general “blueprint for urbanization” for similar geographic regions actually exists. Corporate histories and census data are used to compile a statistical and historical analysis of the development of northwest Arkansas. Specific attention is paid to the geographical decision-making processes of the local corporate entities (Wal-Mart, Tyson, J.B. Hunt), transportation systems (interstate highway systems, railroads), and labor class (imported foreign workers, graduates from nearby universities). Additionally, pre-existing layers of local culture, quality of life issues, regional politics, and regional macroeconomic structure are examined. Creating an urban growth model for northwest Arkansas establishes a benchmark to compare the possible future development of historically rural areas. Additionally, this model will help detect future challenges for the region through a geographic lens.
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Chapter 1

INTRODUCTION

A young Connecticut clerk, seeking his fortune in the Ozarks, wrote in 1848 that northwest Arkansas is "a wild, romantic region of country [that] has been but little known abroad until within a few years." Some one hundred and sixty years later, the clerk’s view of a nationally unknown northwest Arkansas could still apply today. Home to Fortune 500 giants Wal-Mart and Tyson Foods, the region has experienced rapid population growth, turning a rural area of small towns into a fast-growing metropolis of over 400,000 residents. And yet, the specific causes and processes of northwest Arkansas’ historical growth are just as “little known abroad” to a contemporary national audience as they were in the time of that Connecticut clerk.

The state of Arkansas can be broadly bisected by a southwest-to-northeast line, which has historically divided the state in economy, geography, and demography. In the heart of settled eastern Arkansas, the flat and fertile lands in the Mississippi Delta were dominated by cotton farms in the nineteenth century and by rice and soybean farms in the twentieth century. Further west in the foothills of the Ozark Mountains, individual farmers in the late nineteenth century lived a rugged existence on small plots of marginal land with poor soils. These basic topography differences have made for fundamentally ________________

1 Valencius, p. 17
different parts of Arkansas: the land in the east that hugs the “Big Muddy” is overwhelmingly flat, while in the north and west, the dual set of mountain systems – the Ouachitas to the west and the Ozarks to the northwest – are quite jagged, and are the largest mountain range between the Appalachians and the Rockies.²

The mountainous northwest, the home of the Ozark Mountains, has at times been isolated from the rest of the state. The twentieth-century early isolation of northwest Arkansas can be explained as an outgrowth of established geographic barriers realized earlier in the nineteenth century. As Williams succinctly notes about the state as a whole in the nineteenth-century, “access to Arkansas proved extremely difficult”. The reason for such remoteness is typically explained by three main theses.³ First, the Ozark and Ouachita Mountains served as natural barriers to the north and west, discouraging widespread settlement or land ownership in the mountainous regions. Second, the hydrographic layout of the state’s southeastward-flowing rivers made a western traverse by river-based shipping or migration complicated if not undesirable. These diagonal river flows made for arduous latitudinal land crossings of the state, resulting in most major Manifest-Destiny-era paths of migration sidestepping Arkansas altogether (see Figure 1-1). As a result, the area of northwest Arkansas remained secluded for most nineteenth-century settlers. Finally, the Indian Territory (now Oklahoma) to the west served as a political roadblock to westward expansion or commercial growth.⁴

² “United States Geography”
³ Williams, 2002, p.33-34.
⁴ Williams. p.33-34. A further byproduct of an obstructing Oklahoma came during the era of the great transcontinental railroads of the 1870s. Faced with the complicated issues of building tracks across Indian lands, railroad companies favored cross-continent routes that circumvented Oklahoma, nixing a possible Arkansas traverse in favor of routes crossing Missouri or Texas
Figure 1-1: The southeastward hydrographic flows of major rivers within Arkansas, with northwest Arkansas counties highlighted
Faced with such fundamental barriers to growth, any prognosticator in the mid-twentieth century would write off northwest Arkansas as rural and remote. Surely northwest Arkansas, a region in the foothills of the Ozark Mountains, would remain the land of yeoman farmers, unconnected to the commercial markets in port cities along the Mississippi River, disassociated from its own centrally located state capital, Little Rock. The northwest would continue as a marginal land, overlooked and isolated among the American Mid-South.

And yet, such predictions would have been erroneous. Since 1960, a base of four small towns in the corner of northwest Arkansas has developed into a contiguous urban agglomeration, a veritable “mini-megalopolis” of population and economic growth. Nearly half a million people occupy the north-south corridor of northwest Arkansas, jamming the north-south Interstate 540 on a daily basis. Anchored by the headquarters and ancillary industries of Fortune 500 companies Wal-Mart and Tyson Foods, the two-county region of Benton and Washington counties have been home to job creation, 2% unemployment, and enormous residential increases.

Population and economic growth in the American Sun Belt is not revolutionary by itself, however; the remarkable characteristic in this transformation has been northwest Arkansas’ original base of rural small towns. Unlike the population sprawl in Las Vegas, Southwest Florida, or greater Denver, the development of northwest Arkansas occurred in four small towns – Fayetteville, Springdale, Rogers, and Bentonville – that were hundreds of miles away from any major urban center.

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5 For more discussion of urban population growth patterns, see Hartshorne; also Knox and Marston.
These northwest Arkansas towns were never the center of Arkansas population: for every historical census, Little Rock has by far been the most populous city in the state. Little Rock was the only city in the state larger than 50,000 persons from 1920 to 1940, and the only city in the state larger than 100,000 persons from 1950 to the present (through the 2000 census). Modern Little Rock (population 187,000 in 2007) and the
adjacent city of North Little Rock (population 59,000 in the 2007) continue as the most populous metropolitan area in the state.\(^6\)

Northwest Arkansas growth, then, is attributable to the combination of massive corporate presence (Wal-Mart, Tyson, J.B. Hunt), government-supported institutions and infrastructure (Interstate 540, University of Arkansas), and the combined effects of the region’s modern population “pull factors” (political, economic, cultural, and quality-of-life geographies). The combination of northwest Arkansas’ aforementioned characteristics is an unconventional recipe for development when compared to the history of other recent growth areas in the United States.

This thesis describes how this remarkable change in the population and economies of northwest Arkansas since 1960 has occurred as a result of the combination of corporate influence, infrastructure improvements, and inherent structural characteristics of the Ozarks region. A historical chronology of the region is necessary to plot when the actual on-the-ground growth occurred.

I argue for an additional possible path in the realm of regional economic development: that a base of multiple rural, small towns can become an urban agglomeration without a single central city. The four-town base of northwest Arkansas avoids the parent city-radial suburb model. While each municipality (and its associated industries and pull factors) was important in the overall growth of northwest Arkansas since 1960, the region would still have had important growth without the existence of any

of the individual four central towns. The success of an urban region derived from a base of multiple towns is not over-reliant on any individual town or place.

This thesis also argues for the important role of geographical decision making in corporate life cycles, including the decision to keep a northwest Arkansas company headquartered in northwest Arkansas, and the decision to focus on larger but faraway markets north and west (instead of closer but smaller in-Arkansas markets south and east). Northwest Arkansas companies comprise the hearth of one of the most distinctive transformations of modern landscapes all across the country, the ubiquitous big-box retail landscape served by freeway-accessed delivery systems. Wal-Mart, for better or worse, is an element of urban and rural landscapes everywhere. This thesis explores how this corporate power began, and how it prospered in a seemingly unlikely place.

The “Old Northwest” was the regional label given to the United States territories acquired and organized in the 1780s north of the Ohio River and east of the Mississippi River (encompassing all or parts of present-day Wisconsin, Illinois, Indiana, Michigan, and Ohio). During this early national period of American history, rapid settlement and economic growth brought rapid changes and new geographies. The public land survey system, for example, which led to the nationally distinctive township-and-range landscape were a product of the old northwest, as were some important wilderness roads in parts of the Ohio River Valley and Great Lakes region.7

7 Johnson, p. 128-129
This contemporary region of northwest Arkansas, then, is a sort of “New Northwest” – a landscape of growth and development centered not around the large urban agglomerations of the Sun Belt (where American population growth has been centered since the mid-1900s), but rather a corridor of development that grew from a base of small towns. This “New Northwest” represents a new geography in patterns of growth: an urban environment that grew from a base of multiple small towns, with development fostered and enabled through high rates of land ownership and a spirit of corporate localism.

**Preliminary definitions**

The study area for this thesis is the urban core of the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA). This MSA consists of three counties in Arkansas (Benton, Washington, and Madison) and one county in Missouri (McDonald). For the purposes of this thesis, only Benton and Washington counties, located in the extreme northwest corner of Arkansas, are examined (see Figure 1-3). The remaining MSA counties (McDonald County, Missouri; Madison County, Arkansas) are excluded due to a number of factors, including their rural nature, disconnectedness from the corporate and governmental growth engines, and geographical distance from the urban core of Washington and Benton counties. These peripheral counties radiate out from the Washington-Benton core not as a single continuous mass of conurbation, but rather as extremely rural areas with tangential links to the more urban core counties. While the census bureau’s definition of an MSA entails commuting patterns and supposed market
links,\textsuperscript{8} the incredibly small volume of such links between Madison County, Arkansas, for example, and the Washington-Benton core do not warrant the rural Madison County’s inclusion in such a study of “development”. For Madison County, only 9,000 residents lived in the entire county in 1960, with only 1,000 residents in its county seat of Huntsville. For a census-based measure of economic productivity, the total value of Madison County’s 2002 retail sales was just $63.9 million, less than 3\% of the total retail sales in Washington County ($2.14 billion).\textsuperscript{9} McDonald County, Missouri had a small population of nearly 12,000 in 1960, and $94.2 million of retail sales in 2002, just 4.4\% of Washington County’s 2002 value. In short, the growth and development of northwest Arkansas would have occurred with or without McDonald County, Missouri or Madison County, Arkansas – this thesis’ focus of the change occurring in four towns in two counties need not encompass the peripheral categorizations of what is clearly not “metropolitan.” A few measures discussed in this thesis (such as historical unemployment rates) are reported in terms of the Fayetteville-Springdale-Rogers MSA (including both counties in the study area as well as McDonald and Madison counties), and discussions of these MSA-wide economic indicators will note the geographic difference. As previously stated, Madison and McDonald counties make no major

\textsuperscript{8} There are flaws with the MSA definition. The county is the smallest unit of division of an MSA, so a metropolitan area’s boundary would not necessarily be when a city limit ends or when groups of contiguous census blocks all have low population densities. If any part of a county is deemed metropolitan, the entire county is included in that metropolitan area. A second problem with the MSA definition is the criteria for county inclusion. Whether or not a certain percentage of Madison County residents, for example, commute to Washington County is nullified by the small populations of the rural Madison County, with just 9,000 total residents in 1960. The extreme rural nature of a supposed “metropolitan” county is not credible, warranting the exclusion of rural McDonald County and Madison County.

\textsuperscript{9} American Factfinder. <http://quickfacts.census.gov/qfd/states/05/05087.html>
economic contribution to the MSA, and over 90% of the MSA population resides in Benton and Washington counties, the study area for this thesis.\(^\text{10}\)

Within this thesis, the term “northwest Arkansas” is used synonymously with the area consisting of Benton and Washington Counties. As a reminder, Fort Smith, the western Arkansas River Valley, and the Eureka Springs area are explicitly excluded from this thesis’ usage of “northwest Arkansas”. And for clarity, I use the colloquial “Ozark Mountains” instead of repeatedly differentiating between the geologically correct “Ozark Plateau” and “Boston Mountains.”

The historical growth of the northwest Arkansas region has centered on the towns of Fayetteville, Springdale, Rogers, and Bentonville. Benton County, the northern half of “northwest Arkansas”, contains Bentonville (the county seat) and Rogers. Washington County to the south contains Fayetteville (the county seat) and Springdale.

In this thesis, these four main towns are examined as the principal locations of northwest Arkansas’ growth and development. Other towns within the two-county study area have served important historical roles (such as Siloam Springs, Prairie Grove, or Pea Ridge), or served as more recent residential developments (such as Bella Vista or Lowell); however, the core of population growth emanated from the aforementioned four central towns, so the main effort of my urban-level analysis will focus on those locations.

The time period of study focuses on a changing northwest Arkansas from 1960 until the present day (2009). The reason for 1960 as the initial temporal bracket is due to the many local corporate changes occurring in the early 1960s that directly led to regional

\(^\text{10}\) United States Census Bureau, American Factfinder, 2007.
growth. Sam Walton opened the first Wal-Mart discount store in Rogers in 1962. Additionally during the early 1960s, both Tyson chicken and J.B. Hunt trucking made several important business decisions (opening of plants, expansion of business) that jumpstarted these companies’ transition from a local to a national market presence. A start date of 1960 is also important in relation to population growth, as the 1960s marked the first decade of rapid population increases in northwest Arkansas.\textsuperscript{11}

As a final definition, the corporate entity of Wal-Mart Stores, Inc. is referred to in this thesis as “Wal-Mart”. Although the official storefront logo for decades has been “Wal★Mart” (with a star instead of a hyphen), and although as of 2008, the official marketing logo has been the one-word “Walmart”, the hyphen-containing “Wal-Mart” is used, matching the same corporate name that appears on all official financial statements.

\textsuperscript{11} Fayetteville had already experienced increased population growth immediately after World War II, due to increased enrollments at the University of Arkansas, as well as due to direct annexation of new residents in the 1940s. Fayetteville’s 1930 population was 7,394, its 1940 population was 8,212, its 1950 population was 17,071, and its 1960 population was 20,274. Still, Fayetteville’s rates of population increase by decade from 1960 to the 2000 census were still high.
Figure 1-3: The study area of “northwest Arkansas”, consisting of Benton and Washington Counties, 2004 Arkansas State Highway and Transportation Department map
Figure 1-4: The mini-megalopolis of the Interstate 540 corridor in 2004, anchored by the cities of Bentonville (at the extreme northwest of the map), Rogers, Springdale, and Fayetteville, 2004 Arkansas State Highway and Transportation Department map.
Figure 1-5: Interrupted map of northwest Arkansas, showing enlarged sections of Figure 1-4, north section on left, south section on right, 2004 Arkansas State Highway and Transportation Department map
Methodology

The dramatic and recent transformation of northwest Arkansas can be described through two major paths: continuous population increase and strong economic development. Populations of individual northwest Arkansas cities and counties since 1960 have been steadily increasing, while populations of many counties in the Mississippi Delta region of eastern Arkansas have been flat or declining. Though several surges of population growth occurred over different time spans (with some city growth rates inflated by annexations of pre-existing residential developments), the entire region’s population maintained an average increase by about a third each decade (see Table 1-1).

The population of northwest Arkansas in 1960 was less than a quarter of its 2007 population. Benton County (population of 36,000 in 1960) has had a growth rate that consistently outpaced Washington County’s growth (population of 55,000 in 1960). By the 2000 Census, Benton County had nearly overtaken Washington in terms of absolute population size. Such dramatic county-level growth is exemplified by the absolute population increase in Benton County over the most recent completed intercensal period: from the 1990 to 2000 censuses, Benton County increased from 97,499 to 153,406 – a 57% population increase. Similarly, the cities of Benton County (Rogers, Bentonville) have demonstrated remarkable recent population growth, more so than their Washington County counterparts (see Table 1-2). However, Fayetteville and Springdale are still experiencing solid population growth, when compared to state and national numbers.
According to the Census Bureau’s 2007 population estimates, Washington County’s population was 203,000, and Benton County’s population was 194,000.  

Northwest Arkansas population growth rates dwarfed the population growth rates of the rest of Arkansas. The state of Arkansas minus Benton and Washington counties grew 10% during the 1990s, 2% during the 1980s, 17% during the 1970s, and 6% during the 1960s, which followed population declines during the 1950s and 1940s. Of the 75 counties in Arkansas, 20 counties lost population during the intercensal 1990s period. Of the 53 remaining counties (the original 75 minus Washington and Benton minus the 20 decliners), the average yearly population increase during the 1990s was about 460 residents per county. By comparison, Washington and Benton increased on average by more than 5,000 residents each year during the 1990s, and Washington and Benton counties increased on average by more than 6,000 persons each year from the 2000 census to the latest 2007 census estimates. During the 1990s intercensal period, the combined population increase in Washington and Benton counties was greater than the combined net population increase observed in 65 of the remaining 73 counties in Arkansas.

<table>
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<th>Table 1-1: Growth rate of counties in northwest Arkansas</th>
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<td>Benton Co.</td>
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In the course of this thesis, I have used a variety of sources, journals, maps, and historical archives. The broader backdrop of geographical or historical scholarly works about the Ozarks is thin. The Ozark region has a dearth of academic literature in any subtopic (the phrase “no state is as poorly studied as Arkansas” rings true), but a collection of primary documents was compiled by Williams, et al., *A Documentary History of Arkansas* (1984). For historical nineteenth-century Arkansas, the most useful summary is offered by Moneyhon (1997), and for a larger view of the American South in the nineteenth century, I rely on Ayers (1992), though the dearth of coverage of Arkansas in general, and the Ozarks in particular, is telling.

In my discussion of Tyson Foods, Inc. as a catalyst for northwest Arkansas growth, I relied on the economic history of the company, *Tyson: From Farm to Market* by Marvin Schwartz (1991). I built on his detailed corporate history of Tyson Foods, and

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<tbody>
<tr>
<td>Fayetteville</td>
<td>52%</td>
<td>19%</td>
<td>15%</td>
<td>38%</td>
<td>24%</td>
</tr>
<tr>
<td>Springdale</td>
<td>67%</td>
<td>40%</td>
<td>28%</td>
<td>53%</td>
<td>46%</td>
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<tr>
<td>Rogers</td>
<td>94%</td>
<td>58%</td>
<td>42%</td>
<td>57%</td>
<td>42%</td>
</tr>
<tr>
<td>Bentonville</td>
<td>51%</td>
<td>59%</td>
<td>29%</td>
<td>75%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Table 1-2: Growth rate of cities in northwest Arkansas

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13 AIEA Census State Data Center, Historical Population Series
14 AIEA Census State Data Center, Historical Population Series
15 Dillard, p. 1601-1602
16 Blevins, p. 339

**Literature review**
used his factual underpinnings to develop my own analysis of the geographical economic advantages throughout the history of the chicken giant. The personal histories and stories of the Tyson family that flavor this study have been less important than the locational discussions.

For discussions of the historical development of Wal-Mart, Lichtenstein (2006) and Scott and Vance (1994) were used as primary aids. For more quantitative approaches to the spatial diffusion of Wal-Mart, articles by Graff (1994, 1998) are central. Graff discusses the spread of Wal-Mart to locations of a particular urban size, including smaller counties and cities, in the early expansion of both Wal-Mart stores and Wal-Mart Supercenters. Yet, Graff, by taking a national view of Wal-Mart’s historical spread, has little to say about the local effects of early development of Wal-Mart in northwest Arkansas. Also of quantitative interest is Holmes (working paper, 2008), for discussion of economies of density and for datasets on the spread of Wal-Mart, Wal-Mart Supercenters, and Wal-Mart distribution centers. Graff (1994) notes the dearth of academic studies on Wal-Mart, noting that most of the scholarly works have focused on the changing community economies (in towns far from the northwest Arkansas base) after the introduction of a Wal-Mart.

For corporate histories of Wal-Mart and Tyson, I explicitly avoid either triumphalism or scolding; this thesis’ focus is the detailed historical population and economic growth of northwest Arkansas in quantitative terms. For a more contemporary
view of the alleged deleterious impact of Wal-Mart on communities, see Bianco (2006) or Hicks (2007).\textsuperscript{17}

The most useful analysis of the entire state of Arkansas’ overall historical growth is by Moneyhon (1997) who lays out a convincing argument about the failure of Arkansas to join the desired post-Civil War industrialization and growth of the “New South”. While the state had some punctuated success of industrialization and modernization, overall, post-Civil War Arkansas never reached the Reconstruction-era industrialized levels of the northern states. Arkansas remained a state whose economic future was tied to the large agricultural farms of the state’s eastern flatlands (a dependency that proved to be disastrous as floods and drought wreaked havoc on Arkansas farms in the 1920s). Obviously, the situations are not exactly parallel, by temporality (1870s vs. 1960s) or geography (entire state vs. region within a state), but it is helpful to keep Moneyhon’s argument in mind when considering what specifically has allowed the unexpected development of northwest Arkansas in the late twentieth century while the expected development of Arkansas in the late nineteenth century never came to pass. The type of growth desired by post-Civil War Arkansans failed to happen because the state as a whole lacked certain characteristics that were prevalent in northwest Arkansas a century later.\textsuperscript{18} Moneyhon’s seminal work focused on the interspersed

\textsuperscript{17} For a more casual read, see Dicker (2005)
\textsuperscript{18} While the exact context of growth for nineteenth-century Arkansas and twentieth-century northwest Arkansas is not exactly the same, a comparison is important in order to understand the various models for development throughout the history of Arkansas (whether or not this development was ultimately successful).
successes, but overall failure, of an Arkansas ascendant. McMath, in a 1999 review of Moneyhon, took note:

Arkansas seemingly failed to develop extensive networks of skilled workers as was happening in the southeastern Piedmont. Nor, apparently, did Arkansas establish the material and human infrastructure required to create a balanced economy. If this reading is correct, then it is no wonder that the pre-World War I prosperity, based on a temporary rise in commodity prices, could not be sustained when prices dropped in the 1920s.\(^\text{19}\)

When arguing the difference, then, between the development of late nineteenth-century Arkansas and the successful development of late-twentieth-century northwest Arkansas, the foundation of the northwest’s advantages is clear. “Networks of skilled workers” were not needed for the type of manufacturing in the northwest (poultry plants, retail, trucking); however, there were indeed networks of workers with various skill levels. In 1960s, these worker groups included an initial base of chicken growers coupled with local residents working in the poultry plants of Tyson, and a nascent executive class – and research arm – fostered by local colleges and universities (primarily the University of Arkansas at Fayetteville). Future labor-related demographic changes occurred as a management class of professionals from other parts of the country filled the boardrooms of the newly designated Fortune 500 companies, while mostly Mexican workers performed the work in the poultry plants. Where late nineteenth-century Arkansas lacked

\(^{19}\) McMath, p. 106
a worker base, late twentieth-century northwest Arkansas had a foundation of a diverse employee class.

The failure of old Arkansas to provide an “infrastructure” for a “balanced economy” can be attributed to a tiny manufacturing market segment in a state whose livelihood depended on agricultural cash crops. Cotton (and later soybean and rice) dominated the eastern portion of the state. Perversely, the northwest of the state was able to reach a balance of agrarian and industrial economies due to the lack of a large landed plantation-style agrarian focus (see chapter 2). From grape juice plants in the first decade of twentieth-century Tontitown (a “planted” Italian colony just west of Springdale in Washington County) to the university focus of mid-twentieth-century Fayetteville, the beginnings of a diverse economy were laid in northwest Arkansas without the apparatus of “King Cotton” to dominate. In fact, the small farm size of individual poultry farmers prevented the development of a large manor-style farming landscape, which had developed in eastern Arkansas along the banks of the Mississippi River. In terms of infrastructure, by the beginning of northwest Arkansas’ rapid growth in the early 1960s, two established north-south railroad lines had connected the region both with the Kansas City area and the Arkansas River Valley. For regional roads, U.S. highway 71 connected the area north and south, while highway 68 (renamed U.S. highway 412) connected the area east and west. The university population increased dramatically, from an enrollment of about 4,500 in 1948, to 5,500 students in 1960, nearly 12,000 by 1970.

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20 Vaughan. Ironically, the colony of Tontitown was first attempted in the flat delta of Chicot County along the Mississippi River. The colony was a failure, and, led by Father Pietro Bandini, relocated to the fertile soils of Washington County.
21 Rafferty, p. 98
and over 15,000 by 1980.\textsuperscript{22} From the beginning of the 1960s, a growing university population in Fayetteville, as well as general population increases in the other small towns in northwest Arkansas provided the human capital necessary for growth that McMath and Moneyhon claimed late nineteenth-century Arkansas lacked.

Bolton (2002) theorized that the turning point for the general economic development of the state as a whole (including northwest Arkansas) was World War II. As a crowded statewide population began to migrate from the economically depressed counties to destinations outside of Arkansas, population numbers reverted to a lower, economically sustainable tally, employment skyrocketed, and an industrial and service economy soon followed. My supposition of 1960 as a decisive turning point for northwest Arkansas does not contest Bolton’s idea; rather, 1960 serves as an initial bracket only for the northwest Arkansas region (and, specifically, for Benton and Washington counties).\textsuperscript{23}

Studies of regional growth after World War II outside of Arkansas are prevalent, including Hornsby’s \textit{Time and Tide}, which situates the local change of mid-twentieth-century Nova Scotia, Canada within the larger-scale drivers of growth.\textsuperscript{24} An example of urban growth emanating from clusters of smaller towns includes the North Carolina “Research Triangle” area, which has developed due to massive government investment in

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{22} Brown, p. 162, 182
\item \textsuperscript{23} Bolton, p. 123, 129. The massive federal spending within Arkansas related to the war effort brought a $100 million federal investment for building camps, aviation schools, and relocation centers throughout the state. These installations were located in the eastern half of the state, away from the Ozarks and in the flat Mississippi Delta; Fort Smith along the Arkansas River in the western half of the state, was the recipient of federal spending closest to northwest Arkansas. Once again, whatever federal intervention that occurred in the state during World War II simply passed northwest Arkansas by.
\item \textsuperscript{24} Hornsby, \textit{Time and Tide}.
\end{itemize}
\end{footnotesize}
universities and transportation systems, but also benefited from activities of a range of private companies.  (However, the populations of all the northwest Arkansas towns were small at the beginning of rapid growth in 1960, whereas the populations of some cities in the Research Triangle – Raleigh and Durham – were already large when growth began.) Silicon Valley in central California follows an urban growth model of a corporate-government-university base, where a once isolated and separate set of industries came together in part with defense spending and electronics research for Cold War-era aviation. These industries were aided by the pool of engineering and computer science students and faculty from Stanford. The result of research led to a nascent commercial field of processors and eventual computing hardware design.

**Thesis outline**

The central research questions of this thesis focus on *how* and *why* northwest Arkansas has experienced sustained economic and population growth through 1960. I argue that local corporations of Wal-Mart, Tyson, and J.B. Hunt, benefiting from expanding government infrastructure improvements, the presence of educational institutions such as the University of Arkansas in Fayetteville, and characteristics of the local Ozark geography (such as available terrain for poultry farming, or historical patterns of land ownership) chose to remain headquartered in northwest Arkansas, leading to widespread job creation by those firms and by the associated ancillary

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25 University of North Carolina at Chapel Hill research triangle
26 Meyer, David. Also see Schoenberger, Erica.
financial industries or retail vendors. Accumulated wealth, often from the widespread ownership of profitable Wal-Mart or Tyson common stock, led to capital invested throughout the region, as funds were reinvested in northwest Arkansas as philanthropy from top executives of local firms. Sustained population growth followed the availability of jobs, with population growth increasing due to a desirable quality of life in northwest Arkansas that had long been attractive to retirees. Some of this growth occurred within new demographic groups altogether, such as Hispanics that migrated to work in the poultry industry since the 1980s, or an urban executive class that was hired to fill positions in the expanding white-collar northwest Arkansas job market.

Beyond an opening review of the economic characteristics of northwest Arkansas in 1960 in chapter 2, this thesis is broadly divided into three major sections: the growth and success of corporate Wal-Mart and Tyson; the infrastructure and institutional improvements (including higher education) in the region; and the demographic characteristics of recent population growth, including an assessment of population pull factors (and early consequences of those factors) that cemented residential growth.

With this outline in mind, let me summarize each chapter. In chapter 2, I briefly explain the general macroeconomic advantages of northwest Arkansas geography – the characteristics of the terrain, culture, agrarian patterns, and history of northwest Arkansas that facilitated considerable economic development. Certain structural components in the region have fostered continual growth since 1960; especially noteworthy are the absence of tenancy or sharecropping seen in the cotton east, and the associated high levels of individual land ownership in the Ozark foothills of the northwest.
Chapter 3 begins the corporate analysis, with a focus on Wal-Mart. I examine the historical spread of the discount chain, and analyze the geographic decisions of Wal-Mart that fostered regional growth (such as the decision to keep its headquarters in Bentonville, resulting in nationally important vendors and ancillary legal and financial industries establishing branch offices in northwest Arkansas). In chapter 4, the history and effects of Tyson Foods (and the larger regional poultry farming industry) are examined, with a special emphasis on the prime location of northwest Arkansas as territory to raise chickens.

In chapter 5, the government institutions and government infrastructure (as well as the private companies that acted upon these institutions) are detailed. Transportation systems, from the original railroad connections to Missouri and Oklahoma to the more recent Interstate 540, have directly augmented the economic success of both trucking firms (J.B. Hunt) and firms reliant on truck-based shipping (Tyson). The fortuitous location of the state’s largest university (the University of Arkansas at Fayetteville) in the northwest Arkansas region was a boon to the area as the University produced both a new executive class for the northwest’s growing firms and corporate-desired research (and received in return hundreds of millions of dollars from corporate philanthropic gifts).

Chapter 6 details the specific cases of labor groups in a rising northwest Arkansas. Hispanic workers replaced native Ozark residents as poultry employees in the 1980s and 1990s, and a rapid immigration wave began that has continued to change Springdale and beyond. On the other end of the economic spectrum, urban executives (migrating to the region to fill the professional positions of associated Wal-Mart vendors and industries) have changed the religious and cultural landscape of Rogers and Bentonville.
Chapter 7 details the historical population growth of each of the four main towns: Fayetteville, Springdale, Rogers, and Bentonville. This population growth is explained by describing the various population “pull factors”, the associated characteristics of the Ozarks that have actually encouraged such growth, creating a magnetic draw to northwest Arkansas for new residents and businesses alike. Lastly, chapter 8 summarizes this thesis and focuses on possible future lines of inquiry and research.
Chapter 2

ECONOMIC ADVANTAGES OF NORTHWEST ARKANSAS GEOGRAPHY

There are some non-corporation-specific geographical characteristics of northwest Arkansas (including terrain, agricultural economy, land ownership patterns, and regional politics) that provided clear economic advantages during the development of the region since 1960, thereby explaining what preconditions for an economic takeoff northwest Arkansas possessed during the region’s transformation of the last 50 years.

Northwest Arkansas has experienced major economic growth since 1960, measured in a variety of ways. Whether focused on positive job growth, new housing starts, or rising per capita income, these economic indictors all portray the Fayetteville-Springdale-Rogers Metropolitan area as one of continuous growth and economic success. Unemployment rates for the metropolitan area hovered near 2 percent during the stock market highs of 1999 and 2000, with Benton County having an even lower unemployment rate than the region’s average (see Figure 2-1).

The economic growth and development of the region can also be seen in other ways. In the Arkansas banking industry, northwest Arkansas is becoming the state’s most important region. Fayetteville-headquartered Arvest Bank is the largest bank in Arkansas (in terms of asset holdings) by a large margin – Arvest’s $8.2 billion in assets
dwarfed second-place Bank of the Ozarks’ $2.3 billion in assets.¹ The largest banks and the epicenter of Arkansas financial power has always resided in Little Rock, but with the increased revenues from Arvest branches surrounding Benton and Washington County and with the influx of deposits from employees of Wal-Mart and Tyson, northwest Arkansas is the new home to the richest of Arkansas banks.² In terms of retail power in

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![Unemployment Rate, Fayetteville-Springdale-Rogers, AR-MO (MSA)](image)

**Figure 2-1**: Historical unemployment rate, Fayetteville-Springdale-Rogers Metropolitan Statistical Area, 1989-2008. (Not seasonally adjusted. Data from FDIC Regional Economic Conditions)

Arkansas, the shopping centers are bigger in the northwest part of the state. No Little Rock or other central Arkansas mall is bigger than the two northwest Arkansas malls,

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¹ Asset data as of 2006
² Moritz. The growth of Arvest is even more remarkable. Arvest Bank had just risen to the second biggest spot in 2003, meaning that Arvest had grown (though some through mergers and acquisitions of other Arkansas banks) into the top spot in just three years time.
Rogers’ “Pinnacle Hills Promenade” (790,000 square feet) and Fayetteville’s “Northwest Arkansas Mall” (820,000 square feet).³

### Economic advantages of northwest Arkansas agriculture and land ownership

The primary economic growth benefit of northwest Arkansas was the state of the agricultural economy in the Ozarks. The agriculture economy of the northwest was quite different from that of the east Arkansas buffer lands near the Mississippi river, home to historically dominant cotton farms. Though the importance of cotton in east Arkansas was diminishing by 1960 (cotton’s share of Arkansas’ agricultural income declined from 33% in the early 1960s to 20% in the early 1980s), endless tracts of plantation-style land plots were still devoted to the South’s most important cash crop.⁴ Twentieth-century Arkansas saw cotton dominance replaced by rice and soybean supremacy from the 1930s onward – but the widespread systems of tenancy and monocropping remained.⁵ In direct contrast to the plantation east, in northwestern Arkansas, in the foothills of the Ozark Mountains, scattered individual farmers (and some squatters) existed without any hint of a larger macroeconomic system, tending small plots of arable land within isolated hollows.⁶ Because of the absence of an agrarian tradition of a generationally landed upper class and their thousand-acre farms, modest land ownership in the Ozarks was

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³ Ledford. It should be noted, however, that nearby Fort Smith, the border town in the Arkansas River valley that is state’s second largest city, has the state’s largest mall, Central Mall, at 864,000 square feet.
⁴ Hawkins.
⁵ Liechtenstein, p. 62
⁶ Rafferty. Much of the Ozarks were areas of subsistence farming by individual families. Had a surplus existed, the dearth of towns deep within the Arkansas Ozarks would have made the journey to reach a far-off market inefficient, it not cost-prohibitive.
relatively common. And specifically because of the rugged terrain, setting aside large tracts of land for farming by an individual proved unworkable. The result was a diverse farming system in the first few decades of twentieth century northwest Arkansas, producing fruit, livestock, tobacco or grain, none of which required ex-slave sharecroppers, tenants, or hired hands. Liechtenstein notes that it was possible (in the early twentieth-century) for an Ozark family “to coax a stable living out of a 125-acre farm.” The small average farm size, system of land ownership, and rocky terrain made plantation-style landed domination inefficient if not impossible. Some of the hillier areas in Benton and Washington County were simply too divided and piecemeal to be ruled by an individual as a single square-mile farm. The result was a patchwork of small parcels of land, interrupted by a ridge, slope, or hollow, that were owned by individuals.

This profile of a quasi-yeoman farmer – the core of an Ozarks farming culture – deserves emphasis. Because of the lack of a tenant system, land ownership was high, with two beneficial outcomes. Because individual families owned the land that they farmed, crop production could be easily changed without approval from a supervisor or landlord. As will be described in chapter 4 with Tyson Foods, contract farming (the growing of chickens by an individual farmer for Tyson for a set price) would never have been able to occur if not for the empowered individual farmer in the 1940s and 1950s deciding to raise chickens at a certain price.

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7 McKinney, p. 92
8 Liechtenstein, p. 62. To underscore the lack of a ruling class of wealthy plantation families holding all the economic power in the northwest, the Ozark Mountains region itself was one of the most important mining regions in America. So, even if somehow large cotton had developed, at various times in the Ozark’s history, the hypothetical cotton interests would have clashed with corporate mining interests – a distinct impossibility in the eastern flatlands of Arkansas. See Rafferty, p. 119.
The second beneficial development-related outcome of the system of land ownership and the individual farmer lies with financial gain from the land system. A snapshot of land ownership is seen in a "plat map" in western Benton County, just west of Rogers and just south of Bentonville (Figure 2-2). The detailed map names themselves are of little importance; rather, it is the size and scope of the individual land plots that are of import. As each oversized number, 1-36, represents a square-mile section, the vast majority of land divisions in 1980 were in some relation to the quarter-quarter section of the national land survey, the 40 acres comprising $\frac{1}{16}$ of a sectional square mile. As figure 2-2 shows, even in a rural area, land is not owned by a local magnate and rented out; rather, relatively small-scale individual plots persist.9

The benefit to the local economy, however, is non-intuitive – because the land holdings are spread out among so many individuals over such small plots of land, wherever development of the built environment occurred, be it the building of an interstate highway (just to the east of the region in figure 2-2), the first major Wal-Mart distribution center (between the “14” and “15” section numbers), or the area’s regional airport (the current main terminal is centered near the “32” section number), several families made a healthy profit from land sales. Therefore, whenever new residential subdivisions were created in northwest Arkansas during this period, the purchased land

9 It should be noted the reason for the comparatively straight lines and right angles in land division is due to the non-mountainous terrain of this particular township. While certainly hilly, this area is not home to jagged peaks of the highest of the Ozark Mountains.
Figure 2-2: Inset of 1980 Benton County Plat Book.
could not simply be a small slice carved out of, say, the enormous Rockefeller
“WinRock” holdings in flat east Arkansas’ Lonoke County. Instead, any planned
residential construction required the land purchase from several Ozark families, injecting
new capital into communities not known for having desirable land. The small land plot
size contributed to the wealth accumulation of various landed northwest Arkansas
residents in a key way.

Politics and economic geography

Historical Arkansas politics also played a pivotal role in the economic
development of the northwest. After the Civil War (and, more importantly, after the end
of federal Reconstruction in 1877), the general political mood in the south could be
described as almost entirely Democratic. The deciding political race was usually the
Democratic primary election in May, with the subsequent November general election as a
political formality. From 1880 until 1964, the majority of the former Confederate States
of America states voted for a Democratic presidential candidate. Yet, even with this
Democratic dominance (and with the Arkansas Republican party described as one of the
most “hapless” in American history), a localized concentration of postwar Republicans

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10 A potential problem with this scenario is the idea of land holdouts: as developers buy up parcels of land, an individual landholder may resist. This resistance was rare in the 1960s and 1970s northwest Arkansas – the four-town corridor generally welcomed the idea of new developments (the building of Interstate 540 or Beaver Dam, new residential tracts or shopping centers) as “progress”. The intense localism in the area (an area that in the early twentieth century had little free capital or governmental infrastructure) created a climate that welcomed such transformations on the land, for a price.

11 Leip. Not until Catholic Al Smith won the Democratic nomination in 1928 did multiple southern states reluctantly vote for a Republican presidential candidate. More amazingly, from 1880 until 1920, not a single southern state cast a single electoral vote for a Republican presidential candidate at all.
began to emerge in northwest Arkansas. This historical northwest Arkansas preference for Republicans followed the nineteenth-century political history of the Ozark mountain region: unresponsive to the slavery portions of the Democratic party platforms of the 1850s, and lukewarm on secession during the Democratic-sponsored multiple Arkansas secession conventions in 1861 established a local populace that was averse to Democratic political stances. Benton and Washington counties were the base of what has been termed “post office Republicans”. 

Instead of working to grow the state Republican Party or attempting to challenge the overwhelmingly dominant Democratic Party in statewide elections, these Republican partisans would simply bide their time until a Republican presidential victory; then, these northwest Arkansas Republicans would reap the benefit of federal appointments – which at that time included postmaster. The political preferences of the mountain northwest and the delta plains became divided between Republican and Democrat.

12 Barth
13 Blair, Diane.
14 Ironically, one of the longest-tenured governors in Arkansas history was Orval Faubus, a Democrat from Madison County (one of the excluded counties from the Fayetteville-Springdale-Rogers MSA) who played an infamous role in the 1957 Little Rock Central High desegregation crisis. In the Democrat’s first gubernatorial victory in 1954, the “Mountain” counties of northwest Arkansas, far north Arkansas near the Missouri border, and western Arkansas along the Oklahoma border, gave Faubus the highest percentage of electoral support statewide. While at first blush this may appear to blunt any argument of a solidly Republican northwest, the opposite is true: more than likely, the northwest votes went to a “fellow” Ozark candidate over the establishment of Little Rock and Hot Springs, regardless of party. The idea of a Republican northwest is actually upheld, for in each subsequent gubernatorial election, as Faubus’ popularity and electoral margins increased, his share of the northwestern Ozark counties plummeted: once the Ozark residents actually saw how the Democrat governed, they reverted their ballots back to the GOP accordingly. Spriggs argues that “the election of a governor from Northwest Arkansas reflected the shift in economic power and political influence from downstate Arkansas and especially Pulaski County… to Northwest Arkansas.” However, the continuous declining electoral support for Faubus by the voters of northwest Arkansas questions just how much of a power shift had occurred, if the northwest candidate was consistently losing support of his hometown constituents. See Spriggs, p. 31
The result of this political division was an advantage for the northwest part of the state. Because northwest Arkansas was politically disassociated from the Democratic power base in Little Rock, the northwest part of the state was allowed to go its own way. The area was never a major threat to the state power brokers, and the region would never vote overwhelmingly Democratic for Governor or other statewide offices, so there was no incentive for the Democratic state legislature in Little Rock to be concerned with northwest Arkansas affairs. Few pork projects were wasted on a populace that would rarely vote for a Democrat, few kickbacks or campaigning were necessary to win the allegiance of local machine bosses who were political opposites from the Little Rock establishment, and little oversight was expended on the difficult-to-access regions of the hilly northwest.

The result was a northwest Arkansas that was able to make city- and county-wide decisions without the guiding hand of a state-level bureaucracy out of Little Rock (and even the federal-level bureaucracy) that paid no attention to northwest Arkansas. The northwest’s modern political disassociation from central Arkansas is seen in an incident involving former Governor Mike Huckabee. When Huckabee, a Republican, was in his second term as governor in 2001, he was involved in a tax and spending dispute with fellow state legislators (as well as the US Congressman), all Republicans, and all from northwest Arkansas. Huckabee, as a south Arkansas-raised Republican, had specific ideas about the political makeup of the northwest, and began to refer publicly to these

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15 Huckabee was the state’s Lieutenant Governor, who ascended to the Governor’s office in 1996 due to the indictment and resignation of Democrat Jim Guy Tucker, who himself had risen to the office of Governor from the office of Lieutenant Governor in 1993, when Bill Clinton was inaugurated as President.
Benton and Washington County GOP members as the breakaway “Shiite Republicans” for some time.\textsuperscript{16} Political disassociation of northwest Arkansas apparently knows no party boundaries.

An additional political characteristic that aided northwest Arkansas growth was the lack of a strong union culture. Arkansas is a right-to-work state, meaning that individual workers do not have to be a part of a union to be hired by a particular company or factory, which kept percentages of union membership in the state relatively low compared to northern states. The total union membership rate for the Arkansas workforce in 2007 was just 5.4%, a lower figure than all other states except Georgia, North Carolina, South Carolina, Tennessee, Texas, Virginia, and Idaho.\textsuperscript{17} By comparison, 25.2% of New York workers, 19.2% of New Jersey workers, and 19.5% of Michigan workers were members of unions in 2007.\textsuperscript{18} The average rate of union membership across America in 2007 was 12.1%. The lack of union creation or membership in Arkansas follows a general resistance to unions both structurally and culturally throughout the American South. The effect is a tradition of neutrality, or even hostility, to unions by the Arkansas public, leading to northwest Arkansas companies historically lacking a basic understanding of how to work under the auspices of a union culture. This disconnect is exemplified whenever those companies began to spread to more pro-union states. Tyson, for example, has faced many criticisms by unionized workers in the Pacific Northwest (where Washington state and Oregon have union

\begin{footnotes}
\item[16] <http://arkansasnews.com/2008/01/08/up-and-down-huckabees-y-axis/>  
\item[17] <http://www.bls.gov/news.release/union2.t05.htm>  
\item[18] Ibid. The highest rate of union membership was in New York state, with the lowest rate of union membership in North Carolina, with 3.0% of the employed as a union member in 2007.  
\end{footnotes}
memberships of 20.2% and 14.3% respectively). In a particular case in Washington state, with a worker base comprised nearly universally by recent immigrants from Mexico, workers were allegedly verbally abused as part of a motivational tactic, and were generally warned against union association.19

While this thesis as a whole deals with the many corporate, governmental, and population pull factors that served as causes to northwest Arkansas’ development, this specific chapter has focused on economically beneficial characteristics inherent in northwest Arkansas’ geography. A diverse agrarian economy that was not only reliant on cotton, rice, or soybean enabled the 1960s change in production to poultry farming that was necessary for the success of Tyson Foods. Prevalent land ownership allowed for individual decision making for farming (and, as development occurred, for land sales). Finally, as the average land ownership size was quite small, many individual families accumulated wealth as government institutions and large corporations bought up tracts of land to accommodate the growth of local populations and economies. This wealth was often reinvested in the community through philanthropic civic projects (see chapter 3). This thesis will now turn to the growth and impacts of one of the region’s large corporations, Wal-Mart.

19 Apostolidis. Such criticisms at the Wallula, Washington plant include allegations made by the immigrant workers that the supervisors at the Tyson plant would routinely push for increased production at the expense of “human dignity”. These included management repeatedly telling the workers they were just as “disposable” as a paper cup or paper plate, holding back bathroom breaks (to the point of “having to void in their clothing”) to prevent workers from ignoring their section of the assembly line, etc. p. 650.
Chapter 3

WAL-MART: CATALYST FOR NORTHWEST ARKANSAS GROWTH

Wal-Mart is not only the largest retailer in America; Wal-Mart is the private company with the most employees in the world.\(^1\) As it is such a dominant player in the American economy, it is not surprising that the firm has had an incredible impact on the prosperity of northwest Arkansas. This chapter offers an overview of the history of Wal-

\(^1\) Dicker, p. 3
Mart, followed by a lengthy analysis of both the business and the geographic decisions and processes that allowed Wal-Mart to succeed. Finally, the impact of Wal-Mart on northwest Arkansas is described.

**History and expansion of Wal-Mart**

Sam Walton, the founder of Wal-Mart, was guided by a corporate maxim of cutting all costs in order to provide low prices. While the profit on individual items might be miniscule, by selling high volumes of merchandise, Wal-Mart was able to make a healthy accumulated profit. From trimming the use of store air conditioning to aggressively pushing suppliers in the manufacturing world to lower their own production costs (and, indirectly pushing some suppliers to produce overseas), Wal-Mart set out to provide the lowest-priced goods possible. This is the business success of Wal-Mart concisely: low prices and high volume equal high profits.

This type of business model, thriving on the accretion of tiny profit margins per item per store, essentially demands a large number of stores. With this realization, Walton aggressively pushed expansion for his firm in the 1960s and 1970s, with a particularly aggressive phase beginning after 1981, when the store acquired Nashville-based Kuhn’s stores, creating a retail empire that “stretched from Florida to Nebraska.”² (For an excellent history of the spread of Wal-Mart, see Graff (1994 and 1998) and Holmes (working paper, 2008)). Growth occurred either by expanding store locations across the country from the original Arkansas base, or by cramming more potential

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² Vance (1992), p. 245
customers in each store by building “Supercenters”, or by offering more services and products within a given Wal-Mart store (including groceries or pharmacies). No matter what growth-enabling improvements or marketing pitch occurred, Wal-Mart reaped the profit, all the while providing goods at low direct prices to the consumer. Continued financial success of an expanding Wal-Mart was dependent on technological and marketing innovations (thereby cutting Wal-Mart’s cost per item and increasing the overall profit margins). Yet, at the same time Wal-Mart was developing entire new technologies, never before used in the retail business, the marketed image and corporate culture consistently reflected small-town Bentonville. Lichtenstein summarized this contradiction of technology-driven efficient micromanagement of a downscale low price country store: that Wal-Mart has stood for both “aw-shucks hokeyness and terabytes of minute-by-minute sales data.”³ This contrast has become known as “the Wal-Mart paradox”.⁴

The success of Wal-Mart was not an overnight idea by the company’s founder. Sam Walton had prior experience in the retail industry before opening his first “Wal-Mart” in Rogers in 1962. The first store run by Sam Walton was a “Ben Franklin” in Newport, Arkansas – in the northeastern part of the state.⁵ These Ben Franklin stores were small variety shops that tended to locate in small or medium sized towns. By 1950, there were 1,590 Ben Franklin locations in America, mostly in the Midwest.⁶

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³ Lichtenstein, p. 59  
⁴ Lichtenstein, p. 59  
⁶ Vance (1992), p. 233
The decision to leave Newport was not due to falling sales or poor management. The reason for Sam Walton leaving northeast Arkansas was a disagreement over the lease of his Newport store — there was no clause to in his contract to renew the lease, and after five years, a competitor bought the building, and Walton left Newport for northwest Arkansas. Walton opened a Five and Ten in Bentonville (see Figure 3-2) in 1950, and soon opened similar Five and Ten stores in Fayetteville and Rogers.

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7 Hahn, “With move to Bentonville…”
The eventual success of Wal-Mart was atypical among contemporary Southern retailers. Graves notes, “the culture and poverty of the South have long discouraged entrepreneurship”, and notes the growth of Wal-Mart within northwest Arkansas as “an aberration in the economic and cultural context of the South.”

(He argues that the initial growth phase of Wal-Mart succeeded primarily because of the inherent lack of competitors in the relatively remote area of northwest Arkansas.) While a long march of discount retailers over time emerged in the Northern United States (Kmart from Michigan, Target from Minnesota, Sears from Illinois, Woolworth’s from Pennsylvania), the South had few nationally known retail success stories. Regarding business leaders from the South, there was a historical dearth, as Vance details, when in “earlier periods the South could boast of few major business leaders except North Carolina’s Duke family and Florida’s Henry M. Flager.”

Walton’s low-cost retailing was not a new process at Wal-Mart’s founding in 1962. J.C. Penney pioneered a new way of merchandising: by selling products for the lowest possible price, Penney was able to sell a high volume of goods in a set of stores in mining towns in Wyoming and other parts of the mining-focused northern Rockies. This business model was predicated on the belief “that many sales at small profits were better than a few sales at large profits.” These small profit margins accumulated quickly, and led to a solid base of working capital to buy more merchandise to sell. The low-cost,

8 Graves, p. 52-53
9 Graves, p. 53
10 Vance (1992), p. 231-232. Vance reminds the reader that Flager was a Yankee transplant.
11 Batten.
high-volume model of J.C. Penney mirrored the future economic plan of Wal-Mart. Penney, however, did not keep his headquarters in rural Kemmerer, Wyoming (founded in 1902). He moved the corporate headquarters to the more urban Salt Lake City in 1909, and relocated again to New York City in 1914 to be closer to the larger markets and production centers of the Northeast. Following the Sun Belt growth of the late twentieth century, corporate J.C. Penney relocated once again to Dallas in 1987, and to the adjacent suburban town of Plano, Texas in 1990.

As a variant to Penney, Woolworth undertook a policy of aggressive expansion, with the number of new store openings increasing on a yearly basis. From its origins in the 1870s, Woolworth had domain over 28 stores in 1895, 76 by 1903, and after a particularly strong year of expansion and store openings in 1904, the Woolworth empire numbered 120 stores. F.W. Woolworth succinctly explained why one of his early stores had failed: “wrong location”. In contrast to Wal-Mart’s later drive to locate stores in underserved small towns (during the company’s first phase of expansion until 1975, 51% of Wal-Marts were located in counties with less than 25,000 people; see Graff (1994), p. 24), Woolworth’s business model for expansion was to own “a Woolworth store in every town of 10,000 or more inhabitants”. Woolworth too moved to New York City, building the iconic Cathedral of Commerce for its head office on Broadway in 1913.

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12 Batten, p. 9
13 Penney, p. 99-102
14 Pitrone, p. 23, 28
15 Pitrone, p. 12. This comment was made by Woolworth about “The Great Five-Cent Store” in Utica, New York. It opened in February 1879, but by May of the same year, Frank Woolworth sent his remaining Utica merchandise stock elsewhere and closed the store for good.
16 Pitrone, p. 4
The ideas of low-cost merchandising were not new, as seen by the early twentieth-century examples of Penney and Woolworth. Wal-Mart, however, made a set of different strategic business decisions than those firms (including avoidance of urban centers during the firm’s first twenty years of expansion) that allowed for its retail success. Notably it has not moved to New York City; if anything, some elements of New York City ways of business have had to move to Arkansas to be close to Wal-Mart (see chapter 6).

Specifics of the Wal-Mart business plan

This thesis does not need to catalogue all of the relevant business decisions taken by Wal-Mart to create, grow, and dominate the modern American retail market: the workings of Bentonville boardrooms over decades are far too numerous to list here. Rather, it is useful to give a brief overview of the main business practices that have led Wal-Mart to be a global retail giant; one reason why northwest Arkansas has grown is the simple fact that Wal-Mart – as a company – has succeeded. Obviously, the primary business model would be the concept of discounting, the aforementioned low prices, and high volume maxim. However, there are other processes and directives have allowed Wal-Mart to sustain its economic profitability beyond the basic sales model of a discount retailer.

\[\text{This success is surprising considering the long twentieth-century history of failed general merchandise chains established and headquartered in the American South.}\]
One reason for Wal-Mart’s success has been the overall integration of services. During the 1980s and 1990s, Wal-Mart slowly moved from a general discount retailer to a store for “everything”. Adding a pharmacy and grocery store in the 1990s under the banner of “Wal-Mart Supercenter”, as well as forming partnerships with local gas stations (including the El Dorado, Arkansas-based Fortune 500 company Murphy Oil) to put pumps on the edge of a Wal-Mart parking lot, the store has rebranded itself not as a low-end retailer for general things, but as a low-cost retailer for all things. Banks, personal services such as salons, and eye doctors, all graced most Wal-Mart supercenters by the end of the 1990s. During the 2000s, cell phone vendors and tax professionals joined the ranks of the “main street” within a Wal-Mart near the front of every store.

This premise of a wide range of services extended outside the walls of a particular Wal-Mart; during the 1980s, for example, new services or products were offered in new chains of stores altogether, including the now-defunct “Helen’s Arts and Crafts” (named after Walton’s wife) and “Discount Drugs”. Ultimately, one of the new 1980s-era concept stores succeeded, the bulk retailer, “Sam’s Wholesale Clubs”, where “deep discounting” enabled extremely low prices because merchandise was purchased directly from a manufacturer. The first Sam’s Wholesale Club (renamed Sam’s Club) opened in April 1983 in Oklahoma City. Typically, for these large Sam’s Club stores, (where a membership is required to shop) it made sense to be located near manufacturers that were selling Sam’s Club their merchandise. As a result, in direct opposition to Wal-Mart’s policy of expanding to underserved small towns, Sam’s Club took a path of expansion to

18 Vance (1992), p. 246
large metropolitan areas in the Mid-South and Southeast.\textsuperscript{19} Eventually Wal-Mart ventured into other types of stores, first with the experimental Hypermarts that were pared down in size, known as Wal-Mart Supercenters in the early 1990s.\textsuperscript{20} The first Supercenter opened in 1988 in Washington, Missouri, a suburb of St. Louis.

Another business advantage was Wal-Mart’s increased technological edge. These technological innovations have included just-in-time inventory ideas that led to the controversial RFID chips, differentiated product placement for certain market segmentation (more detergent and cokes placed as impulse items by the front door at a college town store versus other products highlighted in a retirement village Wal-Mart), and attempts to sell the latest technology at the lowest prices (the recent much-vaunted 2009 push of Wal-Mart to sell the Apple iPhone began with the product selling for a total of $2 less than at a retail Apple store). Data communication within stores was improved after the 1987 start of a satellite network (at a cost of more than $20 million dollars) that broadcasted changing inventory amounts from television monitors in Bentonville to Wal-Mart stores around the country.\textsuperscript{21}

Providing low costs at every step of the supply chain was essential to making the discount retailer idea “work”. For Wal-Mart to succeed, the company had to cut costs – all associated costs that it could find. Even if it meant shutting off the air conditioner in stores even on a hot day, the folksy stories of Sam Walton’s Wal-Mart in the 1970s

\textsuperscript{19} Vance (1992), p. 247  
\textsuperscript{20} Ibid. The failure of Wal-Mart’s first four hypermarkets is seen due to their sheer size – at over 220,000 square feet, the stores were simply too big for customers, as one frustrated shopper complained in 1989, “I won’t go back until it shrinks.” The Hypermarket idea was abandoned and the new favored Supercenter store type was indeed smaller.  
\textsuperscript{21} Vance (1992), p. 249
cutting every penny have become the stuff of legend. In the last few decades, and particularly after Walton’s death in 1992, the low costs of products have been made available by price squeezing of a supplier. For example, if Crest can produce a basic toothpaste for Wal-Mart in year 1 for $1.50, Wal-Mart demands some sort of cost decrease from that same vendor by year 2, and another few pennies off the production price by year 3. The ever-diminishing product costs allow Wal-Mart to buy and sell items at lower prices, but it also squeezes the supplier, who will lose an enormous share of their potential market segment if they refuse to do business with Wal-Mart.

A final business characteristic that has led to the success of Wal-Mart has been the history of its investment products. Wal-Mart became a publicly traded company on October 1, 1970\(^2\), and the shares, though selling for higher than the initial offering expected, were not that widely held.\(^3\) In fact, for years, Wal-Mart stock was consistently undervalued. Sam Walton never expanded the store into major urban areas, and never tried to woo any financial analysts from Wall Street. As a result of this devaluation and ignorance of corporate Wal-Mart by Wall Street, the usual stock ratings and financial publications either devalued the Wal-Mart stock, or recommended a “sell” altogether. Walton, for his end, offered his employees the chance to buy company stock outright, or offered stock in the form of bonuses. Walton had a faith in his company’s future success, and stubbornly believed that the stock price would eventually rise. Furthering the accessibility of Wal-Mart stock, Walton ordered regular stock splits, to keep the price per

\(^{22}\) Vance (1992), p. 237. Wal-Mart was traded over the counter until its 1972 listing on the New York Stock Exchange.

\(^{23}\) Hahn, “With move to Bentonville…”
share around $30, to allow for an individual Arkansan to purchase a decent amount of shares for a thousand dollars. Years of easy access to Wal-Mart stock purchases saw stockboys and assistant managers accumulate Wal-Mart stock throughout the 1970s – a stock that apparently Wall Street disregarded.

A rapid rise of the price of Wal-Mart stock occurred after the celebration of Wal-Mart’s first “Billion Dollar Year” ending January 1980 (see Table 3-1). During 1983 alone, the value of publically traded shares of Wal-Mart stock rose nearly 70%. The story of the unsophisticated Arkansas store taking over the discount world was newsworthy: the story of a millionaire (soon to be billionaire) that drove to and from work in a pickup truck created a media sensation in the financial sector. Walton himself fueled this mythmaking of a simple, small-town billionaire in 1985, when, after Wal-Mart exceeded a yearly sales goal, he donned a hula skirt and danced in front of the New York Stock Exchange. Suddenly, Wal-Mart was well known in financial media.

As a result of Wal-Mart’s new notoriety coupled with its continued expansion throughout the United States, the price per share of Wal-Mart stock surged in the 1980s, and again in the 1990s. The same stockboys, cashiers, and assistant managers that in the 1970s had acquired the previously devalued common stock became millionaires with the enormous valuation increases of Wal-Mart common stock. An influx of capital from the sales of Wal-Mart stock alone made fortunes throughout the region. Wal-Mart stock reached an all-time adjusted closing high (as of March 2009) on December 27, 1999, with

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24 The process of turning Wal-Mart employees into millionaires by stock accumulation was not an overnight sensation, but the holders of Wal-Mart stock typically had no reason to sell their shares after a short period of time: in the ultra-conservative Ozarks region, with its frugal lifestyle, a typical holder of Wal-Mart stock in the 1970s would see no reason to sell that stock; the process of buying and holding shares became a hallmark of the firm’s employees.
its price per share reaching $69.44 ($62.79 adjusted price per share, due to splits and dividends). The growth in Wal-Mart’s share valuation over time can be expressed in terms of the periodic worth of investing $1,000 in Wal-Mart stock during the low point in value from November 1974 to January 1975. A $1,000 purchase would have been worth an all-time high of $6,278,000 on December 27, 1999 – a more than 6,000 percent increase in value in a quarter century.

Table 3-1: Historical value of $1,000 of Wal-Mart stock purchased in December 1974

| Date     | Value  
|----------|--------
| Aug 1979 | $10,000
| Jan 1981 | $20,000
| Apr 1982 | $30,000
| Aug 1982 | $40,000
| Oct 1982 | $50,000
| Nov 1982 | $60,000
| Mar 1983 | $70,000
| Apr 1983 | $80,000
| May 1983 | $90,000
| Jun 1983 | $100,000
| Mar 1986 | $200,000
| Mar 1987 | $300,000
| Aug 1987 | $400,000
| Jan 1990 | $500,000
| May 1990 | $600,000
| Jul 1990 | $700,000
| Feb 1991 | $800,000
| Apr 1991 | $900,000
| Jul 1991 | $1,000,000
| Feb 1998 | $2,000,000
| Jul 1998 | $3,000,000
| Mar 1999 | $4,000,000
| Oct 1999 | $5,000,000
| Dec 1999 | $6,000,000

From this base of the northwest Arkansas nouveau riche, financial risks such as real estate purchases, residential developments, or commercial construction all ensued. These new millionaires were subject to strong social pressures from the penny-pinching Wal-Mart managerial class (including Sam Walton), who led relatively frugal lifestyles
and financially reinvested in their respective local northwest Arkansas communities. The result of this process saw major philanthropic efforts, and infrastructure improvements for local schools, hospitals, or civic institutions, that could never have occurred if left to public funding. For example, Willard Walker – the manager of Walton’s first Five and Ten store in Fayetteville – believed in buying as much stock as possible from the time Wal-Mart went public in 1970. He and his wife Pat have partially or completely funded many projects, including the university-specific construction of the “Willard J. Walker Hall”, a multimillion dollar high-tech building for graduate students on the campus of the business college at the University in Fayetteville; the “Willard and Pat Walker Pavilion”, an indoor practice facility for the Arkansas Razorbacks football team; and $3 million dollars to aid construction of the Pat Walker Health Center, replacing the on-campus student infirmary.

Many other examples of such philanthropy exist in northwest Arkansas, including the funding of the “Jones Center for Families”, built in 1995 with funds from the wealth of Jones Truck Lines (see chapter 5 for a discussion of the northwest Arkansas trucking industry). Philanthropy from this set of Wal-Mart millionaires continues to this day unabated, with many academic, athletic, or social buildings throughout the two-county area – with each building typically named after someone related to the accumulation of Wal-Mart wealth during an earlier era of plentiful stock certificate payments. While estimates of total philanthropy are difficult to make due to some secrecy, or even a lack of disclosure of the amount invested to receive a naming right, a good metric would be the experience of the University of Arkansas’ recent fundraising “Campaign for the 21st Century”. Begun in July 1998, by June 2005 the campaign had raised over $1 billion
dollars for the university, showing the philanthropic breadth of northwest Arkansas donors.

This spirit of benevolent localism of Wal-Mart, a desire to reinvest capital and keep success in northwest Arkansas, was seen in other ways. During the first few decades of Wal-Mart, the company preferred to promote from within (in direct contrast to later shifts that brought in an urban managerial class; see chapter 6).\textsuperscript{25} Wal-Mart began its corporate life with the idea that all employees (called “associates”) were “one big family.”\textsuperscript{26} The particular personal conservatism and persona of Sam Walton rippled down to the corporate culture of Wal-Mart. As Vance (1992) notes, “[Walton] preferred to hire men with families, believing them to be more stable and motivated, and those with a strong church affiliation, since such affiliation showed that they could ‘identify with something outside of themselves’ and ‘work for a common good’.”\textsuperscript{27}

Geographic decisions of Wal-Mart

A primary geographical strength of Wal-Mart was their repeated corporate strategy of seeking small towns, and avoiding expansion to urban places. Sam’s business acumen led him to believe that the small towns were underserved – rural America would willingly drive a few hours to shop at a larger store, so if Wal-Mart could enter into small

\textsuperscript{25} Vance (1992), p 242
\textsuperscript{26} Vance (1992), p. 243
\textsuperscript{27} Vance (1992), p. 244
towns, it would fill a market niche while avoiding much of the bigger-city competition.\textsuperscript{28}

The 1977 Wal-Mart \textit{Annual Report} summarized this strategy: “Wal-Mart has found notable success in communities much smaller (5,000 to 25,000 people) than those in which comparable size stores are usually found. Wal-Mart stores cover a region of small towns and medium-sized cities…”\textsuperscript{29} Walton’s personal belief was to seek out small town customers that other large department stores had ignored. Walton summarized this plan in 1982, “There’s a lot more business in those communities than people thought.”

Eventually, when Wal-Mart decided to begin targeting metropolitan areas in the late 1980s and early 1990s, urban market entrance occurred through the suburbs: as Vance (1992) notes, “in order to achieve market saturation, Wal-Mart tackled larger cities by surrounding them with several suburban stores.”\textsuperscript{30}

This small town focus was centered on a particular geographic region. Sam Walton identified what he termed the “Magic Circle” as an area near the confluence of northwest Arkansas, southwest Missouri, southeast Kansas, and northeast Oklahoma (see Figure 3-3). He coined the phrase after seeing the roughly circular region as a new market. The Magic Circle had positive population growth, rising per capita incomes, and rising employment as new light industries moved into the area, replacing the earlier regional industries of fruit farms and canneries. Walton believed the Circle would make for a good, middle-class customer base. Walton argued for the eventual expansion of his

\textsuperscript{28} In hindsight, another benefit of Wal-Mart’s small town focus was the bypassing of dealing with issues that would arise in urban areas, particularly issues with labor and unionization.

\textsuperscript{29} 1977 \textit{Annual Report} <http://walmartstores.com/Media/Investors/1977AR.pdf>

stores in the 1970s to small towns, as Vance notes, outside the Magic Circle to an area “within a radius of three hundred miles of the headquarters in Bentonville.”

Figure 3-3: Sam Walton’s “Magic Circle” superimposed on a regional map. Each dot represents one Wal-Mart location as of October 1971, at the opening of the 30th Wal-Mart discount stores

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31 Vance (1992), p. 239
Table 3-2: List of all Wal-Mart locations and opening dates as of October 1971, matching the store range shown in Figure 3-3 on the previous page. Note the lack of urban centers, and the focus on the states within the “Magic Circle” area. Table compiled from data provided by Holmes (working paper, 2008)

<table>
<thead>
<tr>
<th>Year</th>
<th>Location</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>Rogers</td>
<td>Arkansas</td>
</tr>
<tr>
<td>1964</td>
<td>Harrison</td>
<td>Arkansas</td>
</tr>
<tr>
<td>1965</td>
<td>Siloam Springs</td>
<td>Arkansas</td>
</tr>
<tr>
<td>1967</td>
<td>North Little Rock</td>
<td>Arkansas</td>
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<tr>
<td>1967</td>
<td>Morrilton</td>
<td>Arkansas</td>
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<tr>
<td>1968</td>
<td>Sikeston</td>
<td>Missouri</td>
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<tr>
<td>1968</td>
<td>Mountain Home</td>
<td>Arkansas</td>
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<tr>
<td>1968</td>
<td>Tahlequah</td>
<td>Oklahoma</td>
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<tr>
<td>1968</td>
<td>Claremore</td>
<td>Oklahoma</td>
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<tr>
<td>1968</td>
<td>Carthage</td>
<td>Missouri</td>
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<tr>
<td>1969</td>
<td>Lebanon</td>
<td>Missouri</td>
</tr>
<tr>
<td>1969</td>
<td>Van Buren</td>
<td>Arkansas</td>
</tr>
<tr>
<td>1969</td>
<td>West Plains</td>
<td>Missouri</td>
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<tr>
<td>1969</td>
<td>Neosho</td>
<td>Missouri</td>
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<tr>
<td>1969</td>
<td>Newport</td>
<td>Arkansas</td>
</tr>
<tr>
<td>1970</td>
<td>St. Robert</td>
<td>Missouri</td>
</tr>
<tr>
<td>1970</td>
<td>Clinton</td>
<td>Missouri</td>
</tr>
<tr>
<td>1970</td>
<td>Pryor</td>
<td>Oklahoma</td>
</tr>
<tr>
<td>1970</td>
<td>Ruston</td>
<td>Louisiana</td>
</tr>
<tr>
<td>1970</td>
<td>Leavenworth</td>
<td>Kansas</td>
</tr>
<tr>
<td>1971</td>
<td>Mexico</td>
<td>Missouri</td>
</tr>
<tr>
<td>1971</td>
<td>Salem</td>
<td>Missouri</td>
</tr>
<tr>
<td>1971</td>
<td>Jacksonville</td>
<td>Arkansas</td>
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<tr>
<td>1971</td>
<td>Miami</td>
<td>Oklahoma</td>
</tr>
<tr>
<td>1971</td>
<td>Poteau</td>
<td>Oklahoma</td>
</tr>
<tr>
<td>1971</td>
<td>Branson</td>
<td>Missouri</td>
</tr>
<tr>
<td>1971</td>
<td>Nashville</td>
<td>Arkansas</td>
</tr>
<tr>
<td>1971</td>
<td>Jefferson City</td>
<td>Missouri</td>
</tr>
<tr>
<td>1971</td>
<td>Farmington</td>
<td>Missouri</td>
</tr>
<tr>
<td>1971</td>
<td>Manhattan</td>
<td>Kansas</td>
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</tbody>
</table>
Beyond the targeted expansion of the Magic Circle, one of the most important geographic factors in Wal-Mart’s (and northwest Arkansas’) success was the fact that the corporation did not relocate its headquarters to New York, Dallas, or Kansas City. Wal-Mart’s status as a major retailer status required ancillary industries (such as accountants, lawyers, underwriters) as well as vendors to supply products for Wal-Mart to sell (as well as those same ancillary industries for each specific vendor).

The decision to keep the headquarters of Wal-Mart in Arkansas was apparently due to Sam Walton’s family having a desire to remain in the Bentonville area once the company had established success. Walton described his initial entry into Bentonville in other terms: “[My father-in-law] and I drove into Bentonville to look at the square. It was one of the smallest towns we had considered.” Remaining in such an isolated commercial environment, however, posed enormous risk to the company, as the important financial industries of business were located in more urban centers.

In terms of geography, however, it appeared that in the world of big business, territoriality mattered. One of the potential barriers to initial Wal-Mart expansion was the accepted state boundary limit for existing retailers in the mid-1940s. As Sam Walton’s younger brother Bud explained:

Oklahoma was TG&Y, Kansas was Alco, Texas was Motts, Missouri was Mattingly. Nebraska was Hested’s. Indiana was Danners. They were

32 Hahn. Lichtenstein caustically described the small size of the town headquartering the world’s biggest corporation, “If it were the Independent Republic of Wal-Mart, it would be China’s sixth largest export market, and its economy would rank thirtieth in the world, right behind Saudi Arabia’s. And then the punch line: it’s from a little bitty town in Arkansas where you can’t even buy a beer!” p. 59
33 Graves, p. 53-54. Eventually, Wal-Mart was in fact able to bring such ancillary industries to northwest Arkansas in the 1990s and 2000s due to the company’s sheer size and its speed of expansion – Wal-Mart was simply too big to be ignored.
locally based and developed and they’d say, “Well you don’t cross my border and I won’t cross your border.’… Borders didn’t mean much to my brother.”

This sort of corporate gentlemen’s agreement allowed Wal-Mart to initially grow and expand not only within the underserved small towns of northwest Arkansas, but by later entering other coveted markets across state lines that lay in the rest of Sam Walton’s idea of a Magic Circle. See Graff (1994, p. 23, 25, 27) for maps of new store openings for every five-year-period of Wal-Mart expansion. Even during the initial store expansion from 1962 to 1969, Wal-Mart immediately disobeyed such unspoken rules of territory, expanding to Oklahoma (Tahlequah and Claremore) and Missouri (Sikeston, Carthage, Lebanon, West Plains, and Neosho) by the end of the decade.

Wal-Mart also employed a successful distribution center system that developed over time. First for general merchandise, and later specific systems for food storage, the network of distribution established by Wal-Mart led to a competitive advantage over similar retail giants. As Graff (1998) notes, Wal-Mart “plans to supply about 100 Supercenters within a radius of 300 miles from each of its grocery distribution centers.”

The geographical spread of distribution centers, whether supplying Supercenters or regular Wal-Mart stores, extended from a base in the Mid-South, to the general Southeastern United States, slowly entering the upper Midwest and Northeast, finally extending out to the Pacific and Mountain West.

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34 Walton, p. 38
The focus on expansion to small towns had other effects on the business practices of the company. Sam Walton himself believed that much of the success of his firm was a direct outgrowth of the struggles a company faced expanding, serving, and marketing to a scattered small-town base of customers. Walton noted:

Many of our best opportunities were created out of necessity. The things that we were forced to learn to do, because we started out underfinanced and undercapitalized in these remote, small communities, contributed mightily to the way we’ve grown as a company.\(^37\)

With this small-town focused view, Wal-Mart also began to develop microgeographies of location, much to the detriment of future main streets: Wal-Mart would simply locate on the edge of existing small towns.

The expansion to a town’s edge and not to a location in the historical commercial center of a town had the effect of pulling away the downtown business out to the Wal-Mart edge of town (see Figure 3-6). As the historical main street would slowly move piecemeal to the Wal-Mart blip on a town’s edge, a newer commercial center would be located away from the traditional mid-South town centers. A counterintuitive process occurred, as towns with rising populations and increasing jobs would lose their downtown commercial apparatus at a rate and in a morphological process that rivaled a dying Delta town. This pattern of waning downtowns in otherwise economically prosperous communities transpired because local merchants followed new customer

\(^{37}\) Hahn, “With move to Bentonville…”
traffic from the historic commercial center to the new Wal-Mart, geographically positioned at the edge of a city.

Figure 3-4: Paragould, Arkansas: commercial and industrial areas are shaded in blue; the Wal-Mart is highlighted in red on the west edge of downtown. Map dimensions: 3.75 x 2.0 miles

The location of Wal-Mart’s discount stores on the edge of town (for small towns such as Paragould, Arkansas – see Figure 3-4 – this distance to the edge of town might be less than 2 miles from the city center) had other consequences. Often a new Wal-Mart store would be established in a community, but after a time, it would be replaced. The newer Wal-Mart (whether a Supercenter or merely a renovated store) would rarely stay in the same location; often, Wal-Mart would purchase land somewhere else in town and
build a different store entirely. This process often occurred on nearby, or even adjacent plots of land (see Figure 3-5, Figure 3-6, Figure 3-7).

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Figure 3-5: Jacksonville, Arkansas: commercial and industrial areas are shaded blue, with the historic commercial district in the center, and industrial facilities to the west. Original and relocated Wal-Mart stores are highlighted in red on the extreme north edge of town.
Figure 3-6: Jacksonville, Arkansas: the original Wal-Mart on the right is abandoned, and replaced by a larger Wal-Mart Supercenter on the left. The original Wal-Mart shopping center becomes a strip mall without an anchor store.
Figure 3-7: Cabot, Arkansas: the original Wal-Mart to the north will soon be abandoned, and replaced by the larger Wal-Mart Supercenter under construction immediately to the south.
In this chapter, I focused on the growth of Wal-Mart as a short economic history, as well as the business and geographical decisions that have allowed its success over the past fifty years. From its humble beginnings in Rogers, Arkansas in 1962, to its present title as the largest employer in the world, the Wal-Mart rise has been a boon for northwest Arkansas jobs and growth.

I have specifically argued in this chapter that Wal-Mart’s success in business is dependent on expansion to underserved rural markets of small towns, and clear avoidance of urban centers for decades allowed the company to grow its revenues exponentially. Additionally, in terms of store location, Wal-Mart ignored tradition and expanded across state boundaries from the early 1960s, establishing a “Magic Circle” of base stores in a four-state area (Arkansas, Missouri, Oklahoma, and Kansas). The resulting effect on northwest Arkansas has been increased jobs in Benton County (whether with the firm or with associated vendors or financial industries), and increased philanthropic reinvestment in the northwest Arkansas community by the wealthy Wal-Mart elite.

A second important catalyst of the “New Northwest” was the other Fortune 500 company in northwest Arkansas, Tyson Foods. Headquartered in Springdale, Tyson was a poultry producer (which expanded to beef and pork) which became one of the leading players in the American meat industry. This thesis now turns to Tyson’s role in the rise of the northwest Arkansas.
Chapter 4

TYSON: THE POULTRY GIANT

“Poultry will never be of economic importance in Arkansas except of scavengers of waste grain and table scraps…”

In the last chapter, the effects of Wal-Mart on the economic landscape of northwest Arkansas were extensively documented: direct job creation, the establishment of local vendor offices, and the refusal to relocate the firm elsewhere allowed a true economic expansion for the region. Capital influxes, whether from the widespread ownership of a profitable Wal-Mart common stock, or reinvested as philanthropy from the top Wal-Mart executives, inundated the region as a whole. Another Fortune 500 company, Tyson Foods, Inc., headquartered in the Washington County town of Springdale, had similar positive effects on the local economy of northwest Arkansas. A brief summary of the corporate history of Tyson Foods, followed by an examination of the business plan of the firm, leads to a discussion of some particular geographically-dependent characteristics and decisions of Tyson that allowed for such robust commercial growth.

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1 Brotherton, p. 104. Statement by an administrator of the Arkansas Experimental Station in the early 1930s.
History of Tyson Foods

The history of Tyson Foods (as one of the world’s largest producers of chicken) is intertwined with the survival and success of individual northwest Arkansas chicken farmers. The historical boom in chicken farming in the region was first made possible by the local terrain. With poor quality soil that was either hilly or rocky, the marginal lands of the Ozark foothills in northwest Arkansas were unsuitable for large-scale farming of cotton, rice, or soybean – the staple cash crops of the flatter regions of eastern Arkansas. Beginning in the 1920s, commercial raising of chickens began in northwest Arkansas, whose aforementioned poor soils were worsened by relentless clear-cutting.²

The key term describing the Arkansas (or American) poultry industry at the time of Tyson’s birth in the 1930s could be “localized”. With poor roads or little refrigerated transport, few chickens could be shipped to larger faraway markets, so the local chicken farmer was producer for his local area only.³ The shipping process itself was risky, as entrusting the care of live chickens to a trucker could be financially hazardous; for northwest Arkansas, the only real metropolitan markets that could be reached by shipping chickens were Kansas City or St. Louis.⁴

John Tyson, the company’s patriarch from its origins in the 1930s to his death in 1967, began hauling chickens in the back of his truck as a side job. Within a few years, Tyson was driving loads of live chickens to the Missouri markets, making a profit by

² Schwartz, p. 2. In the first few decades of the twentieth century, several small timber companies harvested various parcels of northwest Arkansas, damaging the quality of the already average soils even further.
³ Schwartz, p. 1
⁴ Schwartz, p. 2-3
building a feed and water system within the back of his truck (thus keeping more chickens alive for the entire trip).\(^5\)

In 1935, after reading a newspaper article declaring a higher price for chickens in Chicago than the Missouri markets, John Tyson financed a shipment of chickens to Chicago (with himself as the driver), earning $235 profit from his single truckload. Tyson, building on his Chicago success, and his in-truck chicken protections, was now able to profitably reach faraway markets (including Cincinnati, Detroit, Cleveland, Memphis, and Houston by 1936).\(^6\)

In relation to this thesis’ view of continuous northwest Arkansas development since 1960, the corporate history of Tyson Foods during the 1930s may seem irrelevant. However, the bracketed beginning of the 1960s as a turning point in the region’s history works just as well for Tyson as it did for Wal-Mart, due to some dramatic changes in the company at that time. In 1957, Tyson Foods built their first chicken processing facility on twenty acres in the north end of Springdale, completing the last link of vertical integration.\(^7\) In 1963, the company became a corporation with its initial public offering of common stock. In the early 1960s, Springdale was the poultry exporting capital of the world. These crucial years cemented Tyson as a corporate fixture that not only continued to be headquartered in northwest Arkansas, but would also employ multitudes in the Ozark foothills area. (This time period also saw the beginnings of a six-fold increase in

\(^5\) Schwartz, p. 3  
\(^6\) Schwartz, p. 4  
\(^7\) Schwartz, p. 11. With this move, as Schwartz writes, “Tyson became the first fully integrated broiler firm in northwest Arkansas.”
Tyson’s revenue each decade, from 1960 to 1990.)

In addition to poultry, the cattle industry in the Springdale area was born. As Tyson-contracted farmers raised chickens, they realized the chicken waste was an ideal fertilizer, and soon top-quality cattle began to “graze contentedly alongside gleaming metal poultry houses.”

During the 1980s, as Tyson expanded its poultry revenue, the corporate apparatus tried to keep pace. Tyson, through various acquisitions, entered into the beef and pork markets, and attempted to carve out a market dominance as it had with chicken. In the 1980s, Tyson attempted to lure local college graduates to work in its hog farms by offering a three-bedroom house and financial bonuses as part of a recruiting package.

By the 1990s, Tyson had extended some production facilities to Mexico, in order to have a production center nearest to local Mexican consumer markets.

By the 1990s, Tyson Foods became America’s biggest broiler chicken processor, easily besting rivals such as the Delaware-based Perdue Farms. Tyson maintained a strong corporate presence in northwest Arkansas: over 85,000 Arkansans (1 in 12 of the state’s workforce) were employed in the poultry industry. By the early 2000s, the company became the processor for more than one-quarter of any kind of meat sold in America. As of 2008, Tyson directly employed 107,000 individuals in addition to

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8 Schwartz, p. 146-147
9 Brotherton, p. 111
10 Though Tyson’s share of national beef and pork was relatively unimpressive until the acquisition of Holly Farms in 1989.
11 Schwartz, p. 91
12 Schwartz, p. 119. This Mexican expansion included control of a “Mequilla D’Ora” [sic] operation, employing 600 workers for primarily Japanese markets of demanded dark meat.
13 Williams, p. 278, Schwartz, p. 125
14 Barboza
contracts with over 6,000 independent farmers and growers.\textsuperscript{15} Tyson is without question the dominant player in the American poultry industry today.\textsuperscript{16} And the American poultry industry is one of the “fastest growing segments of the meat industry”, with value doubling to $12 billion by the year 2000.\textsuperscript{17} But how did the company arrive at such an important role for the region? The geographic decisions of Tyson that drove the economic development for the company are worth nothing, as factors contributing to the development of the northwest Arkansas urban growth corridor.

Tyson’s successful business plan

In terms of early profitable business decisions, Tyson benefited from the corporate strategies of instituting vertical integration and exploiting economies of scale.\textsuperscript{18} Vertical integration in the poultry industry is a complex process associated with uniting several processes – “letting all the players work together”.\textsuperscript{19} A variety of agribusiness functions are involved from the egg to the retail-ready chicken dinner. These complex processes, as Schwartz notes, include “the breeders, the egg hatchers, the broiler growers, the feed mills and processing plants, and a host of marketing professionals.”\textsuperscript{20} From its corporate beginnings as a transporter of chickens, Tyson expanded to serving many chicken farmers. Tyson later began its own chicken processing and raised some of its

\begin{itemize}
\item \textsuperscript{15}“Fiscal 2008 Fact Book.”
\item \textsuperscript{16}Mokhiber, p. 16-17
\item \textsuperscript{17}Mokhiber, p. 16-17
\item \textsuperscript{18}Schwartz, xi
\item \textsuperscript{19}Ibid.
\item \textsuperscript{20}Ibid.
\end{itemize}
own chickens. Soon after beginning to ship chicks in the 1930s, John Tyson bought a chick hatchery and incubator. Later, he conquered another market segment by becoming a commercial feed dealer, and, after a falling out with an unreliable feed producer, Tyson increased his holdings by building his own commercial mill. \(^{21}\) By leveraging some form of control over each stage, Tyson was able to produce heavy profits through successful vertical integration.

Since many of these intermediate functions were performed by individuals who were not owned outright by the poultry giant (even though a farmer and Tyson might have had decades-long relationships), corporate Tyson needed to ensure minimal risk in the event of failure of individual chicken farmers. \(^{22}\) Tyson was able to set up joint ventures to provide feed and supplies to the growers, keeping sources of future chickens financially viable. \(^{23}\) On a corporate level, Tyson Foods’ fear of an individual chicken grower failing (and thus sending an economic shock wave up the supply chain) was mitigated by Tyson’s success in managing economies of scale.

One of the greatest influences in creating an economically viable northwest Arkansas was the decision of Tyson and Wal-Mart to stay headquartered (and therefore employing) in the region. An important side effect of a local corporate headquarters is the influx of capital to the region. These capital influxes can come in the form of philanthropy or increased land development projects. While typically such monetary reinvestment is assumed to come either from the owner and management class, northwest

\(^{21}\) Schwartz, p. 4-5  
\(^{22}\) Schwartz, xii  
\(^{23}\) Schwartz, p. 10-11
Arkansas is unusual in that much of the reinvested capital has come from the worker class (such as the Wal-Mart wage employee millionaires – see chapter 3). While the magnitude of the rags-to-riches tales of Wal-Mart assistant managers and stockboys (who eventually earned millions simply by holding undervalued stock payments of the 1970s throughout the 1980s and 1990s) does not perfectly apply to the growth of Tyson’s common stock, a similar concept evolved to help shape Tyson’s role in fostering northwest Arkansas’ economic growth. Tyson’s personal concept of employee ownership was seen in his employee stock ownership plan. Tyson Foods corporation would match 50 percent of every dollar invested by any regular employee. Between 20 and 30 percent of the total number of Tyson employees owns some variant of Tyson stock, an extremely high percentage of internal stock ownership for a Fortune 500 company. Incentive plans for Tyson employees are another financial benefit, including employee profit-sharing and year-end stock bonuses. These bonuses have totaled tens of millions of dollars, spread among all Tyson employees and chicken producers. Because of widespread employee stock ownership, many northwest Arkansas residents made small fortunes working for or working with Tyson. During the company’s rising valuations of the 1970s, Tyson stock experienced a four-for-one split in 1978. The value of Tyson stock increased from around $4 a share in 1987 to about $24 a share in 1997. The Tyson family today owns far less than 50 percent of the publicly traded shares of

24 Schwartz, p. 125-126
25 Ibid.
Tyson Foods, Inc., but has some form of indirect control of over 90 percent of all shares.\textsuperscript{26}

An additional business imperative for growth was Tyson Foods’ corporate strategy of acquisition. Particularly when dealing with large competitors, Tyson’s strategy has often been to buy out the competition. The acquisition of Memphis-based Holly Foods in 1989 led to a reinvigorated Tyson market share, rivaling all food producer companies in the country, including giants such as ConAgra.\textsuperscript{27} In 2001, Tyson acquired IBP, “the world’s largest beef processor”, for over $3 billion dollars. That merger made Tyson the largest producer of chicken and beef in America (as well as the second largest producer of pork).\textsuperscript{28} Tyson executives speculated that to create the extra production and revenue instantly available from an acquisition such as Holly Farms, Tyson would have had to have more than three successive profitable years of expansion. While the IBP merger took months of lawsuits to complete, and the Holly Farms merger took years of legal wrangling, the lesson for Tyson was clear: if your competition cannot be out produced, they can be bought – at a boon for individual stockholders of Tyson.\textsuperscript{29} This period of expansion and acquisition by Tyson led to job creation at the Springdale corporate headquarters. Each acquisition indirectly fueled a demand for more employees in northwest Arkansas.

\textsuperscript{26} Barboza
\textsuperscript{27} Schwartz, p. 38-39, 41
\textsuperscript{28} Barboza
\textsuperscript{29} Grunewald, p. 1, 5-7
Tyson has faced criticism over the possible hiring of illegal aliens ever since initially attempting to fill blue-collar poultry jobs with new immigrants from Mexico.\textsuperscript{30} At times, these rumors have been substantiated by legal involvement. In 2001, various Tyson employees were charged with 36 counts of “arranging to transport illegal immigrants across the border and of helping them to get counterfeit work papers for jobs

\textsuperscript{30} This also included a large group of Mexican nationals that lived and worked on California fruit farms immediately before coming to Arkansas. As fruit production was only seasonal work, many Hispanics left California for the year-round job security of a position in a Tyson Foods factory.
at more than a dozen Tyson poultry plants.” The allegations covered a wide range of smuggling operations, with payments to third party smugglers to traffic humans into the United States from Mexico. In the indictment, Tyson officials allegedly ordered human resources executives to “Never, ever admit hiring illegals.” In 2003, a federal grand jury acquitted the corporation of Tyson of knowingly requesting and soliciting the smuggling and hiring of illegal aliens.

Tyson also instituted a fortuitous business practice in the 1930s that turned out to be exceptionally prescient. In terms of pricing with farmers, Tyson took an approach that focused on forward pricing. By agreeing on a specific price of an individual chicken to be used in future transactions, Tyson would seemingly be limiting their potential profits; a particular price agreed upon two years past might be extremely high for the current market. However, the genius of Tyson in using forward pricing in the poultry market meant that the company would be protected against rapid fluctuations in prices as growers and other companies both stretched and compacted the poultry market year to year (also protecting the individual chicken producers). The poultry market is also volatile as an individual chicken grower might face the consequences of rapidly spreading disease infecting his fowl.

31 Barboza, “Tyson Foods Indicted”
32 Cosgrove-Mather. It should be noted that Tyson’s corporate website stresses a “zero tolerance” policy for hiring any unauthorized workers and a strict employment verification process.
Tyson’s beneficial location

Geographically speaking, northwest Arkansas was prime location for the raising of chickens – and large meat packing companies began to notice. By 1950, Armour, Swanson, and Swift all had killing plants in the region.33 A total of twenty companies in the Springdale area operated in some part of the poultry production industry.34

The most important geographic quality of Tyson’s emergence was the land ownership system among northwest Arkansas farmers. Because the large, east Arkansas plantation-style farms of cotton, rice, or soybean never developed in the brittle sloped-filled hills of the Ozarks, individual farmers typically owned their own plots of land. While these acreages might be very small, overall, poultry farming did not require a large geographical footprint. Brotherton notes, “local farmers with limited acreage did very well converting to raising poultry.”35 The individual farmer, not some agricultural magnate with a ten thousand-acre holding, owned individual chicken hatcheries. Because of this localism in ownership, poultry industry successes were felt throughout “the entire town and community.” Brotherton again succinctly summarizes the geographical advantage: “Poultry was an industry peculiarly suited to the climate and topography of the region.”36 The relatively temperate climate protects against devastating heat or humidity. And the patches of land used for chicken growing were often located on the tops of Ozark mountain ridges, and were spread apart from another.

33 Schwartz, p.6
34 Schwartz, p. 9
35 Brotherton, p. 105
36 Ibid.
ensured that any sort of debilitating poultry disease would remain localized, and would be prevented from infecting large swaths of poultry farms due to the ridges and valleys of the Ozarks). In fact, the prime region for the poultry industry has created what Schwartz termed a “broiler belt” from Arkansas into northern Mississippi, Alabama, and Georgia, and into western North Carolina.\(^{37}\) Tyson has a further advantageous location as a chicken producer, as the company is situated closer to the vast grain and feed sources of the lower Midwest than any other part of the broiler belt region.

One positive geographical factor for Tyson’s success was the location of its corporate headquarters in the city of Springdale. Turn-of-the-century Springdale was a significant railroad stop: nearby industries such as the nascent grape production of Tontitown fed into the larger export economy by way of Springdale’s rail cars.\(^{38}\) So, the foundations for the town as an existing transportation crossroads had already been laid by the time of Tyson, enabling the shipping of processed poultry to extend to faraway markets.

Other geographical factors included the relatively straight, high quality roads headed north and west that connected the Ozark foothills region to Missouri and Oklahoma. While individual chicken farmers might live in hilly locations, the Tyson headquarters was in the generally flatter land of the city of Springdale, near U.S. Highway 71, a major north-south corridor. Compared to the poor quality roads that existed through the Ozark Mountains connecting the region to central Arkansas, and compared to the southbound path of U.S. Highway 71, which snaked through the difficult

\(^{37}\) Schwartz, p. 123-124

\(^{38}\) Williams, p. 115
Washington-Crawford County borderlands to the south of Fayetteville, the roads heading north and west out of Springdale were of high quality. This connectivity extended the potential market reach of Tyson to Kansas City or Tulsa. While no interstate-quality highways extended into the northwest Arkansas region connecting Springdale with the rest of Arkansas until 1999, non-interstate federal roads such as the north-south U.S. Highway 71 and the east-west U.S. Highway 68 linked the region with the urban markets in border states. In terms of highway shipping access, it could be said that while the northwest region was isolated from the rest of Arkansas, the same region was well connected to Oklahoma and Missouri—the formal state borders were less important than the functional borders of the regional commercial markets. In fact, typical markets for the 1960s era of Tyson chicken shipping included not just Tulsa and Kansas City, but also Neosho, St. Louis, Springfield (Missouri), and Chicago. The shipping focus was on external markets outside of the state of Arkansas, as the lack of efficient highway connectivity through the Ozark mountains barrier made regular connections with the rest of Arkansas difficult.

An additional component in the geographical success of Tyson lay in the individual poultry farms themselves. Economically ruined during the early twentieth century as fruit and vegetable producers sprouted along the West Coast, hundreds of

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39 U.S. Highway 71 from Alma (Crawford County, to the south of the study area) to Fayetteville (in Washington County) was one of the few highways in Arkansas with a government-funded warning sign declaring the road’s death toll. The north-south Ozark traverse was difficult until the opening of Interstate 540 in 1999 (see chapter 5).
40 With the completion of the north-south Interstate 540
41 The segment from Springdale, heading west towards the Oklahoma border is now known as U.S. Highway 412
42 Brotherton, p. 107
small, isolated former fruit farms in northwest Arkansas farms lay in need of some product to farm.\textsuperscript{43} The raising of chickens on these newly vacant hill slopes greatly aided Tyson’s early poultry business from the 1930s onward.

From the broiler houses to the feed mills to the processing plants, nearly all parts of poultry production could be performed in northwest Arkansas. To cut down on transportation costs, Tyson’s general rule was to limit the hauling of chicken and feed to a 40 to 60 mile radius from the final processing destination. To make this corporate guideline work, Tyson could do business with the vast supply of chicken farmers within close distance of the northwest Arkansas processing plants. (see Figure 4-2 and 4-3; 2006 geographical patterns of chicken farming similar to 1960s patterns)

\footnotesize{\textsuperscript{43} Schwartz, p. 124}
Figure 4-2: Chicken houses in Arkansas, 2006. Point data from geostor.arkansas.gov
Figure 4-3: Chicken houses in northwest Arkansas, 2006. Solid gray polygons represent all incorporated city limits of Benton and Washington counties, 2006. (Note the number of chicken houses within incorporated towns near Tyson headquarters) Point data from geostor.arkansas.gov
The public-private partnership of Tyson and the University of Arkansas has led to sustained economic success for the corporation. Tyson Foods, Inc. has donated millions of dollars to the nearby University of Arkansas in Fayetteville; in addition to general gifts or fundraising fulfillments, Tyson has specifically bankrolled much of the research funds for the Poultry Science program within the university’s Bumpers Agricultural Sciences College. The good fortune of Tyson to be headquartered in the same county as the state’s largest land-grant institute (not just for research activity, but also for the hiring of future executives from the pool of poultry science graduates) was an important step in allowing the corporation’s rise to the top of the poultry industry.

Tyson Foods, much like the example of Wal-Mart in the previous chapter, has been a benefit for the economic health of northwest Arkansas not only for a variety of strategic business reasons, but also due to advantages provided by terrain, local farming patterns, and road connectivity to Missouri and Oklahoma. The ability of individual farmers to decide to grow chicken on their individual, non plantation-style plots of land, on the marginal land of Ozark ridges that buffered against fast-spread avian disease, greatly increased the chances of Tyson’s overall success. Schwartz captures the seemingly fortuitous coincidence of geographical location perfectly:

Don Tyson will joke that Tyson Foods is headquartered in Springdale because his father’s produce truck ran out of gas there one fateful day back in the 1930s. If

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44 The amount donated by Tyson the University of Arkansas as a whole, or to the Agricultural college, is in the tens of millions of dollars. The state-of-the-art John Tyson building, not only a center for poultry research but also a showcase of boardrooms, classroom technology, and auditoriums, has an additional only-in-Arkansas quirk: in the entryway to the new building stands a giant 8-foot-high bronze casting statue of a chicken.
the Tyson truck actually did come to a sputtering stop in Springdale years ago, it
could not have picked a more opportune location.\textsuperscript{45}

From this “opportune location”, Tyson was able to survive a volatile poultry market by
instituting forward pricing with its contracted chicken farmers. Additionally, Tyson since
1960 has been a model of vertical integration, either directly owning or contracting out
the raising of chickens, transport, and processing. This corporate success has led to a
headquarters in Springdale that demands more employees for the growing company.
Increased capital to the region from Tyson has occurred indirectly, as employee stock
ownership created potential gains of wealth during the 1970s and 1990s.

In the past two chapters I have argued that the massive corporate presence of
Fortune 500 companies Wal-Mart and Tyson enabled and encouraged northwest
Arkansas economic growth. The geography-influencing corporate decisions (such as the
decision to stay headquartered within northwest Arkansas), and the business models that
took advantage of pre-existing northwest Arkansas conditions (the ripe location for
chicken farmers, the “Magic Circle” of growing small towns underserved by larger
retailers) began in earnest around 1960 and have continued to the present day. The
creation of jobs, and the reinvestment of capital back into the local northwest Arkansas
region (capital typically acquired either from stock sales or from corporate salaries), have
allowed the sharp upward turn in economic growth for northwest Arkansas since 1960.
This thesis will now turn to the role of governmental influences and institutions on
transportation and higher education as a driver for further historical economic growth.

\textsuperscript{45} Schwartz, p. 124
Previous chapters examined the rapid economic rise of northwest Arkansas due to the success of corporate Wal-Mart and Tyson. However, in addition to private enterprise, government institutions had an important role in the modern shaping of northwest Arkansas. Federal and state governments contributed in the building of roads, increasing the connectivity of northwest Arkansas’ historically poor transportation systems. State support of the University of Arkansas in Fayetteville allowed Arkansas’ largest university to flourish along the path of these new transportation systems (and mere miles away from the corporate headquarters of Wal-Mart and Tyson). Private industry developed in response to these government actions, leading to the rise of the northwest Arkansas trucking industry, headed by J.B. Hunt. This chapter will outline the history of government-sponsored highways and transportation and the historical importance of a northwest Arkansas postsecondary education system. While private companies have changed the northwest Arkansas landscape, it is only with the infrastructure and improvements funded by government that the region as a whole was able to experience such post-1960 economic increases.
Northwest Arkansas railroads

One of the major challenges in the history of northwest Arkansas has been issues of transportation. Cut off from the rest of the state by the Ozarks, with few good highways connecting the northwest with Arkansas until the 1990s, the rugged terrain in and around the northwest has caused serious problems for general transport. This maxim makes the success of the just-discussed corporations’ distribution and sales networks all the more remarkable.

Railroads intermittently began reaching into the Arkansas Ozarks in the last two decades of the nineteenth century. The Frisco railroad, the first north-south line reached Springdale by 1881, and directly opened the region up to markets in Dallas, Memphis, St. Louis, and Kansas City. The railroads changed daily life in the region, and brought initial economic growth. Rogers was founded as a railhead along the Frisco (and named for the general manager of the Frisco railroad) in 1881.

However, financiers quickly realized that the land sales were not enough to sustain a profitable railroad. Rapid periods of railroad abandonment in the Ozarks occurred first during the Great Depression, and then in a period from the end of the 1950s until 1975.

Today the railroads of northwest Arkansas are used more or less for tourism purposes. The “Arkansas & Missouri Railroad” shuttles some 16,000 visitors on various

128 Brotherton, p. 91
129 Rafferty, p. 99. Why was an east-west railroad taking a longitudinal north-south route from Rogers to Springdale? The Frisco railroad temporarily changed direction in northwest Arkansas because of difficult terrain and land rights issues, connecting the towns of northwest Arkansas laid out in a north-south pattern. See Brotherton, p. 43-44
130 Rafferty, p. 101
Ozark stops from Springdale, to mountainous Winslow, to Van Buren, and now across the Arkansas River to Fort Smith (where travelers can even dismount and take a bus across the Oklahoma border for legalized gambling).\textsuperscript{131} The railway, the historical transportation lifeblood of the region, is now a footnote, ignored by the economy that prefers concrete to steel. However, the impact of the rail should not be overlooked as an ephemeral toy. Railroad construction in the northwest has come to be seen as “the most important single factor in bringing change in lifestyle to the nineteenth-century Ozarks. Until they [the railroads] were built, town life was not greatly different from living in the country.”\textsuperscript{132} It was the railroads that finally opened up northwest Arkansas to the rest of the world, and yet it was automobile-driven road networks that were the arteries of commerce during the regional boom.

\textbf{Northwest Arkansas highways}

Road systems in the Ozarks have historically been of poor quality. Early “roads” were just simple hunting trails used by nineteenth-century American Indians.\textsuperscript{133} In essence, movement throughout the early northwest was predicated on the historical movement patterns of game animals. Stagecoach roads were also typically low in quality, with one major exception: the Butterfield Stage Line. The Line was the first true east-west mail and passenger road in the country, connecting St. Louis with San Francisco, and opened in 1857. While the Butterfield Stage Line did not plow directly

\textsuperscript{131} Muck, p. 16.
\textsuperscript{132} Rafferty, p. 252
\textsuperscript{133} Rafferty, p. 105
through the heart of the town of Springdale (then called Shiloh), as Brotherton notes, the line “allowed settlers to communicate with the outside world in a way they never had before.”

The beginning of automobile road-building in early twentieth-century Arkansas was an inefficient and needlessly complex process. Throughout the 1910s, corruption was rife as literally “hundreds” of individual highway districts (with locally controlled boards) were able to develop finance schemes to pay for whatever particular local road that would offer the most generous kickback to the district. All of this occurred without the auspices of the state government, which lacked real regulatory authority in the matter. The federal government took notice of the haphazard funding schemes, especially since Washington’s favored U.S. Highways in Arkansas received little maintenance from the state. Faced with the fear of losing future federal funding for roads, an Arkansas governor attempted to reform the state’s road system in 1921, but was soundly defeated by the state legislature. In fact, it was not until the threat of the cessation of all federal highway funding that the Arkansas state government (still without a true highway commission) voted to restructure its highway funding system and to curtail the excesses of corrupt local highway districts in 1925. Clearly, Little Rock’s

134 Brotherton, p 17, 41-42. Ironically this early connection of northwest Arkansas to a major system of transportation was an anomaly when compared to modern Arkansas: the region had to wait for over 40 years of interstate highway building before a true interstate-quality highway connected northwest Arkansas with the rest of the state in 1999.
135 This could be a prime example of one of the disadvantages of northwest Arkansas’ political disassociation from the state capital and state legislature as discussed in Chapter 2.
136 Ledbetter, p. 16-17
137 Ledbetter, p. 19-20
involvement in transportation issues of the state was minimal at best – a quality that would serve as both impediment and aid for northwest Arkansas in future years.

Sid McMath was a World War II veteran who returned to post-war Arkansas hungry for reform. After a successful stint as Garland County Prosecuting Attorney (where he stood up to the gambling interests to “clean up Hot Springs”), McMath won the governorship of Arkansas in 1948, and began an ambitious plan to improve the state highway system.\footnote{Williams, p. 223. McMath was a true reform Governor, whose agenda included attempts to improve Arkansas’ educational system, industrial sector, and election procedures.} Realizing the poor quality of local roads (as well as recognizing the state government’s budgetary freeze on building any new roads in over a decade)\footnote{Williams (‘Sid McMath (1912-2003)’)}\footnote{Williams, p. 227}, the McMath administration persuaded the voters of Arkansas to approve a $28 million bond issue to allow for construction and improvements to the state’s highway network. In the four years of the McMath governorship, from 1949 to 1953, nearly 2,300 miles of new roads were built.\footnote{Ibid.} The growth in highways was not merely construction alone: as Williams notes, “new highway signs were put up; strips were painted to mark the highway lanes; and a number of roadside parks were developed.” By 1950, the National Highway Safety Council named Arkansas roads as the safest in the South.\footnote{Ibid.}

The Eisenhower administration’s Federal-Aid Highway Act of 1956 dramatically changed Arkansas. Most of the state’s I-40 east to west highway was built in the 1960s. However, northwest Arkansas, long the planned beneficiary of a “connector spur” with the rest of the state, did not have interstate connectivity with the rest of Arkansas. For over twenty years, plans were made to build this interstate spur, Interstate 540, linking...
northwest Arkansas with the east-west Interstate 40. While a divided-highway spur existed from south Fayetteville to north Fayetteville in the late 1970s (eventually reaching Springdale, Bentonville, and Rogers by 1987), the difficult “Ozarks” section of the highway, connecting Fayetteville with I-40, did not see its construction begin until 1987. The 42-mile connection of Interstate 540 between Fayetteville and Alma (at interstate 40) was opened in segments, and finally completed in 1999. These Missouri- and Kansas-oriented highway connections, then, (countering the lack of Arkansas connectivity) proved to be fertile ground for a growing northwest Arkansas trucking industry, led by giants such as J.B. Hunt.

**J.B. Hunt and the rise of northwest Arkansas trucking**

J.B. Hunt was the son of an Arkansas sharecropper. After an initial “business” of hauling chicken feed and rice during the 1940s, his small-time hauling operation, restarted in 1969, slowly expanded into a regional, then national, trucking line. Hunt’s line eventually developed a company with rigs available to ship goods to any part of the country. By 2005, J.B. Hunt had over 46,000 tractor-trailers in their corporate possession. Many other successful trucking companies have located in or around

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142 Flowers, Lana. 1999. Additional highway construction of an I-540 bypass to the west of Bella Vista (north of Bentonville, bordering Missouri), is in the early construction phase as of 2009. When completed, the western bypass will link Interstate 40 and Kansas City by a continuous, divided, four-lane highway.

143 Hamilton, p. 50
northwest Arkansas, and by the year 2000, the Springdale was home to “no less than 26 truck lines”.  

Trucking had a Depression-era appeal to men in rural America, Hamilton notes, as trucking offered “a relatively easy way to leave farming, yet avoid the dependence of industrial wage-work.” (Hunt had no trouble finding truck drivers in the region.) Unlike other firms in the mid-twentieth century Mid-South region that failed, Hunt succeeded in creating a profitable trucking company. From a strategic perspective, J.B. Hunt’s business philosophy was revolutionary in that he developed intermodal shipping with trucking firms. As a partner with railroads and even maritime ventures, Hunt opened up “trucking” to greater diversity of markets. But from a geographic perspective, Hunt, like many corporations before him, owed much to the geographic characteristics of northwest Arkansas. Figure 5-1 shows a map of the top for-hire truckload-sized carriers in the Central United States by revenue (data as of 2005). The economic trucking base lay in the relatively flat portions of plains states along the Mississippi River and in the upper Midwest. This part of the country is geographically halfway between each of America’s major coasts, so for a national trucking line, for any major shipping task, the initial costs associated with reaching the first pick-up destination would be much less if the truck was coming from the Central United States instead of from an extreme geographical destination, such as Miami, Florida. Compounded to the simple “middle of the country” geographical attribute, these trucking firms are successful because nearly all of them are along or close to the major east-west interstate highways.

144 Brotherton, p. 50, Hamilton p. 50
145 Hamilton, p. 50
J.B. Hunt’s extremity of location aided its corporate success. Headquartered in Lowell, Arkansas (now meshed between the administrative boundaries of Rogers on the north and Springdale on the south), J.B. Hunt trucking lay very close to a general southern boundary of the geographical trucking hearth. For Hunt to have become a successful national trucking company during the early period of northwest Arkansas’ growth, it would have to navigate the difficult Ozark terrain – only in 1999 was an interstate highway (I-540) completed that traversed the Ozarks, connecting northwest Arkansas with the rest of the state. So had Hunt begun his company to the south of the Ozark mountains, somewhere in the Arkansas river valley, for example, he would be competing against firms that had easy access to the Midwest, while his company was impeded from that access by mountainous terrain. In an industry where highway accessibility corresponded with a company’s success, a theoretical Arkansas River Valley-headquartered J.B. Hunt’s trucks would have experienced difficulty navigating the Ozark Mountains to reach the markets or highways of the Midwest.

Particularly in the case of J.B. Hunt, corporate success was tied to a bit of geographic determinism. Had the boy who grew up in a foothills town on the eastern end of the Ozarks\textsuperscript{146} decided to keep trying to haul rice in the Arkansas south-of-the-Ozarks, the dual physical barriers of the Ozark mountains and the poor Ozark roads would have doomed Hunt to be an eternal sideline player in the American trucking industry. Locating in Lowell, Arkansas, at the north of the Ozarks and the southern end of the trucking heartland, was an important factor in the sustained success of J.B. Hunt.

\textsuperscript{146} The town of Heber Springs, in Cleburne County, in north central Arkansas
Figure 5-1: Top for-hire truckload-sized carriers in the Central United States by revenue, 2005. Map data supplied by American Trucking Associations.
Another northwest Arkansas-based trucking company was Jones Truck Lines (also known as JTL). Based in Springdale, JTL had its corporate start as a simple hauler working with mules in the late 1910s. By the era of the Depression, the company’s founder, Harvey Jones, switched to the trucking business, and became a regional leader with some 40 trucks. By the early 1960s, JTL’s fleet increased to over 440 truck trailers and 26 terminals, and the company was one of the first tenants in a new Springdale industrial park in 1964.\textsuperscript{147}

While the government infrastructure of road building engendered a successful northwest Arkansas trucking industry, public works or funding were not limited to transportation. I will now explain the role of government-supported higher education institutions, such as the University of Arkansas in Fayetteville, that had a strong influence on the region.

\textsuperscript{147} Brotherton, p. 48-49, p. 146-147
Higher education

The influence of the University of Arkansas if profound within the state of Arkansas. The 39 highest paid state employees in Arkansas work for the University of Arkansas system, and all but one (the system president in Little Rock) have their office at the main campus in Fayetteville. In fact, of the 92 state employees earning above $140,000 a year, 79 are professors, provosts, and coaches in Fayetteville, and another five are from either Bentonville’s Northwest Arkansas Community College or nearby Fort Smith’s University of Arkansas at Fort Smith.148

Founded in 1871, Fayetteville’s main campus of the University of Arkansas “remains far and away the largest institution of higher education in the state.”149 As the state’s flagship school, with an enrollment of more than 19,000 students, the University receives the greatest percentage of state post-secondary educational funding. Fayetteville has the largest number of alumni, media presence, and financial coffers of any Arkansas college or university. The University of Arkansas has also served an extremely important purpose in the growth and development of northwest Arkansas from the 1960s to the present, for three major reasons of geographical significance.

First, the University system has acted as a pipeline for a young class of future executives for the area Fortune 500 companies of Wal-Mart and Tyson. These companies, with a definitive “corporate culture”, constantly interview on campus to fill the ranks of their own companies’ future management positions. While the University of

148 Moritz and Ledford, “Highest paid”
149 Walden
Arkansas is extremely close to this corporate alley, there are also a number of nearby universities across state borders. These other institutions include Pittsburg State University in Kansas; Missouri Southern State University in Joplin, Missouri; Southwest Missouri State University in Springfield, Missouri (now Missouri State University); the University of Tulsa and the feeder schools for Oklahoma State University at Muskogee, Tulsa, and Okmulgee. The list of CEOs and top brass at Wal-Mart remained a group of business school graduates from public universities in the four-state area for decades, including Sam Walton, a graduate of the University of Missouri in Columbia, David Glass, a graduate of Missouri State University, and H. Lee Scott, a graduate of Pittsburg State University.

Second, the University of Arkansas at Fayetteville specifically has not only led to job placements within northwest Arkansas companies, but the university has long fulfilled a corporate desire for research and development within the scholarly setting of the University. Brotherton notes, “as early as 1911, the University of Arkansas in Fayetteville offered courses in the care and raising of poultry.” While the early days of the science focused mainly on inspections and various chicken diseases, the poultry research arm of the University has expanded over time. Today, the University’s “Center of Excellence for Poultry Science” is the leading poultry research program in the world, and the state-of-the-art campus structure for the program is named the John W. Tyson Building. The university also is home to a chicken “broiler/breeder” research farm, a poultry processing plant, and a feed mill. All of these Tyson-ready research functions are

\[150\] Brotherton, p. 102
\[151\] Farm is currently leased to a commercial chicken grower.
under an umbrella of a degree in “Poultry Science.” On the other end of campus, the Sam M. Walton College of Business is a testament to the input of Wal-Mart. Various scholarly works have been produced by business professors over the years, specifically dealing with Wal-Mart: from the transportation and logistics team solving distribution problems, to the marketing department strategizing how Wal-Mart should manage a hypothetical rollout in a new country, the research provided by the university at times fulfills the wishes of the corporate presence in the area.

Third, the University of Arkansas receives something in return for its cooperation with the business barons of the northwest: philanthropy. Perhaps it is the spirit of localism that compelled Sam Walton to remain headquartered in Bentonville, or perhaps it is a tool to raise the profile of the region through education; whatever the goal, various corporate interests in northwest Arkansas have been exceedingly gracious in giving back to the higher education community at Fayetteville. A headline grabbing achievement was Sam Walton’s foundation’s gift of $50 million to the Business College alone in 1998 (then renamed the Sam M. Walton College of Business), the largest single gift to a particular business school in American history. In 2002, the Walton family gave a $300 million gift to the university as a whole. During that time, the University began a fundraising drive, the “Campaign for the 21st Century”, in 2001. By 2005, the University of Arkansas had raised more than $1 billion from 70,000 contributors, creating 16,000 new scholarships or endowed positions. (It was an “extra” gift of $12 million from

152 http://dailyheadlines.uark.edu/764.htm
Tyson that put the total just over a billion dollars.)\(^{153}\) Certainly every school has wealthy alumni or interested donors, but the examples of philanthropy by Sam Walton, the rapid accumulation of wealth of many northwest Arkansas residents during the 1980s and 1990s, and the peer pressure of the newly wealthy to “give back” to the region, have created a philanthropic base that can fund a productive University of Arkansas for some time.

Just as this thesis has focused on 1960 as an important starting date for economic change, 1960 was an important date in the life of the University of Arkansas. The Business College completed the structuring of an MBA and PhD program in business administration that very year, further facilitating the flow of new graduates into junior-level management positions at Wal-Mart and Tyson.\(^{154}\)

Additionally, the University of Arkansas has pushed the development of northwest Arkansas by other means: the growth of the city of Fayetteville. The town of Fayetteville, while a county seat, holds a distinction of being one of the few large cities in Arkansas without direct access to a major river.\(^{155}\) The growth of urban Fayetteville is directly attributable to the population of students, faculty, and staff of the town’s university.

Another educational institution that has had a positive impact on the region’s growth is the northwest Arkansas Community College in Bentonville. Founded in 1989, the northwest Arkansas Community College (or NWACC) was intended to serve and

\(^{153}\) http://findarticles.com/p/articles/mi_hb5248/is_25_22/ai_n29193145
\(^{154}\) Spriggs, p. 27
\(^{155}\) Williams, p. 250
represent the immediate surrounding area of Benton (and Washington) counties. The college’s main problem over the years has been sky-high demand by students: classes were often full, and registration lines were often long during the first decade of NWACC’s existence. From an opening enrollment of 1,200 in 1989, to an enrollment of nearly 4,000 in 1999, to an enrollment of 6,600 in spring 2008, the college has filled an educational niche not taken up by the larger four-year University of Arkansas in Fayetteville.156 And while NWACC is not in direct competition with the University by degree standing, the College views itself as a “viable competitor” to Fayetteville.157 Currently, NWACC maintains a main campus in Bentonville, with branch campuses in Rogers, Springdale, Fayetteville, and Bella Vista.158

Other nearby colleges and universities include John Brown University in Siloam Springs (a Benton County town literally hugging Arkansas’ western border with Oklahoma). The Christian liberal arts college enrolls about 1700 students. The Northwest Technical Institute (NTI) was created in the early 1970s by the legislature of Arkansas. NTI was developed to provide a class of skilled workers in northwest Arkansas; today, the worker-training giant has more than 6,000 students enrolled, including free adult education classes.159 The proliferation of colleges and universities in the area (including schools across state borders) is significant: the cumulative educational opportunities and strong enrollment numbers have created conditions for

156 Braswell, “Growing enrollment challenges school.” The irony is that due to constraints of space and funding, enrollment numbers are kept artificially lower than student demand. College officials estimated that the 1999 enrollment of 3,900 students, for example, would have been closer to 7,000
157 Braswell, “Growing enrollment challenges school.”
158 Hall.
159 Brotherton, p. 39
local Ozark residents to inexpensively receive the degree(s) needed to work in the growing financial, management, or executive retail sectors in the northwest Arkansas economy.

**Other government infrastructure improvements**

Besides railroads and highways, public influence in the growth of northwest Arkansas is seen in other projects. The many dams of the White River in the Ozarks (on both the Missouri and Arkansas sides of the border) brought hydroelectric power to a rural populace. Construction of Beaver Dam, in Benton County, began in 1962 (the same year the world’s first Wal-Mart opened its doors in Rogers). The dam effectively created another source of fresh water for northwest Arkansas, solving a potential water reserve problem that had effectively prevented potential future growth. As Hales notes, the damming of Beaver Lake in 1965 was one of the “major events that changed Rogers forever,” leading to rapid population growth in Benton County.\(^{160}\) Dams also served to solve the water problem in Washington County. As Spriggs notes, a “serious water problem existed in the eastern half of Northwest Arkansas.”\(^{161}\) Other dams were built, creating Lake Wilson and Lake Fayetteville (both near the city of Fayetteville), and a larger water supply was finally secured to serve a larger population base.

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\(^{160}\) Hales
\(^{161}\) Spriggs, p. 31-32.
Also of note was the construction of a new Northwest Arkansas Regional Airport in Highfill, a small town in Benton County west of Rogers.\textsuperscript{162} In the early 1990s, more than 200 firms spent $109 million to build the regional airport, which sits on nearly 2,200 acres. The airport opened for business on November 1, 1998. Corporate jets and commercial flights alike crowd the airport’s runways, and daily flights directly connect northwest Arkansas with nearly 20 major airports, including New York (LaGuardia), Newark, Detroit, Atlanta, Charlotte, Dallas, Houston, and Los Angeles. Northwest Arkansas Regional Airport served nearly 1.2 million passengers with over 53,000 flights in 2006. The current road links to the airport are inadequate: two-lane state highways winding through a hilly backcountry. The state’s master transportation plan calls for a four-lane divided highway to reach the airport. This regional airport replaces an earlier reliance on Fayetteville’s smaller Drake Field, located south of town on Highway 71, which is currently used for private jets with business or university connections in Washington County.

Northwest Arkansas has experienced tremendous governmental infrastructure changes over the last fifty years. From the building of roads and highways (that grew out of a earlier pattern of partial railroad support) to a modern airport and dam-created lake reservoirs, public works have improved the landscape in a way that is beneficial to northwest Arkansas business. As a result, a strong northwest Arkansas trucking industry has developed, led by J.B. Hunt, and to a lesser extent, Jones Truck Lines. Beyond

\textsuperscript{162} Colloquially known as XNA, because of its airport call sign.
drastic transportation improvements, the college and university landscape, led by the
University of Arkansas, has served as a corporate pipeline for graduates, and aided in the
quest of corporate-desired research. This chapter has detailed the benefits of
infrastructure improvements as a sort of private-public partnership: the existing
government institutions have influenced the decisions and success of private enterprise.
The previous three chapters have focused on some aspect of economic growth. The next
two chapters will turn to the corresponding population growth.
Chapter 6

POPULATION: DEMOGRAPHICS AND ETHNICITY

The first five chapters of this thesis have primarily focused on economic change, and the effects of corporate and governmental decisions on rising incomes and job openings. The next two chapters turn to an analysis of northwest Arkansas population growth, including demographic statistics, new ethnic groups, and historical population numbers. Chapter 7 will focus on the drivers of this overall population growth, the residential “pull” factors.

This chapter offers a brief overview of the region’s historical population change, and argues that a specific demographic set of residents comprised a large percentage of the population increases. This focus is less about the reasons behind sustained growth, and details and demographics of the growing population. A major part of the population increases were driven by particular labor and ethnic groups. In the 1960s, a local Ozark-bred white population performed the jobs of northwest Arkansas’ growing companies. Later, beginning in the 1980s, a sizable Hispanic population moved into northwest Arkansas (numbering over 54,000 in 2007), mostly working in the poultry factories. As Wal-Mart grew (from a regional American company celebrating its first billion dollar sales year in 1980, into America’s largest corporation by 2002), an executive class from urban centers in the Northeastern United States came to work for Wal-Mart and its
related vendors, importing a particular urban subculture, including a growing number of Jews now relocated in northwest Arkansas.

**Historical demographics and historical population**

Another important characteristic of Arkansas labor (though unrelated to the region’s success or failure) is the race and ethnic makeup of the area. Historically speaking, the Ozarks were a place of white protestants: untouched by waves of Catholics or Jews who came to America through southern and eastern European immigration at the turn of the twentieth century, and untamable for the plantation barons of the slave south, allowing a racial homogeneity for one of the whitest regions in the country\(^1\). The public idea of the Ozarks as a throwback to the past in the 1930s, as part of “America’s Yesterday”, was noticed by contemporary author Lichtenstein:

> If the Ozarks sheltered ‘the very last of our fathers’ America,’ then our fathers must all be Scotch-Irish farmers – not slaves, not immigrants, and not factory hands.\(^2\)

One of the factors that helped northwest Arkansas experience such rapid growth in population is that the region was more or less unaffected by the general Arkansas

\(^{1}\) After the Civil War, the resulting sharecropping system saw many blacks occupy the same general living areas, so that a generation later, no real mass migrations of Arkansas blacks had yet occurred. Conversely, the mountainous Ozarks regions in the northwest did not have the same slave narrative in their histories; as a result, these parts of Arkansas were extremely white. An example from the 1900 United States Census: when comparing the racial makeup of two highly populated Arkansas counties, eastern-looking Jefferson County (population nearly 41,000) had an overwhelming “Negro” population of 73%. By extreme contrast, the most northwest county in the state, mountainous Benton County (population nearly 32,000) had a “White” population of 99.6% - and a ratio of 1 black for every 282 whites.

\(^{2}\) Liechtenstein, p. 63
population decline after World War II. There was a tremendous outmigration from Arkansas in the immediate postwar years, and the entire state’s population declined from 1.95 million in 1940 to 1.91 million in 1950 (Statewide population dropped again, to 1.79 million by 1960, and not until the 1980 census did Arkansas contain more residents than the state did in 1940)\(^3\). Removing the numbers of new births during the latter intercensal periods, the sheer magnitude of the exodus from postwar Arkansas is clear: a net outmigration in the 1940s alone of 431,000 individuals representing one fifth of all Arkansas white, and one third of all Arkansas blacks. As Bolton notes, “ninety five percent of the migrants were from rural areas of the state.”\(^4\)

Today, each of the four major towns – Fayetteville, Springdale, Rogers, and Bentonville – as well as the two associated counties – Washington County and Benton County – have experienced unbroken population increases since 1940, with a vigorous population increase in each location since 1960 (see Table 7-1, Table 7-2). From the pivot year of 1960 onward, the combined population of this thesis study area has increased from 92,000 to nearly 400,000 in 2007. For example, Fayetteville in 2007 has nearly has double the population of Benton County in 1960. Such growth continued for 50 years.

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\(^3\) AIEA Census State Data Center, Historical Population Series
\(^4\) Bolton, p. 147-148
Table 6-1: Historical census population counts of study area, 1900-1950

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<td>Fayetteville</td>
<td>4,061</td>
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<td>Springdale</td>
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<tr>
<td>Rogers</td>
<td>2,158</td>
<td>2,820</td>
<td>3,318</td>
<td>3,554</td>
<td>3,550</td>
<td>4,962</td>
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<td>1,843</td>
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Table 6-2: Historical census population counts of study area, 1960-2000, with 2007 estimates

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<td>Washington</td>
<td>55,797</td>
<td>77,370</td>
<td>100,494</td>
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<td>Benton</td>
<td>36,272</td>
<td>50,476</td>
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<td>97,499</td>
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<td>194,292</td>
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<tr>
<td>Fayetteville</td>
<td>20,274</td>
<td>30,729</td>
<td>36,608</td>
<td>42,099</td>
<td>58,047</td>
<td>72,208</td>
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<tr>
<td>Springdale</td>
<td>10,076</td>
<td>16,406</td>
<td>23,154</td>
<td>29,715</td>
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<tr>
<td>Rogers</td>
<td>5,700</td>
<td>11,050</td>
<td>17,429</td>
<td>24,692</td>
<td>38,829</td>
<td>54,959</td>
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<tr>
<td>Bentonville</td>
<td>3,649</td>
<td>5,508</td>
<td>8,756</td>
<td>11,257</td>
<td>19,730</td>
<td>33,744</td>
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(All historical population data taken from historical census counts published by
the AIEA Census State Data Center for the state of Arkansas, Historical Population
Series. 2007 estimates were taken from Bureau of the Census annual projections for
2007.)

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5 The city of Springdale, while listed as being a locality within Washington County, has a fraction of its
population in extreme southern Benton County, due to recent annexations. The listed population count for
Springdale in this survey (and for this thesis) combines both the fractional Benton County population and
the majority Washington County population. The fractional Benton County population for Springdale first
appears in the 1980 census count. The Benton County-specific Springdale portion is: 377 residents for the
1970 census, 681 residents for the 1980 census, 907 residents for the 1990 census, 2,011 residents for the
2000 census, and an estimated 5,290 residents for the 2007 census projection estimates.
Figure 6-1: Population growth in Arkansas counties by percentage increase, 2000 - 2007. Screenshot from Economic Research Service website, United States Department of Agriculture. The central suburban counties encircling Little Rock (and its county, Pulaski) are experiencing strong growth, as well as the two-county region surrounding Jonesboro and Arkansas State University in the northeast. However, Benton and Washington counties in the northwest are by far the fastest growing counties in Arkansas.
Hispanic growth in northwest Arkansas

One aspect of the staggering economic success of northwest Arkansas (with unemployment in 2000 as low as 2 percent), was the intense need for a low-wage, unskilled labor class – as many local jobs truthfully became the embodiment of that tired line, “jobs Americans wouldn’t do”. Particularly in the poultry industry, Hispanic laborers, primarily from Mexico, were employed to perform the most unwanted jobs. However, because the processing of chicken was a year-round job, these Hispanic laborers did not migrate onward to another job; consequently, these new northwest Arkansas Hispanics, after discovering a general feeling of acceptance by the local community, began to flock to the corridor.

Arkansas has seen massive Hispanic growth in the past decade because the state offers employment due to the fertile job opportunities in the northwest. In addition, northwest Arkansas offers a low cost of living and relatively small quiet towns that seem similar to many rural Hispanics’ hometowns. The present state of northwest Arkansas Hispanics represents a relatively new population whose numbers are skyrocketing: total Hispanic population in the state of Arkansas exploded during the 1990s, quadrupling from just fewer than 20,000 to over 86,000 – representing 3.2% of Arkansas’ current population. In fact, Hispanics were by far Arkansas’ fastest growing minority

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6 Whayne, p. 375  
7 Williams, p. 278  
8 Holcombe, p. 2
population during the 1990s. Local figures show that Washington and Benton counties combined ("northwest Arkansas") gained about 7,000 Hispanics during the 1990s, and a staggering 25,000 increase in Hispanics from 2000-2007. The majority of Hispanic immigrants in the first wave of northwest Arkansas immigration were single males; so much of the population increase in the 1980s and the early 1990s can be attributed to migration instead of natural increase by births. Northwest Arkansas had a Hispanic population of over 54,000 in 2007, nearly evenly split between Benton and Washington counties.

Compared to the rest of the nation, Arkansas has the fastest-growing Hispanic population in the United States. Compared to the rest of the state, northwest Arkansas was the region with the fastest-growing Hispanic population in Arkansas. (To note, the term “Hispanic” refers to the self-reported ethnic designation during the taking of the U.S. Census. Most of the population data comes directly from either the 2000 Census, or the inter-census American Community Surveys.)

Unlike many immigration shifts or growth patterns, the Hispanic boom in northwest Arkansas can be traced to one particular factor: North America’s largest processor of chicken, Tyson Foods. The historical irony is that in the initial days of

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9 Williams, p. 278
10 These numbers are almost certainly undercounts. The component of “illegal”/"undocumented" Hispanic workers in northwest Arkansas represents a large number of additional residents not counted in regular Census tabulations. Johnson, p. 201.
11 According to Census definitions, a “Hispanic” may be of any race, but in this study use of the generic word “Hispanic” refers to the local population of overwhelmingly whites of Mexican (or in a few cases other Latin American) ethnic and national background.
12 It should also be noted that construction jobs associated with new housing starts have played an important role in attracting new workers from Mexico and Central America; however, it is the chicken industry that was the initial pull factor for Hispanic labor coming to northwest Arkansas. See Liechtenstein, p. 63-64
corporate Tyson (the 1930s through the 1970s), the jobs in the chicken plants were filled by white northwest Arkansas residents. However, as nearby Wal-Mart and other firms began to grow rapidly in the 1970s, the region as a whole benefitted from new available jobs in related trucking or distribution industries. As northwest Arkansas approached extremely low unemployment, local chicken processors bolted for other lines of work, and Tyson was in need of cheap, reliable, unskilled workers.

Tyson looked to Mexico for labor, and it ultimately imported a labor underclass to work in northwest Arkansas. The pay was low, and the work was brutal, and it was not for the faint of heart. Johnson notes the types of jobs available in these poultry processing included “hanging live chickens on conveyor-belt shackles or eviscerating the birds.”\(^\text{13}\) Whatever the pitfalls of the kind of work actually were, Mexicans and other Central Americans kept coming to work in northwest Arkansas.

One of the reasons for sustained Hispanic immigration to the area stems from the characteristic of northwest Arkansans culturally accepting the new immigrants, sometimes with open arms.\(^\text{14}\) This initial lack of prejudice was surprising even to new Hispanics, and the better-than-expected treatment by the white locals spread by word-of-mouth to the family of friends of the initial wave of Hispanic immigrants.\(^\text{15}\) Eventually, the Hispanic growth became sustained because the quality of life in the small rural towns of northwest Arkansas was desirable for year-round settlement.

\(^{13}\) Johnson, p. 201
\(^{14}\) Leidermann
\(^{15}\) Johnson, p. 200-201
The great irony of this congenial acceptance of Hispanics, however, is that white locals were historically un-accepting of blacks. Springdale, the second largest city in the region, was known as a “sundown town” – a sign on the edge of town warning all black workers to leave before sundown existed (albeit in a state of severe disrepair) until the 1970s. Black athletes from the University of Arkansas to the south in Fayetteville were warned not to cross a particular bridge (a bridge which acquired an epithet-laced colloquial name itself), because crossing would mean entry into the town of Springdale, which was off limits. Twenty miles to the west of Springdale, the small northwest Arkansas town of Siloam Springs would print tourist pamphlets that advertised, “No malaria. No mosquitoes. No Negroes.”

The general community acceptance of Hispanics as a contradiction to an earlier tumultuous racial past has two possible explanations. First, a possible explanation would be that Hispanics were initially embraced simply because they were “not black”. In the biracial dichotomy of the South, the Hispanic immigrants presented a “third way”, a group confusing to the local social order. As a result, white northwest Arkansans were able to project any sort of positive model minority stereotypes upon newly immigrated Hispanics. As Leidermann notes, these positive attributions included “dedicated, hard working, loyal, and trustworthy”, “employees who do not complain”, or the “ability to

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16 Loewen
17 There have been local outbursts of tension when fostered by a greater immigration debate on the national scene. In Rogers, the Benton County city north of Springdale, a political newcomer who promised to crack down on illegal immigration won the 1998 Mayoral election. “If you’re coming to America illegally,” the new Mayor would say, “you don’t want to come to Rogers.” Yet, no real widespread ethnic-related violence has occurred in the region. See Campo-Flores.
network [positively] with family and community”.

The second possible explanation is that acceptance of Hispanics was due to their initial invisibility within northwest Arkansas communities, because Hispanics were out of the sight from cultural lives of white northwest Arkansans. The dominant denomination of the new immigrants was Roman Catholicism, in comparison to the staunch Protestants of northwest Arkansas, and the first wave of Hispanics immigrants were individual young men, who had no children to enroll in northwest Arkansas schools (This fact has changed as the initial immigration wave of the 1980s and 1990s have raised families. By 2007, more than 10,000 Hispanic children under the age of 15 live in Benton County, a large percentage of the 28,000 total Benton County Hispanics.)

Brotheron’s (2002) excellent 150-page history of the city of Springdale contained just a single paragraph about Hispanic growth in the Springdale – a city whose Hispanic population is estimated to be nearly 25% of all residents.

The city of Springdale is quartered by the north-south U.S. Highway 71, and the east-west U.S. Highway 412. An historical examination of U.S. 71 (“Thompson Street”) and U.S. 412 (“Sunset Avenue”) was undertaken. In 1972, the major secondary roads and cross streets for Thompson Street and Sunset Avenue were laid out in a similar pattern to the downtown Springdale of 2008. For comparative purposes, I conducted a block-by-block examination of these main transportation arteries by comparing the 2008 Polk City Directory for Springdale with the 1972 Polk City Directory for the town. Out of 367 total business or residential addresses examined on the north-south Thompson

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18 Leidermann.
19 AIEA Census State Data Center, Historical Population Series
20 Brotherton, p. 154
Street and the east-west Sunset Avenue, 41 locations (11%) had Spanish-language names in the address listing. Hispanics comprised 19.7% of Springdale’s 45,798 persons in 2000, rising to 30% of Springdale’s 63,837 persons in 2007. In 1972, however, *not a single* Spanish-language business was located on the principal highways through Springdale, population 20,000. The Hispanic cultural imprint, then, has developed entirely within the last generation, as the same two city blocks on Thompson Street, which in 1972 headquartered “Burger Chef” and “Jim’s Barber Shop”, were home to “Latino Pawn” and “La Michoacana” grocery in 2008.

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21 This figure does not include such likely-Hispanic-served locations such as “Catholic Immigration Services” or “Tyson Federal Credit Union”. Only addresses with Spanish-language words were marked. Inclusion of such ancillary locations would push the Hispanic cultural imprint on Springdale even deeper.  
22 “Springdale city, Arkansas”
Figure 6-2: Explicit Spanish-Language names of businesses along Thompson Street & Sunset Avenue in Springdale, Arkansas, November 2008

Table 6-3: Explicit Spanish-Language names of Businesses along Thompson Street & Sunset Avenue in Springdale, Arkansas, November 2008

| Spanish-Language Businesses | | |
|---|---|---|---|
| **Street** | **Total** | **Spanish** | **Percentage** |
| N Thompson | 94 | 17 | 18.1% |
| S Thompson | 130 | 15 | 11.5% |
| W Sunset | 143 | 9 | 6.3% |
| **All examined** | 367 | 41 | 11.2% |
Urban executives

One of the most overlooked group of imported labor is that of the urban executive class serving the financial centers across northwest Arkansas (but particularly Benton County). As a result of Sam Walton’s decision to keep the company’s headquarters in Arkansas, employees of ancillary industries such as lawyers, accountants, and underwriters from New York City have moved to Benton County. Additionally, the same kind of “keep it local” attitude has influenced retail vendors: Wal-Mart has proclaimed that any company wishing to have its products sold in Wal-Mart’s stores must have a vendor “on the ground” in northwest Arkansas. Individual producing companies are far too reliant on the retail giant of Wal-Mart to snub the relocation edict and forgo possible profits. Therefore, every important producer has vendor offices located in northwest Arkansas (such as Proctor & Gamble, with more than 200 employees). These offices are invariably staffed (particularly at the upper management levels) by individuals from the headquarter cities of the producer companies. The result has been a sort of imported “urban executive labor class” from the financially important American cities that have relocated to Benton and Washington Counties.23

Culturally, this imported executive population, heavily concentrated from New York City and Boston, is responsible for the introduction and accumulation of a Jewish community in the area. As a 2006 New York Times article succinctly put it, “Then the

23 The most immediate effect has been the demand for high-dollar housing, a need met with new subdivisions all along the I-540 corridor
Wal-Mart Jews arrived.”24 Specifically in Bentonville, a small but growing community of Jews exists in an overwhelmingly Protestant area where the sight of a Catholic church (pre-Hispanic immigration wave) was rare.25 The first true Jewish congregation in Bentonville, Etz Chaim, was founded in 2004 by a dozen new Jewish residents – most of whom were not native Arkansans. Rockoff succinctly notes about this new class of Jewish professionals, “unlike the peddlers and merchants who initially settled in Arkansas, these twenty-first-century migrants are executives at large corporations…..[they] have largely replaced the Jewish merchant class in the South’s metropolitan areas.”26 While other populations of Jews in the state are declining, the increase in the Benton County Jewish population will likely keep the state’s overall Jewish population from declining.

Beyond overt demographic or religious characteristics, a possible conflict arises: the boardroom culture of northern business versus the Norman Rockwell-like attitudes of Bentonville. A recent high-profile example of such conflict appeared in the media in 2006, as details emerged over a high-level firing of a marketing executive named Julie Roehm. A marketing superstar, Roehm relocated from the Detroit area to work at Wal-Mart for a year. While the tenor of lawsuits and allegations from both sides were brutal, observers in print media agreed that a culture clash was part of the blame. Early in Roehm’s tenure, she had enraged her Bentonville bosses by painting her office’s gray walls with chartreuse and chocolate trim. Even in a later countersuit letter, Wal-Mart

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24 Barbaro, Michael.
25 Rockoff, Stuart.
26 Rockoff, Stuart.
noted that Roehm was free to “collect a step ladder and paint supplies” that were left behind in her office after her dismissal. The purpose of such an anecdote is summarized in Roehm’s own words, “The importance of culture. It can’t be underestimated.” What kind of lasting effects will come from such a relocation remains to be seen. The characteristics of particular resident groups new to the northwest Arkansas landscape have left an indelible mark on the region’s growth.

This chapter described the particular characteristics of different demographic groups associated with a growing northwest Arkansas. From the delineation of historical population counts in the beginning of this chapter, to the discussion of Hispanic immigrants and an urban executive class, the details behind population growth were examined. The subsequent reasons for this population growth will be analyzed in the next chapter.

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27 Business Week < http://www.businessweek.com/magazine/content/07_07/b4021076.htm >
Chapter 7

POPULATION: PULL FACTORS OF RESIDENTIAL DESIRABILITY

In 1850, an immigrant from New England, now settled in Arkansas, declared that the Ozark region “is a healthy Country and the water is Good.”¹ Later in life, this same man lamented that “unfortunately, the rest of the world is finding northwest Arkansas with me.”² As the two-county region has increased four-fold since 1960, and has nearly doubled since 1990, perhaps the rest of the world is indeed finding northwest Arkansas in contemporary times.

This thesis has so far focused on economic factors, such as the geographic decisions of relocation made by corporate management, or the cost-related spatial advantages of transportation networks. The basic framework for northwest Arkansas’ growth focuses on bringing jobs to the region, which have unintentionally stimulated long-term population growth: whether blue-collar poultry jobs or white-collar executive jobs, the offerings of employment have made northwest Arkansas the growth engine of today. What needs to be discussed, however, are the residential pull factors – the concrete regional characteristics that provide a reason for a prospective northwest Arkansas worker or resident to want to live in the area. Historical tourism, historical

¹ Valencius, p. 17
² Rengers.
retirement, quality of life (seen by good public schools), the natural environment and the Ozark culture will be discussed. This chapter argues that the particular mix of positive pull attributes has greatly contributed to the recent increase in population growth of northwest Arkansas. Without such attractive reasons for residential relocation, the growth of northwest Arkansas since 1960 would have been considerably slowed.

**Tourism**

Overall, tourism within the Ozarks (and other mountainous regions throughout the South) is indeed commercially important, and in terms of a population “pull”, this mountain tourism sustains thousands of locals.\(^3\) Over 2.6 million trips\(^4\) were made to Benton and Washington counties in the 2007-2008 calendar year. The tax revenue generated in combined state and local tourism tax receipts is more than $20.6 million dollars from Benton County and $20.4 million dollars from Washington County. The total amount of tourism-related expenditures in the 2007-2008 fiscal years was more than $242 million dollars in Benton County and more than $294 million dollars in Washington County. Tourism supports 3,100 travel-generated jobs in Benton County, and 4,000 travel-generated jobs in Washington County.\(^5\) There is a direct link from tourism to the economic health of northwest Arkansas.

Yet, tourism has existed for a century in the Ozarks, with the supposed healing waters of Eureka Springs, an attraction in the sleepy Arkansas mountain town one county

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\(^3\) Morrow, p. 499
\(^4\) “Person-trips”
\(^5\) Arkansas Department of Parks and Tourism, 2007-2008 Economic Report
east of Benton County. One of the best arguments for northwest Arkansas’ positive residential appeal would be the tourism in the area: if tourists have been willing to come and visit multiple places in the two-county area for more than a century, then clearly there is an attraction to northwest Arkansas. Much of the reason for northwest Arkansas’ modern identity as a tourism and recreation destination is the result of massive federal government intervention in the Depression era, including the damming up of several rivers, creating a corridor of scenic lakes in the Ozarks.\textsuperscript{6} These interventions served as a turn that began to see streams of new residents coming to Arkansas from the northern states.

Perhaps a more famous example of the region’s tourism would be the experience of Monte Ne near Rogers in the early twentieth century. Founded in 1900 by “Coin” Harvey, a wealthy and eccentric man who eventually ran unsuccessfully for President of the United States, Monte Ne was a popular resort in the Ozarks, with multiple hotels and a golf course. Interest in the resort spot began to wane, however, and in the 1920s, fearing an imminent end-of-civilization scenario, Harvey began construction on a giant pyramid to “preserve a message for future generations.”\textsuperscript{7} The pyramid was never finished, and the resort was foreclosed in 1927, but the pyramid’s amphitheater remained a popular site. Finally, when Beaver Lake was created by damming up the White River in 1965, most of the exotic Monte Ne grounds were submerged.\textsuperscript{8} The significance of Monte Ne is not purely anecdotal; its success in the 1900s and 1910s is testament to a

\begin{flushleft}
\textsuperscript{6} McKinney, p. 92  \\
\textsuperscript{7} Lord, Allyn. “Monte Ne”.  \\
\textsuperscript{8} The amphitheater remains dry to this day.
\end{flushleft}
historical base of tourism at a time when the four major northwest Arkansas towns had a population of less than 10,000.\textsuperscript{9} If visitors flocked to the Ozarks when there were few Ozark towns to speak of, perhaps historical tourism is evidence of a longstanding population pull factor; that is, an attraction to visit northwest Arkansas, could turn into seasonal settlement, or outright relocation during retirement.

\textbf{Retirement}

Northwest Arkansas during the twentieth century emerged as a popular retirement destination. In the mid-twentieth century an image of northwest Arkansas and the Ozarks developed as “a place for cheap retirement living.”\textsuperscript{10} Specifically, the community of Bella Vista (in northern Benton County along the Missouri border) has emerged as a major retirement hub. By the 1960s, Liechtenstein notes, northwest Arkansas and the Ozarks had become “one of the country’s few four-season retirement destinations, a back-to-the-land Florida without the bikinis.”\textsuperscript{11} It was true that the growth of retirement communities played a great part in the two-county-region’s exponential growth from the 1960s to the present day, and Bella Vista, as the “oldest resort town”, served as a model for this hearty mountain retirement.\textsuperscript{12} Bella Vista has grown quickly from the first plots of land sales in the 1970s, with a population of 2,500 in 1980, a population of 9,000 in 1990, and a population of 16,000 in 2000 and 25,000 in 2008. However, twenty-first

\textsuperscript{9} Data at resort’s opening in 1900.
\textsuperscript{10} Rafferty, p. 228
\textsuperscript{11} Liechtenstein, p. 63
\textsuperscript{12} Liechtenstein, p. 63
century Bella Vista is no longer exclusively a retirement village, with the percentage of residents 65 and older declining from 49.1 percent in 1990 to 21.4 percent in 2000. As Spurgeon notes, “children of school age in Bella Vista accounted for 19.1 percent of Bentonville School District students in 2006. In 2006, the Bentonville School District began construction of an elementary school on the east side of Bella Vista to accommodate 750 students. Bella Vista is slowly changing from a retirement community into a municipality.” Just as the continued mass tourism provided a solid argument of the positive magnetism of northwest Arkansas as a tourist destination, the existence of a large retirement community in Bella Vista is an even more persuasive argument – retirees have voluntary relocated, and chosen life in northwest Arkansas. The retiree population, then, is a result of the other positive population pull factors.

**Quality schools**

Northwest Arkansas schools have long had a reputation of being quality institutions. For example, the 2008 “Benchmark” exams given by the Arkansas Department of Education saw strong results from northwest Arkansas schools. Of some 300 public middle or junior high schools in Arkansas, 8th grade students at Fayetteville’s Woodland Junior High and Bentonville’s Lincoln Junior High earned the highest mean mathematics score. The result was the same for 7th grade students, as Fayetteville’s McNair Middle School and Bentonville’s Washington Junior High took top honors for

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13 <http://www.encyclopediaofarkansas.net/encyclopedia/entry-detail.aspx?search=1&entryID=2856> Spurgeon
14 ACTAAP, 2008. See ArkansasEd.org
that grade’s math scores, with students at Rogers’ Lingle Middle School and Kirksey Middle School earning marks in the top 15% of state districts\(^\text{15}\). A counterintuitive reason for the development of high school quality was a result of the black-white racial dynamics of the “Old South”. In much of the eastern and southern parts of Arkansas, where the percentage distribution of blacks was far higher than the ultra-white majority in northwestern Arkansas, initial integration of public schools in the 1950s and 1960s was met with mass white resistance. While the infamous 1957 Little Rock clash over integrating Central High led to that school’s closing for the next academic year, in smaller cities across the state many “concerned citizens” of white communities opted for the creation of private schools as an alternative to the newly integrated public schools.\(^\text{16}\) The existence of a separate, virtually all white “academy system” of private education continues in these racially diverse parts of Arkansas to the present day. However, northwest Arkansas was different: because of the region’s historically high white percentage (and extremely low black percentage), local communities had few students to integrate. Northwest Arkansas public schools simply avoided the then-incendiary battles over public school integration altogether. Historical Benton County census data shows a 1960 population of 36,153 white residents but only 23 black residents. Washington County in 1960 was no more diverse, with whites outnumbering blacks 55,228 to 466.\(^\text{17}\) The result of such near-monolithic white dominance was the absence of a strong academy system.

\(^{15}\) ACTAAP, 2008. See ArkansasEd.org

\(^{16}\) See Aiken (1998), The Cotton Plantation South since the Civil War for more information on these school types.

\(^{17}\) For many years after the 1960s, this small population of northwest Arkansas black residents, particularly in Fayetteville, was bussed to the public school system in Fort Smith – with the trip lasting more than an hour each way in the days before any section of Interstate 540 (north or south of Interstate 40) was constructed.
system of a competing white private school in northwest Arkansas towns. In addition, the lack of private schools meant that the entire civic focus on education was directed at the individual school district of a particular town: tax dollars, philanthropic gifts such as donated land for new schools, desired teaching jobs, or general community involvement.

Additionally, as a benefit to new Hispanic students (see chapter 6), the result has been the creation of a layer of “good schools” in the four major northwest Arkansas cities that have avoided the community fracturing of the previously segregated South. Unlike many other recent American immigrant populations whose children enroll in comparatively weaker urban public school systems and face a generation of academic challenges (in terms of district spending per pupil, classroom amenities, and student to teacher ratios), northwest Arkansas Hispanics have profited from the successful school districts in northwest Arkansas.

The example of the Rogers School District, however, showed the structural planning required to make a smooth assimilation possible. Rogers community leaders in the early 1990s realized that over the next few decades, there would be an ever-increasing Hispanic student population within the town’s school system. Deciding it was better to face this reality head on, Rogers developed a school environment that proclaimed multicultural diversity. The school district attempted to teach elementary students about the need to be united, while trying to shape the assimilation in a positive acceptable way from Kindergarten until graduation. A Hispanic middle school counselor was hired, known as “Papa Rap”, who would sing songs about school unity during mandatory
school assemblies\textsuperscript{18}. This forward thinking has led to an increasing Hispanic imprint in
the community, as new immigrants gain comfort with the existing educational systems in
northwest Arkansas. For example, the English as a Second Language program for adults
at Northwest Arkansas Community College (see Chapter 5) has an enrollment of 1,700,
by far the largest ESL program in the state of Arkansas\textsuperscript{19}. The quality of schools in the
region has served as a major pull factor in bringing in new residents to the area.

\textbf{The Ozark Mountains and an Ozark culture?}

Perhaps the most obvious pull factor for population growth in northwest Arkansas
would be the dual structure of the Ozark Mountains and its associated amenities. In
terms of the natural environment, the Ozark Mountains region has long been known as a
destination of the great outdoors\textsuperscript{20}. Over a hundred years ago, \textit{Harper’s Weekly} noted,
“there is no State in the Union that affords as many different kinds of hunting as in
Arkansas.”\textsuperscript{21} As a distinctive feature, the jagged Ozarks are the largest mountain range
between the Appalachians and the Rockies\textsuperscript{22}. Various state- and federal-level protected
wilderness areas exist in the region, from the Ozark National Forest to the country’s first
“National River”, the nearby Buffalo National River, established by an act of Congress in
1972. The draw to the Ozarks due to the area’s natural beauty has factored in to

\textsuperscript{18} Campo-Flores. Currently “Papa Rap” is employed by the nearby Springdale School District as their
School/Community Liaison.
\textsuperscript{20} Arkansas has long been known as “the natural state”
\textsuperscript{21} Stith, p. 2
\textsuperscript{22} “United States Geography”
residential growth, particularly the aforementioned pull factor of northwest Arkansas as a home for retirees.

Other than simply being in a mountainous region, northwest Arkansas developed cultural implications from this near-mountain geography. Consider the idea of Northwest Arkansas’ southern identity crisis: was the state of Arkansas part of “the deep South”, or was the region of Northwest Arkansas even as a part of “the South” at all? (Many cultural ties of the state pointed to more western destinations, including linkages with northern Texas, or the Kansas/Missouri flatlands.) Even the idea of that of a former slave state that fought for the Confederacy does not sum up Arkansas – the state actually voted against secession until after President Lincoln’s 1861 federal request for the remaining southern states to supply troops to put down the Confederate rebellion, and several northwest Arkansas units fought against the Confederacy. Northwest Arkansas residents have long been culturally and politically conservative, yet as a voting bloc these individuals flocked to the Republican party in a supposed “solid south.” This rugged individualism of the Ozarks led to devolution, and local control in small-scale political issues. This local control led to a spirit of localism, that has been repeatedly described and analyzed in corporate decisions since 1960 (see Wal-Mart, chapter 3).

Nevertheless, how do such cultural attributes of a larger Ozark region relate to population pull and residential growth? Beyond the simple answer of the current I-540 northwest Arkansas corridor being “close to the mountains”, just minutes from the Ozark National Forest, there is a deeper explanation: the individualism of the Ozarks led to a sense of libertarian independence. While the towns of the northwest developed a conservative outlook, the individualism of the Ozarks made for attractive relocation of a
great many types of alleged freedom-seekers: from the establishment of an Oneida-like “Harmonial Vegetarian Society” in Benton County in 1857, to a widespread phase of communes established throughout the 1970s, \(^{23}\) the ability to live as one pleased (or the image of that ability) has drawn particular population segments to northwest Arkansas and the Ozark region.

Tourism, retirement, quality schools, and the natural beauty of the Ozarks have acted as population pulls to northwest Arkansas. While a job with corporate Wal-Mart or Tyson might bring in a new resident to the region, these pull factors are the local characteristics that entice new employees to stay in northwest Arkansas (as many jobs with vendors in Benton County are short-term, with the option of staying in Arkansas after the initial job is performed).

In the last two chapters, discussion moved away from economic histories of major northwest Arkansas players into a detailed study of population, as we saw in chapter 6 that particular demographic groups have contributed to northwest Arkansas growth. In this chapter, I have attempted to explain the reasons behind population growth. The central idea in this chapter has been that a region can be well served by having large corporations, universities, and interstate highways in its local reach; all of these characteristics certainly aid economic growth. However, for sustained residential increases to occur, a region needs one or more positive population pull factors: a prospective resident needs to have a reason or desire that makes relocation to an area  

\(^{23}\) Including a crop of nudist colonies in both the Arkansas and Missouri Ozarks
acceptable. Several of these population pull factors have encouraged or facilitated the population boom of northwest Arkansas communities since 1960. An enticing natural environment, quality schools, and the overall Ozark culture attracted a historical base of tourism and a thriving base of resettled retirees. No individual pull factor is singularly responsible for the majority of growth; the economic job opportunities are the main driver behind immigration into the region. However, the rapid growth of northwest Arkansas’ population can be attributed in part to these pull factors, which made the move to the region more palatable for hundreds of thousands of new residents.
Chapter 8

SIGNIFICANCE & CONCLUSION

Northwest Arkansas has been an economic miracle over the last generation. A sleepy area of four disparate foothill towns in the 1960s, the northwest Arkansas of today is an amalgamated urban corridor, a mini-megalopolis, and home to Fortune 500 companies. The steady stream of white-collar and blue-collar jobs, expansion in highway infrastructure, and available land for new residential developments has allowed the area to grow at a fantastic pace. In terms of corporate importance, Wal-Mart and Tyson are clearly essential to the economy of Arkansas as a whole.

And yet, fifty years of economic and population growth cannot be explained simply by pointing out the financial rise of Wal-Mart and Tyson. The issue of how and why the northwest Arkansas region has succeeded owes itself more to a combination of infrastructure improvements, population pull factors, and structural qualities of the Ozark region (including a strong sense of localism and a high rate of individual land ownership), as well as the corporate influence. The definitive answer is that specific geographical decisions, some deliberate, some accidental, have created an interwoven set of factors that laid the base for an economic miracle in the latter half of the twentieth century. The decision of Wal-Mart to keep its headquarters in Bentonville, the decision of Tyson to buy out other poultry companies to establish a national presence, the decision of Hunt to move from hauling rice in east Arkansas to starting a trucking firm in
northwest Arkansas all ultimately resulted in positive economic growth for the region. Yet, these corporations ultimately succeeded because of the increased efficiencies made possible by the aforementioned infrastructure, population, and structural characteristics of the region.

A framework for northwest Arkansas growth

A framework for northwest Arkansas growth can be constructed around the idea of the push and pull factors that influenced population growth (see Figure 8-1). The main driver for population growth in the region since 1960 has been the lure of new jobs. The demand for jobs has relied on several specific factors. First, northwest Arkansas has had the benefit of hosting businesses that have made strategic decisions (such as Tyson Foods’ original location in an area that was best suited for chicken farming) that have allowed them to become industry leaders, aiding northwest Arkansas’ growth. The success of individual businesses (and therefore the rise in demanded jobs and residents) was aided by – and caused construction of more – high quality roads (and later by a north-south interstate highway), political disconnectedness from Little Rock (resulting in greater local governmental control), proximity to a variety of multi-state markets, and a localized philanthropy base due to local headquarters. These businesses as a unit (Wal-Mart, Tyson, J.B. Hunt) have stayed headquartered in the northwest Arkansas region, and new northwest Arkansas companies have no financial need to relocate headquarter functions to a larger city, as contemporary northwest Arkansas is home to many corporate ancillary industries.
These corporations required both a white-collar executive class, as well as a blue-collar labor force. The white-collar jobs were initially filled by graduates from the local university base (particularly the University of Arkansas in Fayetteville, within the northwest Arkansas corridor). Later, an executive class of white-collar workers was recruited from larger financial cities in the Northeastern United States. These urban executives continued to live (and eventually retire) in northwest Arkansas because of the region’s quality of life pull factors – warm climate, good schools, low cost of living, and the natural surroundings. Local residents initially filled the corresponding blue-collar jobs of the locally headquartered companies. However, the type of worker in these unskilled jobs began to shift: companies like Tyson Foods slowly realized their own financial advantage in hiring a largely Hispanic immigrant class from Mexico and Central America to work in low-wage positions within the poultry factories. This new immigrant labor force became a settled part of northwest Arkansas as the region’s general cultural “acceptance” of Hispanic immigrants spread by word-of-mouth. Finally, northwest Arkansas was an attractive place to live: a historical tradition of tourism, the nearby Ozark mountains, the warm non-delta Sun Belt climate (that had already attracted many post-war retirees), and good schools all allowed temporary workers to lay down their own roots of settlement.
Figure 8-1: A framework for northwest Arkansas growth
In terms of future research, this thesis has discussed many northwest Arkansas-specific reasons for development. Yet, histories of other mini-megalopolis regions that have arisen from a base of small towns can be investigated. In short, many of the processes found in the northwest Arkansas model (see Figure 8-1) are not Ozark-specific; variants of similar characteristics and processes exist in other geographic regions. These potential areas of growth from a base of multiple small towns include the Auburn-Opelika area in east Alabama, the Huntsville-Decatur area in north Alabama, the Starkville-Columbus-West Point region in northeast Mississippi, and the Ocala-Gainesville area in central Florida. This thesis is significant in that it establishes a basic framework for understanding how a base of small towns can develop into a larger cohesive urban area.

Another future line of research would specifically investigate whether interstate-highway corridors are an efficient (or even successful) model for population growth and economic development. The Interstate 99 Innovation Corridor, in Central Pennsylvania, is centered around a planned highway\(^1\) of the Appalachian Regional Commission, in a direct effort to stimulate economic development by building roads. Another targeted corridor includes the Pellissippi Technology Corridor between Knoxville and Oak Ridge in East Tennessee along the Pellissippi Parkway\(^2\). The Pellissippi area has seen job growth and industrial and commercial building, yet because of the massive influence of

\[\text{Designated as “Corridor O” by the ARC, Interstate 99 basically connects Interstate 80 with Interstates 70 ands 76.}\]

\[\text{Designated as Tennessee State Highway 162}\]
the federally-funded Oak Ridge National Lab nearby, it is difficult to independently
overvalue a highway as an indirect creator of jobs.

An additional strand of future work is to focus on a more historical Arkansas, to
examine the precursors of a non-cotton Arkansas growth that were occurring in the late
nineteenth and early twentieth centuries. During this era, important non-plantation
industries such as coal in the Arkansas River Valley, bauxite in central Arkansas, mineral
springs in the town of Hot Springs, and oil and timber in south Arkansas comprised a
vital sector of an industrializing Arkansas, at a time when agriculture was still
economically dominant, long before Wal-Mart or Tyson. Here, of central interest would
be the question of how such nascent industries, controlled by northern capital, were able
to succeed in a cotton-dominated local world with little infrastructure for shipping and
little demand from the local Arkansas population.

Robert McMath, when reviewing *Arkansas and the New South*, Carl Moneyhon’s
seminal work on post-Reconstruction Arkansas from 1874 to 1929, spoke of the diverse
nature of Arkansas, and highlighted the northwestern portion in particular. In terms of
comparative analysis, McMath writes, “Arkansas provides an ideal laboratory…. parts of
Arkansas more nearly resembled its Missouri and Oklahoma neighbors than it did
Mississippi. One could imagine retitling the book *Arkansas and the New West*.“³

³ McMath, p. 107
It is with this spirit, of a northwest Arkansas that is not quite like the rest of the state, but that is successfully reinventing itself as an engine of continuous upward economic and population growth, that I have attempted to project the image of a truly “New Northwest.”
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