

ECONOMIC HISTORY

Wartime Wilmington

BY RENEE HALTOM

World War II shipyards brought a short-lived economic boom to the North Carolina port city



Wilmington residents celebrate the christening of the S.S. Zebulon B. Vance — the first ship launched out of the North Carolina Shipbuilding Company, on Dec. 6, 1941 — with no idea the Pearl Harbor attack that drew the United States into the war would take place the following day.

Those on the homefront during World War II remember exciting times and a thriving economy, but also the shortage of some basic necessities. Wilbur Jones recalls finding a creative solution: Walking across the street to trade with German prisoners of war.

Jones was just 5 years old when Europe went to war in 1939. His hometown is Wilmington, N.C., located on the Cape Fear River, less than 30 miles from the mouth of the Atlantic Ocean. The city hosted 551 POWs at three camps spread across the city toward the end of the war. “We couldn’t always get bubble gum and candy at our ‘mom and pop’ neighborhood stores,” due to wartime sugar rations, he remembers. “The only place to get it was the German prisoners.” He and his friends got sweets in exchange for paper for the prisoners to write

letters home. “You could just walk up to the fence.”

In addition to hosting three of the nation’s roughly 500 POW camps, Wilmington was a hotbed of defense activity during the war. The metropolitan area housed bases for all five branches of the military, including 50,000 sol-

diers at Camp Davis, an Army training facility. The state’s largest port shipped materials to allies and imported scarce petroleum from the Gulf of Mexico and Brazil. The Atlantic Coast Line Railroad, then headquartered in Wilmington, transported equipment, defense workers, and troops. Most important of all to Wilmington’s economy was a privately run shipyard that became the largest employer, and the

largest defense producer, in the state that housed more servicemen than any other in the country.

The North Carolina Shipbuilding Company (NCSC) opened in 1941 as one of a handful of shipyards constructed nationally in an emergency effort to expand the nation’s cargo shipping fleet for the war. The NCSC employed an estimated 21,000 people at its peak, many of whom brought their families to Wilmington. The city’s population surged from 34,000 before the war to perhaps more than 100,000, all within a span of two or three years. The locals coped with the population explosion, massive construction projects, overcrowding and food shortages, and even the threat of enemy attack.

Prophetic Production

“Let me give you a picture of what Wilmington was like in 1940,” says Jones, speaking as a resident, historian, and military veteran. “It was the hub of southeastern North Carolina. It still is, but the area then was extremely rural.” The downtown area, he recalls, “was probably no more than one half mile by one half mile. This was where all the financial institutions, theaters, restaurants, department stores, doctors, and dentists were located. Anytime someone needed something, they’d have to go downtown.”

Wilmington’s small-town institutions were totally unprepared for the economic boom brought by the war, but the shipping industry was not. Congress had the “prophetic foresight” to pass the Merchant Marine Act in 1936, as described by Admiral Emory Land, head of the newly established Maritime Commission. The act authorized a massive shipbuilding program to restore and modernize the nation’s aging and outdated merchant

fleet, comprised of privately owned cargo ships that would become a naval auxiliary in times of war.

The Maritime Commission's objective was to build 50 ships per year over 10 years — a lofty goal considering that the nation produced a grand total of two dry cargo freighters in the 15 years prior. Nearly all of the nation's 1,375 merchant ships before World War II were two decades old and obsolete. New shipyards and technologies were in desperate need.

The increasing war threat upped the ante. By mid-1940, less than one year into the conflict, Britain — which had by far the largest fleet in the world — had lost 10 percent of its shipping capacity, mostly as a result of the devastating German U-boat submarine campaign. France had already fallen. Germany controlled the coast of Europe and threatened to strangle Britain's resources. Without an adequate ship supply to transport weaponry, equipment, and soldiers to the front lines, the war was starting to look dismal for the Allied forces, which the United States would eventually join.

The shipbuilding program was accelerated as the war threat mounted, and production targets expanded considerably in 1941. Part of the impetus was Congress' decision that year to allow President Roosevelt to supply ships to Britain and other Allied powers under the "Lend-Lease" program, despite the United States being technically still neutral. The strategic headway made between the wars helped make possible what war historians view as one of the most remarkable feats of engineering and production in human history: The United States built a total of 5,777 cargo vessels under the Maritime Commission between 1939 and 1945.

An early task was to choose cities to host additional shipyards, which would be privately run with the help of federal subsidies. The offices of the Maritime Commission were flooded with letters from politicians and other local interests throughout the country lobbying to be one of the chosen locations.

Wilmington offered an ideal site. The Cape Fear River's estuary boasted deep water, and the region's temperate climate limited the harshness of year-round outdoor production. The Atlantic Coast Line Railroad was headquartered there, which would allow the 250,000 parts to each ship to be prefabricated in 250-ton sections offsite, traveling by rail-car for final construction at the yard. The shipyard was located several miles up the Cape Fear River, which allowed ships to be launched without immediately becoming vulnerable to enemy attack. Perhaps most important was the large, cheap labor supply that Wilmington offered. Swathes of unemployed, lower-skilled men were seen as adaptable for training in various ship-related trades. Without much other industry around, a Wilmington shipyard would face little competition for trade laborers compared to the larger cities that were vying for yards.

The Wilmington yard was announced on Jan. 10, 1941, and ground broke on February 3. Within three months — under the shadow of increasing Allied ship losses and likelihood of U.S. involvement in the conflict — enough progress

had been made to lay keels for the first two vessels.

The NCSC's first vessel, the *S.S. Zebulon B. Vance*, sailed on Dec. 6, 1941 — the day before the horrific attack on Pearl Harbor that officially drew the United States into war.

High Marks for Wilmington

The NCSC produced 243 ships in its five years of operation. Half were the famed Liberty ships, designed for quick assembly line construction, not for aesthetics. Upon first sight, President Roosevelt declared them "dreadful looking objects," and they became known as Ugly Ducklings, even in official correspondence. Liberties were designed to carry 10,000 tons of cargo — such as 2,840 jeeps, 440 light tanks, or 234 million rounds of rifle ammunition.

Once up and running, the shipyards' productivity improvements were astounding. In early 1942, a Liberty ship took an average of 241.6 days to complete. In December of that year, 82 Liberty ships were completed nationally in an average of 55 days. The structure of the federal subsidy was designed to reward productivity and encourage friendly rivalry between the yards. One California yard produced a Liberty ship in barely more than four days as a publicity stunt.

Stunts aside, the Wilmington shipyard had one of the top production records. The NCSC was one of five yards to earn consistently high marks from the government's Truman Committee, created to ensure efficient defense production. The western yards excelled in speed, while Wilmington's had the lowest dollar cost per ship of all the yards building Liberty ships — partly because southeastern wages were low — and also ranked second in productivity.

Margaret Rogers, a young child during the war, used to cross the Cape Fear River Bridge to check out the ships. "There were so many stockpiled there that they ran from the river, from the highway all the way back to the state port and you could literally step from one ship to the other without touching the water for miles," she remembers. (Rogers relays her experience in "World War II: Through the Eyes of Cape Fear," a commemorative website created jointly by the University of North Carolina Wilmington and the Cape Fear Museum. It's at <http://library.uncw.edu/capefearww2/>.)

Boomtown

Beyond the walls of the shipyard, Wilmington embodied the wartime incongruity of profit and economic boom juxtaposed with shortage, sacrifice, and discomfort.

All of Wilmington, it seemed, found profit. Retailers providing clothing, food, and entertainment formed the nucleus of the social scene. Banks and real estate agents served the new residents. Truckers hauled supplies between Camp Davis and Camp Lejeune, both newly opened in early 1941. The city became a madhouse on weekends when soldiers flooded downtown for recreation.

"You stood in line everywhere," Helen Dobson told *Wilmington Magazine* in 1995. She was a schoolteacher who took a summer job organizing housing for shipyard workers.

“If you were lucky enough to get a [restaurant] booth or table, you had to keep your hand on your coffee cup because, I’ll tell you, they would grab it up and take it! They want to get more people in there and move you out!”

As with a lot of wartime boomtowns, the city’s housing stock couldn’t quite keep up. One in five Americans relocated during the war, many more than once, and most of those who relocated did not return to their original hometowns. One in eight Americans left farm life for good. Cities like Wilmington were their destination. Right away, tiny Wilmington was short 3,000 housing units — even though half the shipyard workers commuted up to 95 miles a day from their homes outside the city. The shipyard leased eleven 100-person trailer buses to transport workers, many of whom continued to work on local farms. Shipyard managers turned a blind eye to summertime absenteeism so workers could tend to their crops as necessary. Such workers earned the pride of supporting two wartime necessities: defense and food production.

Eventually the federal and local governments would build more than 6,000 new housing units, and private groups another 1,400, all within walking distance from the shipyard. But the housing shortages persisted — and since ships couldn’t be produced without workers, families were urged to rent out rooms in their houses as a patriotic gesture. Everyone went along, if a bit grudgingly at first (“Southern hospitality only went so far,” Wilbur Jones writes in one of his memoirs of the war experience.) Few people were willing to rent to single women, which posed a serious problem for the teachers, nurses, and shipyard women who filled the city’s labor gaps.

When housing couldn’t be found, residents simply doubled up. It was common for men to rotate the use of a single bed according to shipyard shift; when one’s shift started another turned in for sleep. Building codes were sometimes cast aside. One local shipyard worker reported dividing his house into five separate apartments, finding immediate takers for the cramped quarters. The *Wilmington Morning Star* reported an instance of 40 shipyard workers sharing a home with one toilet and a single bathing area.

Food was another serious problem. Meat, butter, sugar — all the meal staples were rationed. Not all cities experienced the shortages felt in Wilmington; the Office of Price Administration (OPA) had determined food and ration allocations based on the city’s lower prewar population. Families waited in store lines for hours on mere rumors of a new beef shipment. The city’s handful of restaurants had to close or serve scraps after running through their ration points. The OPA couldn’t prevent black markets from arising for virtually all rationed goods; the Raleigh OPA office deemed Wilmington the state’s worst violator of price controls.

Despite the tough times, community prevailed. “Everybody in the neighborhood took care of everybody else. We didn’t have homeless people in our neighborhood unless the person decided that was what they wanted to do. We didn’t have people who were hungry unless they were

just so proud that no one knew they were hungry,” Rogers remembers. Her dad worked for the railroad, and she recalls that cargo filled with basic necessities was sometimes “accidentally” spilled, workers sharing the contents with the neighborhood.

A byproduct of all the war activity that flocked to Wilmington was that it displaced the labor supply of surrounding farms. This might have exacerbated the food shortage, except the POWs again proved helpful. Most were held in the main camp, located in a large park right in the middle of an old established neighborhood. The location was chosen so farmers could easily bus the prisoners out to work on local dairy farms. The prisoners labored there without shackles, but never tried to flee; after all, imprisonment meant freedom from combat. Many formed relationships with the farmers and corresponded with them for years after the war.

War Comes to Wilmington

Wilmingtonians had more than shortages and overcrowding to worry about. As soon as the United States entered war, residents became acutely aware of how vulnerable they stood as a militarily strategic town on the coast of the Atlantic. The city was at the southern end of so-called Torpedo Junction, a stretch of waters infested with German U-boats. In the first six months of 1942 alone, 397 ships were sunk off the East Coast, including more than 80 off the coast of North Carolina.

“Our government put us on pins and needles to anticipate that at any time, the Germans could attack by land, sea, or air,” Jones recalls. “We were put on constant footing with air raid drills and blackout drills [since city glare could illuminate American ships patrolling the coast], looking for German planes. Goodness knows where they were supposed to be coming from, as they didn’t have any aircraft carriers. But we didn’t know that,” he says. “What we did know was that submarine warfare was going on because we had evidence washing up on the beaches.”

The threat of attack led to some local lore that is disputed to this day. Many Wilmington residents recall the night of July 24, 1943, when a German U-boat reportedly fired several shells at the Ethyl-Dow chemical plant, located on Kure Beach, 15 miles south of Wilmington. The plant produced a special compound for aviation gasoline. The shots missed, the story goes, and landed on the other side of the Cape Fear River. During the blackout that night, even the round-the-clock shipyard went dark, which residents knew meant it was more than a drill; attack — or further attack — could be imminent. Thankfully, none followed.

But the alleged U-boat incident was never proven, and a critic — another Wilmington-based veteran, David Carnell, who died in April — has argued that German records establish U-boat activity in the region had ended before then.

“Some people think the attack is a myth,” Jones says, “but I’ve accumulated enough evidence to say it’s not. It happened.” If true, it apparently would be the only German

attack (apart from failed sabotage missions) to have taken place on American soil during the war.

“Back to a Sleepy Little Town”

Just as remarkable as the boom’s magnitude was how quickly it evaporated with the war’s end in 1945. The Army closed shop at Camp Davis and Fort Fisher the year before, and the Air Force followed in 1945. The last vessel was launched from the North Carolina Shipbuilding Company on April 16, 1946. Wilmington’s economy collapsed, and its 6-digit population plunged to roughly 50,000. Thousands of veterans returned to the city but there were few jobs for them. Wilmington’s somewhat parochial culture wasn’t always welcoming to would-be transplants, and many eventually moved on.

That’s what makes Wilmington’s World War II experience unique, Jones says. “The thing about [other war boomtowns] like Philadelphia, Long Beach, San Pedro, Norfolk, Newport News, is that after the war, they continued to thrive. There was no bell curve for them,” Jones says. “Everything went back to Wilmington being a sleepy little town.”

The \$20 million shipyard that had once employed up to 21,000 people became the center of a tug of war between the Maritime Commission and local interests looking to regenerate Wilmington’s economy. Nearby shipyards weren’t eager to welcome peacetime competition, and with perhaps a little nudging, the Maritime Commission decided to place the NCSC, along with three West Coast shipyards, in a

dormant reserve status while international tensions subsided. This prevented the shipyard from being sold or commissioned for alternative use. (It wasn’t until the end of 1949, after five years of negotiations, that the Maritime Commission finally leased the facility to the state of North Carolina to become the site of the state ports authority. The land itself was locked in legal battle until 1971.)

Another major blow to the economy came when the Atlantic Coast Line Railroad abandoned Wilmington as its headquarters in 1960. Wilmington wouldn’t see another boom until the completion of the I-40 highway in 1990, which provided a vital link from the ports to the inland Mid-Atlantic population, once again turning the city’s prospects around. Along with the North Carolina State Ports Authority, today Wilmington hosts a campus of the University of North Carolina, a tourism industry that pumps nearly \$400 million into the local economy each year, and the largest television and movie production studio outside of California. Its population is about 106,000 — roughly equal to its size during the war.

Though the economic boom belied sometimes painful conditions, many Wilmington residents remember World War II as one of the most exciting times of their lives. The city bustled with an energy and purpose it had never experienced. Though the boom faded, the city’s wartime heritage has remained. Many of the buildings — even some of the hastily constructed housing projects — are still in use today. Even more potent for the war’s witnesses is the memory of a handful of years when the city took on new life. **RF**

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REVENUES *continued from page 33*

a state with high exposure to capital gains, is about to find out. Last year, the state passed a law limiting the amount of capital gains revenue the state can include in its operating budget. Anything over \$1 billion will go into a rainy-day fund.

The Massachusetts strategy does nothing to improve revenue forecasting, but bigger rainy-day funds (especially in states that experience dramatic revenue swings) appear to be the best defense against inevitable forecasting errors in an increasingly unpredictable economic environment. **RF**

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