

MILLS B. LANE, JR. AND ENTERPRISE IN A NEW SOUTH

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For a century, Citizens & Southern Bank was a fixture in Georgia. In 1991, the C&S brand name disappeared in a merger with North Carolina National Bank. This was one of the bittersweet consequences of the slow, confusing swirl of bank deregulation after 1970, when institutions such as C&S simply disappeared, swallowed by the “winners” in the new competitive environment of interstate banking in the 1980s and 1990s. Even earlier, however, the Lane family had ceased to control the bank started by Mills Lane, Sr. in 1891. Mills B. Lane, Jr. was the last member of the Lane family to run C&S. After his retirement in 1973, Mills handpicked his successor and tried to retain some influence, but the bank began slipping away from the Lanes. By the early 80s, a decade before Hugh McColl’s NCNB acquired C&S, Mills Lane, Jr. was deeply alienated from the institution that had been, according to many, “Georgia’s cornerstone bank.”

“It’s a Wonderful World! Can I sell you any money?” These phrases encapsulated the career of Mills B. Lane, Jr., president of Georgia’s largest bank during the post-war boom of 1946-1973. During this period, the South metamorphosed from “the nation’s number one economic problem” to the nation’s number one moral problem and finally, to the “Sunbelt South,” the nation’s fastest growing region. Mills Lane and his bank played key roles in most aspects of this development. Lane brought retail banking to Georgia with a vengeance during this time. His methods generated intense loyalty among employees of the Citizens and Southern National Bank (C&S) and a mixture of grudging admiration and resentment from competitors. Lane’s career coincided with the civil rights revolution. The banker developed a sense of corporate social responsibility and played a major role in helping Georgia navigate the desegregation crises of the 1960s. Lane emerged as one of

Georgia's most notable entrepreneurs of the post Second World War era.¹

The economy of the South was dramatically transformed in the decades after the Second World War. Gavin Wright, among the most perceptive observers of the American South, has argued that the region's economy was shaped by the heritage of slavery, remained on a similar path long after emancipation, and was eventually transformed by changes in federal policy during the New Deal era and after. According to Wright, the South's entrepreneurs and workers labored within an isolated, regional labor market that offered a narrow range of choices to both. The South's continued, and indeed, growing, commitment to cotton agriculture, the relatively few, primitive paths open to industry, the low-wage nature of the region's employment opportunities, and the often appalling lack of investment in human capital—were all consequences of the regional labor market. The federal government played a pivotal role in promoting the integration of the southern and national labor markets through minimum wage laws, public spending, and encouragement of union organization. The consequences of government intervention were often unintended and sometimes destructive in the short term. In the longer term, however, government policies forced the South off its previous “development” path and onto a different one.²

There is a missing, or at least under-represented, element in the portrait drawn by Wright—the entrepreneur. Entrepreneurship is among the least understood topics within economic history. Among economic theorists, the entrepreneur “is an invisible man,” according to economist William Baumol. Though most economists acknowledge that entrepreneurship is a key component of economic change, and a few have attempted to analyze the contributions of entrepreneurs (Joseph Schumpeter, most famously), the reasons for this invisibility are well known among economists. First among these is the lack of standardization among entrepreneurial innovations. By definition, innovations are new and unique. It is difficult for a theorist to “say anything at all that characterizes the features of every single innovation.” The second reason is the emphasis among economists on “maximization and minimization as the theorist's central descriptive tool.” Implicitly, entrepreneurship becomes the simple recalculation of alternatives within this altered environment.³ Southern landlords and investors (and workers and sharecroppers, for that matter) rationally calculated their prospects and tailored their actions to maximize their own profits.⁴

A long line of analysts, from journalists to academics, have attributed the South's economic backwardness “to laziness, to fatalism, to *contempt for entrepreneurial ambition*, to repressive rule by an elite group fearful of social change” [emphasis added] when portrayed negatively. When analysts have sought to find positive things to say about the pre-Sun Belt South, they have generally turned these criticisms on their head, attributing alleged backwardness to the region's “sense of proportion about life,” “anti-materialism,” and a deeper “respect for tradition and community.”⁵ In other words, many analysts have argued that the South was pre-capitalist or anti-capitalist. The southern poet, John Crow Ransom, summarized the view neatly. “The South never conceded,” he wrote, “that the whole duty of man was to increase material production.”⁶

William Baumol has invited us to reappraise and broaden our discussion of entrepreneurship. The chief difference among cultures and societies is not whether a

population is enterprising, he suggests, but in how entrepreneurial effort is channeled. “Entrepreneurs are always with us and always play some substantial role,” Baumol contended, but “there are a variety of roles among which the entrepreneur’s efforts can be reallocated.” Entrepreneurship could be, in his phrase, “productive, unproductive, or destructive.”⁷ Looking at Gavin Wright’s analysis of the South from this perspective may be useful. Baumol’s outlook does not contradict or disprove the “maximization-minimization” calculus favored by economic theorists. It may, however, lead to a greater focus on human agency in the development process and offer a fresh lens through which to view the emergence of the Sun Belt.

The rules of the game that bounded southern entrepreneurs for decades included an isolated, regional labor market, symbolized by segregation and disfranchisement in addition to the ills that accompanied them. The hard rule of King Cotton over the fortunes not just of planters and sharecroppers, but ever-increasing numbers of yeomen, formed another “rule of the game,” a boundary for southern entrepreneurship. Baumol’s conception of entrepreneurship may help explain the actions of southern merchants and business leaders in the post bellum years. The focus of southern merchants on maximizing cotton production may have had detrimental effects on the region in a variety of ways, but perhaps there was a sort of “lock in,” as historians Roger Ransom and Richard Sutch argued. The rules funneled entrepreneurial activity into avenues that were profitable for the entrepreneurs, but not necessarily productive for society.⁸

The rules of the game encountered by Mills Lane and C&S included a shifting legal environment. Georgia severely restricted branching in 1926 following the collapse of a well-known regional bank chain. At the national level, the McFadden Act of 1927 effectively precluded interstate branch banking and permitted states to restrict statewide branching even by national banks. Georgia, like many other states, quickly followed suit. For much of the 20th century, Georgia law permitted only limited branching within the state. Anti-branching laws protected markets for smaller, generally weaker, rural and small-town banks, but made it difficult for larger, urban-centered banks to expand sufficiently to take advantage of scale economies.

The C&S was the creation of the Lane family, among the South’s most prominent banking clans. The Lane family entered the banking business in Valdosta, Georgia, in the 1870s, when Remer Lane, a farmer-merchant, organized a private bank in 1874. The bank prospered, and Remer Lane’s six sons all seemed interested in following in their father’s footsteps. Mills Lane, Sr., suggested to his father in the late 1880s that Valdosta might not offer a large enough field of endeavor for all of the Lane boys. Mills, Sr., with his father’s blessing, moved to the coast and organized the Citizens Bank of Savannah in 1891. Lane constantly sought growth for his bank. The quest for growth led to mergers and acquisitions, including acquisition of the Southern Bank of the State of Georgia in 1906. Following this merger, Lane and his board rechristened the bank the Citizens and Southern Bank of Georgia.⁹

Lane and C&S played a key role in helping bring industry to Savannah. He participated in the planning and served on the board of the Savannah Sugar Refining Company, which opened in 1917. The firm became a fixture in Savannah as the Savannah Food Company. Its signature product, Dixie Crystal sugar, is still a staple in grocery stores

around the southeast. Lane also acquired a significant personal stake in the Bibb Manufacturing Company. Macon-based Bibb grew into one of the largest cotton mills in the nation by the end of the First World War.¹⁰

Yet the elder Lane seemed to soldier on within what David Carlton has called the “well-worn grooves” of the southern economy.¹¹ Lane’s endeavors aimed at accumulating capital that he reinvested in processing the South’s crops or natural resources. In a revealing letter to his wife, Lane recalled advice from his father, the original banker of the family. The advice reveals something of the social and cultural constraints that bounded southern enterprise. Lane, Sr., recalled his father, Remer, “fretting a great deal about two accounts that he had, one a sawmill and another [Jewish-owned] account.” Both businesses “had failed and both were giving him a lot of trouble.” After “many sleepless nights,” Remer Lane offered his son a warning. In making loans, “beware of the Jew and the sawmill.” Though “some Jews were good and some sawmills were good, the great majority were not,” Remer Lane advised his son.¹²

Remer Lane’s advice, of course, reflected the anti-Semitism that infused much of late 19th and early 20th century American thought, and was not uniquely southern. The advice against sawmills, however, was a warning to take extreme caution when considering investment in crude manufacturing facilities that took advantage of the region’s abundant natural resources. Such enterprises were a dime a dozen; experienced sawmill operators could do well, but inexperienced, incompetent, or absentee operators could lose big. Lane, Sr., however, blithely ignored his father’s advice about sawmills. After investing “the first few thousand dollars” he made in “some wonderful timber land between Valdosta and Tifton,” Mills started a sawmill. For a couple of years the mill made money, but as nearby timber resources were depleted, Lane had to purchase a locomotive and lay railroad tracks to access more remote trees and “began to lose money.” After a few months of losing money on his sawmill operation, Lane got an urgent telegram from his mill manager. “The sawmill was on fire,” the wire read. Lane “wired him not to attempt to put it out. The mill was not insured. So I did not take the advice given to me and it cost me considerable money.” The story had a footnote, however. The man who bought the property from Lane built a new facility “out of the wreckage of my mill, he started a new sawmill and made a million dollars.” Lane attributed his own lack of success to his absentee ownership and lack of expertise in the business.¹³ Though he was a Georgia native, Lane, too—like the stereotypical absentee owners decried by critics of the colonial economy from the Regionalists to the President’s Emergency Council in 1938 to C. Vann Woodward—exploited the region’s resources at a distance.

If Lane tended to remain within the established outlines of the South’s staple crop, labor-intensive economy, he squeezed as much as he could from it. Lane sought every opportunity to expand C&S and promote economic growth within the confines of that economy. In the days before Georgia restricted branch banking, C&S acquired banks and opened branches in numerous areas around the state, becoming the second largest bank in Georgia by the early 1920s. C&S bought the Third National Bank of Atlanta in 1919, liquidated it, and replaced it with a C&S branch. Up until 1919, C&S had no Atlanta presence, but by the 1930s, the Atlanta office would become the center of the firm’s operations.

Lane and C&S experimented with and encouraged economic diversification for the South, but they banked on cotton. In 1923, when cotton prices collapsed, Lane and C&S's numerous branches, affiliates, and correspondents stood to lose millions. Lane placed even more of his bank's resources at risk and borrowed an additional \$30 million from New York banks to weather the crisis. Lane and C&S banks extended farmers' loans and found warehouse space that could store the cotton for up to six months. The price of cotton rebounded in a few months. C&S and the farmers (farm owners who were lucky enough to have credit through a C&S affiliate) sold at a profit and repaid the confidence of Mills Lane, Sr.¹⁴ Mills Lane, Sr. managed C&S and the opportunities that presented themselves adroitly; he became one of the most respected figures in southern banking. In the depths of the Great Depression, however, the South's cotton economy faced a crisis that could not be overcome by patching together more lines of credit to extend the region's dependency on the white staple.

Mills B. Lane, Jr. entered the family business full-time in 1934; Lane, Jr. both idolized his father and chafed under the elder Lane's restrictions. Lane, Sr. had been fifty years old when Junior was born in 1912, and in many ways, their relationship was colored by the legend of Mills Lane, Sr. Rather than witnessing his father's climb as a child and adolescent, Mills saw his father only as the elder statesman of C&S.

Lane, Jr., like his siblings, received the best education his father's money could buy at prestigious northeastern preparatory schools and at Yale University. Young Mills did not enjoy the smoothest academic career. He apparently enjoyed his leisure time and developed tastes in music and entertainment that often appalled his father. While at Yale, Mills became deeply interested in history and Hawaiian music, a combination of interests modeled for him by a professor from the island territory. For decades after, Mills enjoyed playing a ukulele and holding Hawaiian-themed parties. Lane, Sr. sometimes scolded his son for such eccentricity. Shortly after Lane, Jr. went to work at the C&S branch in Valdosta following graduation in 1934, he won a talent contest at Valdosta's palace theater. Mills, clad in loud Hawaiian shirt and leis, had hammed it up playing Hawaiian music. Lane, Sr., responded to the news in his typical fashion. "I am glad to know that you got the prize for your performance," he wrote to his son, "but you know you are getting old enough and in a business that requires a certain amount of dignity, and I do not think concert scenes are quite dignified enough for an officer of the Citizens & Southern National Bank."¹⁵

Lane, Jr.'s time in Valdosta served as an apprenticeship before the elder Lane transferred him to Atlanta in 1939. By this time, Lane, Sr. had retired as president of C&S National Bank, though he retained his position as chairman of the board. He continued to exercise significant influence over the firm's direction. Lane, Jr. seemed to be positioning himself as his father's successor. During the late 1930s and 1940s, Lane, Jr. exhibited a tendency for innovation that would become his trademark in the postwar years. The younger Lane experimented with a "banking by mail" advertising plan while in Valdosta, for example. Lane, Sr. praised his son for continuing to "look ahead," but cautioned him against such "advertising schemes." Lane, Sr. had tried such advertising plans twice in the past, he noted, "and both times had a complete failure."¹⁶

Young Mills continued to push the boundaries at C&S. He often butted heads with his

father and other senior managers over salaries and benefits. Lane, Jr. consistently argued that C&S should boost pay for employees and add benefits. Lane convinced the bank's executive committee to approve annual medical exams for all employees—at company expense. The program, Lane, Jr. admitted to his father, “does cost the company some money,” but yielded positive results, including the discovery of a condition in one young female employee that led to “a life-saving operation.” Lane also convinced the executive committee to allow him to use company money to establish a library at the Atlanta office and stock it with books and a subscription to the *New York Times*.¹⁷

Lane, Sr. approved of most of these innovations, and offered special recognition for his son's efforts in establishing a company profit-sharing plan for employees, but he occasionally became exasperated by what he perceived as Junior's extravagance, especially toward employees. The elder Lane gently reminded his son of the stockholders' interests from time to time. “We can't give all we make to the employees,” Lane Sr. wrote to his son at one point, “we simply must give the stockholders a little bit or we would have no bank. First, the Bank; second, the employees,” Lane, Jr. replied to this, with an uncharacteristic tone of curtness toward his father, reminding the elder Lane of all he had done to boost the fortunes of stockholders through increased share prices and dividends since joining the Atlanta office. By the early 1940s, Mills Lane, Jr., seemed increasingly willing to challenge, or at least question, his father's views.¹⁸

Mills Lane, Jr.'s concern for C&S employees in the late 1930s and early 1940s presaged policies he would develop more fully during his own tenure as CEO of the company. Junior also began to separate himself a bit from his father and other elder statesmen of the old southern economy. William D. Anderson was the president of Bibb Manufacturing Company, among the largest manufacturers of cotton goods in the nation. Anderson was also a vociferous critic of the New Deal and an enthusiastic member of the Liberty League. The Lane family owned a considerable interest in Bibb, and Mills Lane, Sr. counted Anderson as a close business associate and friend. The elder Lane even hosted occasional events for the Liberty League in Savannah. Anderson remained an outspoken opponent of government intervention in the economy for the remainder of his life. Mills Lane, Sr. increasingly made his peace with the new order in Washington, telling his son at one point in the mid-1930s, “the New Deal is here. Make the best of it. You can't fight it.”

Lane, Jr. wrote to his father in September 1941 to criticize Anderson. Junior was not a fan of the New Deal, he reminded his father, but Anderson, and men like him, were partly responsible for many of the New Deal's intrusions, particularly into labor relations. Lane observed that while Anderson and his colleagues in the Liberty League “speak with a great deal of feeling on the socialistic trend of the American way of life..., [l]ots of people believe that Industry and Business have brought on most of the labor difficulties.” Lane, Jr. argued that “a change from the attitude of management toward its help has been desirable.” Junior was not arguing in favor of paternalism. In fact, Bibb employed the familiar tools associated with paternalism—company housing, recreation facilities, and other measures to encourage a familial atmosphere (and cooperative attitude) among workers. Lane told his father that rather than following the traditional paternalistic policy (or “benevolent attitude,” as Lane put it), management “should be constructive, tolerant, and assure a man of a decent living in the scheme of life.”¹⁹

Junior questioned not just the general attitude of southern management, but the Bibb management in particular. The company should have spent more money on developing an effective employee relations program, he argued, rather than on building new recreation grounds. "Likewise the bag plant," he noted, referring to a recent Bibb labor dispute. "How can it [Bibb management] in one breath tell its employees that it cannot afford to pay wages any higher or guarantee a man a definite number of hours a week that he will work, and in the next breath give to the press of the country a glowing tale of how much money the company is making." Lane Jr. advocated a new direction for management. Rather than continuing to rely on the old cheap labor policies of the past and trying to forestall unrest by clever illusions, stonewalling, and threats, management "should adjust itself to changing trends and take an active part in the direction thereof."²⁰

Within the C&S bank and for the regional economy as a whole, the younger Lane seemed to suggest that the time for trying to extract as much from labor for as little compensation as possible had passed.

Mills Lane, Sr. died in 1945. It seems clear that he had intended for Lane Jr. to assume the leadership of C&S. At 33, however, even Lane Sr. probably considered his son a bit too young to take over the top spot, and that may explain why he had not yet made provisions for this eventuality. Lane Jr., as vice-president, had already been playing a leading role in bank affairs. He had, for example, helped arrange for a consortium of banks, led by C&S, to provide critical funding for Delta Airlines in its relocation to Atlanta in 1941. However, cousins Lane Young and William Murphey still ran the show as president and chairman of the board, respectively.

The clash of generations came to a head over a Lane scheme to expand C&S's automobile loan program. Young refused to approve the plan, and Lane sensed an opportunity. "After a weekend of family meetings," according to C&S historian Jan Pogue, Lane's mother intervened. "Describing herself as 'a she-wolf looking after her cubs,' Mrs. Lane ordered Murphey to make Mills president of C&S. Lane Young moved up to become vice-chairman of the board, and Mills Lane Jr., at the tender age of 34, took over as president of C&S. Lane made light of the imbroglio in later years. As he liked to say, "Hell, my father owned the bank!"²¹

Lane's career as president of C&S coincided with the post Second World War economic boom that helped transform the region. As the outlines of the old regional economy faded, Lane played a key role in establishing the framework of the new in Georgia. Lane led C&S to the top among Georgia banks by pursuing customers relentlessly. Lane adopted the most aggressive consumer lending practices among Georgia's large banks, and rarely missed an opportunity to add new services. C&S displayed a more entrepreneurial style due in part to the fact that the Savannah-based firm was a relative newcomer to Atlanta. This had been true during the 1920s and 1930s, even as Mills Lane, Jr. attended prep school and college outside of the region. Lane clearly infused an even more vigorous entrepreneurial spirit into the C&S organization.

Georgia's restrictive banking laws also conditioned C&S's path in the 1950s. Georgia law after 1926 restricted branch banking to a bank's headquarters city. C&S had some branches around the state that predated the 1926 law, and were thus "grandfathered" into the system. C&S, like some other banks around the country facing restrictive

branching laws, formed a bank holding company. The C&S holding company then purchased several more banks around the state, though these banks had to operate virtually as unit banks. The use of the holding company, along with C&S's pre-existing branches, gave the company a much broader statewide footprint than any other Georgia bank (Trust Company of Georgia was second, with a handful of branches also pre-dating the 1926 law). The bank holding company was one method used by bankers to grow in spite of restrictive banking laws. C&S made more effective use of the tool than any other Georgia bank.²²

C&S rode the rising tide of Georgia's economic boom in the late 1940s and 1950s and also contributed to it. Lane aggressively expanded C&S's outstanding loans by two and a half times from 1945-1950, giving substance to Lane's optimism about the future of the region and the nation. His Georgia competitors effectively held their loan balances steady during the same period, fearing a return to something like the gloomy economic environment of the 1930s. C&S also outpaced its largest competitor in Georgia, First National of Atlanta, in percentage growth of deposits, 27% vs. 12%, from 1946-53. The expansion rate of C&S deposits even exceeded (though only slightly, 27% vs. 26%) growth of Federal Reserve System deposits.²³

Lane also pioneered in developing consumer credit at C&S. He pushed to expand C&S's installment loan business in automobiles. Lane became the first southern banker to offer credit card services to customers. The flamboyant banker characteristically went just a bit further than other bankers. C&S created the "instant money" option for its cardholders. As Lane observed, if the bank's credit card could be used to buy \$25 in merchandise in a store, "why couldn't it be used for charging \$25 of what we're selling—money?"²⁴

Mills Lane's credit card venture, and his bank's relative success in it, seemed to mirror (on a slightly smaller scale) the experience of Bank of America. The narratives of Lane and C&S in the postwar years echo (faintly on some scores, strongly on others) the stories of A.P. Gianinni and Bank of America. Gianinni, as Bank of America historian Timothy Wolters has observed, "remains unfamiliar to many Americans," but "he was the only banker included in a [1998] Time magazine profile of the most influential business leaders of the twentieth century." Gianinni started the Bank of Italy in San Francisco in 1904 and changed the institution's name to Bank of America in 1930 to help broaden the bank's appeal. He preached the gospel of retail banking and serving the "little fellow," and making consumer and small business lending its hallmark. Giannini assiduously solicited small depositors and pioneered in offering small loans. By the end of the 1940s, Giannini's bank had become the largest in the world. Lending to the "little fellow" had paid huge returns.²⁵

BOA and Chase, large and prominent banks at the time, entered the credit card field in 1958. Predictably, perhaps, C&S quickly followed suit. Lane's credit card strategy seemed to mirror his firm's culture. C&S pursued a consumer-oriented strategy similar to that of BOA with its credit card. Within two years, of the 1959 introduction, C&S had enrolled 120,000 cardholders; by 1969, nearly 580,000 people held C&S credit cards. The number of participating merchants had grown from 2,435 in 1961 to 6,681 in 1969. Annual credit card sales volume rose from \$15 million in 1961 to more than \$45.6 million at the end of the decade. By the end of the 1960s, C&S had joined the Interbank credit card consortium "in order to gain national acceptance of our card." C&S reported net income

of almost \$2.5 million on the credit program in 1969. However, C&S's success in the credit card field was mixed. No one at the bank was happy about high operating expenses or the growth of losses due to both fraud and overextension by customers (more than \$434,000 in 1969). Outstanding balances on C&S credit cards amounted to 63% of annual sales volume in 1969. This represented a significant increase over what had been a long-term trend. For most of the program's history, outstanding balances had hovered at just under 50% of annual sales. The credit card, of course, served as both a popular tool for managing increased consumption among average American households and a snare that could quickly trap families in a spiral of debt.²⁶

Lane sought new opportunities for C&S within the existing rules of the entrepreneurial game in the postwar years. As the rules shifted, Lane adjusted his strategy. He clearly set C&S on a more dynamic growth path than its Georgia (and most of its southern) competitors. In 1958, C&S launched the Citizens and Southern Small Business Investment Corporation (SBIC was the generic acronym for these firms). In that year, Congress passed the Small Business Investment Act, which aimed to open public capital markets to small startup firms. SBICs could receive partial funding from the Small Business Administration. C&S established one of the first two investment vehicles chartered under the legislation. The SBIC rubric seemed to fit C&S's strategy perfectly by creating a new and more flexible method by which the bank could invest in "the little fellow." SBIC's followed a variety of strategies, with some pursuing investments in particular fields (electronics, for example). C&S, predictably, opted for a wide-open approach, lending to "any promising line of business," according to *Barron's*.²⁷

Lane related his own vision of banking in this new era in a letter to R.E. McNeill, president of New York's Hanover Bank. McNeill apparently had written to Lane in December 1955, in the midst of C&S's postwar growth spurt, asking about the colorful Georgian's personal story in banking, management training programs, his views on ethics, and other matters. Lane advised McNeill to "think of your own personal development as a banker" and the development of others, including Lane. How many were the product of "executive training for college graduates?" Lane asked. He referred to his own story, which included a heavy dose of on-the-job training. Lane believed that the characteristics of good bank employees included a "diversity of interests." A good employee "loved his fellow man" and believed in the institution of C&S. Lane sought to instill an attitude of risk-taking among his loan officers at C&S by starting out promising management trainees in the installment loan department, one of Lane's pet programs. "You take a young man and start him out collecting delinquent accounts, repossessing refrigerators and automobiles. He quickly learns the people who tell the truth, those who don't tell the truth and he begins to appraise character." Young bankers learn to "distinguish between the genuine hardship case where consideration should be given, and the out and out dead beat, who is trying to get away with something." As an installment loan officer, a young banker becomes "a family counselor and a personal confidant of many people... and best of all," Lane contended, "he has the great privilege of making mistakes." Lane allowed free rein to loan officers, at one point adopting a company rule that required senior management approval to turn down a loan, but authorizing loan officers to say "yes" without consulting the bureaucracy. In Lane's view,

bankers had to be “enthusiastic about people and businesses.”²⁸

Lane was critical of the conservatism of his larger Georgia competitors. The Trust Company of Georgia (widely referred to as “the Coca Cola bank”) was “attempting to operate like J.P. Morgan, catering only to quality, class and big business.” Lane and his associates believed that this corporate culture had led to a serious morale problem among junior officers at the Trust Company. “We reason here that the fact that the bank takes no interest, as a bank, in the common man, in small business and their problems, produces an attitude that filters down into a lack of interest in the small man and the individuals who work in the bank.” Lane was always solicitous of his employees at all levels in the bank, and he was clearly the most enthusiastic champion of small business among Atlanta bankers. Lane’s aggressiveness in seeking growth and his success at it engendered resentment. A competitor once caustically remarked, “Mills would stand on his head on top of the C&S flag pole if he thought it would get him a new savings account.” Responding to a question about the chief differences between his own bank and C&S, James Robinson of First National Bank of Atlanta quipped, “We have employees working for us. Mills Lane has disciples.” The C&S approach—relatively high compensation and the creation of an atmosphere that encouraged risk-taking—helped Mills Lane build (or, perhaps, reshape) an effective organization suited to the “go-go” environment of the postwar years.²⁹

Lane also staked out a significant role for himself and his bank in shaping social and political reform agendas in Georgia. In these efforts, Lane both responded to and helped shape the shifting rules regarding the isolated labor market symbolized by segregation and disfranchisement. By the end of the Second World War, Mills Lane and his brother, Hugh, who ran some of the family’s South Carolina banking operations, recognized that segregation was an institution that no longer served any useful function for the South. Lane came to believe that the South had to discard segregation and disfranchisement to take its place in the national mainstream.

Atlanta faced a desegregation crisis in the early 1960s. A federal court had ordered the city’s schools to desegregate; state law called for local school boards to close schools rather than integrate. In addition, Atlanta department stores like Rich’s increasingly were targeted by the Student Nonviolent Coordinating Committee for boycotts and protests. Martin Luther King, Jr. and the civil rights movement put southern racial practices on trial before a national audience throughout the early 1960s. Mills Lane spent \$11,000 of his own money to send out 88,000 perforated, two-sided cards bearing the message, “Count me among those who would like Ivan Allen, Jr. to become mayor of Atlanta.” The Allen family was among the most prominent in Atlanta. Ivan Allen, Jr. had established a reputation as a racial moderate. He was also a close personal friend of Mills Lane. Within days, Lane had received more than 9,000 favorable responses. Lane collaborated closely with his friend, Allen, on the 1961 mayoral campaign. During a series of protests in 1960, only Mills Lane and Ivan Allen, Jr., among Atlanta’s white power structure, were willing to sit down with protesters and hear their grievances. According to some of the protest leaders present, Lane appeared baffled by the depth of black anger at segregation practices in the city’s department stores and counseled patience. Allen listened more attentively and asked questions, clearly impressing the protest leaders. Allen won the election and his

reelection. During the turbulent 1960s, Allen testified in Congress in favor of federal legislation to prohibit discrimination in public accommodations in 1962, and skillfully guided Atlanta through the violent upheavals of the late 1960s, winning praise and support from black leaders and the masses of black voters (after the 1965 Voting Right Act). Allen's progressive ideas in this period probably exceeded Lane's own, yet the banker never wavered in his support for his friend.³⁰

Lane also put into action his own view of corporate social responsibility. Lane and C&S developed the Georgia Plan to address urban blight in Savannah and other cities where C&S operated. Lane described the program to stockholders in a lengthy addition to the company's annual report for 1969. Lane seemed to be trying to reassure stockholders, but it was a remarkable statement for a Georgia bank at that point. At a certain point in the 1960s, Lane told his stockholders, in towns and cities around Georgia, "citizens woke up to discover that the yardman, the maid, the 'Boy' who was always on call for sub-living wages wasn't on call any longer [...] He was tired of doing 'Mr. Charlie's' bidding." When black leaders in Savannah approached C&S and asked for help in refurbishing neighborhoods and financing small business, those leaders came "to a bank that [they] knew would listen with an open mind." In the first two years of the program, C&S provided \$1.4 million in loans "to help start small businesses and make down payments on 150 homes" and another \$1.5 million in loans for the "renovation of over 3,000 substandard dwellings."

C&S also initiated a special training program around the state to help with the tremendous problem of unemployment among the disadvantaged. The federal government recognized the problem with the creation of the National Alliance of Businessmen in 1968, a joint government-private sector program aimed at offering training and jobs for the nation's "hard core" unemployed. The C&S program was no more than a modest beginning, yet it was a tentative step toward affirmative action. During the first eighteen months of this program, 159 students passed through the course and 109 became C&S employees. In a small way, C&S was reaching out to people who would not have qualified for bank jobs—people who had been trapped in the South's low-wage, low-skill, segregated economy. Lane made a small start here at redressing a problem that was far larger than he probably realized.³¹

Lane continued to bank on the South's future, increasingly in real estate development. In the early 1970s, shortly after he retired, and following his second heart attack, a recession struck and real estate collapsed. The Atlanta market, in particular, had probably seen too much investment in shopping centers, offices, and hotels and Lane's city recovered more slowly than many other locales. All the major Atlanta banks suffered from substantial losses in real estate, but none more than C&S. The bank survived (at no point was the bank's solvency threatened), but Lane's handpicked successor was fired by the C&S board in 1976. Increasingly after this episode, Lane wanted to have a voice in bank affairs as an elder statesman (as his father had done in the 1930s and 1940s), but the bank's new leadership increasingly shut him out. Lane had helped manage the South's transition from a stagnant economy dependent on cotton to the vibrant Sunbelt economy of the late 60s and beyond. He even experimented with programs of affirmative action to redress centuries of neglect and oppression. However, he ended his life as an exile from the

institution his family had carefully constructed. A year before his death in 1989, he told a friend that he had learned “you don’t have to die to be forgotten.”³²

NOTES

1. Jan Pogue, *The C&S: Georgia’s Cornerstone Bank* (Atlanta, GA: Corporate Stories, 1993), 17. Lane quoted in Mills B. Lane IV, “The Wonderful World of Mills B. Lane,” manuscript in the Mills B. Lane Family Papers, Box 6, (Athens: Hargrett Rare Book and Manuscript Library, University of Georgia Libraries). This collection will hereafter be cited as Lane Papers. This collection is primarily a collection of family papers. No C&S business collection exists so far as the author can determine, making detailed investigation of the firm’s decision-making processes difficult. This paper briefly examines the career of Mills Lane, Jr., as an entrepreneur. On commercial banking in the US, an excellent beginning point is Larry Schweikart, “U.S. Commercial Banking: A Historiographical Survey,” *Business History Review* 65: 3 (Autumn 1991), 606-661. Schweikart notes that American banking was affected by the managerial revolution later than other industries and that banking became more bureaucratized in the post The Second World War era as a response to growth and regulation. Mills Lane demonstrated that entrepreneurial individuals could still exert significant influence.
2. Gavin Wright, *Old South, New South: Revolutions in the Southern Economy Since the Civil War* (Baton Rouge: Louisiana State University Press, 1996; reprint of 1986 edition), 257. For a full account of the post-The Second World War era, see Bruce Schulman, *From Cotton Belt to Sun Belt: Federal Policy, Economic Development, and the Transformation of the South, 1938-1980* (Duke University Press, 1994, reprint edition).
3. William Baumol, “Towards Microeconomics of Innovation: Growth Engine Hallmark of Market Economics,” *Atlantic Economic Journal* 30 (March 2002), 2. The author is also indebted to Peter Coclanis for his lecture on entrepreneurship in the history of economic thought, delivered at the annual meeting of the Southern Industrialization Project, Nashville, Tennessee, 19 September 2003.
4. David L. Carlton and Peter A. Coclanis have offered an excellent series of suggestive articles, many of which generally buttress and elaborate upon Wright’s arguments about the 19th and early 20th century South. See Carlton and Coclanis, *The South, The Nation, and The World: Perspectives on Southern Economic Development* (Charlottesville: University of Virginia Press, 2002).
5. Carlton, “The American South and American Manufacturing,” in Carlton and Coclanis, *The South The Nation, and The World*, 164.
6. John Crow Ransom, *Introduction, I’ll Take My Stand: The South and the Agrarian Tradition* (New York: Harper, 1930), 13-14.
7. William J. Baumol, “Entrepreneurship: Productive, Unproductive, and Destructive,” *Journal of Political Economy* 98, no. 5, pt. 1, 893-921.
8. See Roger Ransom and Richard Sutch, *One Kind of Freedom* (Cambridge: Cambridge University Press, 2001), esp. chapter 8. For a thoughtful reappraisal of this seminal work, see Peter Coclanis, “In Retrospect: Ransom and Sutch’s *One Kind of Freedom*,”

- 28: 3 (September 2000), 478-89.
9. Mills Lane, Sr., to Mills B. Lane, Jr., 3 April, 1944, Lane Papers, Box 3, Folder 4.
 10. Jan Pogue, *The C&S: Georgia's Cornerstone Bank* (Atlanta, Ga.: Corporate Stories, 1993), 29.
 11. David L. Carlton, "Entrepreneurship and Industrialization: The Case of North Carolina," paper presented at the Business History Conference, March 6, 1999, paper in the possession of the author and cited with his permission.
 12. Mills B. Lane, Sr., to Mary Lane, 23 January 1936, Box 1, Folder 6, Lane Papers.
 13. Mills B. Lane, Sr. to Mary Lane, 23 January 1936.
 14. Pogue, C&S: *Georgia's Cornerstone Bank*, 36-37.
 15. Mills Lane, Sr., to Lane Jr., 22 April 1935, Box 3, Folder 1, Lane Papers.
 16. Lane Sr. to Lane Jr., 16 July 1935, Box 3, Folder 1, Lane Papers.
 17. Lane Jr. to William Murphey, Vice-Chairman of the Board, 23 July 1940, Box 3, Folder 2, Lane Papers; Lane Jr. to William Murphey, Feb. 26, 1941, Box 3, Folder 2; Lane Jr. to Lane Sr., 23 July 1940, Box 3, Folder 2, Lane Papers.
 18. Lane Sr. to Lane Jr., Feb. 13, 1942; Lane Jr. to Lane Sr., 14 February 1942; Box 3, Folder 3, Lane Papers.
 19. Lane Jr. to Lane Sr., 23 September 1941, Box 3, Folder 2, Lane Papers.
 20. Lane Jr to Lane Sr, 23 September 1941.
 21. Pogue, *The C&S*, 50-51.
 22. Thomas D. Hills, "The Recent Rise of Southern Banking: An Examination of the Southeastern Regional Banking Compact and Some Resulting Disparities Among the Banking Industries of the Leading Southern States" (M.A. Thesis, Georgia State University, 2006), 24-27; and Hill interview by the author, September 15, 2007. North Carolina permitted unlimited branching throughout its history, while Georgia restricted the practice after 1927. This helps account for the fact that banks became much larger in North Carolina than in Georgia, and may help explain why the banking center of the South today is in Charlotte rather than Atlanta (though Atlanta remains a leader in other financial services).
 23. Harry Keefe, "C&S: Georgia's Economic Gains Spark This Bank's Big Growth," *Barron's*, 15 February 1954, 19.
 24. Lane quoted in Time, "Mills B. Lane's Wonderful World." See also John S. Wright, "Leaders in Marketing: Mills B. Lane, Jr.," *Journal of Marketing* 35 (July 1971), 73.
 25. Timothy Wolters, "'Carry Your Credit in Your Pocket': The Early History of the Credit Card at Bank of America and Chase Manhattan," *Enterprise & Society* 1 (June 2000), 324-25.
 26. *Citizens & Southern Annual Report*, (1969, Hargrett Library, University of Georgia, 1969).
 27. *Barron's* 25, vol. 40, (July 1960), 3. C&S's SBIC remained relatively small. C&S closed down the SBIC in 1971; see *Barron's*, vol 52, 25 (April 1972), 3. The move may have reflected Lane's frustration with government intervention. Congress chronically underfunded the SBA and the program was marred by corruption. Though seen by many as a "liberal" on race and as a champion of corporate social responsibility, Lane was never comfortable with the increased government role in the economy following the New Deal.

28. Mills B. Lane, Jr., to R.E. McNeill, 28 December 1955, Lane Papers, Box 3, Folder 10.
29. Pogue, *The C&S: Georgia's Cornerstone Bank*, 69-71; 71.
30. Gary Pomerantz, *Where Peachtree Meets Sweet Auburn: The Saga of Two Families and the Making of Atlanta* (New York: Scribner, 1996), 271, 321-338.
31. Information on these programs from *C&S Annual Report*, 1969, Hargrett Library.
32. Mills B. Lane IV, *The Wonderful World of Mills B. Lane, Jr.*, manuscript found in Lane Papers, Box 10.