

THE
CARE AND
FEEDING OF
POWER
STRUCTURES

by
JACK minnis

Jack Minnis is research director of
the Student Non-violent Coordinating
Committee and former research director
of the voter education project.

Distributed by:

Students for a Democratic Society
119 5th Ave., Rm. 302, New York City

and its

Economic Research and Action Project
1100 E. Washington, Ann Arbor, Mich.

THE CARE AND FEEDING OF POWER STRUCTURES

By Jack Minnis

A 19-year-old Negro from Savannah, Georgia, walked into the main office of Chase Manhattan Bank in New York and asked to see David Rockefeller.

He knew David Rockefeller was Chief Executive Officer and the largest stockholder of the bank, he knew Nelson Rockefeller, David's brother, had declared loud and often that racial discrimination must end, and he knew that Chase Manhattan served as paying agent on Savannah bond issues which were floated to build segregated facilities. He was told that Rockefeller was out of town and asked what his business was. He replied that he wanted to discuss with Rockefeller the bank's policy with regard to financing segregation. He was ushered into the office of the vice-president who was in charge of the bank's municipal bond department. He asked this individual to outline the bank's policy on financing segregation. The individual assured him that the bank had had no connection with Savannah bond issues for a number of years. The young man replied, "Well, then, you'll have no objection to my examining your records, will you?" The vice-president, of course, had and voiced, numerous objections. He refused to make a statement of the bank's policy. The young man informed him that, unless the bank declared itself against the financing of segregation within 24 hours, a picket-line would be set up around the bank, and he departed.

The next day, there having come no word from the bank, the young man and a dozen or so companions journeyed to the main office of the bank and began picketing, carrying signs protesting the Rockefeller bank's support of segregation by lending itself to the floating of bond issues for building segregated facilities in Savannah. The young man never, himself, got a chance to picket because the entire afternoon was spent explaining what was going on to curious passerbys. Several joined the picket line after hearing what the young man had to say. The bank, of course, did not capitulate in any way. But this by no means indicates that the operation was a failure.

The young man has validated for himself, his companions, and a parcel of strangers on the streets of New York, what was previously only a wispy kind of ttecry about the complexities of racial discrimination in America.

He had begun by looking into Moody's Manual of Municipal Bonds to find what banking institutions had participated in the floating of Savannah bond issues. He found three large New York banks involved in the various outstanding issues. He hadn't the resources to attack all three, so he selected the one which was strategically vulnerable by reason of its connection with a politician who avows distaste for racial discrimination. He documented this connection by checking the Chain Banking Study published in 1962 by the Select Committee on Small Business of the U.S. House of Representatives. This document lists the top twenty stockholders of the 200 largest member banks of the Federal Reserve System.

He thus learned, doing the research for the operation, that one of the nation's largest and most prestigious banking institutions was knee-deep in profits derived from the system of segregation, in the South. During the operation he learned that officials of the bank were not willing to admit their involvement and certainly were not willing to do anything about withdrawing their support of segregation. He learned that a high official of the bank was not above telling an outright lie about that involvement. And he learned something else.

The young man is the assistant of one of the most militant of Southern Negro civil rights leaders. During demonstrations in Savannah when police repression became particularly acute, this leader went to the Danish consulate in Savannah and asked for physical asylum. He was refused and finally ~~was caught~~ and jailed by Savannah police. He was placed under heavy peace bonds which ensured his continued incarceration. As soon as his organization would raise the money to meet the peace bond, the authorities would increase the amount. He was in jail at the time the young man went to New York on the Chase Manhattan operation.

The demonstration at the bank took place on July 18th, 1963. On July 22, 1963, the Atlanta Constitution began a series of red-baiting articles designed to separate the Savannah organization from the rest of the civil rights movement. A direct causal relation between the bank operation and the red-baiting attack cannot incontrovertibly be established. Nevertheless, such a relationship is the plausible hypothesis in the view of those best informed about the series of events.

In April, 1963, a SNCC worker spent three days tracing out in Poor's Registry of Executives and Directors the corporate connections of the officers and directors of the ten largest employers in Birmingham. He had selected the employers from the Alabama Industrial Directory, which lists both the employer and the number of employees. When he had finished researching the corporate connections, he and a companion spent a night putting the information into a leaflet. Two days later SNCC people in New York picketed the New York Stock Exchange, handing out the leaflets which showed the involvement of America's corporate elite in the troubles of Birmingham. Shortly after the demonstration at the stock exchange, the Birmingham newspapers published a list of prominent citizens who had formed a citizen's committee to try to negotiate a settlement of the issues upon which the Birmingham demonstrations were based. The individuals on the list, with but few exceptions, were connected with the firms which had been identified in the leaflet. Subsequent newspaper stories indicated that Roger Blough, chairman of U.S. Steel (which employs 25% of Birmingham's manufacturing force) had instructed Arthur Wiebel, head of U.S. Steel's Birmingham subsidiary, to get involved in the Birmingham affair to whatever extent was necessary to quiet things down.

In this instance, the SNCC leaflet was by no means the only pressure being exerted on the industrial power structure which dominates Birmingham. The extensive press coverage of the Birmingham ~~demonstrations~~ had drawn protest from around the world. The Kennedy administration was besieged with enquiries from embassies the world over as to what line should be taken in rationalizing the Birmingham affair to the race and class conscious citizenry of, particularly, the African and Asian nations. Kennedy, in turn, applied the considerable weight of the presidency to the Chairman and directors of U.S. Steel.

Thus activating a power structure which had previously remained quiescent accomplished little of a substantive nature in Birmingham. The power structure topped by U.S. Steel executives was interested only in cessation of the demonstrations. This it secured without any meaningful concession to the Negro community. On the other hand, those who had been involved in the making and implementing of the strategy confirmed what had theretofore been only a theory--that the corporate and banking power structure of Birmingham could, if they found it in their interest effect meaningful change in the city. The fact that no concessions were gained

from the power structure reflected merely the ineffective use of strategy and tactics by the demonstration units involved.

As a result of the September, 1963, church-bombing which killed four Negro children, SNCC reworked the Birmingham power structure leaflet and mailed it out as a news release. It was picked up by Fred Powledge and run in the New York Times as a news story. Powledge and two other newsmen, James Reston and Mary McCrory, undertook to interview some of the individuals identified in the news release, asking for statements. None of these individuals was identified by name in the news stories they wrote, but, significantly, none of them denied they had the power to effect change. What they denied was that it would be appropriate for them to do so. Then Roger Blough, in a news conference, stated that, even if U.S. Steel executives possessed such power, it would be wholly inappropriate to use it in such a manner. Possibly Mr. Blough is unaware of the hour-long propaganda program his company sponsors once a week on TV.

These are but two instances in which elements of the civil rights movement have attempted to require the power structure of the nation to shoulder a responsibility which is clearly theirs. In each case the corporate elite has made righteous noises, but has offered no significant concession. One reason this is so seems to stem from the determination of many to believe that these gentlemen of power are men of good will who recognize some moral responsibility inherent in the power they wield. Consequently sufficient pressure is not maintained on the power structure. There is a tendency to accept what purport to be good faith promises of cooperation. The histories of these men, and of their predecessors, offer little reason to believe this sound practice. Roger Blough's attitude expressed after the church-bombing, is one example of the complete repudiation of any moral or civil responsibility. Perhaps the most succinct recent statement of the attitude of the corporate elite was made in Fortune magazine in April, 1962. Fred Brughler, Comptroller of Bethlehem Steel said: "We're not in business to make steel, we're not in business to build ships; we're not in business to erect buildings. We're in business to make money."

Thus, if we who are involved in promoting change in the society would goad the power structure of the nation, or any segment of it, to act, we must keep one principle in mind. The men whom we are approaching can be depended upon to act only when they see a probability of diminished profit if they do not. And when they do act, their first instinct will be to remove the pressure by attacking its source, rather than by effecting change in the society. The long struggle of the labor movement to secure the right to organize should be sufficient proof of this. Many gravestones in the industrial centers of the East and Midwest, and in the mining centers of the West, bear silent witness to the resistance of the corporate elite to change.

How to identify the power structure in a given community? First, one must recognize that, as with Birmingham, the key figures may not even reside in the community. Every state, through a department of commerce, a board of industrial development, or some such similar department, published a directory of firms operating in the State. Such a directory can be purchased from the appropriate department, secured from a Chamber of Commerce, or found in a public library. The significance of a firm in the structure of the community usually correlates closely with the size of the work force it employs. So the researcher should seek, in this directory, firms employing large numbers of persons. When he has made a list of these for the community, he should next look up the firm in Moody's

Industrial Manual (which can be found in any city library). From this source he can learn the location of the home office of the corporation (if its stock is sold to the public) and the nature and scope of its operations. Going next to Poor's Registry of Executives and Directors, the researcher can learn the names of the officers and directors of the corporation, and their residence addresses, along with their other corporate connections. If neither officers nor directors of the corporation live in the community, then ordinarily the local manager of the corporation will be high in the power structure of the community.

Next the researcher should look in the yellow pages of the telephone directory to secure the names of all the banks in the community. Then he can use Moody's Bank and Finance Manual to determine the size and scope of each bank's operations. (Needless to say, the bigger the deposits and assets of the bank, the more likely are its officers and directors to be men of significant power in the community.) And he can use the Poor's Registry to identify the other corporate connections of the officers and directors of the banks. (He'll be sure to find that many of the directors of the community's industrial corporations are on the boards of the banks.) Next he should consult the Chain Banking Study of the House Select Committee on Small Business to determine the stock ownership of the bank, and the extent to which it is influenced or controlled from outside the community. He can obtain from the House Banking and Currency Committee a study of Treasury and Loan Accounts in Private Banks, which was published early this year. From this study he can learn the precise extent to which the banks in the community are subsidized by deposits of federal money.

The researcher should get the names of the electric, gas, transportation and water utilities, as well as the telephone company, and look them up in Moody's Utilities Manual and Moody's Transportation Manual. Then he should run the officers and directors of these firms through Poor's Registry to obtain their other corporate connections. More information can be gained on the ownership of the electric utilities from a study of Top Stockholders of Private Power Companies published by the Electric Consumers Information Committee, 2000 Florida Ave., NW, Washington 9, D.C.

The researcher should secure the name of the corporation which publishes the daily newspapers in the community. He may find the corporation listed in Moody's Industrials. If the corporation is not one which sells its stock to the public, then two courses are open. The researcher can look through the back files of the paper to find the publisher's statement of ownership and indebtedness which is usually published during October or November. Or he can go to the State Capitol and look at the corporation charter which is kept on file in the Secretary of State's office. In any case, the researcher should by all means learn the names of the individuals who sit as officers and directors of the publishing corporation. He should follow the same procedure for all radio and TV stations in the community. These individuals should be traced out through Poor's for their other connections.

If there are any insurance companies of substantial size with home offices in the community (find out from Chamber of Commerce or in the yellow pages) the researcher should look them up in Moody's Bank Finance Manual, and their directors and officers in Poor's.

The same should be done for the two or three largest department stores. They will be found in Moody's Industrials.

Thus far we've been talking about men of power whose operations are as likely to be of national or international scope, as they are local. There will be in any community individuals whose power does not extend beyond the confines of the community. Usually they will be the proprietors of relatively small businesses, or they will be rentiers. It is always a good idea to secure the names of the directors of the Chamber of Commerce and run these names through the City Directory, which lists the occupations of most of the city's residents. If small business men and rentiers are not found on the board of at least one bank in the community, they probably do not wield significant power. (This is merely a rule of thumb which should be applied sparingly and with discretion.)

One method of securing information about the rentier class in a community is to check the ownership of the valuable commercial property. It would be well for the researcher to visit the office of the county tax assessor and examine his map of property ownership. The researcher might check the ownership of the land in four or five of the blocks in the principal commercial and industrial areas of the community. If the ownership of key property is listed in the name of a corporation, the researcher will have to check the corporate charter records in the state capitol to identify individuals. If the researcher is interested in the ownership of a particular piece of property (i.e. slum tenements) he needs only the street address to confirm ownership in the records of the tax authorities. (Some counties may have peculiar records systems the use of which requires other information; if so, clerical personnel in the office can and will explain things to you.) It would be a good idea to check carefully on the ownership of all property involved in current or anticipated urban renewal projects. All cities have planning departments from which can be obtained information on such projects.

The clerk of court, both municipal and state, keeps records of all litigation, both civil and criminal. It is sometimes fruitful to run through the civil and criminal indexes in the clerk's office to see what can be turned up about crucial individuals in the power structure. Such information as can be gleaned from this process is frequently of value in assessing weak points in the power structure of the community.

If at any time a particular lawyer's name appears, either in connection with the above research, or in connection with community affairs, he should be checked in Martindale and Hubbell's directory which can usually be found in the city library. If he is a member of a law firm (and sometimes if he practice alone) the firm's clients may be listed in the directory. In this manner it can frequently be determined for whom a lawyer may be acting in a given situation.

Certainly the names of all members of the city council or the board of aldermen should be checked for occupations in the City Directory.

Now, what is to be done with all this information? First of all, if one is to understand the structure of community power, and how and toward what ends it functions, such information is vital. If its possession leads to nothing more, in the short run, than a clearer understanding of the nature of the society, the work will have been worthwhile. The beginner in such research may find himself hard put to interpret such information politically and socially unless he has done some background reading. A reading list might include:

Gustavus Myerson, A History of the Great American Fortunes; Victor Perlo, The Empire of High Finance; Louis Brandeis, Other People's Money (dated, but still relevant); Thomas Lynch, The Concentration of Economic Power; Robert Engler, The Politics of Oil; David Loth, Public Plunder; Aaron Wildavsky, Dixon-Yates; Alfred Sloan, My Years with General Motors; Harvey O'Conner, Mellon's Millions. These are but a few of the available books which deal with the power of wealth in America, how it is accumulated, and how it is used.

Secondly, community organization for action must be approached with the assumption that someone, or group, in the community has the power to make decisions and to implement them. The problem then becomes one of identifying who in the community can make the decisions which a particular project calls for, and how he or they can be influenced to make the decisions desired rather than another one or none at all. If the nature of our institutions is as outlined above, the appropriate strategy is clear: any project must specify certain objectives; then it must identify those groups in the community whose interests will be enhanced by attaining the objectives, those groups whose interests will be damaged, and those groups who have the effective power to decide whether or not the objective will be achieved. When this identification has been made it will frequently develop that the groups whose interests will be adversely affected are the same groups who have the power to decide whether or not the objective will be achieved. This being the case, project personnel must then develop tactics such that these power groups will find it expedient to effect the project's objective because in the situation created by project personnel, it would be more costly not to do so. What I am actually saying here is that the real power in any community always lies with the people if they are possessors of the necessary information and are determined to apply their potential power to their problems.

Now, of course, all this implies that project personnel know whose interests will be affected by a given program, and that they also know something about the functioning of the institutions to which they are opposed. You cannot create a situation in which certain groups will anticipate damage to their interests if you do not know what those interests are, and if you have not identified the individuals whose interests are involved.

For example, shortly after SNCC began demonstrations against the Toddle House restaurants in Atlanta, several SNCC members bought shares of stock in the corporation which owned the restaurants. Immediately the company management was put on notice that unless the restaurants were desegregated, a ruckus would be raised at the annual stockholders' meeting, and that the new shareholders were thinking of a stockholders' suit aimed at proving that continued segregation of the restaurants constituted gross mismanagement and dissipation of assets. An official of the company appeared in Atlanta and agreed to substantial desegregation of the restaurants.

In another instance, with the Krystal restaurants, SNCC learned that they were owned by a corporation whose stock was not on sale to the public and whose owners, therefore, were not vulnerable to this kind of attack. SNCC also learned that two of the directors of the corporation were also directors of an insurance company in Chattanooga. This offered one approach. SNCC learned that one of the directors was a director of the American National Bank and Trust Company in Chattanooga. This bank, through its other directors was vulnerable on a number of scores. The bank had, on October 15, 1963, \$2,927,690.15 of Treasury Tax and Loan money among its deposits. It would therefore have been vulnerable through an attack aimed at the U.S. Secretary of the Treasury. None of these

avenues were followed because a number of factors ~~intervened to direct attention~~ elsewhere. However the case of the Krystal company illustrates how unlikely it is that a corporation of any size will not be vulnerable to a set of conditions which can be created with some ease by a determined project the personnel of which know where they are going and how to get there.

This is not to say, of course, that many of the issues around which projects will be organized, particularly in the north, will not be considerably more complicated than the simple desegregation of a restaurant. When issues such as housing, unemployment, inadequate schools, etc., are involved it will not be so easy to find direct pressure points. Nevertheless, in any community, there are a few men who have the power to decide or not to decide whether your objective will be achieved. Once you have identified these individuals, the means of persuading them it is really in their own best interest to do what you want done will be more or less apparent.

In a movement such as this, the one and only source of power on our side is people. They represent a constant potential threat to existing structures of power. The threat is twofold.

There is great danger that the people will come to understand what is being done to them by the power structure. This danger probably accounts for the ill repute of muckraking in a society whose values are largely determined by the power structure.

And the power structure is very uneasy when people are on the move. The mere presence of politically mobilized masses makes the stock market dip and the interest rates go up.

Informing the people about the nature of power in the community strikes a very real blow at the power structure; mobilizing the people to united action toward specific objectives will unstructure the power structure.