

Research Memo
From: SNCC Research
To: All Projects

The following material on the three corporations which dominate the manufacturing industries in Natchez, Miss., was requested by Dorie Ladner. It occurred to us that the material might be of interest to all projects as an example of one kind of information with which the Atlanta office can provide the field staff upon request.

We think such information as is contained in the report on Natchez is useful on two scores. First of all, it provides the field staff with specific targets for action. We know that in every community there are a relatively small number of people who have the power to decide what the conditions will be under which all the people of the community must live. Indeed, broadening the base of this kind of decision-making seems to be the primary objective of SNCC's activities. But the individuals with whom this ultimate decision-making power resides are not always to be found in the community itself. For example, the local manager of the International Paper plant would not be in a position to threaten the local power structure with removal of the International plant if concessions were not made to the demands of Negroes. Such a policy decision would have to come from the top policy-making level within the company--the board of directors. It seems clear that initiative for such concessions is not going to come from members of the local power structure in Natchez, or anywhere else in Mississippi. Therefore, if such concessions are going to be made at all, the initiative must come from someplace else. We have no illusions about the willingness of the top management of a large corporation to assume some social responsibility for the conditions it permits to exist in communities where it has installations. Top management is interested in making profits for the stockholders, and the stockholders are interested in having management concentrate on precisely this interest and no other. It follows, then, that top management can only be moved to meet social responsibility by a threat to the continued profitable operation of its facilities. Whether or not the civil rights movement can mount such a threat remains to be seen.

We see two possible courses of action--boycott and embarrassment. The first we regard as somewhat troublesome because of the elaborate machinery necessary to put it into effect, and because of the difficulty of reaching the basic industrial firms which do not produce for the retail market. The second, embarrassment, means striking at the public image of the corporation through confronting it

publicly with the conditions it permits to exist in areas where it obviously dominates public policy in some matters and just as obviously could dominate them in others. The large corporations spend millions annually to create public images of benevolence and pious concern for the welfare both of their employees and the communities in which they operate. Any public confrontation by the civil rights movement which tends to demonstrate the spuriousness of this image should, logically, move the corporations to some kind of action. Whether such action would be against the civil rights movement, or against the abuses of power, remains to be seen. Research can provide field staff with the appropriate targets for such a confrontation. The actual techniques for producing the confrontation are, we think, within the specific area of competence of the field staff.

The second score on which we think this material may be useful is that of education. We presume there is general agreement that the major obstacle to the achievement of our objectives is the exercise of power by those who are opposed to such objectives and, further, that this power constitutes control over the instruments of legitimate force and control over the distribution of the material necessities of life. What we must learn, then, is the mechanics of power. We must know how the system of power we call Big Business operates. We must know the operational significance of interlocking directorates between major corporations and major banks. We must know the specific set of business relationships which make banks powerful in the sense of controlling the distribution of the material benefits of production. We must thoroughly understand the political and social implications of the concentration of banking control indicated in the report on industries in Natchez. Finally, we must know how and to what extent the power system that is Big Business affects the day-to-day activity in SNCC projects.

When we have learned something of the mechanics of power on a large scale, it will become evident that those same mechanics apply on whatever scale power is being applied. The bank in New York is not one whit different in its power operations from the bank in McComb, Miss. It may be more powerful, indeed, it may effectively control the McComb bank, but the manner in which it exercises this control is precisely the same as the manner in which the McComb bank exercises control of those under its influence.

SNCC research suggests to the field staff that, if reports such as this one on Natchez raise questions or excite interest in further exploration of these

power relationships, a series of workshops be instituted by the staff, during which project personnel can raise whatever questions they have about the mechanics of economic and political power. The workshops can be held in Atlanta, as a part of the SNCC education program, using the facilities of the Atlanta building. We would suggest that these workshops be held on a project basis, so that questions raised by staff will relate specifically to their project areas, and to the problems they encounter in everyday project activity.

Economic Report--Natchez and Adams County

As of August, 1964, according to the Mississippi State Employment Service, the civilian labor force of Adams County and Natchez was 19,950. Of this number, 670, or 3.4%, were listed as unemployed. (We suspect this is a highly distorted figure, particularly because a great number of persons are probably underemployed to the extent they are nearly in as bad shape as are those without any income at all.) Of the 19,280 employed, 4,210 or 21.8% were at manufacturing jobs, 12.0% were employed at agriculture and 45.8% were employed at nonmanufacturing wage and salary jobs. The crucial type of employment here, considering the general trend of economic development in Miss., is the manufacturing job category. These are, in general the highest paid, the most satisfactory, and the steadiest jobs.

Three northern firms employed about 3,000 of the 4,210 manufacturing personnel. The two largest (largest, that is, as to the number of Adams Countians employed) are International Paper Co. with about 1700 workers and Armstrong Tire and Rubber Co., with about 1100 workers. Johns-Manville Products Corporation brings up the rear with something over 300 workers.

There follows a brief analysis of the operations and connections of each of these large Adams County employers.

International Paper Co, 220 E. 42nd St., New York 17, N.Y. Company has upwards of 50,000 employees. It is the world's largest paper company and the leading producer of Draft board. It also ranks as one of the leading manufacturers of newsprint, dissolving pulp, book papers, bond papers, kraft papers for wrapping and grocers bags, multiwall shipping sacks, groundwood papers and towel papers.

The company has plants in 24 states, several Canadian provinces and several countries in western Europe and Latin America. In Miss., the company operates a major saw mill at Quitman, a bleached Kraft paper and board plant at Moss Point and the bleached Kraft pulp and dissolving wood cellulose plant at Natchez. An International Plant at Dayton Ohio produces stamped envelopes for the U.S. Post Office Department. International owns about 6,000 acres of timberlands in the U.S. and about 16,000 acres in Canada.

In 1962 Harvard historian Gabriel Kolko, in his book *Wealth and Power in the U.S.*, stated that the Phipps family held stock control of International Paper in 1937, and speculated that they remain in control of the corporation today. Control of the corporation apparently is exercised through the Phipps family's securities corporation, Bessemer Securities Corporation, 800 Second Avenue, New York, 17, N.Y. Ogden Phipps is chairman of Bessemer Securities Corporation. He is also a director of International Paper and of Texaco, Inc.

International Paper has on its board of directors persons who hold directorships in three large banks: Bankers Trust Co. of N.Y., 9th largest in the nation; Chase Manhattan of N.Y., 2nd largest in the nation; and First National of Boston, 17th largest in the nation. These three banks are interconnected to a considerable extent: the same group of individuals own 14% of the stock of Bankers Trust, 10% of the stock of Chase Manhattan, and 4% of First National of Boston. Chase Manhattan is generally considered to be Rockefeller controlled. David Rockefeller, brother of Governor Nelson Rockefeller owns 1% of the stock. Together, the Rockefeller Bros. Fund Inc. and Rockefeller Center, Inc. own another 1 1/2%. Rockefeller influence in International Paper is probably indicated by the fact that George Champion, Chairman of Chase Manhattan is on the International board.

International is connected, through interlocking directorates, with some of the largest and most powerful corporations in the country, including two operating subsidiaries of American Telephone and Telegraph, Ford Motor Co., Dow Jones and Co. (publishers of the Wall Street Journal), United Shoe Machinery Corp., Illinois Central Railroad, Pure Oil Co., International Harvester Co., United Gas Corp., B.F. Goodrich Co., Raytheon Co., Owens-Corning Fiberglass (two directors on the International Board) and Alabama Power Co., operating subsidiary

of the Southern Co. which also owns Mississippi Power Co., Georgia Power Co., and Guff Power Co.

{ Two of the Ivy League colleges are represented on the board of International through Harvey P. Hood, Trustee and Chairman of the Executive Committee of Dartmouth, and Donald B. Lourie, Trustee of Princeton University.

It appears that the International Paper Co. is a union plant. There are in Natchez two locals, #699 and #747 of the Pulp, Sulphite and Paper Mill Workers, AFL-CIO and 1 local, #603, of the Paper-makers and Paper workers, AFL-CIO.

Armstrong Tire & Rubber Co. is a wholly owned subsidiary of the Armstrong Rubber Co., 475 Elm St., West Haven 16, Conn. The parent corporation and its subsidiaries are engaged principally in the manufacture and sale of automobile and truck tires, tread rubber and foam rubber products. The Armstrong Tire & Rubber plant at Natchez manufactures tires and tubes for passenger automobiles and trucks. The Natchez plant occupies approximately 22 acres which are leased from the city of Natchez. 173,500 sq. ft. of the more than 800,000 sq. ft. of the floor space of the Natchez plant are also leased from the city of Natchez. So far as we know, Armstrong has no other installations in Miss. The parent corporation and all subsidiaries have about 4,000 employees.

Armstrong appears to be controlled by Sears Roebuck and Co. Though we have no specific information on stock ownership of Armstrong, the only identifiable directors of Armstrong, Arthur K. Walton and Emory Williams, are both officers of various Sears Roebuck subsidiaries and Williams is Treasurer of Sears Roebuck. Walton is Vice-President in charge of factories for Sears. Such connections between a firm the size of Sears and one the size of Armstrong usually indicate effective control.

Sears Roebuck and Co. is one of the largest retailers of consumer goods in the world. It operates stores in all the 50 states and throughout Latin America. Mrs. Edgar B. Stern, Jr., daughter of the late Julius Rosenwald, is reputed to be the largest single stockholder in Sears Roebuck. Mrs. Stern has long been known as a generous contributor to what she considers to be the welfare of the Negro people, her principle contributions being made through the Stern Family

Fund of New Orleans, to Dillard University in New Orleans. Her father, Julius Rosenwald was a large contributor to Negro schools and colleges throughout the South. The Stern Family Fund gave about \$120,000 to the Voter Education Project of the Southern Regional Council.

Eight large banks have directors on the board of Sears Roebuck. They are: 1st National of Miami, 88th largest; Manufacturers Hanover Trust of N.Y., 4th largest; Bank of America, of California, 1st largest; 1st National of Chicago, 10th largest; Chemical Bank New York Trust Co. of New York, 5th largest; Continental Illinois National Bank and Trust Co. of Chicago, 8th largest; Whitney National Bank of New Orleans, 68th largest; and Republic National of Dallas, Tex., 21st largest. Seven of these banks have large blocks of stock owned by the same individuals mentioned above as owning stock in Bankers Trust Co., and 1st National of Boston and Chase Manhattan. These individuals own 2% of the stock of Republic National; 9% of the stock of Manufacturers; 4% of the stock of 1st National of Chicago; 10% of the stock of Chemical Bank; 6% of the stock of Whitney National; 4% of the stock of Continental Illinois; and 1% of the stock of Bank of America. The 8th of the banks represented on the board of Sears Roebuck is the 1st National of Miami. The late Arthur Vining Davis, who was closely associated with the Mellon family in the operation of the Aluminum Company of America, controlled this bank. Control presumably rests now in the hands of his heirs. Whitney National stockholders include Marie Snyder, wife of William Snyder, who is an official in several Mellon controlled companies and a director of the Mellon National Bank and Trust Co., with 8% of the outstanding stock; and William G. Helis, the Louisiana oilman who represented President Johnson at the recent wedding of the King of Greece, with 6%.

Sears Directors hold seats on the boards of some of the nations largest and most powerful corporations: Colonial Stores, Inc., National Food Products Co., General Telephone and Electronics, General Gable Corp., Home Insurance Co., Standard Oil of Indiana, Armour & Co., Inland Steel Co., Scott Paper Co., General Dynamics Corp., Johns-Manville Corp., Proctor and Gamble Co., and the New York Stock Exchange.

Also on the Sears board are J. Roscoe Miller, President of Northwestern University in Chicago

and James Madison Barker, a life Trustee of that University. Barker is also a member of the board of Massachusetts Institute of Technology. Charles H. Kellstadt, of the Sears board, is a trustee of Loyola University. Edgar B. Stern, Jr., who represents his wife's enormous stockholdings of Sears, is on the board of Tulane University.

Lou R. Crandall, of the Sears Board, is a director of the Wm. J. Burns International Detective Agency, Inc., famous for its labor-spying and labor-baiting activities.

Retired General Robert E. Wood, ardent Goldwater backer is also a member of the Sears board.

Johns-Manville Corporation, 22 E 40th ST., New York 16, N.Y., has more than 22,000 employees. The company is engaged in the business of mining, manufacturing and selling materials for the control of heat and cold, sound and motion, and for furnishing protection in plants, ships, commercial buildings, public buildings, and residences against the effects of fire, weather and wear. Company's operations are worldwide. It has plants, timber and mineral holdings throughout the U.S. and Canada and in several foreign countries. The Natchez plant, which is owned by a subsidiary, Johns-Manville Products Corporation of California, produces insulating board products. The same subsidiary owns more than 60,000 acres of timberland near Natchez.

We have no current information on stock ownership of the company. Some years ago the scion of the Manville family, one Tommy, set some sort of record in international society, for the number of wives he married and divorced. We seem to recall he acquired something like 12 or 13 wives before age and dissipation took him out of the running. He steered clear of the bigamy laws of several continents by divorcing one before marrying another. Considerable of the money presented to him by the workers in the widespread Johns-Manville holdings was distributed to these various wives through divorce settlements.

The Johns-Manville board of directors includes directors of two large banks: Morgan Guaranty Trust Co., the nation's 6th largest bank; and 1st National Bank of N.Y., the nation's 3rd largest. The same group of individuals mentioned in connection with the other banks own 12% of the

stock of the Morgan Bank and 13% of the stock of 1st National City. In addition to these banking connections, the Johns-Manville board includes one director each of Bankers Trust Co. and 1st National of Boston, the boards of which also interlock with International Paper, as noted above.

The Johns-Manville board interlocks with the following corporations: American Viscose Corp., Standard Brands, Inc., General Motors Corp., Baltimore and Ohio Railroad, Bendix Corp., Proctor & Gamble, Sears Roebuck, National Cash Register, Bristol-Myers, Olin Mathieson Chemical Corp., Mutual Life Ins. Co., of N.Y., P.H. Hanes Knitting Co., Schlumberger, Ltd., U.S. Steel Corp., United Fruit Co., Liberty Mutual Ins. Co., and American Can Co.

Henry Clay Alexander, a Johns-Manville director, and Chairman of Morgan Guaranty Trust Co., is a Vice-President and trustee of Vanderbilt University. John David Biggers, Chairman of Libby-Owens-Ford Glass Co., and a Johns-Manville director, is a director of University of Toledo. Joseph A. Grazier, of the Johns-Manville board is a trustee of LaFayette College.

In summary, then, the three northern corporations employ 15% of the total labor force of Watauga and Adams County, and about 75% of those hold the most desirable jobs. Because these manufacturing jobs represent a much larger proportion of the consumer purchasing power of the community, they represent, proportionately, a much larger source of profits for local businesses, than these percentages would indicate. Thus, management of these corporations is very influential with the local power structure, because decisions by management about the nature and scope of operations in the community directly affect the material welfare of members of the local power structure.

Members of the local power structure, in turn, have control over the utilization of the instruments of legitimate force in the community--the police and the courts.

The nature of the interlocking directorates held by the directors of the three corporations indicates that their influence in the nation's economy is much wider than that represented by just the three corporations. This indicates that their

desires--and their decisions--could affect not only the way things are Natchez and Adams County, but also throughout the state of Mississippi and in Washington, DC as well.

The connections between the corporations and some of the largest universities in the nation further indicates the broad influence which these men wield.

The banking connections of the corporations is indication that the directors are powerful enough significantly to influence the basic economic functioning of the entire society. The remarkable concentration of control over this banking power sheds further light on this power.

Is it to be believed that this group of men--the directors of these corporations--could not bring about a change for the better in Southwest Mississippi if they chose to do so?

And when they choose not to do so, what must we then conclude about their right to all this power, and about the need for basic change (and the desirable direction of that change) in the institutions of the society which invests such inordinate power in such irresponsible individuals.

And what are we going to do about it ?