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In King

WHO RUNS ALABAMA?

It should be absolutely clear by now that Gov. Wallace of Alabama and his supporters are using the power and resources of the state to keep Negroes poor and powerless. Who benefits from his oppressive policies?

During Wallace's two years as Governor, he has persuaded the nation's businessmen to invest some \$750 million in new and expanded plants in the state. In the most notorious example, Hammermill Paper Co. Company of Erie, Pa., announced on the same day that 800 Negroes were arrested in Selma while trying to register to vote, that the corporation would build a \$30 million plant near Selma. Only three months before, in December, Liberty National Life Insurance Co. of Montgomery treated Selma and Dallas County police and officials to a barbecue banquet. Liberty National later announced, in March, that they would buy a bond issue floated by Dallas County to finance construction of the Hammermill plant.

At the same time Hammermill was praising the "fine reports" it had about "the character of the community (Selma) and its people", Dan River Mills of Danville, Va., which we remember for its vicious police brutality in 1963, was already building a textile mill in adjacent Lowndes County (80% Negro), and reportedly paying its construction workers the minimum legal wage of \$1.25 an hour. And the DuPont interests were buying a vast amount of timberland in the area. An indication of how much support DuPont will give to civil rights is that the company is the largest annual contributor by far to the Southern States Industrial Council, which has blasted welfare, labor unions, civil rights action, and other popular causes and supported Barry Goldwater, that great friend of poor people, for President.

Why are these companies moving into Selma? To find answers we must look beyond Selma, to Montgomery, Birmingham, and even New York, Pennsylvania, and Washington, for the men who control the biggest factories (and the most jobs). Federal tax money is providing part of the funds that Wallace is using to attract industry to the state, and half-hearted enforcement of the law and constitutional rights by the Justice Department encourages those who do the dirty work of terror, bombings and assassination.

When George Wallace was inaugurated as Governor in 1963, he promised "segregation now, segregation tomorrow and segregation forever". To finance his slick inauguration souvenir program (and we suspect his campaign), companies such as Birmingham National Bank and Trust Co., Montgomery First National Bank, and Liberty National Life Insurance Co. placed half- and full-page ads to supplement the program's white supremacist slogans. Segregation appears to be good business, and so far Wallace has succeeded, more or less, in holding down the fort.

Will the poor people of Alabama benefit by Wallace's program of industrial development? Companies moving into an area often say that they will help to build up the area so that the people will prosper. But almost all almost all of the companies moving into Alabama come under a program which grants them exemption from property taxes. Alabama tax law provides that one-third of the tax money they would have to pay without this exemption goes to build and equip schools and hire teachers. Now Wallace has proudly announced that since he has been governor he has brought over \$750 million in new investment to the state. At the state property tax rate of 30 mills, or in effect three percent of the assessed valuation (commonly 30%, although the legal rate is 60%), at this rate, property worth \$750 million would bring almost seven million dollars in tax revenues. If the 60% assessment were used, the figure would be twice that, or \$13.5 million. One-third of the lower figure would be over two million dollars, which is the amount Wallace's program (he sponsored the enabling legislation called the Wallace Act, as a legislator) has cost the people of Alabama in school funds. The figure is an annual one, and since the exemption applies as long as the law takes effect, or up to 30 years.

How does this giveaway work? A community interested in more industry forms a development corporation to advertise the community's assets and act as the legal agent in dealing with the prospective customer. When a corporation has been persuaded to come, the development corporation floats bond issues on the credit of the community's government, to the amount needed to construct plant facilities. The development corporation acquires the necessary land and sees to it that the plant is built to the exact specifications of the company which has agreed to move.

When the manufacturer moves into his plant, he pays rent equal to the amount necessary to retire the bond issue, but since the development corporation owns the plant, since the plant is technically publicly-owned, the manufacturer need not pay any property tax. According to official descriptions of the program, manufacturers can get income tax deductions on the rent paid in this manner. Now, they suggest an additional twist, which is that the manufacturer buy the bond issue himself. It looks like this amounts taking money from one pocket and putting it into another, but since the interest he is paying himself is tax-free (it's a public bond issue), he's really making a profit.

In any case, what all of this high finance means is that Wallace, using the cover of providing jobs for the needy, has cost the people of the state so far seven million dollars a year in tax revenue. To look at it another way, Wallace and the tax assessors who set low rates (30% rather than the legal 60%) for property taxes have in two years given away to wealthy corporations and their wealthy owners twelve million dollars a year for up to thirty years.

How much is \$12 million? It is more than Alabama will get from the program to aid Appalachia, or one-third of the money the state will get from the federal aid to education program, or over one-half the amount the federal government gives to education in Alabama already. It's a lot of money for a poor state like Alabama.

What will Wallace's program of tax-exemption mean for poor people in the Black Belt? Let's take an example--the \$30 million plant Hammermill Paper Co. plans to build in Dallas County. At the usual 30% rate, Hammermill would normally have to pay \$270,000 a year in property taxes. If Hammermill pays the average wage for paper mill workers in Alabama, or \$5500 a year, they will pay their 200 workers a little over a million dollars in wages, although since they're in the Black Belt, they may be able to get away with paying less. In other words they will take out of the county a fourth as much as they're putting in. And they're costing the county \$90,000 in much-needed school revenue.

Now, judging from experience, a big new factory like the one Hammermill is building will draw more people to the area. These people will have children, and they will want to put them in good schools. The county's schools could put Hammermill's \$90,000 a year in unpaid taxes to good use when there are more children in school.

Alabama already spends little enough on its schools. The state ranks 48th out of 50 states in the amount it spends every year to educate each pupil (much more for white pupils, by the way, than for black children). Teachers aren't paid very much either--Alabama ranks 44th in the nation on that score. It seems that the people of the state can not afford the luxury of giving away school money to wealthy corporations like Hammermill. But those who run the state do it anyway.

Meanwhile, over in Lowndes County where Mrs. Liuzzo was murdered, Dan River Mills is finishing their plant. In addition to their tax exemption in Alabama, they are already receiving a subsidy from the federal government through the "textile subsidy" program. Last year, the company received \$3,038,000 in three months and probably much more during the whole year. Thanks to this program, which was supposed to save a poor and dying industry, Dan River could boast an impressive 49% increase in profits, but the company's profits would have gone down \$26,000 without the subsidy. Dan River seems to get its way with both state and federal officials.

Where do these stolen profits go? The eighteen men who run Dan River get altogether \$931,003 in salaries every year, or more than \$50,000 apiece. On top of that, they get \$253,580 in stock dividends. More than half of these eighteen men receive salaries from other corporations as well because they serve on the board of directors of more than one corporation. Compare these figures to the \$90,000 Wallace's program gave away to Dan River in Lowndes County, or to the \$650,000 payroll they will bring to the people of the county.

Now, who runs Alabama? Or better than that, who is Alabama being run for? Wallace is not a businessman, nor is Sheriff Clark, Colonel Lingo of the State Patrol, Police Commissioner Wilson Baker, or Selma mayor Joe Smitherman. But they show in their actions (remember the bloody union campaigns of years ago?) that they support the business community. It's a nice job if you can get it.