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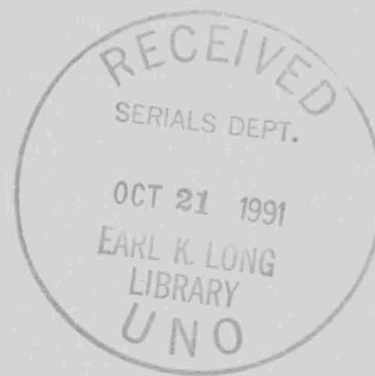
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**Corporate Ideology and the
Anomaly of Dedicated Growth in New Orleans**

Louis F. Miron



Working Paper No. 2

Division of Urban Research and Policy Studies

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Corporate Ideology And The Anomaly Of Dedicated Growth In New Orleans

Corporate elites, as well as the general populace, frequently equate economic development with economic growth. Moreover, business and industrial leaders pursue growth almost indiscriminately, resulting in an ideological consensus (Whitt, 1982; Marcuse, 1982) which greatly constrains the ability of local governments to enact redistributive public policies. Local corporate and political leaders alike "use their growth consensus to eliminate any alternative vision of the purpose of local government or the meaning of community" (Logan & Molotoch, 1987: 51). The hegemony of the "progrowth agenda" (Reed, 1988: 145) in many urban centers predates conservative economic policies advanced in the 1980's (Smith & Judd, 1984) but of late has been especially embraced by the New Right to promote the values of "property rights" at the expense of "person rights" (Apple, 1989: 34).

The failure to distinguish between economic growth and economic development has led to the enactment of public policies which have had dire consequences for the underclass, those "truly disadvantaged" persons (Wilson, 1987) who seem to permanently inhabit impoverished inner cities. For example, in pursuit of economic growth, and in the name of market ideologies, the Reagan Administration reduced funding for low income housing by 75% (Jacob, 1988). The consequences of growth strategies (e.g., privatization) are well known nationally. Less clearly understood are those processes of social context--history, culture, and ideology (Beauregard, 1984: 58-63), which enable actors to resist the domination tendency of the growth machine. An empirical study of local ideology in urban settings may, therefore, help document the ideological hegemony of the progrowth agenda. Smith (1980: 18) is worth quoting at length on this score.

... research in urban studies would benefit from a close examination of the ideological, cultural, and socialization processes that determine how people in particular national and class settings come to define their 'interests,' prior to the point where interests are either factored into politics or deflected from consideration.

(emphasis added)

New Orleans and the State of Louisiana provide interesting cases to document the hegemony of growth ideologies and politics. Historically, the state has maintained an anti-business stance owing to the legacy of Huey Long, who amassed enormous power by paying for free textbooks, paving county roads, and--especially--helping to enact the homestead exemption during the depression years to protect homes and farms from foreclosures. Many of Long's populist policies were financed by taxes from the oil and gas industries.

In New Orleans, too, an entrenched social oligarchy prevented, up until very recently, capital investment and often blocked the financing of entrepreneurial small businessmen and women (Bobo 1975). Historically local business elites have been divided by "new" versus "old" money interests (Whalen & Young, 1989); the tensions between uneven development and the progrowth agenda are particularly acute¹, and the hegemony of "property rights" (Apple, 1989: 34) are ensconced institutionally in the state tax code and culturally in the ethos of historic preservation (Smith & Keller, 1983). As Smith and Keller (1983) assert, the ethos of preservation has historically placed ideological limits on growth. A widespread acceptance of growth ideologies, legitimized by the state, would therefore serve as powerful evidence to document the hegemony of growth forces.

In this article I present a case study of "fiscal reform," a political ideology advanced by corporate elites in New Orleans and throughout the State of Louisiana to resolve the fiscal crisis currently experienced by state and local government. I use content analysis, supplemented by interviews, to study ideology within the framework of critical theory. Specifically, the paper focuses on the tension between corporate elites' attempts at installing a "corporate regime" (Stone, 1987; cited in Whalen & Young, 1989) through the use of political ideology and the resistance presented by middle class homeowners. The paper concludes with the prospects for corporate hegemony in New Orleans and the implications for the underclass to reap benefits from a growth strategy or, alternatively, to challenge the growth machine through politically organized social movements.

A Critical Perspective of Ideology

Critical theorists² (Habermas, 1971; Giroux, 1980; Apple, 1989) define ideology as the "production of sense and meaning" (McLaren, 1989: 177) and tie the function of ideology in capitalist societies to a theory of domination. Through the use of ideology, unequal power relations are institutionalized in the schools, churches, governmental agencies and corporate headquarters. Dominant ideologies, however, are resisted and may actually serve to give rise to "oppositional" ideologies (McLaren, 1989:178). Thus, dominant ideologies are never fixed; they are socially constructed and their continued dominance is a problematic function of the dialectical relationship between structure and human agency.

I distinguish between two kinds of ideologies: hegemonic and political. Following McLaren (1989:174-176), hegemonic ideologies culturally "encase" meaning. Dominant groups work to seek the consent of subordinated groups, not by force or coercion, but by providing moral and intellectual leadership (Gramsci, 1971). Such ideologies structure culture

and the subjective experience of meaning in a fashion that allows for a "common sense" worldview subscribed to by both dominant and subordinant groups. By contrast, corporate and political elites employ political ideologies to manipulate the citizenry into supporting specific policy proposals or to garner public support for candidates who are favorable to their economic interests. The purpose of this paper, then, is to document the relationship between the political ideology of fiscal reform and the ideological hegemony of growth within an attempt by corporate, governmental, and civic elites to consolidate a corporate regime in New Orleans in the late 1980's.

The Hindrances to Local Economic Growth

Until the 1970's, New Orleans seemed insulated from the need to pursue aggressive economic development policies aimed at achieving a progrowth agenda. Decades of economic prosperity derived from profits in oil and gas industries, coupled with one of the country's most productive ports, and a healthy tourist industry all combined to lull to sleep the city's economic and political elites. Despite gloomy forecasts from public and private reports which warned of looming financial disaster, city government did little to ward off a declining revenue base and a dwindling tax base. New Orleans' revenue and fiscal problems were compounded by a tax structure which (enshrined in the state constitution) placed severe limits on the city's ability to raise taxes and by the homestead exemption (also contained in the state's constitution) which exempted from property taxes the first \$75,000 of the assessed value of a home. Not insignificantly, city government was marked by a preponderance of independent and quasi-independent governmental bodies such as the Port of New Orleans, the Audubon Park Commission, the Tourist Commission, the Downtown Development District, and the Orleans Parish School Board--all of which greatly facilitated the development of a "caretaker regime" (Stone, 1987, cited in Whalen & Young, 1989; 2-4) and constrained fragmented attempts to introduce a corporate regime. The city's seven elected tax assessors underscored the politicized context of property tax assessment and made consensus-building for gubernatorial and corporate calls for tax reform difficult to achieve.

This economic and legal framework combined to produce an anti-tax ideology among the city's middle class homeowners, 85% of whom were exempt from paying any property taxes (Bureau of Governmental Research, 1987), which prevented business from expanding and moving forward with economic growth. Business groups complained that they were shouldering the tax burden and that new businesses would locate to near-by states such as Mississippi and Tennessee, where the tax burden was smaller. A coalition of homeowners, anti-tax activists

and "New Right" fiscal conservatives successfully defeated several tax measures and service charges during the eight years of the Morial administration (1978-86) and in the early days of the succeeding Barthelemy term (Whalen & Young, 1989). Taxes of any kind, but especially property and income taxes, were very difficult to pass, thus, given the perceived corruption of the political system of taxation and the constitutional limits on individual property taxes.

By the early 1980's the city's financial elite faced a double-edged sword: the collapse of the world oil market, which witnessed prices to below \$10 per barrel, forced the virtual shutdown of the local oil industry and related service industries. Meanwhile the city was entering its worst financial crisis in its history, which resulted in a 1/3 reduction in its operating budget between 1984 and 1988. Business seemed caught in the middle: on the one hand the oil industry, which was virtually singlehandedly responsible for the revitalization of the Poydras Street corridor³, was at a standstill; on the other hand, local government and the public schools were in dire need of additional revenues and were turning to the business community for support to raise business and franchise taxes, which corporate leaders had estimated to be already 69% higher than the southern average. From its vantage point, business could ill-afford to continue to foot the bill for the services of government.

With the election of governor Buddy Roemer in 1987, business interests statewide, and in particular within the corporate oil community in New Orleans, had an ally upon whom they could hope to launch their campaign for reform of the state's political, economic, and educational system which they felt had led to "redlining" by national business leaders. Roemer, the reform candidate, was able to win over the state's major newspapers on the promise of integrity in government and politics and by accepting no campaign contributions over \$1,000. In defeating former three-time governor and populist symbol Edwin Edwards, Roemer and his allies in the state's major corporations were poised to wage the ideological war against populism which would prove to the corporate community throughout the country and the entire world that Louisiana was a good state in which to do business. Several months prior to the gubernatorial election, a network of business, civic, and academic leaders began meeting in the offices of Freeport-McMoran, the major oil and gas producer in the city, to plan a political strategy for the enactment of tax reform. These planning meetings eventually produced a detailed constitutional amendment, which would revamp the state's antiquated tax structure (LCFR minutes, 1987).

The Ideology of Reform

In March, 1987, James R. "Jim Bob" Moffett, chairman and chief executive officer of Freeport-McMoran Corporation (FMC), organized the Louisiana Council for Fiscal Reform (LCFR), ostensibly to rescue the state from financial ruin. The group, which consisted of major corporations in Louisiana which had contributed at least \$5,000 to the drive for fiscal reform, comprised what journalists were describing as the "new civic leadership" consisting of the chief executives of corporations such as FMC, Coca-Cola, CNG (Consolidated Natural Gas), and Louisiana Land and Exploration Company--all directed by relative newcomers to the city. LCFR had evolved from a similar group Moffett had organized in New Orleans, the Business Council, consisting of fifty corporations which donated \$20,000 annually to resolve the city's economic, educational and political problems.

Bodenheimer (1970) asserts that historical ideological movements profess a mythology which political leaders take for historical fact, and to which they ask the masses to subscribe when seeking to mobilize society for change. As corporate advocates of change, Moffett and LCFR sought to dispel the myth of populism. At its core was an indictment of an ideology which dated from the era of Huey Long. It became clear in one of the first public meetings of the group held on March 9, that corporate leaders wanted action with respect to an overhaul of the state's tax structure. They had grown weary of the numerous studies whose detailed policy proposals had not been implemented. At that meeting LCFR chairman Moffett announced a "grassroots" attack on Louisiana populism, declaring that, "If you want to be on a sinking ship, then by golly vote for the status quo." (New Orleans Times-Picayune, 1988g:B-1). Moffett was referring to the Council's proposal to restructure the state's tax code, bringing the taxes paid by business in line with the southern average by shifting the tax burden from corporations to individual property and state income taxes.

Seeking to debunk the myth of populism, LCFR's argument embraced the following elements:

- (1) Louisiana's populist legacy had deceived its citizens into believing that they could get something for nothing--the "Louisiana Hayride"--(see McGinnis, 1985) when in reality it was revenues derived from the oil and gas industries which permitted the state to enjoy periods of relative economic prosperity.
- (2) The welfare state, which was responsible for producing one of the most extensive indigent hospital networks in the country, had caused a bloated state government which was spending in excess of comparable-sized governments in the south (see Oakland, 1985).
- (3) No incremental approach on behalf of government would provide meaningful

solutions to the state's chronic fiscal crisis. What was needed was fundamental change, what corporate leaders branded "fiscal reform."

- (4) Only through fiscal reform could the State expect to produce the necessary jobs and foster economic development to sustain the quality of life desired by its residents and reverse the outmigration experienced in the mid-1980's.

Reformist ideology became a concrete legislative proposal when Roemer presented the Louisiana Council's Fiscal Reform package, with some slight modifications, for approval from the Louisiana Legislature in a special session held in Fall, 1988. The governor's legislative initiatives were crafted in the form of two separate constitutional amendments, each of which would eventually face ratification by the Louisiana electorate in a state-wide referendum. Roemer's staff characterized one bill, a one thousand page document, as the "largest, most comprehensive legislation" in the state's history. This legislation would rewrite the Louisiana tax code which enshrined the homestead exemption, the most generous in the country, in the state's 1974 constitution. The second bill was the enabling legislation which would provide the statutory framework to actually implement the rewritten tax code in all of the state's 64 parishes.

Briefly, the legislation at its core embraced three elements which business leaders in corporate offices in New Orleans and throughout the state contended would lift Louisiana out of the economic backwaters:

- (1) A reduction of the tax burden on business by repealing the corporate franchise tax, the inventory ad valorem tax, and the sales tax on equipment, machinery, and construction materials. Business leaders claimed that such taxes on business and industry were among the highest in the nation and the highest in the South (LCFR legislative program, 1988).
- (2) A reduction in the state's homestead exemption from \$75,000 to \$25,000. Reducing the state's homestead exemption would broaden the tax base which according to recent studies, excluded approximately 85% of the city's homeowners from paying any property taxes (Bureau of Governmental Research, 1987).
- (3) Lowering the state's sales tax and increasing personal income tax. Economists and tax consultants to LCFR argued that the regressive sales tax (in New Orleans the sales tax at 9% is the highest in the country) not only hurt the poor. It would also cost the state approximately \$160 million in lost revenue because sales taxes were no longer deductible under the provisions of the new federal tax law.

Initially, as this article will detail below, the fiscal reform legislation would produce no new revenues, but would, instead, be "revenue neutral." Over the long term, however, LCFR

leaders claimed that the state's budget would be tied to growth income such as the personal income tax. By reducing the dependence on the oil industry by restructuring the tax system, the implication was that both state and local governments would benefit economically. A much fuller discussion of the ideological orientation underpinning these policy proposals will be provided in the balance of this paper.

A Content Analysis of Local Corporate Ideology

Seider's (1974) content analysis of corporate speechmaking suggests five ideological themes which may be applied to analyze local corporate ideology in New Orleans. These are: classical, nationalism, social responsibility, trustee, and professional. The classical theme represents "the main bulwark of the American business creed" (Sutton, quoted in Seider, 1974: 807). Its major values stem from a belief in the marketplace--free enterprise, profit, and the internal regulating capacity of the capitalist economic system. Running ideologically counter to the classical belief in the market is the value of social responsibility. The managers' sense of the role business plays in the resolution of social problems, the formulation of social policy, and the philanthropic improvement of the community in general is emphasized. Seider notes that the value corporate elites place on social responsibility "would be recognized as a major goal of business, not as an incidental by-product of its day to day operations" (Seider, 1977: 808). The managerial role of business is stressed in the trustee theme. Here, corporate managers mediate between the interests of its clients/customers, stockholders, employees, the community and the public sector.

Similarly, the professional ideological theme focuses upon the corporate manager's prerequisite skills and specialized technical expertise central to the efficient conduct of the corporation, business, or industry. Seider speculates that this theme stems from the development of "conglomerate ideology" where managers must learn to work with cohorts within and across companies. Finally, nationalistic ideology stresses love and loyalty of the nation, as opposed to a more narrow sectarian interest in the corporation.

A few of Seider's categories can be dismissed as not relevant to the local "movement" for fiscal reform in New Orleans. First, nationalistic value preferences clearly do not apply; however, there is some sentiment of nationalistic fervor as it applies to the state of Louisiana. The LCFR's unswerving commitment to radical overhaul of the state's tax code, revenue sources, and decentralized delivery of social services demonstrates, symbolically at least, a universal

interest in the welfare of the state as a whole. Of course, such rhetoric must be weighed against some very explicit motivations on behalf of corporations such as Moffett's Freeport-McMoran and others which would together net approximately \$300 million in tax savings under the Roemer proposal (New Orleans Times-Picayune, 1988d:).

The trustee theme has limitations to this study as well. Since LCFR, and the movement for fiscal reform, represented an attempt at unification and mobilization of the statewide corporate community, little, if any, discussion took place as to the interests of stockholders, customers, or other constituents of the group. Indeed, it was assumed that no mediation of such interests need occur, since several polls commissioned by the Moffett group indicated overwhelming support not only for the entire concept attendant legislative proposals, but also the group's commitment to organize a "grassroots" movement to lobby the legislature and the public for enactment (Chamber of Commerce, 1988).

Similarly, the theme of corporate social responsibility, on surface, has limited application. This theme is more complex than the two mentioned above, however, in that it appears that some of the leaders of LCFR appeared genuinely concerned over the state's future financial health, in particular as to its ability to attract jobs for its citizenry. On March 13, 1988, the secretary of the group wrote in an editorial to the Times Picayune, the state's largest newspaper: "Louisiana's excessive business taxes which impose harsh burdens upon new investment and existing businesses, are the primary cause of the state's economic problems"... "We don't need any more studies. Now is the time for action" (New Orleans Times-Picayune, 1988h: A-26).

This activist posture is significant, given business' history of relative inactivity and the historical "Mardi Gras" attitude of its elites (Chai, 1971). This attitude may be characterized as "tied to a traditional ethos and social structure which directed (corporate elites) energies away from entrepreneurial economic activities" (Smith & Keller, 1983: 132) and a disinclination towards aggressive promotion of economic development and diversification of the local economy. Although this trend had softened somewhat during development of the Poydras Street corridor following construction of the Superdome in the 1970's (Whelan, 1988), local and corporate elites had remained fragmented in their approach to economic growth and, with some exceptions, apathetic to politics. Under Moffett's leadership, and the organizational support of the state's leading corporations, a political consensus on the solution to the state's economic problems was crafted, seemingly overnight.

No longer content to sit idly watching the deterioration of the economy and the exodus of many of its residents--New Orleans experienced a net loss of 28,000 residents between 1987 and 1988 (U. S. Census, 1988)--corporate elites apparently saw as their civic and social duty

to do something about the mammoth problems. An internal memorandum of the precursor to LCFR, the New Orleans Business Council, strikingly reveals the urgency that local business elites felt prior to the opening of the 1988 legislative session: "A tax package that does not address the concerns of New Orleans taxpayers will guarantee that further productive members of this economic community will move themselves and, in some instances their businesses, out of Orleans Parish...The state is screaming for a positive economic thrust, and the consensus you (Moffett) outline definitely points us in that direction" (Minutes of the New Orleans Business Council, 1987). Socially and economically, thus, the movement for fiscal reform among state and local corporate elites seemed partially driven by a sense of social responsibility, despite the obvious benefits which would be had by corporations and business in general if the movement were successful.

It is within the professional and the classical themes that Seider's classification scheme appears most useful in the analysis of state and local corporate ideology. First, the theme of professionalism predominates throughout much of the language of the proposals and the strategies for their enactment by the legislature. LCFR's domination of technical language, information, and general understanding of the state's fiscal climate makes its leadership role one of professional control in comparison to mass-based social movements which conventionally stress a layman's understanding of socially complex phenomena. In its use of technical language, for instance, the group sought to mold public opinion behind a complex realignment of the state's tax code by masking some controversial positions. Fiscal reform, on balance, was promoted in the group's official publications and internal working documents as "revenue neutral" (LCFR Legislative Program), meaning that while the state's tax system would be restructured, no new monies to state and local government would result because additional local taxes would occur under its proposal only with a vote of the people and any increase in property taxes resulting from a lowering of the homestead exemption would be accompanied by a mandatory millage "rollback" to a lower tax rate. In reality, as journalists observed, many citizens would pay higher taxes, and the state over the years would experience a growth in revenues as income taxes expanded.

The term fiscal reform itself symbolized technical control over the political debate. Most Louisiana citizens were somewhat aware of the state's financial condition at the start of the 1988 legislative session; but few had a sufficiently sophisticated understanding of the complex interrelationships among taxes, revenues, and expenditures which combined to produce the state's fiscal portfolio. Moreover, the organization's insistence on the acceptance of the package as a whole, given the vulnerable interdependence of its components--repealing the corporate inventory and franchise taxes meant an increase in the state income tax--virtually guaranteed

that less knowledgeable supporters of fiscal reform had to support the concept in its entirety or face the risk of embarrassment owing to a lack of understanding. In several public forums on the tax reform issue, the university-based economic consultants to LCFR consistently stressed the interdependent nature of the reform package--and the need for the citizenry to accept its component parts in their entirety (Metropolitan Area Committee, 1987). Control over the language implied dominance over the parameters of the issue and ideological structuring of the discussion in "growth" versus "no growth" terms.

Perhaps the most obvious symbol of technical/professional control of language lay in the group's use of the term "economic development." The economic arguments advanced by corporate elites were such that in order to attract business and industry to the state to provide the jobs desired by its residents, taxes on businesses had to be significantly lowered and the burden shifted to the middle classes, chiefly homeowners who experienced the lowest property taxes in the country (the sales tax which negatively affected the poor was to be lowered). As similar efforts in other localities by business to advance progrowth agendas (see Stone,1976), no mention was made of structural causes mirrored in the shift to an information and service-oriented economy; and, of course, no consideration given as to alternatives to the control of the economic system, which might lead to some redistributive benefits to the lower classes. Economic development was synonymous with economic growth for business, with the middle classes in Louisiana largely absorbing the additional tax burden (New Orleans Times-Picayune,1988b: A-4).

Lastly, the control over information, typical of corporate cultures and bureaucracies in general (Peterson, 1979; Deal & Kennedy, 1983), was vividly illustrated by the small group of economists and attorneys who produced the complex tax package and by the largely secretive manner in which the legislative strategy was developed (see Minutes of New Orleans Business Council,1987). Two economists working with the group drafted the tax package which ultimately led to the massive legislative document (1,000 pages). An economist from Louisiana State University and another from the University of New Orleans conducted the economic analyses which framed the constitutional amendment and the enabling legislation. Even the legislative allies of Governor Roemer, floorleaders and chairmen of key committees, complained that they "had no playbook."

Aside from the political strategy of withholding information up to the last possible minute (the Legislature as a full body did not receive the complete document until less than one month prior to the opening of the special session) the corporate practices of monopoly of information and closed-door strategy sessions signal the emerging ideological consensus among corporate elites for fiscal reform and for the unification of their interests. Corporate elites would employ

a strategy of secrecy to break-up what they perceived as the logjams preventing economic growth and, concretely, as a threat to their very livelihood, given the poor outlook for the state economy and the unlikelihood that the oil industry could survive if it sustained any further losses. This tight grip over information and technical control over the language of fiscal reform stemmed directly from the corporate elites' classical ideological orientation towards the value of "free enterprise;" and what I shall call the "privatization" ethos towards government and the public sector. I propose an additional category of "privatization" to Seider's classical theme, which I suggest describes the unique ideological orientation of New Orleans' corporate elites, but which may accurately describe the national system of beliefs, values, and attitudes towards the public sector during the Republican administration of the 1980's.

As Seider's 1974 study articulates, the classical theme embodies interrelated "core values" (Deal & Kennedy, 1982) of corporate cultures including profit, a belief in the unregulated free enterprise system, and in the power of the market to provide the economic needs of society. Within fiscal reform the data suggests a division into two sub-categories: business expansion and entrepreneurism. In the campaign for fiscal reform prior to the election of Buddy Roemer, and in the special legislative session held less than a year after he was elected, LCFR succeeded in building a consensus on the need to allow business to expand in Louisiana. Indeed, corporate elites could point to some very strong evidence to buttress their arguments that the fundamental cause of the state's economic problems was the excessive tax burden carried by business in proportion to taxes paid by individuals, especially property taxes. For example, a study commissioned by CABL (Council for a Better Louisiana) established that in Louisiana "businesses pay \$300 million more in taxes than they receive in benefits" (New Orleans Times-Picayune, 1988h:). Most strikingly, LCFR could point to the loss of 170,000 jobs Louisiana experienced between 1981 and 1988 (Wolf, cited in City Business, 1988: 7).

Thus, virtually no one questioned the need to expand business in Louisiana. One state representative, Sherman Copelin, a leader in the legislative Black Caucus, did seek to introduce an amendment to the constitution tying a reduction in business taxes to the actual percentage of new jobs created. Further, some legislators, mainly those from rural or suburban districts who were opposed to the reduction in the homestead exemption, complained that business was seeking a \$300 million tax break on the "promise" of job creation (Louisiana Legislative Record, 1988); but in general there was little questioning of the role business was to play in economic growth. The state's economy was simply in too bad a shape. Perhaps the most powerful evidence of the consensus behind business expansion was the overwhelming support (70%) given by black legislators who saw in fiscal reform a chance to lower the sales taxes and an opportunity to spread the tax load, perhaps in the long-term assistance of local government whose constituents

in New Orleans were the poor and minorities. Concretely, elected black officials viewed the lowering of the homestead exemption as a chance to equalize the tax burden on their constituents, many of whom were paying commercial property taxes via higher rents.

LCFR argued that without business expansion, Louisiana could not compete economically with its neighbor states in the southeast region whose tax burden was considerably less. It pointed, for example, to threats by industrial firms such as Trinity Machine Group, which was threatening to move its headquarters from New Orleans to near-by Gulfport, Mississippi, where the taxes on business and industry were lower. Corporate elites argued that not only would the private sector be unable to expand job opportunities if fiscal reform failed; the state would soon begin to witness an erosion of the companies which were already located here. Those corporations which stood to lose the most from a failure to restructure the state's taxes--Fortune 500 oil firms such as Moffett's Freeport-McMoran and CNG, a natural gas company whose regional headquarters was in New Orleans--ironically were those which had the financial and organizational resources to withstand the fiscal status quo over the longest period of time.

Finally, the spirit of entrepreneurship especially characterized the leadership style of corporate elites in New Orleans and in Louisiana during the push for fiscal reform. When Moffett first moved his entire headquarters and consolidated his operations in one attractive building on Poydras Street in New Orleans in 1985, he moved quickly to unify the corporate community, which had historically been divided along "old" versus "new" money interests in the city. He founded the Business Council, which as described above consisted of the fifty most powerful chief executive officers of major corporations in New Orleans such as Tidewater, Lykes Steamship, and Price Waterhouse (Minutes of Business Council, 1985). The Business Council moved to provide financial and political support behind the development of the riverfront in the form of a proposal to establish the "Aquarium of the Americas," a \$15 million private/public "partnership" which would anchor tourist-related development along the river; the construction project was bitterly opposed by some French Quarter preservationist groups, but--significantly--supported by the Vieux Carre Commission and by virtually all of the city's political, financial, and civic elites. Moffett and other corporate elites in LCFR, such as the regional president of Coca-Cola, carried the same enthusiasm for unification and activism in the drive for fiscal reform.

These new wave of civic leaders possessed a penchant for quick decision-making and optimism which was legendary. This attitude mirrors the "entrepreneurial" spirit. Moreover, these corporate elites, as Whitt (1982;1984) and Seider (1974) observe seem "united in (their) fundamental interests" (Whitt, 1982:181) and possessed the ability to brush aside

internal conflicts. It has been already described above how the entire complex reform package was put together, first in the corporate offices of Freeport-McMoran, and secondly, in the governor's office in Baton Rouge, in a period of a few months. This point cannot be overemphasized.

Prior to the arrival of out-of-town oil magnates and wildcatters such as Patrick Taylor, a wealthy Republican who had connections to the White House, the climate of enterprise consisted of a laissez-faire attitude, which stemmed from an upper class whose fortunes derived from inherited wealth and property. Many residents of affluent "uptown" New Orleans successfully defeated businesses from locating in their neighborhoods applying a preservationists ethos which gained strict zoning regulations, such as control of small "bread and breakfast" business. Local business elites in New Orleans historically looked neither to the state for fiscal and regulatory relief, nor sought to expand their financial horizons independently in the market. All of this changed with the Business Council and LCFR.

The Privatization of the Public Interest

The ideology of fiscal reform extends beyond the classical doctrine identified by Seider in his study of the executive speeches of national business elites. In New Orleans, and throughout the State, the fiscal reform "movement" demonstrated a political culture marked by a seeming repugnance and contradictory attitudes towards government which I term the ethos of "privatization." At its core the privatization ideology is characterized in New Orleans by a preponderance of volunteers in government, the proliferation of private-public "partnerships"; and the contracting of private companies for city services. Ultimately, privatization gives legitimacy to profit. When local government can no longer maintain these conventional services, and is "forced" to contract out to the private sector or, as is the case in New Orleans, to rely increasingly on volunteerism, profits increase and the accumulation process resumes, all apparently quite smoothly and "organically," as Marcuse (1981: 330) observes. Locally, this ethos dominates because of the historically entrenched upper class whose ownership of property in a city where land is very scarce (Whelan, 1988) virtually guaranteed private ownership of the means of production and because of an equally historically underfunded city government whose revenue base had substantially declined in the 1980's (see Ryan, 1988). These historical cultural conditions provide the context for consensus building around fiscal reform among corporate and government elites and at once lay political ground for its compromise among voters. I return to this paradox in the conclusion of the paper.

I would argue that this same ethos which pervades public sector attitudes in New Orleans can also be found throughout the nation . Cities face significant fiscal and social stresses. Caught in a "double bind", local governmental officials have little choice but to succumb to the growth alternative (Peterson, 1982; Reed, 1988); but doing so requires additional capital and infrastructure needs. As cities struggle to meet the requirements of growth, less capital is available to meet essential human needs. In the context of the economic restructuring of cities, as Smith and Keller (1983); Fainstein and Fainstein (1983) and others have shown, the role played by business has been one of providing a catalytic effect on redevelopment efforts. In brief, as cities grow more dependent on private capital for a percentage of operating funds and services, owing to the economic decline in urban centers, privatization tendencies increase proportionally.

As Whitt (1982) observes, while production becomes increasingly "social in character", profit remains essentially private (1988:191). Because the public sector is constrained in its abilities to raise revenues (see Peterson, 1981: 3-17), and is therefore required to promote "developmental" policies, it assumes the role of providing the infrastructure for local industry to function and expand, while unable to capitalize on the economic benefits (see O'Connor, 1973). The historical laissez-faire attitude towards the public sector in New Orleans, moreover, in harsh economic times means that the city is increasingly unable to attend to the public interest, broadly defined as those values, policies, and programs which fulfill the "common good", (Warren, 1988 cited in Vogel & Swanson, 1989). It is in this sense, then, that private interests now define the broad public interest in urban centers.

Conclusion

The Louisiana Legislature and the electorate ultimately rejected several variations of fiscal reform in the first two years of the Roemer administration. The most comprehensive version, and the most controversial, the LCFR package, was rejected by the legislature; the other two variants, one enacting an increased state income tax, the other calling for a "dedicated" tax to finance infrastructure improvements, were both offered to the voters in constitutional amendments. The first failed by substantial amounts; the second passed overwhelmingly. What accounts for the failure of fiscal reform and, conversely, for the passage of the transportation amendment? ⁴ (Amendment provided \$1.5 billion in infrastructure improvements state-wide, and \$400 million to New Orleans alone, coupled with a projected creation of 11,000 construction jobs for the city).

Whalen and Young (1989) suggest that the lack of strong governmental leadership in New Orleans, owing to "caretaker" politics in the city administration, is the cause of the defeat of tax measures locally (and by implication, statewide). Put simply, fiscal reform, as a political ideology designed to build coalitions with labor, blacks, and the working class, did not attract the very people it was designed to assist with the promise of job creation--under or unemployed minorities and blue collar workers. Indeed, among blacks, blue collar workers, and the poor, fiscal reform attracted less than 50% of the vote (New York Times, 1989: Y 26) in Orleans Parish and even less in the more affluent areas. Thus despite its widespread appeal to corporate and political elites, as a political strategy, fiscal reform fell short.

But this explanation is too simple. Why were the Moffett group and others successful in garnering sufficient public support for redevelopment plans such as the Aquarium and the transportation amendment but failed so badly on tax reform? On the ideological level business elites helped create an anti-tax sentiment among voters; and the state's homestead exemption dating to the Long era makes the protection of "property rights" (Apple, 1989) sacrosanct in the state among middle class homeowners.

The legislators' constituents perceived the "revenue neutral" policies of LCFR as a tax increase, paid for by middle class homeowners, to benefit large corporations, such as Moffett's Freeport-McMoran. This most controversial measure failed to win legislative approval. More pointedly, the income proposal (which did gain legislative approval) was proposed as a modest increase in state income taxes, the bulk of which would fall on the upper middle class. However,

LCFR backers could not convince the electorate that a tax increase to benefit large corporations would actually result in a net gain in jobs.

It's difficult to imagine that the corporate community, in the near future, can muster the support necessary to eliminate the "sacred icon," (Gill, 1989, B-9) the homestead exemption, which is enshrined in the constitution. However, the use of political ideology has limitations as a coalition strategy for any major tax increase measure. As an explanation for the defeat of tax reform in Louisiana it is also inadequate. The most adequate explanation is that the competing ideological hegemony of the protection of property serves the interests of the city's active middle class homeowners in resisting any kind of significant tax increases to support economic development. For these tax-shielded residents, the question remains development for whom and for what purpose? Evidence suggests that the consequences of uneven development in New Orleans (Smith & Keller, 1984; Mumphrey & Moomau, 1984) are such that the city's shrinking, but vocal, middle class is well secured in private police security, private and parochial schools, and affluent volunteer city landscapers. When it comes to a question of supporting taxes to sustain and improve city and state governmental services, therefore, the

competing ideology of property protection effectively forestalls the consolidation of growth politics in New Orleans with the few exceptions of riverfront redevelopment, which the transportation amendment would help underwrite with infrastructure improvements.

In the latter case (transportation improvements, the Aquarium, the Convention Center, etc), the use of private-public "partnerships" (see Reed, 1989:) ideology, the perceived real benefits to the middle class family interests, and the donation of several million dollars in private and public funds all combine to secure passage of the minor tax increases. All of these projects carried the tag of "dedicated taxes," which meant that, at least on the ballot, monies generated from these taxes would be protected in a trust fund, thereby preventing "honest graft" from recurring⁵. Significantly, the fledgling corporate regime had seized control of independent governmental bodies such as the Audubon Park Commission, the Port Authority, and the Tourist Commission by capturing majority representation on its boards and by hiring "bureaucratic entrepreneurs" (see Whalen & Young, 1989: 27-30) to manage and protect its economic and political interests. This protection was assured prior to the formulation of public policies by the state, and with little or no discussion by disenfranchised groups⁶.

Unlike many urban centers which witnessed the consolidation of growth machine politics to spur urban renewal and redevelopment (cf, Stone, 1985; Fainstein & Fainstein, et al, 1984; Swanstrom, 1986), "dedicated growth" best characterizes New Orleans. Growth occurs most prominently in those sectors (for example, tourism, transportation, and historic renovation) where corporate elites have been able to seize control of quasi-independent governmental agencies and successfully pursued public-private partnership strategies to co-opt "public policy and resources for the risk management functions" of the private sector (Reed, 1988: 165). New Orleans, therefore, continues to remain an anomaly within the urban legacy of the growth machine. It is the unique culture of the city and state, however, that constrains the hegemonic goals of corporate elites, rather than more specific lack of "leadership" and poor coalition-building skills. The findings of this study suggest that the competing ideologies of property rights make the prospects for coalition-building in support of comprehensive growth policies a very uncertain enterprise.

Finally, the underclass is eliminated from this ideological equation. In New Orleans, the interests of the poor, in securing more and better low income housing, in obtaining improved public education, in winning well-paying jobs, is not served well either by growth or property rights ideologies. The tax reductions presented in the LCFR package, for instance, were designed to primarily benefit large corporations, with some relief for the poor through a lower sales tax. Continuation of the homestead exemption to protect middle income homeowners dramatically hurts the underclass as less revenues are available for governmental services (the total loss to

the City of New Orleans is estimated to be approximately \$53 million). With the odds of effective political organizing increasingly against them (see Piven & Cloward, 1977; also, Fainstein & Fainstein, 1989), the inner city poor in New Orleans have little voice in the struggle for ideological hegemony between the upper and middle classes.

NOTES

1. I am indebted to Ron King, Department of Political Science, Tulane University, for this notion.
2. Although critical theory does not constitute a unified body of thought, I generally refer to the work associated with the "Frankfurt School." According to Giroux, (1982b:8) "the Frankfurt School took as one of its central values a commitment to penetrate the world of objective appearances to expose the underlying social relationships they often conceal."
3. Robert Whalen (1989:5) asserts that "the opening of the Louisiana Superdome had a catalytic effect on tourism (as it did on downtown office space)." For instance, the number of hotel rooms rose from 10,000 to 20,000 between 1970 and 1980.
4. The transportation amendment would provide \$1.5 billion in infrastructure improvements state-wide and \$400 million to the City of New Orleans in support of construction activities at the Port of New Orleans, New Orleans International Airport and various highway projects.
5. Donald Mintz, speech before the Executive Club of New Orleans, September, 1989.
6. Interview with Timothy P. Ryan before the Metropolitan Area Committee's Financing the Future Coalition. October, 1988.

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