

# N.O. Business Expansion 'Hurt by Social Cliques'

By LANNY THOMAS

New Orleans' rigid social structure has been blamed by many of the city's top leaders for the failure of large national corporations to expand their operations here.

A Tulane University political scientist says there is substantial belief among the city's leadership that ranking executives in national corporations do not want to move to New Orleans because of its social cliques.

Dr. Charles Y. W. Chai, who has been studying the city's power structure for several months, said indications are clear that corporations are not expanding local facilities because of this factor.

"IT WOULD BE difficult to expand without the cooperation of top management," said Chai.

The political scientist said most of the leaders whom he has interviewed believe the closed social system is the root of many problems in New Orleans.

He said his study reveals that young executives who do move to New Orleans with their firms seldom seek responsible leadership roles because they are discouraged by their exclusion from social activities.

And this, said Chai, could account for the "lack of leadership" in New Orleans. Aside from the city's financial problems, leadership stagnation was cited by Chai's study group as the most critical problem in New Orleans.

"SINCE MOST higher executives hope to move up to their national offices eventually, they are here more or less on a temporary basis," said Chai.

Many would rather wait to become involved in civic affairs in other communities. They see no reason to work with the 'locals' on community problems since the 'locals' refuse to socialize with outsiders."

Chai said one community leader he interviewed stated, "The best way for a person to become a community leader in New Orleans is to arrange to have his grandfather born here."

The Tulane professor revealed earlier this year in the preliminary stages of his study that some city leaders were convinced that closed social circles were bad for the city and that the time and energy businessmen devote to Carnival activities is a strain on the economy.

DR. CHAI'S belief that the social structure indeed is a serious detriment has been reinforced by interviews with 82 persons whose names turned up in a poll he conducted to determine the city's most influential leaders.

Of the 82 leaders, 58.7 per cent said they believe the social structure prevents ranking officials in national corporations from moving to New Orleans.

Chai said 69.2 per cent of the leaders stated they believe the closed system, such as in Carnival krewes, alienates outsiders and generates prejudice.

The 82-member study group ranked the city's problems in the following order: Financial, leadership stagnation, crime, schools, housing and race relations.

MOST AGREED that an inadequate tax base due to unfair assessment practices is the primary cause of the financial problem.

"When asked to expand on the problem of city finances, most leaders said the system of elected assessors who reward their friends and threaten their enemies with 'economic sanctions' is the primary factor," said Chai.

Other factors, he said, were lower tax rates than in other cities of comparable size, failure of the city to get a "fair share" of state revenues and real estate being in the hands of "too few people."

Another problem mentioned frequently by the group was "economic stagnation or unprogressiveness." Leaders attributed this to three factors:

—THE FAILURE of the Port of New Orleans and tourism, the two major industries, to generate a great deal of revenue.

—THE FAILURE of other industries to generate large revenue because they manufacture intermediate products rather than finished products.

—THE IMAGE of corrupt government both at the state and local level. This, they said, discourages both industry and leadership.

To identify the city's top leaders in terms of power and influence, Dr. Chai first chose a panel of 24 prominent persons whom he considered familiar with various institutions of the city. This included two representatives each from government, politics, business, voluntary associations, labor, educa-

tion, mass communication, religion, black organizations, law, medicine and social organizations.

He asked each of these 24 persons to submit names of persons whom they perceived as the most influential and powerful in the city. Individuals who received more than five nominations were interviewed and in turn asked to nominate persons they considered to be top leaders.

ALL TOLD, 297 different names were nominated. Of these, 104 received five or more nominations.

Chai then asked each of the 104 leaders who in the group they thought were most influential in the city and which they would choose to participate in an decision over a major project.

Those receiving more than 10 nominations—and there were 28—were designated as the top ranking leaders of the city, or what Chai calls Level I leaders. They received 75 per cent of the nominations.

Forty-eight persons received six or more nominations but less than 10, and were placed in a Level II leadership category. The remaining 28—those receiving more than three but less than five nominations—fell into a Level III leadership category.

To date, Chai has interviewed 82 of the 104 leaders and bases his conclusions on their answers to questions.

ALTHOUGH THE professor would not release names, he did reveal interesting observations about the makeup of the city's power structure.

"If there is any one thing that characterizes the New Orleans leader, it is higher education," said Chai.

A statistical breakdown showed that 50 per cent of all 104 leaders have done post graduate study. A further breakdown by leadership levels shows: Level I, 39.3 per cent; Level II, 54.2, and Level III, 53.6.

Dr. Chai also said it is abundantly clear that New Orleans' leadership is heavily dominated by business and not politics. Fifty-one per cent have business or industrial backgrounds while 12.5 have backgrounds in government or politics and 11.5 per cent in law, according to Chai.

IN THE TOP leadership category, those engaged in business or industry comprise 64.3 per cent of the total.

"Top ranking community leaders apparently do not feel that local politicians are part of the leadership," Chai observed. "They see the top leadership coming from their own ranks."

Chai said his study also reveals that the median age of New Orleans leadership is much higher than the average of 50 in other U.S. cities. The median age of the 104 leaders is 58 while it increases to 60 in the top-level category.

Fifty-one per cent of all the leaders were born in the New Orleans area and 50 per cent have lived here all their lives.

A RESIDENCE breakdown shows that 39.4 per cent of the leaders live in the uptown area. Among the top 28, the percentage is 53.6.

Although Negroes constitute 45 per cent of the city's population, only one of the 28 top leaders is black. In the three category levels, the percentage is 12.5. There is only one woman among the 104 leaders.

The religion breakdown for the 104 is: 38.5 per cent protestant, 28.8 per cent Catholic, 8.7 per cent Jewish, 2.9 per cent no affiliation, and 21.2 per cent on which no data was available.

The annual income of 57.7 per cent of all the leaders exceeds \$50,000 Chai revealed.

THE PROFESSOR has concluded from his study that New Orleans' leadership is relatively old and it needs young blood to move the city forward.

"The solution," he said, "depends on the second generation elite. If they show a willingness to break down some of the social barriers in the community, then something may be accomplished."

"Social organizations that require a lifelong residency and impeccable social credentials must open up their membership to more outsiders," he said.

AND PRESENT leadership, he added should bring in individuals who hold



DR. CHARLES Y. W. CHAI

responsible positions in national corporations here and "reward them socially."

"Many of the social elite who are trying to protect the status quo have a very narrow view of the future," Chai writes in the October issue of the Louisiana Business Survey, a publication of the division of business and economic research of the College of Business Administration at Louisiana State University in New Orleans.

"They have little fear of the outside world because they know the status quo will prevail during the rest of their lives," he stated. "If this is the case, they must be made to understand what they are doing to the community that many of them say they love so dearly."

"The second generation elite must realize that unless this rigid social system is modified they are casting their own doom."