IDEOLOGY, POLITICAL POWER, AND ECONOMIC DEVELOPMENT IN ALABAMA, 1990-2010

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by
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US states have many policy options to promote short-term and long-term development of local economies and workforces. During the 1990s and 2000s, Alabama voters rejected a number of policy proposals designed with long-term, balanced development in mind, maintaining by default their state’s capital-subsidy framework for economic growth. These outcomes were surprising; many observers expected the bills to pass because they were progressive *and* had strong business support. Using a power framework and methodology developed by Gaventa (1980) and others, this mixed-methods study explores the way power was used to shape two vote outcomes. Through consideration of the historical, structural, and cultural makeup of the state, and mindful of theories about “the end of Southern exceptionalism” (Shafer & Johnston, 2006), the study develops hypotheses about the continued role of regressive institutions in shaping Alabamians’ ideas about development. Content analysis of public debate suggests that “jobs and development” arguments for the proposals were less resonant with voters than expected. Subsequent regression analysis of county-level voting confirms that race still plays an important role in predicting voters’ response to progressive development policies. This research is important because it focuses on the causes and durability of spatial inequality at the subnational level, a scale that has been neglected by social science but is a key site for public policy interventions (Lobao, Hooks, & Tickameyer, 2008). It also provides a lens for the
study of economically “uneven” regions negotiating post-industrial change and a new knowledge-based global economy.
BIOGRAPHICAL SKETCH

Megan Gremelspacher Swindal received her BA from Middlebury College in Environmental Studies, with a concentration in US Environmental Policy, in 2002. She began her doctoral studies at Cornell University’s Department of Development Sociology in 2005 and received her MS from Cornell in 2008 with a Master’s thesis exploring ideology, social position, and voting behavior in post-socialist Poland. In 2012 she received her PhD from Cornell with a dissertation exploring the ideological and institutional context for economic development policymaking in the US Southeast, focusing on the state of Alabama in particular. She lives in Birmingham, Alabama with her husband John.
To my parents and my husband John
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CHAPTER 1

INTRODUCTION

Statement of the Problem

During the last 30 years or so, US states have become increasingly involved in the task of economic development and, with the help of researchers, have sought to apply policies that will make them more competitive destinations for investment and skilled workers. While the history of development in the US created a persistently uneven distribution of resources among the states and regions, broad social forces like the growing domestic mobility of labor and more informed and responsive policymaking appear to have diminished history’s ability to determine state vitality. At the same time, patterns of spatial inequality have proven durable such that certain areas seem “locked” into poverty and marginalization. If knowledge of “what works” at the state policy level has increased, why have these places remained so underdeveloped?

These questions and the social scale at which they are directed are timely. Most sociological research on both durable spatial inequality and on development has focused on the national or the city/local level, leaving the subnational scale a “missing middle” (Lobao, Hooks, & Tickameyer, 2008). Yet understanding inequality at this scale is particularly important for a few reasons. Trends in governance such as
Devolution and decentralization have increased the policy role of states, counties, and regions relative to the federal government (Warner, 2003). The national level is becoming less and less salient as an economic “clearinghouse” as subnational governments and firms establish relationships with intra- and international counterparts (Bonnanno and Constance, 2003). Political cultures and ideologies are becoming markedly variant across subnational space, implying that the states will continue to act as policy “laboratories” with potentially significant impacts on the life chances of different socio-economic groups within the same nation (Grossback, Nicholson-Crotty, & Peterson, 2004). At the same time, the nation-state as a global entity that sets macro-economic policies and contains a bounded workforce (Peterson, 1981) has certainly not disappeared, meaning that external forces exert the same pressures across subnational space.

Understanding why inequality and poverty tend to persist at certain subnational sites, and the extent to which governments at this level have the capacity to address these issues, should be a key goal for sociologists who hope to make a progressive policy impact with their research. A major consideration is power: how much power to make significant economic changes do state governments have, in the context of the above-mentioned global pressures? What role does subnational civil society play in limiting or enabling this potential sphere of power? What determines the relative power of groups within civil society? Does the democratic process ensure that this distribution of power remains relatively even? These concerns are important because there appears to be some correlation between state political characteristics and socio-economic
status. States that fare worst overall on most human and economic development indices tend to be politically conservative (Gelman, Schor, & Bafumi, 2005), despite the fact that low-income voters in the US are more likely to favor liberal ideologies (Bartels, 2006; Stonecash, 2000). How, then, are conservative policy frameworks maintained, especially where progressive policies would seem most needed?

**Overview of the Study**

The Southeastern United States is a region of much persistent inequality, especially race-based inequality (Hattery and Smith, 2007). Low levels of taxation, minimal support for organized labor, and high proportions of traditionally disadvantaged groups such as African Americans are historical legacies in the region. The Southeast continues to have a reputation for racial division, anti-statism, and traditionalism, in part due to empirical evidence (Duncan, 1999; Botsch, 1982; Black & Black, 2002) and in part due to stereotype. Most scholars would agree that the region has a durably conservative politics that helps maintain limited government and the primacy of the market (Glaser, 1996; Felson & Kindell, 2007). At the same time, the region is challenging many of the old expectations. While a healthy regional economy stemming from low regulation has been the case for decades (Cobb, 1993), more recently major efforts by state governments—such as investments in education and new infrastructures, and support for new types of entrepreneurs—have made places like North Carolina and Tennessee into hubs of innovation (Lohr, 2010). Such
investments have a broad constituency: they are good for elites, good for state government, and good for struggling workers.

How have these changes been possible in a region expected to maintain the status quo? Some, like Browder & Stanberry (2007), point to African American empowerment and “practical” biracial politics during the New South decades of the 70s, 80s, and 90s. Others, like Cotter, Schaffer, & Breaux (2006), point to converging cultural attitudes between the South and non-South. Polling by the Pew Research Center (2004) has shown that “the South remains a more conservative region on racial issues, but the differences between the South and rest of the country are narrowing.” Perhaps most controversially, Shafer & Johnston (2006) believe that the growing importance of economic development and job creation during this period has wiped out traditionalist politics. Using voting data, they have shown that while conservatism remains strong in the Southeast, its political base is now wealthy rather than White. This suggests that people began to vote for their economic interests even if that meant granting more power to progressive agendas.

On the basis of this evidence, Shafer & Johnston conclude that the “Southern exceptionalism” outlined by V.O. Key, where politics always comes back to race in the end, is more of an enduring myth than a reality. In either case, many scholars agree that traditionalist policy preferences (like racial discrimination) have been replaced by more pragmatic or “instrumentalist” behavior. By extension, the choices by many Southern states to implement balanced development strategies based on public
investment and long-term planning is neither surprising nor unexpected but evidence of democracy at work. Therefore, this debate about the South is not just a matter of regional politics but of power in the American political structure. If policy preferences are now based on economic self-interest, even in an area of significant and persistent poverty, the implications for working-class alliances and equal access to power are remarkable.

Yet just as blanket statements about the Old South are inaccurate, so may be blanket statements about the New South. This study accepts, to a large degree, the decline of race as the fulcrum of policymaking in the region, but maintains that the “end of Southern exceptionalism” theory overly simplifies a large and variegated region. The role of traditional rationalities in socio-economic policymaking has not disappeared in all parts of the region or the policy area; it may be harder to identify because of changing rhetoric and alliances, but it persists nonetheless under certain circumstances in the South. One problem in identifying this role is the reliance of most such studies on opinion polling and analyses of national elections or Congressional responsiveness. At these levels factors such as partisanship and ideology may distort political preferences; analysis of local policymaking is a better place to look for evidence of pragmatism and pluralist decision-making, or its absence.

This study aims to do exactly that. It is motivated by the recent experience of one state, Alabama, where voters in the 1990s and 2000s were plainly faced with the choice between a new type of pragmatic, balanced development and the status quo of
low regulation and minimal public investment. An unlikely alliance between state managers and powerful but moderate business groups resulted in a handful of policy proposals designed to increase the state’s human capital resources from the bottom up and to address its highly regressive tax system. In all cases, voters rejected these proposals, choosing instead to support familiar “top-down” or “trickle-down” development policies. In the short term, these choices have benefited elites and the middle class, but in the long term and for other interest groups, instability and disadvantage remain structured into society. This has implications for the state’s competitiveness in a knowledge-based 21st century economy.

How did Alabama come to make these choices? Was it merely democracy at work, with progressive development failing in the “marketplace of ideas”? This seems unlikely in a place where 35 counties are classified by the US Economic Research Service as low education counties and 22 counties are classified as persistent poverty (including 10 of the 11 African American-majority counties). It seems more likely that power skewed development policymaking in a way perhaps unique to Alabama. Whether and how race played a role in this process is not yet established, but it’s evident that race and power are connected even if indirectly, through class. To claim that race plays only a minor role in contemporary Southern policymaking misperceives the strength of that indirect connection; as many social scientists have noted, “ideas about race and economics are interwoven in ways that may be impossible to separate” (Carter, 2007; also Kruse, 2005). This misperception is a type
of power itself because it implies that the political process is fundamentally sound and does not need further scrutiny.

This study explores political power in contemporary Alabama and how its configuration shaped recent development policy choices. The study’s goal is to use this case not only to explore the complexity of the “New South” and how historical legacy can shape the way contemporary locales interface with the global economy. The broader goal is to explore the nature of power in the American political system, in the heart of a region that has been described as “America on steroids” (Carter, 2007). Using a sequential mixed methods approach (as described in Creswell, 2003), the distinctiveness of Alabama’s development policy framework is established by comparing the state to six others within its region on preparedness for the “New Economy.” A second stage compares three theories of power and their potential to explain recent policymaking in Alabama. The historical distribution of power is compared with today’s arrangements and the mechanisms by which inequality may have persisted despite major political, economic, and cultural upheaval are considered. The third stage explores the public debate over balanced development policies, and subsequent voting, to empirically test whether such mechanisms were actually at work during the recent period of socio-economic policymaking.

**Significance of the Study**
This study is significant because it looks at events that surprised the nation (New York Times, 1999; USA Today, 2003; Lattin, 2004) through a new and broader theoretical lens. Compelled by the unexpected rejection of these policy proposals noted above, a small handful of academic studies explored the vote outcomes using theories about racial threat (Roch & Rushton, 2006), the conservative role of religion (Bobbitt, 2007), and the conflict between traditionalists and modernizers (Webster & Webster, 2006). While each is critical in helping us understand how cultural and historical context contributed to Alabama voters’ unique choices, none draws conclusions that go beyond its particular theory or the particular state. This is unfortunate because what happened in Alabama during that 15-year period has implications for our entire subnational policy process. Policymaking is, fundamentally, about patterns of power—who has it, how they get or keep it, and how it helps them prevail. What can be learned about power in Alabama may be broadly applicable. Because voters’ responses to these balanced development policy proposals unexpectedly (and decisively) preserved inequality, because there are relatively few competing power blocs in Alabama, and because evidence of similar processes can be drawn from more than one event, the naked workings of power are much easier to observe than they might be in another state. Yet the actual policymaking process does not differ too much from state to state; the same types of institutions and federal laws apply, and the same groups—state and civil society—are involved.

As the study of the relations between state and society and the social forces that affect policy outcomes, political sociology is well-equipped to grapple with these questions.
Three major theoretical frameworks—state-centered, pluralist, and class-based—are generally used to understand relations of power in society, each drawing different conclusions about power’s distribution. A primary task is to determine which of these frameworks provides the best conceptual tools for understanding enduring inequalities in power and resources. Armed with such tools, researchers can more accurately pinpoint the barriers to change and dismiss flawed conclusions—and misguided policy recommendations—that might be reached otherwise.

Following Weberian models of social action, state-centered theories see the state as an autonomous actor with its own considerable interests—such as social stability and revenue production—and organizational capacities, making it a formidable power center (Orloff & Skocpol, 1984; Skocpol, 1992). Policy directions are determined by “the structure of the state as well as the policy-making activities of bureaucrats (who are seen as relatively autonomous from the pressures of social forces)” (Huber, Ragin, & Stephens, 1993: 5); power can be constrained by groups within civil society, which either compete or cooperate with the state in pursuit of particular interests. In terms of inequality, ideas such as regime theory (Stone, 1993) suggest that subnational governments can create coalitions and prioritize interests within civil society to achieve socio-economic goals, whether they are growth or redistribution. Inequality might persist where it did not fundamentally conflict with government goals or where power to address it was limited by civil society.
Conversely, society-centered theories expect power to reside in civil society, where maneuverings to gain relative influence over the state are the source of social change. In this way the state is an instrument that makes policies favorable to whichever groups have the most power. Society-centered theories differ in proposing that power’s availability is either structured by economic relationships, or is free to all political agents. Marxian class-based theories suggest that power is finite in society and consistently accrues to the capitalist or elite class, which can shape policy directions to its liking both through direct monetary and ideological influence over governments and voters and through its structural position underpinning the markets that the capitalist state relies upon (i.e., Poulantzas, 1973). Inequality persists because these policy directions follow the logics of capital accumulation and profit, systematically disadvantaging non-elites and maintaining their powerlessness. States have limited ability to intervene in this system, but the dominant class can use the state to ameliorate uneven development where it threatens the smooth functioning of market processes.

Pluralist theories also have Weberian roots, taking an individualist perspective on social action that also appears in neoclassical economic and political theories. Pluralism sees power as infinite in society and freely available to all agents, rejecting a determinist view of power’s role in policymaking and suggesting instead that policy directions are negotiated by demand, as in a market. Policies are durable based on their popular support in civil society; in a democracy policymakers either respond to changing preferences or are voted out of office. Inequality persists because of
individual choices within commonly agreed-upon policy frameworks. Subnational
governments can intervene by aligning policies to the demands of a majority; if a
majority prefers to tolerate inequality, unsatisfied minority groups have the mobility in
a federalized system to relocate in more favorable places.

Depending on the theoretical perspective used, the power to maintain or change how
resources are distributed in society can be found in the state and its institutions, in the
economic elite (e.g., the business sector), or in voters. Evidence supporting one power
framework over the others can be found empirically and not just in the realm of
theory, though. Evidence of political pluralism is the easiest to find because it is overt
or “one-dimensional,” focusing on observable behavior in a system that is assumed to
be fair and open. Expressed preferences are taken at face value, and whoever prevails
in a conflict situation is said to have more power (see Polsby, 1963). The other two
frameworks do not make such assumptions and expect power to work in sometimes
cover and indirect ways. One way this might work is by excluding certain choices and
participants from the policy process altogether, making conflict unnecessary. Through
the “mobilization of bias,” the political system allows powerful groups to suppress
dissent through intimidation or other means that which can be indirectly observed
(Bachrach & Baratz, 1970). But even the absence of conflict and the absence of
intimidation does not necessarily indicate consensus, if power can actually shape
preferences in support of certain agendas. Evidence of this “third dimension” is hard
to find empirically, but it is essential in a rigorous study of power and it can be done,
as Gaventa (1980) has shown most convincingly.
In its analysis of Alabama’s development choices during the 1990s and 2000s, this study falls short of but emulates Gaventa’s rigor by considering not just the particular vote outcomes, but the historical development and contemporary maintenance of power relationships. If there is a pattern or causality to be discovered, it has broader applicability than the experience of one state. At a time when all states are facing the same global pressures and have the same policy tools at their disposal, some have chosen to use their engagement with the world economy to reduce inequality and underdevelopment and some have not. This study will identify some of the state-level factors that are predictive of these choices.

Description of the Chapters

Chapter 1 has introduced the research question— why might some places most likely to benefit from balanced development repeatedly reject this approach in favor of the status quo? The conceptual framework, power, that will be used to answer this question as well as the different theories that are generally used to understand power have also been introduced. This chapter has also identified the empirical case that will be used as a way to approach the research question and ultimately, to shed light on the concept of power.

Before exploring state-level predictor variables for Alabama’s development policy choices, the study must define and establish the dependent variable. Chapter 2 uses the
literature on state-level development policy to establish two ideal-type models—“first-” and “second-wave” development aimed at driving down costs for investors, and “third-wave” or balanced development aimed at public investment and capacity-building—and the policies that tend to be associated with each. To accurately characterize a development approach as “balanced,” it should have a net positive effect for the state’s economy and people across a range of indicators like educational attainment and income. Despite strong growth and low unemployment during the 1990s and 2000s, Alabama’s approach to development appears somewhat unbalanced and may not be preparing it for long-term economic vitality. This conclusion is drawn through the triangulation of three types of secondary evidence and the comparison of the state to its regional neighbors, which have more similar economic, social, and political histories. Standard development indicators, rankings from three independent systems that classify states on their preparedness for the knowledge-based economy, and the presence or absence of key balanced development policies (suggested by the literature) are generally correlated across the states, and all suggest that Alabama’s development approach is closer to the outdated capital subsidy model.

Having classified Alabama’s development approach as one more friendly to the interests of corporate investors than workers, the study next looks at why voters might go against their economic self-interest and reject progressive economic policies. Chapter 3 reviews the literature on power, comparing and contrasting three theoretical approaches—class-based, pluralist, and state-centered—that would give different explanations for these outcomes. Following Gaventa’s (1980) methodology for
collecting data on power, interview and secondary data focus on the historically-established relationship between different power blocs in Alabama and its potential effects on contemporary policymaking. Assuming a null hypothesis of pluralism, which is methodologically the easiest to support, the data are analyzed through a series of stepwise tests. There is adequate evidence to support pluralist theory and its assumptions of fairness in the political system. At the same time, for the more rigorous requirements of class-based theory there is also (partial) evidence; there is clearly a structured or “self-perpetuating” aspect to economic inequality in the state yet significant conflicts of interest within the business sector disorganize class power. Little evidence of a state-centered system of power exists; in fact, the weakness of the state seems to enable the business community, especially the more conservative sectors. On the evidence from Alabama, Chapter 3 concludes that a structural-institutional theory, which sees power in society as class-based but filtered through institutional contexts, best explains the relations between state and society.

Chapter 4 begins by considering the role that institutions can play in a society’s political system—not only do they provide rules and expectations but they can organize the way people see the world. The literature points to several institutions and ideologies that may be important in “southern culture;” with these possibilities in mind, interview data were collected from diverse groups in Alabama to get a sense of what residents think the local society is defined by. The evidence suggests a central role for “conservative” ideologies—anti-statism, traditionalism, religion, racialization—as well as the notorious state constitution, which has proven difficult to
modernize and in many ways, serves as an institutional frame for conservative values. Chapter 4 then analyzes the public discourse surrounding the two major balanced development proposals of the 1990s and 2000s, coding the rhetoric in reference to these value categories. It appears that opponents of balanced development policies drew heavily upon conservative principles and economic self-interest to motivate voters, while supporters focused on statewide economic development and pragmatic reasons to pass the bills. The chapter’s analysis suggests that conservative ideologies parallel the value system set out by the state’s key political institution, so they are more familiar to voters and give conservative interests an advantage over progressive interests.

Understanding the ways that powerful actors frame policy issues is more useful if it’s clear how and why these frames resonate with their audience. In Chapter 5, statistical analysis is used to explore whether “No” voters acted out of self-interest or for ideological reasons, by establishing relationships between opposition and county-level demographic characteristics. Regression analyses of each vote outcome, especially when looked at comparatively, reveal a complex interplay between race, religion, and self-interest. Self-interest was clearly an important predictor; voters in counties with fewer school-aged children (and thus less of a stake in state education investment) were more likely to oppose both measures. However, a much stronger predictor was race; counties with more Whites were the strongest opponents of both progressive proposals, even after controlling for other factors like income—which complicates the self-interest explanation. One possible explanation is the role of religion among
Whites. Alabama is a highly religious state, with Evangelical Protestantism (i.e., Baptism) the largest single denomination. White voters in counties with a higher proportion of religious adherents were more likely to support the measures, while White voters in counties with a higher proportion of Evangelical Protestant adherents were more likely to oppose the measures. While individual voting could not be tracked, aggregate voting data suggests that an Evangelical voting “context” is qualitatively different from a merely religious context, provoking a more conservative set of development policy preferences. This dominant religious ideology is reinforced by a generally conservative political and cultural context in Alabama.

The study’s findings suggest that institutional, structural, and cultural variables at the state level determine the relative power of capital, state government, and the public to set political agendas, achieve goals, and facilitate or ward off change. The recent literature on social policy formation, although generally focused on national level policymaking, provides theoretical support for these findings in pointing to at least some interaction effect between class power and political institutions. Hacker & Pierson (2002) have explored this interaction and conclude that “the ability of particular economic actors to exert influence [depends] heavily on institutional variables” (304) and that such variables are subject to policy feedback processes potentially reinforcing certain political processes, preferences, and strategies. Jenkins, Leicht, & Wendt (2006) also conclude that state policy is a “joint effect of class forces and political institutions” (1124), with effects that may be additive, mediating, or magnifying, with path dependence playing a potentially significant role in all cases. In
Alabama, the third possibility—that “political legacies (earlier policies and the class mobilization/institutional complexes behind them) aid class mobilization by magnifying their effects on subsequent policy outcomes” (1128)—seems likely.

However, this magnification of class power does not play out smoothly; socio-economic policymaking reveals a significant bifurcation in the way business can leverage its economic advantages into political and social advantages. In struggles to reform policy areas bearing on development, the more “moderate” or pragmatic sectors of capital has been less successful at recruiting voters to its position than the conservative sector, despite the public benefits of the former position and the past willingness of disadvantaged groups to take a clear position against inequality (e.g., the Civil Rights era). The interaction between institutional and class effects may be conditioned by a third factor which has been suggested by Alabama voters’ conservatism: cultural norms or values. In identifying this additional factor, this study makes an important contribution to the understanding of subnational social policy formation. The conditional causality suggested by this study complicates the one-size-fits-all “end of Southern exceptionalism” theory, and helps explain why social inequality and uneven development continue to threaten places where no price is too high to pay for job creation.
CHAPTER 2

COMPARATIVE DEVELOPMENT MODELS AND THE US SOUTH

Introduction

For decades, the U.S. Southeast favored industrial recruitment as the dominant economic development policy of state and local governments (Tomaskovic-Devey & Roscigno, 1997). This “particularly southern and conservative pattern of economic development” has included “the encouragement of low-wage job growth…and very low levels of protective legislation for workers, transfer payments to the poor, and controls over business activity” (Roscigno & Tomaskovic-Devey, 1994: 603). For many years, these conditions attracted economic flows seeking low-cost, low-regulation environments, but their “footloose” nature meant that local benefits like jobs and tax revenue were often short-lived. With comparatively little investment in human capital and public goods, many of the region’s people were deprived of the long-term opportunities and empowerment that come with increased education and skills. Educational attainment as well as wages have remained persistently low, and poverty persistently high, in many areas of the Southeast (Lichter, Parisi, Taquino, & Beaulieu, 2008; Swanson, 2005).

More recently, though, the region has experienced considerable growth, in terms of both human and capital flows. Unlike other former centers of manufacturing, like the
Rust Belt, the Southeast became a new regional base for heavy manufacturing and high-tech industry during the past twenty years or so. These changes are notable because they occurred as global economic restructuring was shifting much of the world’s industrial development into the Global South. The reputation for business friendliness and low costs probably continued to attract external investors to this part of the U.S., but the most successful states in the region have also embraced the “New Economy,” a “global, entrepreneurial, and knowledge-based economy in which the keys to success lie in the extent to which knowledge, technology, and innovation are embedded in products and services” (Atkinson & Andes, 2008: 3).

New Economy strategies like greater investment in education and training, support for local entrepreneurs, or the upgrading of communication and travel infrastructures all result from proactive state policymaking (ibid.). Such strategies require more commitment to public goods and central planning than has historically been the case in the tax-averse Southeast. States that pursue this approach must balance existing preferences with a new set of values: openness, innovation, expansion of opportunities—as well as the dismantling of traditional social structures that prevent economic dynamism. Western societies have repeatedly faced these choices in times of major economic transition, and it is clear that overcoming these political barriers opens up a much broader range of opportunities for state and civil society.

Despite aggregate growth across the region, such forward-looking changes have not been made uniformly throughout the Southeast. Although global economic change
exerts the same pressure everywhere, places respond to it differently based on local circumstances. Compared to neighbors like Georgia and North Carolina, which have chosen to nurture higher education and high-tech R&D alongside the traditional manufacturing base (Bennof, 2002; American Association for the Advancement of Science, 1997), states like Alabama and Tennessee are known for their continued emphasis on capital subsidy and incentive programs (Delinski, 2011). This approach has also been successful in some important ways: by making themselves attractive to heavy manufacturing, these states were able to upgrade many middle-class jobs and increase their tax bases over the past twenty years or so while keeping unemployment low (Arit, Erdimir, & Seaton, 2008). For historically poor states, increasing the tax base—no matter how—may be an essential first step before any investments in the knowledge economy can be made. However, it stands to reason that an ongoing focus on capital subsidy will eventually become a less balanced model for development, since keeping the costs of production low may reduce investment in certain public goods that are required to compete over the long-term.

Most research on state-level economic development focuses on the straightforward economic outcomes of different strategies and policies. Even those studies that consider a broader range of outcomes such as equity, opportunity, social mobility, and stability tend to focus on states as individual units. For example, major reports from the National Governors’ Association and National Conference of State Legislatures refrain from regional and comparative analysis, highlighting best practices instead—probably for political reasons, or because there are so many state-level variables at
play. Looking at state-level economic development strategies in isolation—from geographic region, from historical experience, from demographic makeup—is a necessary project from a descriptive standpoint, but it does not help with inference. It is important to understand why certain places have chosen certain strategies. To what extent does path dependence shape the choices that are made by policymakers and voters? Are states constrained in their development policy choices by history or other factors? Or do local choices result from purely local calculations?

These distinctions matter because of an ongoing theoretical debate about subnational governance (with important real-world implications). As Green (2003) has explained, the “structuralist” perspective expects that external conditions (for example, national trade policy or increasingly mobile capital flows) constrain state governments’ ability to shape local economies. This forces places to adopt what marginal measures they can to gain a competitive edge, resulting in a development approach that can be reactive and competitive rather than proactive and redistributionist. On the other hand, the “regime” perspective expects state government to have a fairly broad capacity to shape local economic conditions. This power can result in a competitive or a redistributionist approach depending on local circumstances; in other words internal conditions shape the choices of local governments too. Knowing which theory better describes reality can help policymakers and voters understand their own power and the range of choices that are available to them.
Considering these theories on a national scale is difficult because there are so many U.S. states and such diversity of history and experience. Focusing on a small group of historically, geographically, and culturally similar states such as those in the Southeast region may be a bite-sized way to approach this issue. This chapter will explore Alabama’s policy choices and development outcomes in the context of the Southeast regional experience. After giving an overview of the history of Southern economic development policymaking to establish the states’ similar experiences, the first part of this chapter’s data analysis will compare the group on different indicators of development—income, educational attainment, and so on—to see whether there has been much difference over time; i.e., did today’s high-performing states “start out” with more economic advantages? Static position over time suggests that states can’t change the hand they have been dealt.

Then, after reviewing the literature to better understand the differences between the two development “models,” the states’ development approaches will be categorized between those that have established the conditions for balanced development, and those that are still focusing on capital subsidy and aggregate growth. Does a balanced development approach actually correlate with better development outcomes? Finally, the chapter will explore any major differences in policy adoption during this period that may have contributed to the different outcomes. Are certain policy choices correlated with better outcomes? If so, this would suggest that state governments do have considerable agency in development, and are not just at the mercy of external and historical conditions. The triangulation of three different kinds of data should be
enough to draw some suggestive conclusions about the power that state governments have to be proactive, rather than just reactive, about economic development.

Secondary data for this study were collected from a variety of sources, most of which were government-produced or government-sponsored (including foundations, university-affiliated researchers, and in some cases by non-profit “watchdog” organizations).¹ The data are organized into comparative tables and visually inspected for similarities and differences both within and between tables; e.g., between states and between efforts and outcomes. Because of some conflicting information due to the different sources, different weighting of index components, and ad hoc availability of state policy information, some generalization is unavoidable and noted. As such, the conclusions this chapter reaches about patterns and correlation may be different than the conclusions another study might reach using the same data.

Variables for comparison will be limited as much as possible—in particular, the number of state cases in the group. The Census-defined region contains states that may be geographically South but did not share the 20ᵗʰ-century experiences of the “Deep South” typified by Alabama—namely, the residuals of a plantation economy (such as

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¹ In a paper prepared for the US Economic Development Administration, Poole, Erickcek, Iannone, McCrea, & Salem (1999) explain that

“economic development data are derived from two basic sources: primary and secondary…one common type of secondary data used for evaluation reports is government-generated data. Such data are collected by an organization other than the entity being evaluated (or the evaluating entity). In practice, secondary data tends to be quantitative in nature and is typically collected under scientifically rigorous conditions for general socioeconomic analysis purposes” (50).
peripheral economic status, Civil Rights-era strife resulting in statewide enforcement of the Voting Rights Act, and a significant number of counties with high minority populations). Some states within the prototypical Southern region have had significantly different in-migration patterns or demographics (such as Florida or Texas) or are on the cusp of another influential sub-region (Kentucky). This chapter will confine its comparison to 7 states: Alabama, Louisiana, Tennessee, Mississippi, Georgia, North Carolina, and South Carolina. The time period of comparison will also be limited to the post-NAFTA period of 1990-2010 because this watershed policy had a tremendous effect on state economic fortunes and strategies. Finally, the breadth of state policies to be compared will be limited only to those expected to directly, and most markedly, affect economic development profiles.

A Brief History of Economic Development Policy in the South

The Southern US has always played a unique and disproportionate role in the shaping of the nation’s economic and ideological trajectory. Here, elements of the national culture seem “distilled” into their most concentrated form; global forces facing the nation seem to have a concentrated effect. Although the South often seems very “different” from the rest of the country, its translation of these factors into policy creates templates that other regions often follow, willingly or not—perhaps an apt metaphor for the relationship between the US and the rest of the world.
Economic development policy in the US South underwent a qualitative change during the 1950s and 60s with the shift in the region’s relationship to the federal government; where national investment in the region once aimed to address poverty and inequality through social welfare programs, the new strategy funneled defense dollars in to subsidize a new industrial foundation for the Southern economy (Schulman, 1991). The decoupling of federal money from social prescriptions and spending regulations was well-received by state leaders, who in turn provided reliable Congressional support for defense policies. They believed that the region’s race- and class-based antagonisms would be ameliorated by growth, not federal intervention. And indeed, huge expansions in the nation’s defense and aerospace budget during the 1970s following a period of rapid southern industrialization left the region well-positioned to gain a large share of significant new capital sources.

Furthermore, defense-related economic growth seemed to have long-term benefits that would outlive the Cold War, because it spurred capital upgrades suitable for newer, more flexible sectors like high-tech manufacturing and service while curtailing those older, geography-dependent sectors like agriculture and resource extraction. By the 70s, the South was starting to set the nation’s economic pace in many ways, with its aggressive recruitment of corporations and research centers, its preference for fiscal federalism, and its maintenance of low business tax rates and low wages for less-skilled workers (ibid.); this “first wave” development strategy, reliant upon the attraction of external investment capital would create a dynamic of regional competition that probably prepared the nation for future economic globalization.
(Drabenstott, 2006). This economic model of externally-driven investment disbursed in a top-down fashion remains important in Southern development strategies because it was so successful and because it dovetailed with existing preferences vis-à-vis social organization.

After the initial defense boom, the pro-growth economic model continued to increase the South’s share of manufacturing employment during the 70s and early 80s. Auto and aircraft makers, electronics, and electrical machinery all migrated to the region, in part because of the infrastructure that the defense industry had created. However, a major component of the South’s appeal to business during this period was anti-unionism. The region’s policy toward its relatively unskilled, low-wage workforce was codified in right-to-work laws, which existed in 21 states by the mid-1980s (the eleven southern states plus some western and mid-western states) (Eisinger, 1988: 165). As Schulman (1994) explains, Southern cultural and economic history can partially account for this structural and ideological theme in the region’s economic development trajectory, but exogenous factors were important too: Defense Department regulations unfavorable to labor, increased mechanization in high-tech sectors, and Cold War tensions all diminished labor’s potential power in these industrializing economies. Fewer cost-inducing regulations for employers and the assurance of a cooperative labor force made these states comparatively attractive during this period. Tax incentives also continued to attracted business to the South: while state governments in all regions began to offer these prizes in the form of low corporate tax rates, low property taxes, and generous debt financing plans, abatements
(apparently the most valued form of incentive among businesses) had been a Southern innovation and were most consistently applied throughout this region’s localities. Regional consistency was important because individual state policies often had low visibility for industrial recipients during this period (Eisinger, 1988: 145).

The favorable business climate, along with the continued legacy of federal defense investment, recreated the region as a pioneer in technology research and development during the late 1980s with areas such as the Research Triangle in North Carolina, the Microelectronics Research Center in Georgia, and NASA’s Space Flight Center in Alabama. Such projects were the foundation of the new “Sunbelt” economy which cast the South as the nation’s fastest-growing region. These successes helped shape new national understandings of the state’s role in fostering economic development, making the South an ideological proving ground for the theories of devolution and decentralization which became popular during this time. Federal regulation and planning were believed to inhibit the free movement of capital, but state and local governments became essential actors in facilitating partnerships and developing policies that would encourage private investment. Deregulation and devolution were seen as effective ways to drive down the costs of doing business, and as Drabenstott (2005) remarks, “this ‘New Federalism’ was a critical turning point in economic development and led development practitioners to engage more private sector players in development strategies” (125).
With the broader establishment of market-led development and the acceleration of direct foreign investment by American firms, the South’s advantage in recruitment dissipated just as it was becoming more important for states to demonstrate their attractiveness. At the same time, the wealth that was pouring into the South was not spreading evenly between communities and locales; problems of urban blight and rural decay were becoming increasingly visible. This phenomenon was, of course, not confined to the region, but existing race-based inequalities and lower levels of human capital attainment among minority groups were particularly marked here, especially because of the region’s greater racial diversity (Squires, 1994). One of the responses to this changing environment was an extension and intensification of the ideological themes that had spurred deregulation and decentralization. In keeping with an increasingly accepted neoliberalist public discourse, development agencies, public officials, and business leaders proposed that competitiveness and efficiency would not only encourage external investment and firm retention, but would also generate aggregate wealth that would “trickle down” to underperforming and distressed areas, without needlessly throwing money at them (ibid.).

As Squires explains, the 80s and 90s were a period of “growing disenchantment with the potential of liberal reforms...[opening] the door to neoconservative contentions that little could be done in the policy area, particularly in terms of government intervention, to mitigate these problems” (1994: 16). In federal and state development programs throughout the nation, aggregate growth and support for the most competitive locales and industries were seen as primary goals, which would facilitate
the secondary goal of ameliorating the condition of poorer communities (Warner, 2007). The Schumpeterian concept of “creative destruction” and natural economic “lifecycles” provided a moral explanation for policies that directed resources toward thriving locales and withheld aid from uncompetitive ones (Squires, 1994).

Development strategies focused on broad access to opportunity were seen as less efficient and perhaps wasteful. For example, despite clear evidence that unionization rates are tied to greater class- and race-based equality in a locale (Reich, 1981) federal and state policies generally continued to adhere to business demands for easily hired and fired labor pools, particularly in the right-to-work states. Although these states experienced slower income growth rates throughout the early 80s, they continued to add jobs and external capital investments more quickly (Eisinger, 1988), confirming the expectations of supply-side and neoliberal ideology. However, the employment growth was becoming increasingly concentrated in the tails of the distribution, with a wage polarization between new jobs easily created through recruitment of low-wage industries and new jobs less easily created through workforce development and recruitment of or upgrading to high-tech and professional industries (Bluestone & Harrison, 1988). Growth in the form of minimum-wage, service-sector, and migrant-filled positions was most common: between 1979 and 1987 the U.S. economy lost 1.9 million manufacturing jobs and gained 13.9 million in the service sector (Squires, 1994: 101)—jobs which have a less significant and lasting effect on local qualitative development processes. The Midwest and South were most affected, the Northeast region least. While the global structural changes that contributed to these
reconfigurations cannot be attributed merely to weak labor policy preferences in these regions, the widespread implementation of these policies as an “unavoidable” factor in maintaining American and regional competitiveness certainly eroded the social norm of employers providing secure jobs with a livable wage.

Since the South had been so successful in achieving growth goals with the capital subsidy strategy that it had pioneered, and since there seemed to be little evidence or taste for bottom-up strategies, the region continued to pursue external investment toward the end of the century. As Eisinger remarks, “states in which incentives had originally appeared…continued to trust in their effectiveness” (1988: 62; also Cobb, 1993)—after all, capital mobility had clearly benefited the region—and saw that they offered a relatively quick and easy route to continued regional competitiveness. To a large extent, the research of Saiz (2001) and others suggests that many of the southern states continued throughout much of the 90s to see the cheap cost of doing business as their comparative advantage.

**Development Outcomes in Comparison and Over Time**

For historical reasons, the Southeast began the late twentieth century with relatively fewer economic and human resources than most of the rest of the US, and the South continues to exhibit some regional distinctiveness in terms of its development paradigm. As mentioned above, the region tends to be a less regulatory environment in general, with lower taxes and less stringent labor and environmental protections. It
continues to allocate relatively more financial resources to capital subsidy strategies such as tax abatement, and to use them more frequently than any other region (Poole et al., 1999). Yet evidence suggests that within the South, most states have been able to make remarkable gains in development over the past 20 years or so. Key indicators such as educational attainment and earnings have increased approaching the national average. Of the 13 Census-region Southern states with educational attainment lower than the national average in 1990, four (Texas, Georgia, North Carolina, and Florida) were within three percentage points of the national average in 2006 (US Census Bureau, 1990, 2006). Of the 12 states with median earnings lower than the national average in 1990, four (Georgia, North Carolina, Oklahoma, and Tennessee) were within $5000 of the national average in 2006 (US Census Bureau, 1990, 2006).

Did today’s high-performing Southeastern states (for example, Georgia and North Carolina) “start out” with more economic advantages in the recent past, a time period in which subnational governments gained more policy responsibility? As suggested above, static position over time suggests that states can’t much change the hand they have been dealt and justifies a structuralist theory of development. In this section, the group of seven states is compared over time on some major indicators of human and economic well-being: educational attainment, income, employment status, poverty, and GDP. Indicators come from Census data over a thirty-year period and are indexed, where applicable, to current figures. The measure of educational attainment used is “Bachelor’s Degree or more” because the vast majority of Americans now have high school diplomas whereas completing a 4-year college education is still out
of reach for most people in most states. Yet achieving this credential (or higher) was associated with at least $21,000 more in yearly earnings in 2009 (U.S. Department of Labor, 2009). Median household income is used for the most accurate picture of the income range within a state. Percent in poverty, gross state product, and employment status (the unemployment rate) apply to each state at the start of the year in question.

All state-level figures are compared to the US average.

Table 1: State Development Indicators Over Time

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Year</th>
<th>US</th>
<th>AL</th>
<th>TN</th>
<th>MS</th>
<th>GA</th>
<th>LA</th>
<th>NC</th>
<th>SC</th>
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</thead>
<tbody>
<tr>
<td>Educational Attainment&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1980</td>
<td>16.2</td>
<td>12.2</td>
<td>12.6</td>
<td>12.3</td>
<td>14.6</td>
<td>13.9</td>
<td>13.2</td>
<td>13.4</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>20.3</td>
<td>15.7</td>
<td>16.0</td>
<td>14.7</td>
<td>19.3</td>
<td>16.1</td>
<td>17.4</td>
<td>16.6</td>
</tr>
<tr>
<td></td>
<td>2000</td>
<td>24.4</td>
<td>19.0</td>
<td>19.6</td>
<td>16.9</td>
<td>24.3</td>
<td>18.7</td>
<td>22.5</td>
<td>20.4</td>
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<tr>
<td></td>
<td>2007</td>
<td>27.5</td>
<td>21.4</td>
<td>21.8</td>
<td>18.9</td>
<td>27.1</td>
<td>20.4</td>
<td>25.6</td>
<td>23.5</td>
</tr>
<tr>
<td>Median Household Income&lt;sup&gt;b&lt;/sup&gt;</td>
<td>1984</td>
<td>44,074</td>
<td>34,037</td>
<td>32,998</td>
<td>30,340</td>
<td>39,294</td>
<td>37,259</td>
<td>40,445</td>
<td>39,933</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>47,637</td>
<td>37,159</td>
<td>35,942</td>
<td>32,101</td>
<td>43,847</td>
<td>35,644</td>
<td>41,887</td>
<td>45,715</td>
</tr>
<tr>
<td></td>
<td>2000</td>
<td>52,301</td>
<td>44,122</td>
<td>42,468</td>
<td>42,721</td>
<td>52,190</td>
<td>38,261</td>
<td>47,726</td>
<td>46,795</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>49,777</td>
<td>39,980</td>
<td>40,517</td>
<td>35,078</td>
<td>43,340</td>
<td>45,433</td>
<td>41,906</td>
<td>41,101</td>
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<tr>
<td>Unemployment Rate&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1980</td>
<td>7.1</td>
<td>6.9</td>
<td>6.3</td>
<td>6.3</td>
<td>5.3</td>
<td>6.9</td>
<td>5.2</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>5.6</td>
<td>6.3</td>
<td>5.2</td>
<td>7.9</td>
<td>5.1</td>
<td>5.6</td>
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<tr>
<td></td>
<td>2000</td>
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<td>4.1</td>
<td>3.9</td>
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<tr>
<td></td>
<td>2010</td>
<td>9.7</td>
<td>11.1</td>
<td>10.7</td>
<td>11.0</td>
<td>10.4</td>
<td>7.4</td>
<td>11.1</td>
<td>12.5</td>
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<tr>
<td>Poverty&lt;sup&gt;d&lt;/sup&gt;</td>
<td>1980</td>
<td>13.0</td>
<td>21.2</td>
<td>19.6</td>
<td>24.3</td>
<td>13.9</td>
<td>26.3</td>
<td>15.0</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>13.5</td>
<td>19.2</td>
<td>16.9</td>
<td>25.7</td>
<td>15.8</td>
<td>23.6</td>
<td>13.0</td>
<td>16.2</td>
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<tr>
<td></td>
<td>2000</td>
<td>12.2</td>
<td>15.6</td>
<td>13.5</td>
<td>18.2</td>
<td>12.6</td>
<td>20.0</td>
<td>13.1</td>
<td>14.4</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td>13.0</td>
<td>16.9</td>
<td>15.9</td>
<td>20.6</td>
<td>14.3</td>
<td>18.6</td>
<td>14.3</td>
<td>15.0</td>
</tr>
<tr>
<td>Gross State Product&lt;sup&gt;e&lt;/sup&gt;</td>
<td>1990</td>
<td>132.6</td>
<td>83.2</td>
<td>110.5</td>
<td>44.9</td>
<td>164.8</td>
<td>108.0</td>
<td>162.6</td>
<td>76.0</td>
</tr>
<tr>
<td></td>
<td>2000</td>
<td>195</td>
<td>114.5</td>
<td>174.8</td>
<td>64.2</td>
<td>290.8</td>
<td>131.5</td>
<td>273.7</td>
<td>112.5</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>230.5</td>
<td>137.1</td>
<td>210.2</td>
<td>71.7</td>
<td>329.4</td>
<td>144.8</td>
<td>329.4</td>
<td>127.1</td>
</tr>
</tbody>
</table>

<sup>a</sup> Percent of resident population earning Bachelor’s Degree or more; <sup>b</sup> Given in 2009 dollars; <sup>c</sup> Percent in labor force that are unemployed; <sup>d</sup> Percent of resident population in poverty; <sup>e</sup> Given in billions of 2008 dollars

Sources: US Census 2010 Statistical Abstract

*Mean of 50 states
Table 1 and Figure 1a show that residents of these Southeastern states all had lower educational attainment than the US average in 1980 through 1990. However, by 2007, the most recent year for which data are available, Georgia, North Carolina, and South Carolina made significant gains in educational attainment and surpassed the other
states, coming close to the US average. Mississippi and Louisiana have the lowest attainment; Alabama follows them at third from the bottom. Only about 20% of residents 25 and older in these three states have finished college.

In terms of income, residents in all of these states have maintained lower per-capita incomes than the US average throughout the entire 30-year period (Georgia came very close to the national average in 2000 but has since lost those gains). Within the group, North Carolina, South Carolina, and Georgia started out with the highest incomes in 1984 and retained that advantage by 1990 (with a remarkable jump in median income for South Carolina during this 6-year period). Alabama, Tennessee, and Mississippi started out with the lowest incomes; by 2000, Alabama had climbed to the middle of the pack. Most of the states had experienced significant jumps in income between 1990 and 2000 (Mississippi’s income increase by a remarkable $10,620 during this period, although it was not enough to bring the state out of last place). Alabama’s gains were probably also related to its strategic investment in recruiting the auto industry, beginning with Mercedes in 1993. However, by 2009 (the most recent year for which data were available), many of the states’ gains had eroded. Nationally, median income dropped by $2,524; most of the states in this group lost a good deal more than that. Compared to the other states, Alabama’s losses were not as great, as measured by percentage of 2000 median income. But the state’s residents ended up with the second-lowest incomes of the entire group (behind Mississippi). Louisiana was the only state with increased median income—a result of increased federal and philanthropic aid spurred by Hurricane Katrina.
The employment picture over time shows that the Southeastern states generally maintained slightly lower unemployment levels than the US average until the present; by 2010 this relationship had reversed and Southern unemployment was higher. Most of the states have similar levels of unemployment in 2010 except for the slightly higher level in South Carolina and the lower level in Louisiana (again, likely an indirect effect of Hurricane Katrina). Again, Mississippi has persistently fared worse than its regional neighbors and Alabama has generally remained third from the bottom. In terms of poverty, Mississippi, Louisiana, and Alabama began and ended the thirty-year period with a greater percentage of residents in poverty; interestingly though, Alabama reduced this percentage by the greatest margin save Louisiana. Georgia’s poverty increased slightly.

Finally, GSP data shows that the seven states remained in the same positions relative to each other between 1990 and 2010 (indexed 1980 data by state was not available). Here again, Alabama is in the lower-middle of the group with Mississippi at the bottom and Georgia and North Carolina at the top. The latter two states’ GSPs exceeded the mean for all fifty US states from 1990 through 2008, and the chart shows steep increases for these two. Although Alabama’s recruitment efforts should have been paying off in increased GSP during this period, the slope is fairly flat and fails to match the mean rate of increase nationally. Overall, the states’ relative positions stayed much the same between 1980 and 2010, but during the intervening period, there was a good deal of flux with significant variety in state trends, especially for the
middle-achieving group of Alabama, South Carolina, Tennessee, and Louisiana. While this evidence is far from conclusive, it suggests that state governments do have some power to shape their internal conditions despite similar external pressures.

**Comparative Economic Development Strategies**

These raw figures create a general picture of the standard of living in each state and ideally its trendline, but they do not help us understand what states have actually done to modify or improve standards of living. Are certain policy approaches correlated with better outcomes? This chapter has suggested that balanced development is a more proactive, more forward-looking strategy, but has not explained what is actually meant by “balanced development.” The following section will review the literature to better understand the differences between balanced and uneven development in terms of inputs and expected outcomes; then, the states will be categorized based on which approach they seem to have adopted. *Does a balanced development approach actually correlate with better development outcomes?*

The power of the growth imperative to shape political behavior should be central to a discussion of the development choices made by any US state. Molotch’s seminal exploration of the growth imperative led him to conclude that it was “the political and economic essence of virtually any given locality in the present American context,” and therefore “the most important constraint upon available options for local initiative in social and economic reform” (1976: 310). Because capital is mobile in a federal
system, “localities [must] compete with each other to gain the preconditions for growth:” a process which is “the significant dynamic of local political economy and is critical to the allocation of public resources and the ordering of local issue agendas” (ibid.: 311). For much of US history, subsidizing capital was the quickest route to attracting or maintaining investment. Under pressure from existing firms, or from a general fear of capital flight or deterrence, state governments have tried to keep labor and overhead costs low in a variety of ways. Some of these ways have directly benefited the public, such as investments in transportation. Many have depleted public goods in some manner: preventing organization by workers, relaxing anti-pollution requirements, or abating corporate taxes, for example.

But voters in the South or elsewhere could be expected to applaud these choices: they have often created jobs quickly (or rather, as Molotch reminds, moved jobs in from somewhere else). Especially in manufacturing, attracting external investment has historically been the fastest way to build up a locale’s tax base. In states with high levels of unemployment, even low-paying jobs with few benefits have been welcomed at the expense of other public goods. For such areas, where human capital may be low and the local economy not very dynamic, there have not appeared to be many other options for gaining a competitive foothold. Even where job creation was minimal or short-lived, external investment had the potential to be “sticky” (Markusen, 1996), bringing some new industry or workers that would stay and perhaps attract further upgrades from an existing agricultural, extractive, or textile base.
However, the global and national economic circumstances that made traditional capital subsidy a smart move have drastically changed over the past 3 to 4 decades. As mentioned above, any competitive advantage gained by states that aggressively pursued this policy was lost as soon as it became an established practice. By 1985, most states had industrial development programs that subsidized capital to one extent or another (Rork, 2005). Secondly, and more fundamentally, production and trade have become increasingly organized on a transnational basis (Wallerstein, 1991; Harvey, 1989; Jameson, 1991). Thus “the primary capitalist dynamic [has become] located at the transnational as opposed to the national level” (McGrew, 1996: 483).

Improved transportation and rising global education levels began to make it more profitable for American firms to bypass the states completely and send their manufacturing operations overseas. An international division of labor meant that production in the US could never be as cheap as that in newly industrializing (or “peripheral”) countries where wages, living standards, and other capital constraints were lower. With the old model of competition within national boundaries no longer applicable, US states had to have innovative responses to avoid losing their places in the economic world-system.

Their responses to this changing game have generally sorted into two ideal-types since the Reagan era, both innovative in different ways. One response has upgraded the capital subsidy approach so as to attract emergent types of locational investment (such as shipping/warehousing, entertainment, or reverse outsourcing). This approach—labeled “second-wave” (Eisinger, 1988), “incentive-based” (Bradshaw & Blakely,
views an unfettered market as the key component of growth (Madrick, 2007). The approach has been lucrative for US states with reputations for friendliness to business; building on what they were already good at, some have been able to attract less-visible industries that slipped under the national radar as growth sources or were deemed lost to perpetually cheaper foreign sites. Places devastated by the loss of major industries that in many cases shaped entire economic and cultural identities have been able to take advantage of that heritage and reconfigure to new conditions. As noted by Bartik (2004), leaders in these places saw that “(1), because corporations are becoming more footloose, they are becoming more responsive to incentives, and (2), increased local employment rates yield social benefits” (Besser, Recker, & Parker, 2009). In order to retain as much local benefit as possible, these places refined and customized the old incentives: for example, by offering services such as sector-specific workforce training that would also be a boon for the local population, by structuring credits such that firms would profit more the longer they remained in the state, or by encouraging the spread of supplier industries.

As a result, such places were able to create a unique niche in the global economy, attracting industries that required the conditions of highly developed countries, like skilled workforces, reliable infrastructures, and transparent political environments, without the onerous labor obligations often found in such places. The automobile and aerospace industries are two good examples: the top links in these global supply chains (development, engineering, ownership) might be found in parts of western
Europe or North America where capital is too costly. States embracing the new capital subsidy approach saw that they would be ideal candidates to occupy the middle links on the chain. Their workforces already had the required late-20th century skills: service, logistics, machine-based manufacturing. Where necessary, skill upgrading could often be done on-the-job—a key benefit helping to keep costs low for firms and state governments. Workers have benefited because these types of jobs generally don’t require costly investments in higher- or continuing-education programs. They have been able to immediately use their increased buying power (which has a potentially quick effect on the local economy), or save more. Researchers have found quantifiable positive outcomes for places in which such businesses locate: in a recent Iowa study, Besser et al. (2009) confirm that “towns with a new employer from the outside experienced a greater reduction in the poverty rate and a larger increase in median household income compared with all other towns [in the state sample]” (313).

Because this type of development approach builds on existing economic circumstances and relationships, because it is usually financed with existing public resources rather than increased taxation, and because it has immediate and visible effects for at least some workers, it has met with little resistance. Furthermore, it has almost always been politically advantageous: as Eisinger (1988) has shown, political leaders receive greater support for giving the impression of aggressive action than for net economic outcomes. Long-term outcomes are hard to track and span terms in office; recruitment “coup”s (however modest) usually receive positive press and contribute to state managers’ prestige.
However, this development model has notable drawbacks, some of which have been well-documented and others of which are not yet fully understood. Although there is no consensus about long-term effects, many have suggested that capital subsidy, even the more targeted “second wave” model, is not a particularly stable approach to economic development (Walthall, Thuston, Presley, Harrell, Deravi, & Clark, 2002; Peters & Fisher, 2004). Clearly, it relies upon “trickle-down” or supply-side growth, assuming that growth is created by supporting (e.g., through low taxation) those at the top of income and power structures who then pass benefits downward. While in depressed areas investors are certainly needed, the nature of capital is to hunt out profit which may be found in continually changing locations. The capital subsidy model discussed here has tended to focus on repeated influxes of this “footloose” investment rather than focusing on rapidly converting it into more stable economic anchors. Rork (2005) even suggests that this is a systemic problem, in that low-tax recruitment plans encourage the immigration of labor-intensive firms that do less capital upgrading and are thus more mobile. The labor-intensive industrial structure distorts labor choice away from skilled labor toward unskilled labor and “may have the impact of reinforcing, rather than correcting, pre-existing labor market distortions” (39).

Notably, it also assumes that aggregate growth is itself the greatest public good—thus direct support to those at the bottom is inefficient and non-multiplying, and a poor use of scarce resources. This neglects the importance of human capital in sustaining not
only a stable economy but as an end good in itself. An American place that has built its economic base on low production costs not only faces global competition but almost guarantees a lesser quality of life for workers (via the “race-to-the-bottom” effect). For example, in the last 10 years, an increasing higher education wage gap in the US has created in situation in which those with a college education earn on average 45% more than those without (Bernstein & Mishel, 2007); some sources cite a gap of 83% for full-time workers in 2010 (Leonhardt, 2011). Less-educated workers also tend to have less health coverage and are more likely to earn the minimum wage, of which the real value has fallen steeply since the 1980s (ibid.). They are geographically concentrated as well: not surprisingly, the South has the lowest levels of educational attainment (Stoops, 2004). A spatial concentration of individual skill and wealth deficiencies adds to the disadvantages because talented workers leave, or don’t come at all. This situation suggests that locales that don’t invest directly in people are doing their workforce a serious disservice (Lobao & Hooks, 2003).

There may even be a direct trade-off between the capital subsidy model and poorer education outcomes: Figlio & Blonigen (1999), for example, found that although recruited firms pay higher wages, incentives to attract these firms result in decreased public education expenditures by states. A 2003 joint NEA/Institute for Taxation and Economic Policy study reports that in 32 states, corporate subsidies divert funding from schools via tax abatements (National Education Association, 2003). With a less-educated workforce, there are fewer resources for locally-led development and often, a lack of the amenities that attract educated newcomers. While knowledge can also be
“imported” with external investment especially from high-tech firms, researchers have also found that only states above a certain human capital threshold have the capacity to take advantage of knowledge spillover (Ford, Rork, & Elmslie, 2008).

Table 2: Economic Development Doctrines and State Economic Development Policies

<table>
<thead>
<tr>
<th>Underlying Principles</th>
<th>Capital Subsidy Paradigm (“1st” and “2nd wave”)</th>
<th>Balanced Development Paradigm (“3rd wave”)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source of Growth</strong></td>
<td>Capital investment; exogenous</td>
<td>Worker incomes; endogenous</td>
</tr>
<tr>
<td><strong>Principal Economic Development Means</strong></td>
<td>Drive down costs through firm-specific subsidies</td>
<td>Drive down costs through lower taxes and reduced regulations</td>
</tr>
<tr>
<td><strong>Object of Policy</strong></td>
<td>Recruitment of out-of-state firms</td>
<td>Recruitment of out-of-state firms</td>
</tr>
<tr>
<td><strong>Quality of Life</strong></td>
<td>Minor importance</td>
<td>Not important</td>
</tr>
<tr>
<td><strong>Goal</strong></td>
<td>Growth</td>
<td>Growth</td>
</tr>
</tbody>
</table>

Sources: Atkinson and Andes 2008 Bradshaw and Blakely 2002, Madrick 2007

The other response to the changing global economy sees the state’s role quite differently—as the creator of an environment for locally-led growth. This balanced investment approach—labeled “third-wave,” “innovation-led,” etc., (see Table 2 above)—acknowledges that economic development cannot just be left to markets, but must include governments (Madrick, 2007). Through investment in public goods, this approach adds value to people and places, with high-quality job creation as an “end” but also as a “means to an end” (rising incomes and improved qualities of life).
Policies in this vein use business incentives, but only as one tool out of many. They acknowledge that most job gains are “homegrown” (Kolko, 2010); as such, they seek to increase access to education and up-skilling; more skills leads to better incomes, more entrepreneurialism, and more empowerment—not only in the sense of local equity but in the ability to set economic conditions rather than respond to them. Places with broadly educated workforces (say, Silicon Valley or the Research Triangle) seem to have greater capacities for innovation and creating new types of value (Goetz & Freshwater, 2001). Moreover, quality education along with infrastructural, environmental, and cultural offerings are amenities that attract highly-skilled workers and their families from other states and countries (Glaeser, Kolko, & Saiz, 2001).

Often, such places have taken a regional approach to development where cooperation, not zero-sum competition, leads to benefits for a wide range of spaces and groups. In part, this means building local entrepreneurialism as an economic anchor; local entrepreneurs may be more stable because they are deeply tied into their communities, they often make use of immobile resources (such as local culture or geography), and they diversify the local economy; moreover their presence is associated with improved quality of life (Besser et al., 2009). Businesses that are encouraged to cooperate and build networks regionally (even across state lines) can capitalize on a clustering effect: they might mutually use each other’s services, or become broadly recognized as a source for certain types of goods and services (Held, 1996). Successful places have also enabled cooperation between public and private sector actors like nonprofits, community colleges, and businesses, “[moving] economic development policy beyond
the sole province of the private sector” (Blakely & Bradshaw, 2002: p. 46). These networks help anchor existing firms in the area and give them an incentive—and a means—to invest in the local workforce, including less-skilled workers (Lowe, 2007).

In a knowledge-based economy, the ability to innovate and change is an important quality for all institutions (private, nonprofit, and government) (Atkinson & Andes, 2008). Innovation and cooperation imply modification of entrenched power structures where necessary: in order to invest in a “bottom-up” type of development that sees all people as potential growth engines (not just big employers), established power centers must be willing to cede some of their economic and political advantages. This allows for more broadly spread knowledge and power, and frees up space to build new institutions that Bradshaw & Blakely (1999) see as the “‘soft infrastructure’ for economic revitalization.” And indeed many elites have been willing to cede significant resources, anticipating further benefit to themselves in a more dynamic state economy (Webster & Webster, 2004). In turn, the balanced approach has generally required a larger state presence—for example, in managing more costly education programs, playing a more micro-strategic role (i.e., through various programs, councils, or authorities), or enforcing equity goals—but these tactics also keep a fair amount of revenue inside the state while growing public goods, from which both elites and non-elites, workers and employers, gain.

As noted, the two development paths outlined above are ideal-types; every state uses a mix of incentive, entrepreneurial, and human capital programs in the quest for growth.
and development. However, certain states have clearly emphasized one approach over the other throughout the past few decades. Both paths have led to quantitative growth: many states prominently within the capital-subsidy paradigm, such as those in the “Southern auto corridor,” saw tremendous growth and reduced unemployment during the last decade or two. Kolko, Neumark, & Mejia (2011) have found that states with lower taxes and less regulation, as well as lower transfer payments (like welfare and social security) had faster economic growth during the 1990s and 2000s, especially in manufacturing employment (although factors out of states’ control, like mild weather and low population density, had the strongest effect on growth). States prominently within the balanced development paradigm, such as Massachusetts, Maryland, California, and Washington, have also seen dynamic growth in the form of R&D expansions, leadership in the “green sector,” and sustained influxes of knowledge workers (State New Economy Index, 2008).

Qualitatively, though, growth under these two paradigms has differed. Various measurements (the State New Economy Index, the Development Report Card for the States, etc.) conclude that the states investing in “better economies” top the states investing in “bigger economies.” In part, this is because of sustainability: states that have made preparations for long-term economic health can face economic downturns with less vulnerability and respond to changing global economic patterns rapidly. Indeed, recent evidence shows that the current recession has hit states with low income levels or manufacturing-dependent economies hardest (Wolgemuth, 2009). It
is also because of equity: long-term economic health is predicated on the state’s ability to balance the need for public goods with the demands of private actors.

Index Rankings

Along with the traditional business climate rankings, a recent spate of economic development “report cards” is available and increasingly useful to researchers, policymakers, and firms. These evaluations recognize that aggregate growth indicators like gross state product or tax rates are no longer enough to predict the long-term economic vitality of states. The new ranking systems acknowledge that new global conditions—growing participation by low-wage workers in other parts of the world, the increased relevance of new media and communications technologies, the trend toward localization and local self-sufficiency, looming resource shortages, and increasing intra- and international inequality—require a different type of state competitiveness as well as a different set of measurements (Hall, 2009). These ranking systems are a useful form of secondary data because they identify states that have brought more balance to their development approaches.

Because they take into account dozens of factors and sub-indices, state ranking systems can be very complex, making it hard to understand how figures have been derived (although prior peer review ensures that methodologies are standard). Also, the inclusion and weighting of factors may differ according to the ideology of the researchers or their funding source. Research by Kolko et al. (2011) and others has
explored inter-reliability and found good correlation within groups of business climate rankings and within groups of development rankings, but less between them. For a simple comparative overview, triangulating between a few indices can give a sense of broad similarities and differences between states (Hall, 2009). It is still important to be aware of the difference between rankings and scores; rankings are interval variables that may exaggerate differences in scores. Where possible, it also helps to report sub-index scores or rankings since these can skew overall rankings.

One prominent development ranking system is the 2008 State New Economy Index (SNEI), produced by the Information Technology and Innovation Foundation. It establishes a core set of needs for 21st-century state economies: that they be knowledge-based, globalized, entrepreneurial, IT-driven, and innovation-based. Correspondingly, states are measured and ranked in the categories of “Knowledge Jobs,” “Globalization,” “Economic Dynamism,” “Digital Economy,” and “Innovation Capacity” (Atkinson & Andes, 2008). Each category is an index of multiple measurements such as the percentage of jobs in information technology occupations, the number of entrepreneurs starting new businesses, the number of people online, or the growth in renewable energy use. Both the National Conference of State Legislatures and the National Governors’ Association endorse this type of assessment as a “new way to measure employment environments beyond the number of jobs gained and lost” (National Conference of State Legislatures, 2008) and as a guide to best practices (NGA Center for Best Practices, 2006).

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2 The 2008 report is funded by the Kauffman Foundation.
The SNEI emphasizes human capital, new businesses, and technology as the key inputs for positive development outcomes. Alternatively, the Economic Freedom Index for North America (EFINA) which is produced by the Fraser Institute\(^3\), focuses on taxes, costs, and regulation—more of a classic business climate index. On the premise that “[not] only is economic freedom important for the level of prosperity, growth in economic freedom spurs economic growth,” the EFINA ranks US states and Canadian provinces in three areas: “Size of Government,” “Takings and Discriminatory Taxation,” and “Labor Market Freedom (Ashby, Karabegovic, McMahon, & Bueno, 2010).” Measurements include government spending, redistribution, tax revenue collected, yearly earnings of minimum-wage workers, union density, and so on, generally measured as a percentage of GSP. Generally, places with smaller governments, lower taxes, and fewer worker protections are more highly ranked on this index. This index is included because there is some evidence that business climate indices such as the EFINA are better at predicting economic growth than development indices (Kolko \textit{et al.}, 2011). Although this chapter’s goal is to explore balanced development and not merely growth, the inclusion of this index will be useful because it identifies states with a strong focus on capital subsidy.

\(^3\) Canadian independent non-profit research organization; envisions “a free and prosperous world where individuals benefit from greater choice, competitive markets, and personal responsibility;” funders unidentified. This index was chosen because Kolko \textit{et al.} (2011) found it to be the most reliable of the business climate indices.
The 2007 State Development Report Card (SDRC), produced by the Corporation for Enterprise Development\(^4\), is a third index that measures states on the basis of current resources and future capacity. Under the principle that states should move beyond traditional economic development activities and “invest in their real economic strengths: skilled workforces, entrepreneurs, high standards of living, technology development, existing businesses, world class infrastructure and excellent public services,” the SDRC ranks states in 3 categories: “Performance” (the climate for a wage earner, including employment, income and benefits, and quality of life measures), “Business Vitality” (the climate for business, including establishment of new business, industrial diversity and business closings), and “Development Capacity” (the way current resources are used with an eye to the future, looking at education systems, physical infrastructure, and financial, natural and technological resources) (Corporation for Enterprise Development, 2007); overall rankings for each state are not given. The SDRC is supported and endorsed by a wide range of government and civil society groups, including major corporations—which is further evidence that balanced development is good for capital and labor.

Table 3 reports the three indices’ rankings of the Southeastern states both overall and in different component categories. The SNEI, the most future-focused of the three, finds that overall, North Carolina and Georgia compare favorably to the rest of the 50 states, whereas Mississippi and Alabama fare very poorly. Alabama ranks 47\(^{th}\) overall, whereas Mississippi ranks 49\(^{th}\) overall.

\(^4\) CFED is funded by a variety of institutional funders, including the Annie E. Casey Foundation, the Ford Foundation, Bank of America, United Way, AARP, Morgan Stanley, and others.
Table 3: Comparative State Rankings

<table>
<thead>
<tr>
<th>State</th>
<th>AL</th>
<th>TN</th>
<th>MS</th>
<th>GA</th>
<th>LA</th>
<th>NC</th>
<th>SC</th>
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<tbody>
<tr>
<td><strong>2008 State New Economy Index Rankings</strong>*</td>
<td></td>
<td></td>
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<tr>
<td>Knowledge Jobs</td>
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<td>42</td>
<td>50</td>
<td>29</td>
<td>44</td>
<td>26</td>
<td>36</td>
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<tr>
<td>Globalization</td>
<td>27</td>
<td>17</td>
<td>49</td>
<td>18</td>
<td>11</td>
<td>5</td>
<td></td>
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<tr>
<td>Economic Dynamism</td>
<td>50</td>
<td>32</td>
<td>37</td>
<td>4</td>
<td>29</td>
<td>23</td>
<td>47</td>
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<tr>
<td>Digital Economy</td>
<td>49</td>
<td>37</td>
<td>50</td>
<td>25</td>
<td>42</td>
<td>27</td>
<td>40</td>
</tr>
<tr>
<td>Innovation Capacity</td>
<td>25</td>
<td>37</td>
<td>46</td>
<td>26</td>
<td>44</td>
<td>23</td>
<td>29</td>
</tr>
<tr>
<td>Overall</td>
<td>47</td>
<td>38</td>
<td>50</td>
<td>21</td>
<td>41</td>
<td>24</td>
<td>34</td>
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<td><strong>2010 Economic Freedom Index</strong></td>
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<tr>
<td>Size of Government</td>
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<td>10</td>
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<td>42</td>
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<td>Labor Market Freedom</td>
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<td>9</td>
<td>8</td>
<td>9</td>
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<td><strong>2007 State Development Report Card</strong></td>
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<td>41</td>
<td>35</td>
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<td>Business Vitality</td>
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<td>14</td>
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<tr>
<td>Development Capacity</td>
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<td>34</td>
<td>47</td>
<td>28</td>
<td>50</td>
<td>22</td>
<td>40</td>
</tr>
</tbody>
</table>

* In 2010, Alabama was ranked 47th overall (44th in Knowledge Jobs, 27th in Globalization, 49th in Economic Dynamism, 48th in Digital Economy, 27th in Innovation Capacity). Tennessee was 40th overall; Mississippi was 49th overall; Georgia was 19th overall, Louisiana was 42nd overall; North Carolina was 28th overall; and South Carolina was 38th overall.

** Rank is out of 60: includes 10 Canadian provinces, which are all ranked at the bottom for “economic freedom.”

and is in the bottom quintile in three of the five component categories: Knowledge Jobs, Digital Economy, and Economic Dynamism. Within each category, there are about five subcategories; Alabama ranks in the bottom quintile in the Knowledge Jobs subcategories of workforce education, in-migration of US knowledge workers, and manufacturing value-added. This type of information is not reflected in aggregate development indicators like unemployment; while Alabama compares favorably to national and regional employment averages, the jobs available in the state are of poorer quality than the norm—which is bad for workers and for the state’s future competitiveness. Although the state has a reputation for advanced manufacturing (e.g., automobiles and aerospace), its workforce is less educated than the norm, it produces less valuable goods than the norm, and it fails to attract highly skilled newcomers who
might help upgrade the industrial mix. This suggests that Alabama is not pursuing balanced development.

In the Digital Economy category, Alabama ranks 49th out of the 50 states due to low investment in technology in schools, e-government, online agriculture, and broadband telecommunications. The SNEI report notes that over the past decade information technology (IT) has been the principal driver of increased economic growth and productivity (citing Atkinson & McKay, 2007) and suggests that “digital technology is doing as much to foster state economic growth in the early 21st century as mechanical and electrical technologies did in the early and mid-20th century” (36). Without an adequate IT infrastructure, states will fall behind more and more rapidly unless they make major investments soon. Most of the Southeastern states (except for Georgia and North Carolina) rank in the bottom 50% on this measure, but Alabama and Mississippi finish last in the country.

States that rank high on Economic Dynamism are the most entrepreneurial, with a high rate of business startup (and failure) and fast-growing firms. The category measures all entrepreneurial activity, so the findings may be somewhat distorted by states with many new gas stations or many failing businesses. Still, it is striking that Alabama ranks 50th out of 50 states in this category, with especially low levels of job churning, entrepreneurial activity, and inventor patents. Furthermore, without a dynamic economy, fewer in- and out-migration occurs and the workforce probably
Figures 2a-c: Comparative State Rankings
stays fairly homogenous, curbing dynamism even more. South Carolina also fares poorly in this category, while the other states fall in the middle except for Georgia, which is in the national top five.

The Southeastern states rank well in the Globalization category, perhaps because of their strong export focus and their success in recruiting international firms like the Asian auto manufacturers. Alabama’s investments in these areas leads it to be ranked near the median of the 50 states. The state is also ranked at the median in Innovation Capacity, outperforming most of the Southeastern group. The category assesses whether states have the right conditions for technological innovation, which helps people use capital more productively (44); measurements focus on investment in R&D and movement toward a “green” economy. While Alabama ranks in the bottom quintile in subcategories measuring the proportion of scientists and engineers in the
workforce, patents issued relative to the size of the workforce, and venture capital, it ranks in the top quintile in non-industry investment in R&D and alternative energy use. These results may be somewhat skewed due to large federal aerospace facilities in the one case, but the state also has a wide-ranging university system that supports a nationally-recognized medical industry. In the other case, the results are surprising enough to warrant a further look through other sources; Alabama is not known for alternative energy use.

The EFINA provides a different assessment of Alabama’s economic climate, focusing directly on the conditions for business. The index shares its perspective with the capital subsidy model of development: “The prosperity of an economy depends on having an economic climate that consistently encourages productive employment as well as innovation and entrepreneurship; economic freedom is the key ingredient in providing such a climate” (50). Furthermore, “the theory of economic freedom is no different at the sub-national and all-government level than it is at the global level” (4). While some of the EFINA’s theoretical foundations may give pause, its predictive power comes highly recommended by the National Bureau of Economic Research via Kolko et al., (2011), so it’s worth taking a look at its findings.

The index compares Alabama favorably to the rest of the country, and to its neighbors. As a percentage of GSP, Alabama’s government is bigger than Tennessee’s, Georgia’s, Louisiana’s and North Carolina’s—a cause for lower ranking. The results don’t intuitively make sense; Alabama’s government is certainly smaller than North
Carolina’s, for example. Because the measure considers spending on medical care and social security a measure of government size, it may be that governments with more low-income and/or more retirees are considered bigger. Alabama is highly ranked on takings and discriminatory taxation; after all, it has the lowest rate of taxation in the nation and probably Canada too. Only Tennessee receives higher marks in this area. In terms of labor market freedom, Alabama ranks highly compared to the rest of the country, as does the rest of the Southeastern group. The EFINA report states that labor market freedom is key to growth: low minimum wages are preferable because they don’t restrict the ability of employees and employers “to negotiate contracts to their liking” (8); minimal government employment is preferable to avoid “a governmental quasi-monopoly in provision of services” (9) or regulatory activity that restricts the freedom of citizens, and so on.

How do these findings compare with those of the SNEI? That ranking system found the worst developmental outcomes in Mississippi and Alabama, and the best in North Carolina and Georgia; here Mississippi is again the laggard but Tennessee and Louisiana are on top (with Georgia, North Carolina, and Alabama not far behind). Very different theories about inputs and outcomes explain this difference; the SNEI hews closer to the balanced development model and the EFINA to the capital subsidy model. The conditions for aggregate growth are most essential in the latter; the conditions for equitable development are not specifically considered. The EFINA’s

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5 Other data suggest that growth in both small business jobs and total jobs is faster in states with higher minimum wages (Fiscal Policy Institute, 2006).
endorsement of Alabama is further evidence that the state focuses on capital subsidy, not balanced development.

These results can be corroborated with the SDRC ranking system, which focuses more closely on individual states. The SDRC’s assessment of Alabama concludes that “the state is an excellent place to conduct business, and an average place to live and work [but] is not making the necessary investments to create a foundation for future growth” (2007: Appendix A, p. 1). Low unemployment (in 2007) and few layoffs, net migration, high rates of homeownership and affordable housing, and a “charitable outlook” (3rd nationally in charitable contributions) contribute to an overall good quality of life. A diverse industrial base, high rates of manufacturing investment and private lending to small businesses, and strength in federally-funded R&D contribute to a stable economy. On the other hand, the SDRC finds a high poverty rate, uneven distribution of income, and poor set of health outcomes (for example, the state is 46th in infant mortality), which eat into overall quality of life. The friendly business climate contributes to high rates of greenhouse gas emissions (despite low overall energy use, which explains the state’s high ranking in SNEI’s “movement toward a green economy” subcategory), and little alternative energy use or recycling.

In the SDRC ranking system, Alabama ranks in the bottom 50% of states in the Performance category, which assesses the climate for wage earners, but compares favorably to its six neighbors. Moreover, it compares favorably to its neighbors and the rest of the country in the Business Vitality category, ranking in the top 5 states
nationally for business climate—a finding that correlates with the EFINA. Alabama’s biggest handicap is its Development Capacity, which measures the steps that states have taken to plan for the future health of their economies: it ranks 49th—a finding that correlates with the SNEI. Most marked are its low levels of human capital (ranked 49th; along with low levels of high school completion and college attainment, the state is ranked 48th in basic educational skills), low personal and venture capital investment, and minimal investment in transportation infrastructure (ranked 50th) and broadband access. The SDRC notes, ―with failing marks in Human Resources and Infrastructure Resources, the state’s most fundamental ‘inputs’ are in jeopardy;” without greater investment in its development capacity, the state’s current economic vitality will certainly decline. This is further evidence that Alabama’s development strategy is unbalanced.

Taking the three indices as a whole, the highest-achieving states, North Carolina and Georgia, perform at the US median or better on almost all measures of balanced development, from business climate to human capital to innovation capacity and so on. The high performers were already doing better than the rest of the group in 1980, so they did start out the comparison period with advantages. Louisiana started out with comparatively few advantages but has seen recent improvement through circumstances out of state control (Hurricane Katrina). Mississippi also started out from a disadvantaged position and has been unable to move itself out of that position. Over the last 30 years, steps taken by South Carolina, Tennessee, and Alabama have significantly improved socio-economic conditions, which suggests that state-level
actions do matter. Alabama has made positive interventions in the past decade that have positioned it well in global markets and raised per-capita income and job availability. Although its business profile appears geared toward traditional rather than fast-growing or high-tech industry, its partnerships with the federal government and the resulting investment in R&D suggest a capacity for innovation. However, the state may find itself unable to capitalize on these strengths because its preparation for the future is especially poor both within national and regional contexts. Even with its advantages, Alabama has acted more like Mississippi in this regard.

Policy Adoption

A goal of this chapter is to understand what tools states have available to create the best environment for workers and businesses; previous sections have concluded that a balanced development approach is better than one focused on conditions for business. Judging from the above analysis, Alabama has done the right things in terms of business climate, yet the climate for workers is only average, and the climate for future development (given the likely economic conditions of the 21st century) is in very poor shape. To promote balanced development, most research recommends four key areas for state investment: human capital, business development, innovation, and infrastructure (OECD, 2001, 2004; Business Roundtable, 2005; National Governors’ Association, 2006; Dede, Korte, Nelson, Valdez, & Ward, 2005; Bradshaw & Blakely, 1999).
Strengthening human capital and people’s ability to work can be achieved through education, workforce training, and a supportive labor environment. Although attracting quality workers is important, “policies that increase the quantity and quality of the [existing] labor supply can grow the economy” since 60% to 70% stay in the same state over their working careers (Bartik, 2009: 16). State efforts to invest in human capital can be assessed in part by comparing their primary, secondary, and post-secondary education policies. Universal preschool “has over twice the projected annual impact on jobs of business subsidies” (ibid.: 15); does the state require and fund it? It is more difficult to quantify investments in K-12 and higher education, but per-pupil expenditures should not be below the national average. Grants and other financial supports should be available so that all students have access to higher education. The “second-chance” skills development system—workforce training/retraining and work supports like childcare subsidies and unemployment aid—needs to be adequate as well, particularly in places with historically disadvantaged populations (Bartik & Hollenbeck, 2000: 7; Kochan & Schulman, 2007). State workforce training can be hard to quantify because of the variety of agencies and programs involved, so this factor is not used for comparison.

To address local business development, policies need to focus on business attraction, retention, and entrepreneurship. As explained above, most US states already have attraction and retention policies in place—these are the incentives and tax abatements that make up the bulk of development policy in the capital subsidy model. Corporate income taxes are one such “policy.” However, small businesses are equally important
because they employ half of US workers and are often the quickest route to the middle class for disadvantaged groups (US Small Business Administration, 2011). Balanced economic development requires public investment in small-scale, homegrown employment as well as attraction of corporate employers. Entrepreneurship (and expansion of existing businesses) can be supported by providing access to capital and to entrepreneurship training (which, according to Bartik 2009, has the most rigorous evidence of effectiveness of any economic development policy). Clawback provisions that reclaim subsidies from companies failing to deliver promised jobs, wages, or other investments make for smarter recruitment practices (NEA, 2003).

Innovation can be supported through investments in R&D and linkages between higher education and firms. States can support innovation through “public investments that not only support a state’s knowledge infrastructure but also provide key inputs for targeted firms and/or industries” (SNEI, 2008: 56). This may mean granting tax credits for R&D or creating institutional connections between universities and high-tech firms (NGA, 2006). While greater state funding for higher education institutions is important, targeting that funding to also create knowledge-based industry clusters and jobs in the state is probably even more effective.

Infrastructure support means investment in energy efficient, 21st-century transportation and communications systems like mass transit and broadband. New Economy infrastructure can be supported by investing in new transportation and communication systems that make working and learning easier, faster, and less resource-intensive
(Khan & LeRoy, 2003). Policies that support mass transit and broadband access are fundamental; so are policies that aim to establish a “green infrastructure” (such as renewable energy use) which will undoubtedly become more important as traditional resources become more scarce and expensive. Infrastructure investments are especially important in bringing rural areas into the economy; rural areas can make significant contributions to state GSPs but often need special support and capacity-building (NGA, 2006).

To compare state policy adoption in these key areas, state legislative records and policy databases covering the period 1990-2010 are used, focusing on policies that are mandated and funded by state governments, not the federal government. This method of comparison is similar to that used by the National Governors’ Association, which frequently highlights state best practices in various development areas. The method used here makes side-by-side comparisons based on available policy information, which may obscure other more important policy differences between states. All data is most recent available.

Table 4: Key State Policies/Interventions for Balanced Development

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Policy/Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital</td>
<td>Universal pre-K</td>
</tr>
<tr>
<td></td>
<td>Per pupil K-12 spending</td>
</tr>
<tr>
<td></td>
<td>College aid</td>
</tr>
<tr>
<td></td>
<td>Work supports (childcare, unemployment aid)</td>
</tr>
<tr>
<td>Business Development</td>
<td>Low tax/labor costs</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurship programs</td>
</tr>
<tr>
<td></td>
<td>Small business support</td>
</tr>
<tr>
<td>Innovation</td>
<td>Tax credits for R&amp;D</td>
</tr>
<tr>
<td></td>
<td>R&amp;D spending</td>
</tr>
</tbody>
</table>
Table 5: Comparative Adoption of Sample New Economy Policies

<table>
<thead>
<tr>
<th>Investment Area</th>
<th>Policy</th>
<th>AL</th>
<th>TN</th>
<th>MS</th>
<th>GA</th>
<th>LA</th>
<th>NC</th>
<th>SC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital</td>
<td>Universal Pre-K&lt;sup&gt;a&lt;/sup&gt;</td>
<td>6%</td>
<td>23%</td>
<td>No state-funded program</td>
<td>53%</td>
<td>32%</td>
<td>25%</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>Per-pupil K-12 Spending&lt;sup&gt;b&lt;/sup&gt;</td>
<td>$8,870</td>
<td>$7,897</td>
<td>$8,075</td>
<td>$9,650</td>
<td>$10,533</td>
<td>$8,587</td>
<td>$9,277</td>
</tr>
<tr>
<td></td>
<td>College Aid&lt;sup&gt;c&lt;/sup&gt;</td>
<td>$33.20; up to $360/year</td>
<td>$264.56; merit awards up to $3800/year</td>
<td>$20.52</td>
<td>$4.27; full public tuition for all students with 3.0 HS GPA</td>
<td>$8.69; merit awards up to $1200/year</td>
<td>$486.55</td>
<td>$331.64; full public tuition for all math and science majors with 3.0 HS GPA</td>
</tr>
<tr>
<td></td>
<td>Child Care Subsidies&lt;sup&gt;d&lt;/sup&gt;</td>
<td>127%</td>
<td>163%</td>
<td>199%</td>
<td>151%</td>
<td>181%</td>
<td>208%</td>
<td>146%</td>
</tr>
<tr>
<td>Business Costs</td>
<td>Corporate Tax Rates&lt;sup&gt;e&lt;/sup&gt;</td>
<td>4.5%</td>
<td>6.5%</td>
<td>5.0%</td>
<td>6.0%</td>
<td>8.0%</td>
<td>6.9%</td>
<td>5.0%</td>
</tr>
<tr>
<td></td>
<td>Clawback Provisions&lt;sup&gt;f&lt;/sup&gt;</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Health Care Subsidies for Small Businesses&lt;sup&gt;g&lt;/sup&gt;</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurship Programs&lt;sup&gt;h&lt;/sup&gt;</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Innovation</td>
<td>R&amp;D Tax Credit&lt;sup&gt;i&lt;/sup&gt;</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Percent of Households with Broadband Access&lt;sup&gt;k&lt;/sup&gt;</td>
<td>37.4%</td>
<td>41.6%</td>
<td>33.2%</td>
<td>53.9%</td>
<td>42.9%</td>
<td>47.1%</td>
<td>39.1%</td>
</tr>
<tr>
<td></td>
<td>State Public Transit Funding&lt;sup&gt;l&lt;/sup&gt;</td>
<td>$0</td>
<td>$38,310</td>
<td>$1,600</td>
<td>$6,025</td>
<td>$0</td>
<td>$75,866</td>
<td>$6,400</td>
</tr>
<tr>
<td></td>
<td>Rebates/Tax Credit for Renewables&lt;sup&gt;m&lt;/sup&gt;</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

<sup>a</sup> Percent enrolled (State Preschool Yearbook, 2009); <sup>b</sup> US average is $8,701 (US Census Bureau, 2009); <sup>c</sup> Need-based aid offered per undergrad and/or merit aid program (CollegeScholarships.org, 2010); <sup>d</sup> Eligibility as % of poverty level (National Women’s Law Center, 2010);<sup> e</sup> Alabama is one of the few states allowing for the deduction of federal income tax, which lowers its actual rate of 6.5% to a net effective rate of 4.5% (Economic Development Partnership of Alabama, 2009); <sup> f</sup> (Good Jobs First, 2010); <sup> g</sup> (National Conference of State Legislatures, 2010); <sup> h</sup> (National Conference of State Legislatures, 2010); <sup> i</sup> Codified and/or funded (Markley, et al., 2008); <sup> j</sup> (NGA Center for Best Practices, 2004); <sup> k</sup> (NGA Center for Best Practices, 2008), (National Conference of State Legislatures, 2010); <sup> l</sup> Figures X 1000 (Bureau of Transportation Statistics, 2008); <sup> m</sup> (Database of State Initiatives for Renewables and Efficiency, 2010)
Investment in human capital is critical for balanced development. In terms of education, states can take measures to improve both access and quality from the pre-K through post-secondary levels. All but one state in the region (Mississippi) offers and funds universal pre-K; Georgia and South Carolina are ranked highest with roughly 50% of children enrolled. Alabama has a pre-K program but only 6% of children are enrolled in it—a significant divergence from the pattern established by 5 of the other states. Per-pupil expenditures can be a useful means of assessing the way that states prioritize education, but can also be unreliable because they do not show local effort. Public education in the US is significantly funded by local property taxes on top of state efforts. Despite fiscal equalization programs (which Alabama was court-ordered to implement in 1995), significant local variation exists due to district-to-district and municipality-to-municipality taxation differences, as well as other funding sources such as local education foundations and grants (personal communication, PARCA 6/16/10). Looking only at overall per-pupil expenditures, the state outlays are surprising given the patterns of educational attainment seen in Table 1. Only Louisiana spends more than the US average of $10,499, and Alabama spends more than many of its neighbors on K-12 education.

How can this investment be explained given the state’s poor education outcomes? Is Alabama using its education budget poorly or inefficiently? This could be the case, or (since K-12 and higher education are funded from the same earmarked revenue source), K-12 could have been winning a bigger piece of the “pie” in recent years. This, of course, is great for enhancing elementary and secondary education but less so
for increasing college-going among Alabama students. Other evidence suggests that
the lack of in-migration in Alabama in the last decade (as compared to say, Tennessee
or North Carolina) has meant that there is no lag in per-pupil spending as in other
states that have had to respond to rapid growth in the student population (personal
communication, PARCA 8/18/11). This could mean that “native” Alabama pupils are
benefiting from a relative lack of dynamism in the state’s economy. Still other
evidence shows that Alabama did increase its investment in K-12 education through
supplemental reading and math programs during the middle of the 2000s, in part
because of the auto-industry-led growth in the tax base and in part because of a jump
in private donations (e.g., corporate foundations) to these supplemental programs
(personal communication, PARCA 8/18/11). It remains to be seen whether these
spending gains will continue if employment gains do not.

Enabling access to and quality of higher education is also essential; most US states
offer some combination of need-based and merit-based awards alongside federal aid.
North Carolina, South Carolina, and Tennessee offer the most need-based aid while
Georgia gives the most merit aid with full public tuition paid for all students with 3.0
high school GPAs. A common means of enabling higher education access is through
dedicated lottery proceeds; all of the Southeastern states but Alabama and Mississippi
have created lotteries between 1990 and 2010. Lack of adequate aid is one of the
reasons Alabama, Mississippi, and Louisiana score low on a national index of
preparation, participation, affordability, completion, and benefits (National Center on
Public Policy and Higher Education, 2008); for example, students in Alabama can expect only $360 a year in aid from the state.

A balanced development strategy invests in workers of all abilities so they can be productive over the long term, even if this requires considerable public support up front. Work supports help keep low-income people in jobs because they often face considerable structural obstacles; this is important because “earned income is the single most important contributing factor to a household’s ability to save money, access affordable credit and build assets” (Corporation for Enterprise Development, 2007). Some of the major supports states can provide are childcare subsidies, unemployment benefits, or Earned Income Tax Credit; for visual ease, only one type of support (childcare subsidies) is displayed in Table 4. The most generous childcare and unemployment supports are provided by North Carolina; Alabama is the least generous in both. Except for Tennessee, Alabama’s taxes are the least progressive judging from the tax balance (rate paid by top 1% versus bottom 20%).

According to the rankings above, Alabama’s business climate is the chief strength in its economic development profile. Its corporate tax rates are lowest in the region (and in the nation) (PARCA, 2009). States can support small business development and entrepreneurship in a number of other ways, though. Twenty-three states have explicit microenterprise policies that enable training, education, and other services targeted to very small businesses (a category which often includes innovators or the economically disadvantaged). Among the 7 states, Louisiana, Georgia, Tennessee, and North
Carolina have either codified microenterprise support in state policy or budgeted stable sources of funding. Another way to help small business is to provide health care subsidies to owners or employees. Tennessee, Georgia, and North Carolina do so; the other states do not. These factors and others measured by Goetz (2008) contribute to the highly ranked entrepreneurial climate of Tennessee, Louisiana, and North Carolina; on the other hand Alabama’s climate is ranked 49th in the nation.

Innovation capacity is another key component of a balanced development profile. Clearly, indirect policy measures such as providing quality education and risk-enabling business climates are essential to encourage innovation; in terms of direct measures state should pursue “targeted investment in knowledge infrastructures” (SNEI, 2008: 56). One way to measure this effort is to assess state support for research and development. The data show that Alabama and Tennessee do not provide tax credits for R&D; the two also have the lowest state R&D expenditures per capita. As noted above, Alabama’s high R&D score in the SNEI is probably due to federal expenditures for the NASA space center, which distorts actual state-level efforts.

Infrastructures that facilitate 21st century economic activity are a necessity. Knowledge economies require up-to-date communications networks like broadband internet access as well as increased worker mobility through mass transit systems. The latter is also an important element of green infrastructure; states preparing for a green economy will save a lot of money as fuel becomes more expensive. Except for Mississippi, Alabama has the lowest rate of residential broadband Internet access—
only 37% of households in the state have broadband. In rural and low-income areas (such as the Black Belt region) this is particularly important because students cannot take advantage of educational technology and may not be close to a local library or school. However, Alabama recently followed the lead of Tennessee and the Carolinas in creating a statewide broadband initiative to map access and increase both supply and demand for broadband.

Alabama and Louisiana are the only states in the group that do not put forth any public transit funding. Of the others, even the smaller efforts are significant, ranging from $1.6 million in Mississippi to $76 million in North Carolina. Only North Carolina has a renewable energy portfolio standard (as do 35 other states) which requires utilities to use renewable energy for a portion of their electricity sales (Database of State Initiatives on Renewables and Efficiency, 2010), so Alabama does not deviate from the norm here. However, it does not offer tax credits or rebates for renewables as North and South Carolina, Georgia, and Louisiana do. Its high ranking on alternative energy use in the SNEI should be reinterpreted as a possible function of enforced energy savings due to public sector cutbacks (like school and government office closings).

The Relationship Between Development Efforts and Outcomes

This chapter compared development outcomes and efforts among seven regionally similar states. The goal was to look for correlation between positive development
indicators, a balanced development profile, and certain key policy adoptions. The absence of such correlation might be evidence that states do not have much control over local economic vitality—in other words, external conditions such as national trade policy, foreign ownership, or increasingly mobile capital flows constrain state governments’ ability to shape local economies. In response, states might adopt more of a reactive or competitive development approach, or might adopt policies for balanced development without seeing much benefit. The evidence presented here suggests that there are limitations to this structuralist perspective; states do appear to have some power to shape development in a way that is far-sighted, proactive, and able to balance the interests of both capital and labor (e.g., moderate business costs and high quality of life).

The states that perform best, Georgia and North Carolina, have adopted this model for development. What policy characteristics do these states share? In terms of human capital, both offer universal pre-kindergarten and significant aid to students pursuing higher education. Both practice smart recruitment using clawback provisions and are strongly supportive of entrepreneurs, offering health care subsidies for small businesses and committing to microenterprise programs. To support innovation, both offer tax credits for research and development although neither leads in state funding for R&D. The two have the highest percentages of broadband access of the group, and both provide significant funding for public transportation and tax credits for renewable energy use, although only North Carolina has renewable portfolio standards. By contrast, the lowest performing state, Mississippi, does not offer universal pre-K nor
much college aid although it does have strong work supports. It has a moderate tax balance and low corporate tax rates, but offers little support for small business and entrepreneurship. Broadband access is low as is public transit funding, and few incentives for renewable energy use are provided.

Thus, based on data from these seven states alone, investments in the following areas have been important to balanced development: universal pre-K, access to higher education on the basis of need and/or merit, programs and climates that support entrepreneurs, use of tax credits to promote innovation (namely R&D and renewable energy use), widespread broadband access, and well-funded public transit systems. Taken as a whole, this is a policy approach that invests in human capital from early childhood on. It offers at least some work supports to help people move through difficult periods and ultimately stay in the labor force. It values small business as an important economic driver, devoting resources to encourage and maintain an entrepreneurial climate—but it also devotes resources to encourage high-tech innovation in the form of R&D support. And, it invests in the key infrastructures (communications, mass transit, and green energy) of the 21st century economy. How are such public investments financed in this approach? Tax rates are moderate, but high enough to generate adequate revenue because of the sizable tax base. This strategy creates an environment to help local people and businesses succeed—the hallmarks of a balanced development approach.
Clearly, other inputs are necessary for balanced development, and many may be more important than those considered here—for example, the amount of local social capital, the way that public-private partnerships are used (Lowe, 2007), the simplicity of the tax structure (Kolko et al., 2011), the amenities available (Green, 2003), and so on. It is also true that the high-performing states have had better economies for years, suggesting that some aspects of development are path dependent or tied to past events out of anyone’s control today. But, as Figures 1a-e show, there has been a great deal of “switching places” among the rest of the group over the past thirty years, and the types of policy efforts states have made are likely an important independent variable here. Therefore, it’s probably notable that Alabama’s pre-K effort has not been sufficient, nor the aid it provides for college-bound students. The state-level support it provides to entrepreneurs climate and R&D are unfavorable6. Nor is broadband access sufficient; only in Mississippi do fewer households have access to this key infrastructural element. The state does not invest in public transit and does not encourage renewable energy use.

Alabama has fewer taxable resources than some of its neighbors, but it is not longer one of the very poorest states in the nation or region. Its per-capita income is just about equal to the high-performing states, but it raises less tax revenue than any state in the region. Unlike perhaps Mississippi, it can afford to make some of the critical public-goods investments described above. And, judging from the experience of its

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6 In a more thorough ranking of entrepreneurial climate undertaken by Goetz (2008) (emphasizing the importance of a culturally supportive environment where risk-taking, scientific rationalism, and toleration of change are valued), Alabama ranks 49th.
high-performing neighbors, efforts to do so will likely result in long-term economic benefit. Yet over the past decade, as others have invested in balanced development, Alabama continues to adhere to a traditional model for growth, leaving its workers at a disadvantage for the future. Why hasn’t the state reinvested its new wealth into more long-term resources for development, like expanded pre-K or entrepreneurship programs or a public transit system? Again, such investments in public goods do not have guaranteed or immediate benefits, but they are fairly standard development efforts among both the Southeast group and the country. What forces or factors have contributed to Alabama’s non-standard approach to development? The “regime theory” of development expects that local governments have significant control over local economies, yet internal conditions can still constrain the choices they make. The next chapter will take a closer look at internal conditions in Alabama, in particular the processes by which the state's economic development approach is crafted, and the relative influences of various actors and their interests.
CHAPTER 3

THEORIES OF POWER IN STATE AND CIVIL SOCIETY

Introduction

The previous chapter concluded that Alabama had failed to implement a balanced economic development strategy even as its neighbors in the region were doing so, apparently preferring to rely on its traditional capital subsidy approach. While this approach brought jobs and raised per-capita income over the past two decades, it was not effective in improving the skills and opportunities available to the state’s workforce. In fact, median household income actually fell 5% between 2000 and 2005, because the bulk of new job growth came in low-wage sectors; a regressive tax code left working people at further disadvantage (Sanders, 2009). Although the last few decades’ growth has certainly improved quality of life in Alabama, the state continues to have a low development capacity, marked by a poorly educated population and a dearth of the public assets and amenities needed to compete in the 21st century economy. The state’s voters are aware of their circumstances: public opinion polls during the 2000s suggest that they would support greater human capital investments even if they were required to pay higher taxes. Consistently, about 60-70% of poll respondents across demographic categories say education should be state government’s highest budget priority, and 60-65% of respondents across demographic
categories would pay more in taxes to avoid cuts to education (Public Affairs Research Council of Alabama, 2002, 2010; Seroka, 2005).

The case of Alabama’s development choices in relation to those of its regional neighbors raises important questions about subnational responses to global macro-economic change. Why have some states responded with more short-sighted approaches than others? If a balanced development strategy prioritizing human capital and new infrastructures has become the most sustainable development path, why would a state fail to implement this strategy? As the previous chapter shows, Alabama’s wealth has grown in the past few decades and it can afford to invest in public goods now. It would seem that the internal conditions are right for this type of socio-economic upgrade, but what about leadership and voter preferences? Either policies for balanced development have never been seriously considered by policymakers, or they have been proposed and rejected by voters.

Given the fact that most of Alabama’s neighbors have created education lotteries to fund college scholarships, codified and/or funded microenterprise support programs, allotted tax credits for research and development and renewable energy use, and funded mass transit systems, it seems unlikely that the state has failed to even consider such policies that are mainstream even in the Southeast. In fact, proposals to direct more revenue to education and to adjust the tax system have been recommended and discussed at various times throughout the 1990s. For example, in 1999, Democratic Governor Don Siegelman sought significant educational reform via the proceeds from
a proposed state lottery modeled after Florida and Georgia’s successful programs; in 2003, Republican Governor Bob Riley proposed a sweeping reform of the tax code that would have lowered income taxes for the bottom 50% of the distribution, provided free college tuition for in-state students, and caused the wealthiest, least-taxed groups to start contributing their share to the state’s funds.

It seems that voter preferences have prevented the state from implementing a more balanced approach to development. Amendment 1, the Riley proposal, was defeated by two-thirds of voters, with significantly more “no” votes coming from many of those who would have benefited the most from the plan: poor and working class voters, rural voters, and the less educated (Seroka, 2003). The lottery was similarly defeated in 1999 despite being based on a sumptuary or elective tax, which Alabamians tend to prefer over property or income taxes (Johnson, 2003). On the other hand, proposals for industrial development bonding—which offer companies tax-free loans of public money and can affect state and local government’s credit ratings (LeRoy & Hinckley, 2002)—and other types of business incentive have been repeatedly approved by lawmakers and voters, most recently in 2007. These outcomes suggest a cross-class rejection of development policies that center around public goods investment—which benefit all, but especially less advantaged groups who can’t buy public goods on the market—and a concurrent embrace of policies that increase wealth without changing how it is currently distributed among the electorate.
How can voters’ rejection of their own apparent interests be understood? Political sociology interprets behaviors and outcomes related to policy as functions of power. Where a particular policy framework is seen as preferable to those who have power, it has a high chance of being maintained or implemented, with fundamental changes likely to be made only where they suit the interests of the powerful. The analytical utility of this premise, however, will be limited by the different understandings of power that are used in political sociology. This rift has its roots in classical sociology, and often leads researchers to opposing interpretations of the same events. Those who conclude that power is distributed by the structure of society (the Marxian view) focus on groups that prevail systemically over the long term. Those who conclude that power is potentially available to any person or group (the Weberian view) consider outcomes to be historically specific and expecting power to continually change hands. These two views have been long debated by social scientists because of their radically different implications for structure and agency and the subsequent possibilities for social change.

In the former perspective, economic choices are determined by production factors often external to the control of decision-makers like voters or policymakers (a concept that is echoed in the “structuralist” theory of development). In a capitalist world economy, “patterns of national economic incorporation into the world economy depend not only upon the investment decisions of international capital but also upon local class relations and the economic projects of local elites” (Tomaskovic-Devey & Roscigno, 1997: 571). With devolution and decentralization, the same has become true.
for subnational states which are already nested within globally-dependent national economies. States must generate growth in order to remain afloat in the world economy; since elites are the source of growth, they are also the locus of power. This is especially true at the subnational level, where government cannot run deficits, manipulate interest rates, or regulate workforce mobility (Peterson, 1981). State governments are compelled to adhere to a minimal-tax and –redistribution paradigm in order to suit elite interests, even at the expense of other public goods. Expected challenges from less powerful worker-voters are minimized because growth creates jobs even at the expense of public goods (Molotch, 1976; Block, 1977), and because the dominant economic discourse prevents them from conceptualizing other possibilities.

In the latter perspective, such structural analyses conceal agency and hamper understanding of the ways in which people’s actions contribute to these circumstances of uneven development. To the classical liberal or Toquevillian observer, economic policy outcomes are determined through a process of policy proposals by elected officials, vigorous public debate, and popular approval or rejection by referenda—a model of democratic deliberation and decision-making. Although subnational growth regimes have historically been strong, social movements such as slow-growth, environmental justice, and good government have been able to challenge them at the local level (and in the US such places have become some of the more economically stable and vibrant; see DeLeon, 1992). Where growth regimes and uneven development have continued to dominate policy frameworks, evidence can be found
of complicity by labor and other non-elite groupings (Stone, 1989), who may understandably prioritize “exchange values” over “use values” just as capitalists do. Overall, economic policy decisions are made by the *choices* of voters and state managers in particular circumstances, not forced by abstract social forces untethered from time and space.

Either theoretical perspective could be used to understand why Alabama has failed to adopt policies that would significantly increase investment in public goods; as Chapter 2 has suggested, the Southeast states’ recent development experiences can be interpreted through either structuralist or regime theories. The proposals mentioned above may have been defeated by the outsize influence of the business class, which would reject any effort to raise taxes or increase the resources of state government. Or they may simply have been instances of bad policymaking, rejected by legislators and voters who did not believe they were a good way to address economic development in Alabama. These different ways of understanding power have more than academic utility. When policy decisions are made under an assumption of potentially equal access to power, even decisions that appear to repeatedly favor certain groups are legitimate because they reflect local circumstances that can and likely will change over time given the shifting and pluralistic nature of American values and alliances. Conversely, when policy decisions are made under an assumption of a “rigged game” that systematically favors certain groups, they cannot be judged as legitimate. US politics operates under the assumption of equal access, just as US society operates under the assumption of equal opportunity. Does taking a closer look at these
assumptions through a particular history of policymaking (e.g., that of development policy in Alabama) bear them out?

Class-based Theories of Power

Class-based power theories follow the “production model” associated with Marxian sociological theory (Perrucci & Wysong, 2008). Marx himself believed that capitalism creates a fundamental distinction between the owners of the means of production and those who sell their labor to these owners. Owners’ position in this relationship compels them to seek ever-rising profits, and every means of doing so directly opposes non-owners’ interests. For example, increasing the productivity of labor and decreasing the costs of production either lower the value of a work hour, replace the worker with mechanization, or extract a greater share of commonly-held goods (Marx, 1978[1891]). Thus owners’ economic power comes at the expense of non-owners’ economic power—a “zero-sum” situation. Moreover, the nature of capitalism prescribes that this relationship will never be reversed: as long as workers must sell their labor on the market, they will be the economic “losers.” Given the amount of economic diversification since Marx’s time, the owner class might be expanded to include major property and stockholders, corporate “persons,” and other types of investors; and the worker class to include voters or the public, since many people are now self-employed, unemployed, or out of the labor force (e.g., Perrucci & Wysong’s “distributional model” of class).
Moreover still, this relationship need not be maintained with force, as with pre-capitalist relations of inequality (i.e., lord and serf, master and slave). Instead, economic power can be translated into political and social power at a societal level, allowing capital to continually reproduce the conditions of its power through legitimate means. Most Marxian subtheories have addressed the ways, both instrumental and structural, in which coercion over and consent of the state and civil society are secured by capital (see Figure 1). How do these mechanisms work? Scholars concerned with the coercion aspect have explored such issues as whether or not the state shapes policy on capital’s terms, the extent of direct influence by elites over policymaking, the interests of the state itself, and so on. Following Marx, class-dominance theories have generally considered the state to be formally neutral, an arbiter of class interests lacking its own agenda beyond social stability. The instrumentalist school associated with Miliband (1969) and Mills (1956) suggested that elites were able to directly influence state policymaking in their favor by systematically staffing the state apparatus. This idea was subsequently criticized for emphasizing individual agency as the key means of reproducing inequality (Poulantzas, 1976; Block, 1987).

However, the idea that the “ruling class” could exploit its position to gain access to important decision-making sites in society clearly had some merit, and it has persisted despite falling out of favor for awhile. More recent work by Domhoff (2009) and by Perrucci & Wysong (2008) has expanded on this organizational approach by showing how deeply state and market elites are integrated—in particular, they point to the
unification of the corporate and governing classes through their connections to key organizations that channel resources in patterned ways. Because elites have wealth and position, they are able to influence policymakers through direct access, financial underwriting, and formal input in government decision-making processes. The theoretically neutral state is “coerced” into shaping policy on capital’s terms because the potentially countervailing force (the public) has relatively less access and organizational resources. Thus, to put it mildly, “individuals and organizations with more economic power have a different set of opportunities for exercising political power than groups without economic power” (ibid: p. 20).

Figure 3: Operation of "Hegemonic" Power by Economic Elite Under Capitalism

But theories presenting the state as a simple “tool” of the more powerful economic class fail to explain how the legitimacy of the social order can be maintained under such circumstances (Block, 1987). And, it only offers a “negative” understanding of
political behavior on the part of non-elites: the barriers to progressive action. It does
not explain why non-elites whose economic interests are violated by conservative
policies do support them, often vehemently. In response, some observers have
suggested that since stability is tied to growth in a capitalist economy, political leaders
are structurally obliged to create an environment that facilitates growth rather than
equity (Poulantzas, 1976; Block, 1977; Hacker & Pierson, 2002). Voters accordingly
interpret growth as a public interest—in fact, the critical item in the public interest.
This is consistent with Marx’s theory of capital: in his words, “the indispensable
condition for a tolerable situation of the worker is, therefore, the fastest possible
growth of productive capital” because “the more rapidly the worker increases the
wealth of others, the richer will be the crumbs that fall to him” (Marx, 1978[1891]:
126-27). Worker demands for a business-friendly climate that attracts investment and
jobs do not counter elite preferences but reinforce them. This coercion is more than
“convincing,” persuading, or filling a power vacuum; it can be exercised by one group
without any planned or strategic action and yet compel another group’s compliance.

Structural coercion also appears to maintain the conditions of its operation: for
example, social policies that provide a safety net for the free market’s casualties (those
rural areas seen as a “bad investment” in growth, for example) create a stable
environment that paradoxically allows for continued private capital accumulation
(Poulantzas, 1978). These are powerful explanations for the federal passage of policies
ensuring social security, minimum wages, or clean air, all of which encroach upon
market freedoms and were predictably met with resistance by affected business
sectors. Theorists of corporate liberalism believe that the dominant class as a whole is far-sighted enough to originate such policies and press them upon the state (Domhoff, 1979; Quadagno, 1984). In providing most workers with basic welfare guarantees as well as access to consumerism’s benefits, economic elites blunt, pacify, or displace more fundamental economic demands while preserving sources of profit. This perspective requires a fair amount of unification and foresight on the part of capital, which may not be the case in reality.

In response, “relative autonomy” theorists propose that state actors implement welfare policies in order to transcend demands of capital that would threaten the legitimacy of accumulation (Block, 1987). From this perspective, states (as collections of institutions and organizations but not actors independent of class forces) have enough autonomy to implement policies with the long-term interests of capital in mind. How do state managers know what these interests are? Block says that they generally determine appropriate policy directions through a process of “disciplining” by capital as a whole:

…Capitalists, in their collective role as investors, have a veto over state policies in that their failure to invest at adequate levels can create major political problems for the state managers…There will be a tendency for state agencies to orient their various programs toward the goal of facilitating and encouraging private investment. In doing so, the state managers address the problem of investment from a broader perspective than that of the individual capitalist” (58-59).

Through this framework, the state can address the other set of voter demands that are not consistent with growth—environmental regulations, wage increases, and so on—enough to maintain social stability. Strict applications of Marxist theory predict that
these class conflicts themselves help rationalize capitalism by spurring business to develop further cost-saving technologies to make up for concessions to workers.

Clearly, the coercive aspect of capitalism’s self-preservation is tied up with its ability to produce consent. Like the former, the latter process happens both instrumentally and structurally. Gramsci understood hegemony as the “intellectual and moral leadership of the popular classes by the dominant classes or power bloc” (Jessop, 1977: p. 42). By tapping into popular culture, elites and the institutions they manage can articulate, across a diversity of subcultures, unifying “principles” or ideologies, creating an imagined community with some basic shared beliefs and values (Hall, Held, Hubert, & Thomson, 1996: 412). The theoretical basis on which this idea rests was not without sociological precedent: Durkheim, (1986 [1912]) had also written about the ways in which societies both modern and pre-modern use symbols and rituals to define a collective identity. For Gramsci, Althusser, Benedict Anderson, and others, these ideologies and their transmission and reaffirmation function similarly, but with class-based interests at their source. Elites are culturally and politically positioned so as to cultivate and reinforce values supportive of capitalism.

Like Durkheim, Gramsci believed that ongoing cultural work was required to maintain the binding effects of collective ideologies (1971 [1924]). Empirically, there is a wealth of evidence for these processes in the United States. Both corporate advertising and the political rhetoric supported by corporate backers seek to create cognitive connections between cherished “American” values and experiences—freedom,
abundance, competition, individualism, or any other signifier of “American culture”—and the country’s free market, limited government framework. As Hall et al. (1996) note, “the more deeply sedimented the layers of culture that they appeal to, the greater will be their persuasiveness” (419). Often, the express intent of each broadcast, speech, or branding is to connect a particular firm or political platform to these values, but their ubiquity creates a corresponding perception of society in general. Lukes (1974) calls this the “third dimension” of power: the manipulation of symbols and values to “make them appear objectively valid, natural, universalistic, and meritocratic” (19). This exercise of power occurs not only during times of conflict or in response to grievances, but constantly and invisibly—preventing grievances from arising in the first place.

Not only have elite interests worked to associate “American values” with freedom of private accumulation, but also to merge threatening or untraditional values with other types of economic organization—an accomplishment that would seem remarkable were it not so commonplace. The anticommunist sentiment borne of war and nationalism in the mid-20th century became a symbolic holding place for both economic and social “otherness,” creating an extraordinarily powerful ideological alliance (Diamond, 1995). Leaders who capitalized on this alliance rose to prominence by cultivating social divisions that had not yet pervaded the national consciousness. They reframed society’s groupings not in terms of class, but in terms of moral or ideological choices; class divisions did not disappear but were defined differently. Similar processes occurred in other western countries: Hall (1986), for example, has
shown how the Conservative Party in Britain was able to reshape the entire cultural understanding of British society by sidestepping class and creating political constructions of other central aspects of the national identity—family, race, ethnicity.

The actions of conservative leaders to dismantle class-based politics were compounded by structural factors. As electorates began to perceive that one’s economic position resulted from one’s own actions, existing stratification between middle-income and low-income groups took on a new significance. Economic anger (over unemployment, or low wages, or high consumer prices, etc.) among the middle-income group became displaced onto the lower-income group primarily through the work of identity politics, which helped voters equate poverty with people of color with irresponsibility (i.e., the “welfare queen” myth). Both economic elites and the threatened public rejected the redistributive role of the state, a preference that now rises markedly where income falls just above the US mean and is more pronounced for whites across income (Alesina & La Ferrara, 2004). In post-class American politics, race became the central cleavage—not surprising, because racial divisions are largely based in the class system but appear to result from “cultural differences” (Bobo, 1991).

Clearly, the replacement of class-based economic anger with identity-based economic anger was an economic coup for the ownership class and less of a victory for the public, as today’s record income gap evinces (Saez & Piketty, 2008). This gap is taken as strong evidence among those who see identity politics as a means of securing
consent for an economic system that guarantees class-based inequality. While
downplaying class divisions, identity politics often issues from economic insecurity;
by referencing social differences, it foments opposition between non-elites while
burying the vocabulary of class (for further discussion, see Ost, 2005 or Perrucci &
Wysong, 2008).

Other structural factors also help to maintain consent for a system of inequality. A
broad variety of observers has shown that consent can be maintained without the
active work of any particular person or group, through subtle reinforcements of the
norms and expectations of the dominant system. For example, Althusser (1970) has
shown that there are institutional (and more or less self-perpetuating) sites of
ideological transmission—school, the church, the media—where voters and
consumers are socialized and accustomed to mainstream cultural values. Other types
of values (such as socialism or zero-growth) are simply not passed along at these
formal cultural sites. Less formally, Bourdieu (1997)’s “field theory” points to the
symbolic significance of common cultural tropes in reinforcing norms of domination
(for example, the widespread linguistic use in the U.S. of sports metaphors, which
valorize competition). Bourdieu has also explored the role of cultural capital in the
transmission of dominant ideologies; the cultural behaviors of elites (such as
conspicuous consumption) carry the most social value and are replicated in the mass
pursuit of upward mobility. Thus reinforcement of norms (about hard work perhaps, or
personal responsibility) can help reconcile, at a subconscious level, objective
inequality and people’s perceptions of an equal society.
The reinforcement of these norms can occur in even more indirect ways, through people’s habituation to the time and space “routines” of capitalism—such that

…the real inculcation of voluntary acceptance of capitalism occurs not so much through the ideological indoctrination of the means of communication, as in the invisible diffusion of commodity fetishism through the market or the instinctual habits of submission induced by the work-routines of factories and offices-----in other words, directly within the ambit of the means of production themselves (Anderson, 1976: 27).

Acculturation to a system based on inequality becomes an inertial force that does not even rely on the actions of a unified class to keep it going; the public sees this system as natural and cannot imagine possibilities “outside” of it. This idea helps explain, for example, how the flourishing of open-source media formally independent from (and often antagonistic to) elite interests has not been able to create an alternative dialogue meaningful to the mass public.

And empirically, the ownership class has not necessarily appeared unified enough to issue one consistent ideological message. Some sectors are orthodox about free markets or libertarian, some more liberal and sympathetic to the welfare state idea, some proponents of “sustainable capitalism.” State leaders spend an enormous and highly visible amount of time and money maneuvering to translate these varying interests into public policy. Exaggerating the difference in elites’ policy preferences has an interesting effect which may give the most compelling explanation of coercion and consent. First, it creates intense “oppositions of principle” among voters who might not actually have much of substance to disagree on, leading to the “underutilization of the democratic state” by an indoctrinated public (ibid.: 28). But
more importantly, the democratic state’s very existence creates an illusion of formal
equality between individuals that abstracts their very real class differentiation, leading
them to believe that they are fundamentally equal because they are legally so. Thus the
resonance of the idea that disparity in a democratic society stems from personal
failures, and attempts by a collective force (the state) to redress disparity are, in fact,
undemocratic. Therefore, “the existence of the [democratic] State thus constitutes the
formal framework of all other ideological mechanisms of the ruling class” (ibid.).

**Pluralist Theories of Power**

While Marxian sociology is more concerned with the structures that shape social
action, the Weberian perspective sees social action as a result of individuals acting in
reference to group values and rationalities. Individuals may act in accordance with
their own interests, but because these interests reference commonly-held values,
converging behavior results. Since these values are not timeless but are dependent
upon changing historical contexts (Weber, 1978 [1956]), action does not have a
materially constant base, and nor does power. Thus, according to Weber, power can
issue to various types of status—it is often tied to economic resources but not
necessarily so (ibid.); it can be gained or lost despite status. Because peoples’ interests
are not defined in opposition, because power is not necessarily a finite resource, and
because the motivations for action are situated in particular contexts, social outcomes
can only be interpreted by considering their historical specificity.
This conceptual orientation is attractive because it acknowledges actors as more than passive reflections of structures and captures complexities that class-based theories cannot—specifics of culture, relationships, and historical experience, for example. Both pluralist and state-centered theories of power take this approach to understanding political behavior and outcomes, suggesting that they are based on particular configurations of circumstances and events that are generally patterned, but not structured to the extent that class theory predicts. However, these theories and their subtheories have varying usefulness for understanding durable relationships of power, as will be explored below.

Classical pluralism, associated with Dahl (1961) and Lindblom & Woodhouse (1993) is an approach that understands power as widely spread among multiple interest groups, and expects it to change hands without accruing to any one status indefinitely ("non-cumulative"). Interests can be based in a variety of social preferences and positions—not only economic but cultural, occupational, spatial, and so on—and power can accrue differentially according to the shifting of these preferences over time. Power in pluralist systems is expressed through groups’ potential capacity to influence the state, which as a neutral actor will mediate demands based on the level of support groups have among voters; the obvious analogy is a market regulating demand among consumers. Although some actors—such as industry or business groups—maintain more influential positions relative to citizen groups, no one group permanently dominates the political system (Vogel, 1989). Voting, lobbying, and expressing public opinion are democratic strategies used to transmit preferences to
political parties (Key, 1961), which then build coalitions of interests; the state enacts legislation based on these expressions of political consensus (Hill & Hinton-Anderson, 1995). The power of actors in a political process is thus transparent and traceable to self-professed interests and empirical outcomes (McFarland, 2007). Classical pluralists see the creation and preservation of the social safety net in the US as an indication of the power of labor and other non-elite groupings in the face of considerable opposition from capital.

For a long time, classical pluralism was the dominant theory of power in American social science because it justified the liberal US political system while appearing to explaining it (Manley, 1983), but its insufficient treatment of durable power relationships and the maintenance of inequality was acknowledged even by its chief theorists. This crisis spurred a number of subtheories, such as neopluralism (Connolly, 1969; Lindblom & Woodhouse, 1993), that still refuse to accept class as the basic fulcrum of power, but recognize the disproportionate influence of elites in the policy process (Held, 1996). Some, like Lowi (1964), suggested that policy areas might be controlled by different but bounded power “oligarchies”—for example, the disproportionate power of agricultural or pharmaceutical lobbies would be limited to the policy areas relevant to their industries. Lowi argued that as a consequence of these “islands” of influence, decision makers underwent a process of bargaining with organized interest groups, “thereby forming special interest policy-making coalition[s] specific to particular area[s] of public policy” (McFarland, 2007). Implied were multiple power centers but also confined pressure points that could be exploited by
narrow interest groups—a fractionalization of the political process into numerous dynamics of power and strategy.

This theory, along with the recognition in the 70s-80s of rising popular political participation and direct involvement in legislative activity, led to the development of another subtheory, interest group pluralism (Clemens, 1997). Despite the apparent dominance of certain policy areas by elites, theorists recognized that citizens had considerable ability to shape outcomes through resources that elites might not have: powerful organizations based on popular support. Using these resources and mastering policy-making processes in a particular area, interest groups could develop repertoires of action—“historically specific constellations of power strategies” (Piven & Cloward, 2000: 414)—that would be tailored to and could exploit the dynamics at work in that policy area. With more diffuse support and greater public visibility, citizens’ lobbies would have as much ability to petition the state and secure desired outcomes as more economically powerful interests. Indeed, a number of extremely influential social movements have gained enough power to reshape society both culturally and through political process: for example, the environmental, consumer, and evangelical religious movements. These movements would seem to cut across class boundaries, which is evidence against a class-dominant society. Pluralist theories see such movements as evidence of a post-modern shift from political demands organized by material concerns to demands organized by post-material or ideal values (Hicks & Lechner, 2005). This conclusion is in accordance with the Weberian expectation of changing value systems in society (for example, from “value-rationality” to “instrumental
rationality” during the rise of capitalism). Interpreted as such, this 20th century shift in political demands would be evidence that power centers frequently change over time (and space).

This perspective also accounts for actors’ pursuit of policies that appear to conflict with their material concerns. Economic conservatism among non-elites could be interpreted as a defensive but legitimate reaction on the part of middle-income voters, who don’t want their earnings taxed away to support perceived “undeserving” groups. This view has some merit because the lowest income groups tend to support a redistributive state (Bartels, 2004) and use government assistance, which puts their interests at odds from middle-income and elite groups that do not. The seemingly incongruous alliance between these latter two is not seen as a product of coercion/consent, therefore, but interest-driven and mutable—middle- and lower income groups might be allied against elites on a different issue such as gun control.

State-Centered Theories of Power

Class-dominance and pluralist theories are similar in that both are society-centered; that is, they expect power to reside in civil society, where maneuverings to gain influence over the state are the source of social change. They differ in how available they expect power to be: either limited by class position, or free to all. Neither perspective is particularly well-matched to empirical phenomena though, and scholars have sought more nuanced theories to deal with questions of power’s location and
availability. During the 70s and 80s, “a general awareness that, within all capitalist
societies, the state had acquired a more directive role with respect to the economy and
civil society” (Hall et al. 1996), as well as a renewed recognition of the extent to
which policy outcomes are “profoundly affected by government” (Skocpol & Amenta,
1986), promoted the state as a possible mediator in the structure-agency debate. State-
centered theories understand the state as a source of change itself, rather than just a
space for arbitrating society-based demands. Among the classical canon, Weberian
models of social action were an appropriate starting point to understanding the role of
the state; Weber’s comparative-historical method had pointed to states in modern
western capitalism as extremely powerful actors, particularly through their use of the
bureaucratic organizational form which expanded their authority while legitimizing it
(1978 [1956]).

Weber had reasoned that states were sets of organizations with unique functions and
missions, and consequently unique interests and capacities; states could be concerned
with extracting resources, defending territory, and exerting coercive control (Skocpol
& Amenta, 1986) or with promoting order and stability in the pursuit of continued
political legitimacy and economic self-reproduction (Offe, 1984). These interests and
actions might make them central causal actors in social and political situations
(Skocpol, 1980). While in general state interests would be prized by civil society
actors too, particular means of pursuing them might alienate different sectors, forcing
the state to impose its will over opposition. For example, if stability requires a social
safety net, state actors might resist the coercive effect of elite influence and instead
implement welfarist policies; where stability requires a reliable legal environment for
capital accumulation, state actors might put down popular demands for redistribution
(sometimes violently). What makes these circumstances different from the relative
autonomy suggested by class-dominance theories? Block (1977) has suggested that
“each social formation determines the particular ways in which state power will be
exercised within that society and social formations will vary in the degree to which the
exercise of state power is constrained” (229); for Block potential constraints come
from class interests but the principle also applies to more pluralistic views such as
those of Clemens & Cook (1997). Thus the specific arrangement of the state
determines the extent of its autonomy from civil society demands and its capacity to
prioritize its own interests in policymaking; “strong” states have a greater causal role
in social change than “weak” states (Skocpol, 1980).

Even with some isomorphism, the specific arrangement of most state institutions and
processes is due to chance circumstances—geopolitics, dominant cultural themes,
timing of industrialization, etc. (Abbott, 1994). In political sociology, this idea has
been used to interpret differences in the shape of the western welfare state across
space; in a well-known example, Skocpol & Orloff (1984) showed how differences in
the sequence of state formation processes shaped divergent social policy outcomes in
Britain and the US. Scholars of the state have also recognized that established state
structures and processes are themselves crucial in shaping the political actions
working through them (Katznelson, 1997). For example, highly transparent or
accessible state agencies might encourage participatory policymaking, with
implications for the distribution of power among civil society groups; some kinds of electoral rules or processes might favor incumbency while others might promote turnover within political offices. Institutional characteristics, therefore, also shape social action and create different types of constraints or opportunities; these are less durable than class-dominance theories would predict, but more durable than expected by pluralism. This is both a boon in dealing with the structure-agency problem in the social sciences: as Jessop points out, “institutions are said to provide a bridge between macrophenomena and microphenomena or between macrosocial logics and microsocial foundations” (2001: 1216).

Thus state-centered theorists generally agree that “states may be sites of autonomous official initiatives, and their institutional structures may help to shape the political processes from which …policies emerge” (Skocpol & Amenta, 1986). State managers do not enact legislation in a vacuum, but based on different institutional pressures—which develop through policy feedback and path dependence. The concept of path dependence, first applied to understand technological development but now broadly used in political sociology, encompasses a few key claims:

Specific patterns of timing and sequence matter; starting from similar conditions, a wide range of social outcomes might be possible; large consequences may result from relatively “small” or contingent events; particular courses of action, once introduced, can be virtually impossible to reverse; and consequently, political development is often punctuated by critical moments or junctures that shape the basic contours of social life (Pierson, 2000: 251).

Pierson suggests both a broad conception, where social outcomes depend on certain sequences of events but no lock-in to a particular path is implied, and a narrower
conception based on positive feedback whereby steps in a particular direction induce further steps in the same direction. In cases of the former, groups can adapt to or reject unpopular policies, reducing the ability of interests to become entrenched—an interpretation well-suited to the market rationality underlying classical liberal pluralism (Steinmo, 2001). In cases of the latter, certain institutional types might create certain types of political processes and relationships and shut off others, obstructing path “exits” once the course is set. Even where exit is the “rational” move, social adaptation to the existing path makes change extremely difficult. As Pierson (2000) remarks, often key institutions and processes in society have endured not because they serve some useful purpose but because they have become locked in.

This lock-in process occurs both instrumentally and structurally. First, interest groups built around existing social organization do not want their investments disrupted: they may have developed political or economic advantages, and they may openly resist change (Esping-Anderson, 1985). State actors who manage institutions also have strong incentives to follow the path because the costs of switching are immediate while the benefits are not (Pierson, 2000). Structurally, Gaventa (1980) has shown that power asymmetries that are institutionalized at critical points may become less and less visible the further events progress down that “path;” as they recede from actual decision-making points they come to appear timeless or natural. Groups might not know that change is possible, which keeps their interests within an already-defined sphere and limits their demand for institutional change (Thelen & Steinmo, 1992).
Thus, political institutions and processes are durable to the extent that they are “reinforced through socialization or interaction or legitimation while alternative scripts remain unimaginable” (Clemens & Cook, 1997). Yet unlike structures, institutions do change, often with significant rearrangement of the status quo—provoking the question, under what circumstances? Many scholars have pointed to external catalysts—war or macroeconomic shifts, for example, that force change to major parts of the political system (Sewell, 1992). Hacker & Pierson (2002), for example, have shown that pre-Depression elites were extremely powerful politically until the institutions of the New Deal changed their relationship to the state and to the electorate. Others suggest that seemingly minor events occurring at critical junctures can also have such an effect, like a routine election that brings a reformer to power. Clemens & Cook (1997) note that factors inherent in an institution itself can spark a demand or need for rearrangement; institutions are not just organizations but “cultural templates” that provide models for perception and action. Where these models begin to conflict with other values, people may be provoked to demand institutional change.

Institutional durability and change do not in themselves point to a particular type of power arrangement in society, but they can reinforce the effects of such an arrangement. Essentially, the state is “a set of institutions that process pressures from economic interests and organized groups and produce binding decisions or policies. The nature of these institutions, or—in more colloquial terms—the “rules of the game,” clearly shapes the potential for economic interests and organized groups to influence policy” (Huber et al., 1993: 4).
In other words, “state policy is the result of power relations in society mediated by political institutions” (Huber & Stephens, 2001: 13). Such a perspective can be used to support different assumptions about power; social scientists inclined toward rational choice models have concluded that, since political institutions affect civil society’s ability to influence the state, power is not based in class but in political strategy (as predicted by pluralism) (Kiser & Bauldry, 2005). Others, such as Bachrach & Baratz (1962), might dismiss this as a “one-dimensional” view of power, and suggest instead that institutions are part of the “second dimension” of power: “political organizations, like all organizations, develop a ‘mobilization of bias’…some issues are organized into politics while others are organized out” (quoted in Gaventa, 1980: 9). Norms, precedents, and institutional procedures constrain conflict and can prevent some choices from arising.

Even if the above idea discredits pluralism, it need not suggest class-based power. But are state-centered power and class-based power incompatible? Not necessarily so: in a market society, the ownership class has a secure source of power, which is to create growth; this compels the state to enact and uphold policies that preserve an unequal accumulation of resources and the public to consent to, even clamor for, such policies. But institutions can empower or set limits on what happens within this context. So, if power in capitalist society operates in a predictable way, institutional variation means it will have different effects across time and space. The state-centered perspective may in fact complement class-dominance. The usefulness of these ideas will be tested in
the next section, which uses recent policymaking experience in Alabama as a case study of who has power and how they keep it (or not).

**Research Strategy**

Studying power is a way to understand the adoption of an imbalanced economic development strategy, which the previous chapter has introduced. Alabama’s capital-subsidy approach favors groups with existing resources but has less apparent benefits for those who need help accessing opportunities and building assets. The theoretical perspectives outlined above share some basic similarities that make them potential explanations for policy outcomes. In political sociology, pluralist, class-based, and state-centered theorists might all ask who governs, who makes decisions, and who benefits (Domhoff, 1979). One of the more common methods of identifying power is through network analysis, in which influential groups and individuals are identified and the structural connections (financial or otherwise) between them are mapped. For example, membership network analysis can show where financial or attitudinal interests overlap. Shared financial interests between otherwise unconnected actors may explain alliances; campaign donations to decision-makers in government can provide direct evidence of influence and power, and so on.

However, as interviews for this study were conducted, it became clear that Alabama’s institutional organization makes network analysis somewhat inaccessible. Mapping the organizational network of powerful groups and individuals in Alabama would have
been most effective with a financial rather than interpersonal focus, since “old boy” networks and the relatively small number of power centers mean that many elites are personally connected in some way. But, Alabama’s lobbying and disclosure rules are extremely lax, making it extremely difficult to trace financial connections between groups. In Alabama, political action committees, which collect money from donors and pass it along to candidates, can also “pass money between themselves, several times over, making it nearly impossible to say where the money first originated”—a process that some have called “legal money laundering” (Huntsville Times, 2010). Thus, it would be impossible to discover through network analysis the financial or structural connections between influential groups and policymakers.

Instead, this chapter used the reputational method for identifying power, where evidence is based on a reputation for being powerful (as discovered through interviewing). As explained by Domhoff (2010), reputational data “can be obtained from a cross-section of observers who are thought to be knowledgeable about the powerful on the basis of their occupational roles;” powerful actors will be repeatedly mentioned so it is not necessary to seek data from the entire population of knowledgeable observers. This method is useful because the researcher can get a much broader sense of the prevailing power structure by questioning the observers about their own connections, policy involvements, and opinions on the major issues (ibid.).

Power structure research can be difficult because one set of data may be interpreted in different ways based on the theoretical perspective. The first theory that will be tested
using power structure research is pluralism. Evidence supporting pluralism is fairly easy to find because interests and power are assumed to operate in a transparent, one-dimensional manner where stated preferences and observable actions can be taken at face value. Political outcomes have been the favored dependent variable among pluralists because they show who benefits in specific cases (McFarland, 2007), benefits being understood as relatively clearly connected to demands. Factors such as changing voter turnouts, increasing political responsiveness, cross-class coalitions and social movements, and diversification in the lobbying process have been suggested as evidence that power is widely spread and not necessarily tied to economic interests (Dahl, 1961; Gerber & Phillips, 2003; Clemens, 1997). If this is true, approval of a policy framework that maintains inequality can indicate pluralism, since disadvantaged groups would be fighting for change if it was important enough to them.

In a stepwise manner, this section will assess the basic characteristics of Alabama’s political structure to determine whether the conditions for pluralism exist, and then will assess recent development policy outcomes for evidence of pluralism in action. To pass the first test, participation in direct democracy opportunities (like referenda) must cut across classes, and cross-class interest groups must exist and be significant political power centers. To pass the second test, direct democracy participation during 1990-2010 must show that disadvantaged groups voted with advantaged groups to support capital subsidy strategies and/or reject balanced development attempts. To
account for coercion or misinformation, there must be evidence that the former’s motivations were self-interested. Table 6 (below) lays out these tests.

Table 6: Expected Features of Pluralist Organization of Power

<table>
<thead>
<tr>
<th>Test 1: Political-structural factors</th>
<th>Access to and participation in direct democracy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Existence of cross-class interest groups and social movements</td>
</tr>
<tr>
<td></td>
<td>Lobbying influence of cross-class groups</td>
</tr>
<tr>
<td>Test 2: Empirical outcomes</td>
<td>Quiescence/support for status quo among powerless</td>
</tr>
<tr>
<td></td>
<td>Self-interested motivations for political behavior</td>
</tr>
</tbody>
</table>

Confirming that state conditions and policy outcomes associated with pluralism exist in Alabama does not rule out class-based power, so the second theory that will be tested is class-dominance. The same stepwise approach will be used to test for 1) political-structural factors that would make class-based power possible, and 2) recent outcomes that point to class-based power in action. These factors will be identified with help from Gaventa’s classic 1980 study *Power and Powerlessness*. Gaventa agreed with Lukes (1974) that support for the status quo could not be taken at face value because of the manipulation of consent expected to take place in a class-based power structure. Gaventa’s predecessors had a hard time showing exactly how economic power gets translated into political power, even if they agreed with the theory. His study was probably the first to identify the actual mechanisms of this process, and to show they could be empirically observed.

As Gaventa showed, identifying power in this “third dimension” involves showing how the political conceptions of the powerless are shaped by the powerful. One key
factor is the “historical development of an apparent ‘consensus’” (1980: 27); the first test will look for evidence that inequality exists and has been maintained through the choices of people in the state (e.g., through policy decisions). It will also look for evidence of coercion and consent in the shaping of collective values (ibid.: 91).

Coercion may be partly identified through industry-dominated lobbying and political donation (however, unless there is clear corporate unity, industry lobbying cannot be taken alone as evidence for class-based power). According to Gaventa, evidence of consent might be the public’s “psychological adaptations to the state of being without power” (ibid.: 16): for example, an altered/lowered level of political demands, a lack of awareness about inequality, or a malleable set of beliefs. Hall (1986) and Lakoff (2006) have also suggested that ideologies that legitimate the status quo would be prevalent in a situation of class-based consent. Evidence that elites are involved in perpetuating these ideologies is necessary to indicate a “third dimension” of power at work in Alabama. Gaventa also believes that counterfactuals—evidence of past rebellion by powerless groups—is needed to show that conflicting interests exist even where conflict normally fails to arise (1980: 29). Table 6 (below) shows all the elements of each stepwise test that must be satisfied.

A stepwise test will be used to assess the state-centered theory of power as well.

Determining if the state is the main source of power in society also requires more

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7 “The background study may help to identify certain key symbols, cues, or routines that affect the maintenance of quiescence in a given situation but which may not be identifiable as part of the ‘language of power’ without knowledge of their antecedents” (27).

8 “Through the invocation of myths or symbols, the use of threat or rumors, or other mechanisms of power, the powerful may be able to ensure that certain beliefs and actions emerge in one context while apparently contradictory grievances may be expressed in others” (Gaventa, 1980: 19).
Test 1: Political-structural factors

- Persistent inequality (ascribed, generational, perpetuated through policy)
- Historical establishment of consensus

Test 2: Empirical mechanisms/outcomes

- More lobbying and political donation by owners than worker/consumer groups
- Psychological adaptations to powerlessness
- Counterfactual: Past rebellion against injustice by powerless

complex evidence than demanded by pluralism because the state’s agenda might tend to favor growth and capital, or it might tend to favor social stability and redistribution. To determine whether the conditions for state power exist (Test 1), government unity is assessed; if these interests are fragmented or conflicting, it must be concluded that the state is not a coherent power source. Also assessed are the barriers between state and capital (such as the ‘revolving door’ between corporate lobbying and lawmaking): are they rigid or porous? (National Institute on Money in State Politics, 2010). Since the state’s character is shaped by institutions and policies, a closer look at these components is also warranted, to see if they tend to constrain or enable the state’s capacity and its autonomy from civil society demands. If these conditions are satisfied, Test 2 then focuses on empirical outcomes. If policymaking tends to favor the unified state’s interests over conflicting demands in civil society, the state is understood to be the major power center. Table 7 (below) sets out the conditions for each stepwise test.

Because pluralism is the easiest to disprove, it is assigned as the null hypothesis. The defining assumptions of both alternative hypotheses are that evidence for the null
### Table 8: Expected Features of State-Centered Organization of Power

<table>
<thead>
<tr>
<th>Test 1: Political-structural factors</th>
<th>Unified set of state interests</th>
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<tbody>
<tr>
<td></td>
<td>Rigid barriers between state and capital</td>
</tr>
<tr>
<td></td>
<td>Institutions and policies enable state capacity and autonomy</td>
</tr>
<tr>
<td>Test 2: Empirical outcomes</td>
<td>Policymaking favors unified state goals</td>
</tr>
</tbody>
</table>

(although directly available) cannot be taken at face value, and evidence for either alternative must rely on indirect evidence. Because the alternatives are highly sensitive but poorly specified, Type II error, or easy acceptance of the null hypothesis, should be less of a problem than Type I error, or incorrect rejection of the null hypothesis. However, this chapter’s analysis is qualitative rather than quantitative, so finding an “accurate” objective truth about power in Alabama is less essential than exploring the interaction between variables. As Becker (2001) notes, “the point [of qualitative research] is not to prove, beyond a doubt, the existence of particular relationships so much as to describe a system of relationships, to show how things hang together in a web of mutual influence or support or interdependence” (219). Yet, as noted above, a clear understanding of these interactions is important because it can shed light on the legitimacy or illegitimacy of existing political arrangements: do they result from considered deliberation and consensus among equal parties, or not?

**Data and Methods**

Each power theory is assessed using 2 types of evidence: political-structural factors and empirical outcomes. In a multi-stage approach, interviews and secondary research...
are used to gather both types of evidence; interviews provided data themselves but also suggested the types of secondary data that might also be needed. This flexible fieldwork procedure allows researchers to “pursue promising empirical and theoretical leads…[by moving] constantly from observation and analysis to conceptual refining and reframing and then back to seek new forms of data relevant to their emerging theoretical concerns and categories” (Emerson, 2001: 284). Emerson describes this as a simultaneously deductive and inductive methodology that allows for conceptual refinement and hypothesis modification. Here, such an approach is used for two main reasons: because the types of questions asked become more relevant as more is learned about the case under study, and because the alternative hypotheses require more than one dimension of evidence.

The interviews were conducted with political observers and representatives of groups that participate in the political process as it relates to state-led development policymaking. There were 30 interview subjects, most of which lasted for one to one-and-a-half hours and were prompted by open-ended questions. The interviews focused broadly on the evolution of current development policy and practice in Alabama, a focus which gradually revealed the ways that different interests tended to be organized into groups and networks. As these groupings and the relationships between them became clearer, the interviews asked more about their historical shaping and contemporary maintenance. The evidentiary significance of some interview data quickly became clear; other evidence was more hazy and speculative, requiring follow-up with secondary data.
Subjects were selected through theoretical sampling, a method through which new data are collected “in order to elaborate, qualify, and test [emergent] analytic categories;” sampling decisions “are guided not by concern with statistical representativeness but by concerns of theoretical relevance” (Emerson, 2001: 292). New interview subjects were often referred by older ones, but such leads were often abandoned where it became apparent that the information acquired would be repetitive, and instead pursued information from a different angle. This sampling strategy made sense because these interviews were generally regarded as objective sources of information rather than subjective narratives. Interviewees were asked to provide their own analyses of certain events and relationships, and triangulated from different sources increased the accuracy of such analyses, interview subjects were regarded as “teachers” or knowledge imparters rather than as discursive figures. Almost all interviewees had lived in, observed, and participated in Alabama public life for decades; the epistemological approach was not to question their information but to build on it with other data sources.

At the same time, reading between the lines of what was said and merely implied was important, especially because many interview subjects were group representatives; completely frank discussions were somewhat out of reach because these individuals spoke for more than just themselves. This semi-interpretive strategy was helpful in the interview process, but it colored the data collection process with subjective interpretations of what interviewees were saying. The benefits outweigh the costs here
because the primary goal was collecting information about political structure and empirical outcomes rather than about meaning; had the interviews focused more ethnographically on asking voters to explain their political behavior, these pre-interpretations would have held more significance. Even so, more quantitative data from secondary sources was needed to complement and back up aspects of the general picture created from interviews. Secondary data was primarily collected over the Internet from federal, state, and NGO repositories of statistical, election, and demographic information; no blogs or partisan sources were used. Such sources have already been vetted for reliability and rigor.

Results

A Pluralist Understanding of Political Behavior in Alabama

Through analysis of interview and secondary data, this chapter found that many aspects of political behavior by Alabama voters can be interpreted through a pluralist framework: the data pass both stepwise tests for the null hypothesis of pluralism. The first test of political-structural conditions required evidence of equal access to and participation in direct democracy across classes. The findings do show that direct democracy is frequently used to vet policy proposals in Alabama: state government is required to send all legislation that would require a constitutional amendment to the voters for approval; by 2006, a total of 1,088 amendment proposals had come before the voters since 1901—by far the most of any state (Initiative and Referendum
Institute, 2009). Secondary data from the US Census Bureau on the state-level demographic breakdown of voter turnout was only available for national election years (which have coincided for the most part with referenda voting) and was only broken down by age, sex, and race. A close proxy for class in Alabama is race and generally there were equal rates of voting among whites and blacks between 1998 and 2008; prior to 1998 black voting rates were at least 10% lower (US Census Bureau, 2010). Overall, this is interpreted as evidence of roughly equal access to and participation in direct democracy during the period under study.

Interview evidence and secondary analysis of PAC contributions indicates that there are three main political power centers in Alabama, in terms of both lobbying expenses and perceptions of public influence. These are business, education/labor, and the religious lobby; while other interest groups may have a significant lobbying presence, these three are also publicly influential. The economic interests generally act on the traditional labor/capital axis but there is a history of cross-class pursuits that suggests a more complex organization of power. It is essential to note as well the influence of the religious lobby, which can be understood as a significant cross-class interest group or social movement. This evidence, as discussed below, bolsters the overall support for a positive result for Test 1 of the pluralism framework.

Although the religious community in the Southeast is frequently spatially divided along racial lines, where the white churches (mostly Baptist-denomination) and black churches (mostly Methodist-denomination) have some separate social and political
interests, devoutness appears to trump those differences in voting: as a state pollster told me, “How often one attends church is the single most powerful faith variable there is. That’s related to everything else. And it doesn’t matter what the religion is” (personal communication, 11/17/08). The religious lobby intersects with class interests in often unexpected ways; while the black churches are composed to a greater extent by lower-income members who may share the same class interests, the white churches have a diverse class membership which generally coheres around conservative goals (personal communication, 9/10/08). The most significant example of this cross-class movement is the 1999 education lottery proposal, which was strongly opposed and defeated almost single-handedly by widespread church opposition.

The church community in the state collectively decided this was not something they wanted…the church community made the absolute difference in this. But here there was no external orchestration of it; there were different church groups but there was a clear coalescing around the position that “This is just not what we want.” (personal communication, 11/17/08)

At the same time white-oriented church organizations such as the Southern Baptist Convention will sometimes ally with black-oriented church organizations such as Greater Birmingham Ministries in supporting progressive taxation, work supports, and other elements of a balanced development strategy. The individual white churches tend to avoid political activism in areas of socio-economic policy.

On the other hand, some of the major business organizations, such as the Business Council of Alabama (BCA) and the utility giant Alabama Power, have been some of the strongest supporters of balanced development policies even though they would increase state authority, taxation, and economic redistribution. In interviews, self-
interest was given as a motivating factor for these groups’ support: the corporate
backers of public goods investment understand that such an imbalanced development
paradigm does not serve Alabama well, either internally (because of the workforce’s
low skill level) or externally (because of the disincentive created for mobile employers
and skilled workers).

If you’re an Alabama Power, if you are a reformer for economic development,
you look at the world realistically and you now not only have to go beyond
the Alabama borders…but you’ve got to go internationally. And the imagery
of Alabama which you still find…is so negative because it’s built upon the
George Wallace era. They are more conscious of having to change the
imagery, and I think part of the reform movement…is the recognition that
unless you did that, you couldn’t get anywhere. (personal communication, 9/10/08)

I would say that the majority of business leaders, particularly in the major
urban centers, recognize that we don’t invest enough in education or in
infrastructure for our state to sustain a competitive level of growth and that
education is too important to leave to educators alone…the business
community being the largest consumer of the education product. (personal
communication, 1/14/09)

It’s becoming more apparent on projects we see—you’re sitting there saying,
“Why are we getting eliminated? Why does the site consultant or prospect
turn us down?” And you go back and you try to do exit interviews if you
make it that far to where you can actually ask those types of questions, and
site consultants have told us, “Well, first of all, it’s education—what is your
education system like?” (personal communication, 5/14/09)

At the same time, there is evidence that labor is complicit in maintaining significant
elements of the status quo. The Alabama Education Association (AEA) is the biggest
and most powerful labor organization and, like its frequent opponent ALFA, is heavily
involved in political lobbying.

The two largest lobbying entities in the state that influence legislation are
ALFA and AEA. Those two organizations, to an economic developer, can be
somewhat detrimental, in my opinion. (personal communication, 5/14/09)
AEA has a tremendous amount of influence not only because of its grassroots support at the local school level, but also because over a third of the legislature is employed by the state college system, which is AEA-controlled (Carl Grafton, personal communication, 9/10/08). Alabama Development Office officials partially attribute the state’s lack of “third wave” economic development strategies to labor’s recalcitrance:

The problem we have is, the Legislature that creates the statutory incentives has not redefined the incentives to include incubators and all that. So I don’t think the Legislature, because of the union (the teachers’ union that has so much of a chokehold) they won’t let us really put in new incentives. (personal communication, 10/22/08)

Historical accounts suggest that labor and its biggest supporter, the African American political establishment, has been consistently inflexible when threatened by change, even where policy innovation could benefit its constituents:

“Despite their considerable number and progressive public images, blacks and the AEA had little positive effect on the direction of state politics, partly because their leaders were almost as devoid of a progressive vision as alliance members or George Wallace. Once they assumed power, black leaders, whose considerable political skills had been honed fighting an entrenched power structure, did little but emulate the worst tendencies of those they had opposed. And as the quality of public schools declined, the AEA and its black allies fought virtually every proposal for educational improvement except teacher salary increases and school building construction” (Grafton & Permaloff, 1995: 305).

Approval of or acquiescence to an existing policy framework that maintains inequality can be an indication of pluralism, since disadvantaged groups would be expected to fight for change where it was important enough to them. Evidence already presented above indicates that, in recent major referenda votes on balanced development policies, disadvantaged groups (low-income, less educated, rural, and/or black voters) repeatedly approve maintenance of the status quo—a key element of Test 2.
Interviews suggest that self-interest does figure in for low-income voters, who have aspirations to social mobility and do not want to jeopardize their future prosperity by approving higher taxes:

[One legislator] was working on property tax reform for education, and he’ll tell you things like the biggest problem—he would go into the projects, and try to get people to vote for property tax reform and they won’t do it. Because they want to own property in the future and they tell him, “We’re cutting our own throats if you make it.” (personal communication, 9/10/08)

I think a lot of times too, people who are poor and middle income, we don’t like to see ourselves there. There’s an aspiration of, “I want it to be great for the rich because that’s where I’m headed.” (personal communication, 10/4/08)

However, class-based theories of power would suggest an element of “false consciousness” on the part of tax-averse low-income voters, since they are the primary consumers of public goods. It’s less clear that such an explanation can apply to the middle-class; interviews suggest that self-interest may motivate middle-class voters’ acquiescence to the status quo, because they perceive their contributions to public revenue as subsidies for less-deserving groups:

There’s an attitude that is still there…that you don’t want to do things like get rid of the tax on groceries because the sales tax is really the only tax that the poor pay; “we give them everything.” (personal communication, 9/10/08)

As a non-profit housing developer, a lot of times I’ve been maligned: “you’re trying to give these people something for nothing—you’ve got all these amenities for poor people; you’re subsidizing poor people’s housing.” (personal communication, 2/10/09)

Many interview subjects reluctantly attributed these middle-class attitudes to racism, since tax revenue supports low-income groups and Black Alabamians have always had less income and wealth than whites.
Part of the blockage besides the distrust is the idea that many of the voters really will tell you, they don’t see the benefit to their family. They see that the money’s going to go to the poor blacks. (personal communication, 9/10/08)

The connection between property taxes and public education funding makes this source of aversion particularly potent.

I think that I would like to say to you that it didn’t go back to racism, but that is at the core of it. It’s different from what it was like when I was growing up because people that are black and white are friends; there’s not some of those walls that were there. All the whites, though, have left all the public schools. And you will have [white] people who are very, very poor who will be sending their kids to private school, and some people in the community will help them pay so they can go to private schools. And these are not quality private schools; these are just private schools. And there is—I wish I didn’t think this way, but race is at the bottom of it. (personal communication, 9/10/08)

These motivations would appear to support racial threat hypotheses such as Key’s (1949), which suggest that white voters are more conservative as the local presence of minority groups increases. However, in one of the few published analyses of the 2003 tax reform proposal, Rushton & Roch (2006) found that at the county level, white support increased as segregation decreased and there was no significant effect on white voting from the proportion of the local population that was black. Thus white voters’ rejection of a balanced development framework can not simply be explained through racialized self-interest.

These interviews also suggested that voters preferred not to give government too many resources in the fear that they would be misused or squandered. From the pluralist perspective, the rejection of balanced development policies represents voters’ power over the state.
The number one thing is that [our supporters] don’t have any confidence in the K-12 education system, that putting more money in the system as it exists today will give you a better outcome. (personal communication, 1/15/09)

The government has let them down over a long period of time such that they have no confidence that it serves their interests. They think of their taxes as a deadweight loss... if they don’t trust the government and they separate that out and they think of this as a payment and a loss and don’t have any confidence of getting anything in return, you can’t sell them anything because they have no confidence that they’ll get anything in return. (personal communication, 9/26/08)

I guess when you’re poor and have been poor for a long time, you’re very fearful, and I guess when the government has screwed you a few times, you just get very distrustful, and that is what has happened. (personal communication, 10/8/08)

On the other hand, capital-subsidy strategies have an important quality recommending them to voters: their perceived effectiveness. Alabamians black and white believe, and with good reason, that the economic development strategy pursued by state leaders have transformed their state’s economic prospects. The recruitment of Mercedes in 1993 was the decisive step in the recent development of this strategy, and although it was perceived as a gamble at the time because of the $350 million incentive package it required, the move—and the ideology behind it—is widely supported today. The idea was to attract big corporations that would create primary and secondary jobs (i.e., supplier companies), and the increased economic activity would build the tax base.

Even supporters of more balanced development strategies acknowledge that this move “put Alabama on the map,” especially because of the “cache of the Mercedes brand” (personal communication, 5/27/09).

The textile industries left the state, a lot of jobs gone, and what we’ve been able to do is replace a lot of those jobs with higher paying jobs in the automotive, aerospace, biotechnology sectors… You can get to the World Series in two ways—you can either grow the players in the farm system, and bring them up, and you can go spend $50 million, $20 million to go get somebody like Barry Bonds and build your team with free agents. We chose,
in ’93, to go out and get free agents to get us to the World Series, and that’s exactly what happened. (personal communication, 10/22/08)

One thing I’m convinced of…is that fundamentally Alabama’s thriving because it’s a low-tax, no-union state. It’s the absolute mirror opposite of Michigan and Ohio…Fundamentally, the decision-makers in this state are going to favor continuation of the low-tax, no labor union-state, because it’s working. (personal communication, 1/10/08)

More recently, this strategy has rationalized some tax relief for low-income groups without a corresponding need to tax high earners. In 2007, the state’s income tax threshold (which had been the lowest in the nation at $8400) was raised to $12,600; because the state’s overall wealth had increased over the past decade or so, these changes to the system were revenue-neutral (personal communication, 1/14/09). It has also rationalized the state’s lack of rural development strategy since economic effects are expected to spill over or “trickle down” into these areas (personal communication, 5/14/09).

In part this is because endogenous development from within these areas is outside the range of possibility. The existing workforce and leadership, especially in the most disadvantaged places, is understood (by public officials, by voters across the state, and by these rural communities themselves) to lack certain qualities that would be necessary for locally-led development:

In the state where we have a very rural area, it so happens, it has a pretty undereducated, and in some cases under-motivated, workforce…And it’s my opinion that we have several stratas of workforce—the more undereducated and under-skilled, the total dynamics of that person is different. Their motivation is different, their whole work ethic is different…If they’re hard-core unemployed, you couldn’t blast them off their [seat] to get them into a [training] program anyway. (personal communication, 4/22/09)
In rural Alabama you will find a lot of that “Somebody’s looking out for me.” And...people think that the Alabama Development Office, which is the recruiting arm for the state, they think that they’re going to bring them projects...And so that’s the biggest hurdle that we go over, because we have the old-school thought of, “Well, I’ll just call the Governor, and the Governor will send somebody down to help me.” (personal communication, 5/14/09)

When you look at most communities, the highest employer will be the schools...or some kind of medical facility, or it will be local merchants—the insurance agents or the police and fire, the service and retail sector. But that notion that that represents collectively a job set or sector of the economy—I think that they’re ubiquitous in that they miss the forest for the trees sometimes in seeing that. (personal communication, 10/20/09)

Overall, there is adequate evidence to pass both stepwise tests for pluralism as the defining framework of power in Alabama. Although it seems puzzling in a state with such low educational attainment and high persistent poverty, it suggests that voters approve of the policy paradigm that contributes to maintenance of these circumstances, and appear to have “rational” self-interested motivations for doing so.

*A Class-based Understanding of Political Behavior in Alabama*

Finding evidence of class-based power is admittedly a very difficult task because of the assumption that power issues from the very structure of society, which appears timeless and normative. Nonetheless, there is a strong tradition of class-based analysis of social inequality in the US, particularly in persistent poverty regions like the Southeast, Southwest, and Appalachia. As noted above, Gaventa’s (1980) study is perhaps most well-known and provides a convincing model for understanding why disadvantaged groups acquiesce with the circumstances imposed on them by powerholders. Gaventa dismisses absence of rebellion as indicative of absence of
interest conflicts, and instead follows Lukes’ third view of power by concluding that “power may not only limit inaction upon inequalities, it may also serve to shape conceptions of the powerless about the nature and extent of the inequalities themselves” (vii). In other words, power can operate in such a way as to make inequality appear natural, even abstractly preferable. Seen this way, the most telling evidence of systemic power is the consent of the systemically disadvantaged. “One-dimensional” indicators of consent (for example, voting) are clearly inadequate here, so Gaventa proposes a more contextual, inferential approach that links evidence of inequality, of the mechanisms by which it is maintained, and of the historical development of such apparent consensus (27). The above literature review suggests a number of specific forms such evidence might take.

A brief review of USDA data, as well as more extensive interviews with political observers and representatives of groups working for or against major balanced development strategies both generally and in particular (such as the 1999 education lottery proposal and the 2003 tax reform proposal), do provide evidence that power has a structural basis in Alabama society. Evidence of persistent inequality is not difficult to find. It’s well-known that inequality takes a racial and spatial form in Alabama; a shocking 22 of 67 Alabama counties is classified as a persistent poverty county and 11 of these are classified as black high-poverty counties, meaning that a majority of the county’s poor are black or black poverty is what causes the county to be classified as such (Miller, 2007). All of the 22 are spatially contiguous, located in the mid-southern Black Belt region and most are rural (17 classified as nonmetro).
Clearly, there is a structured aspect to inequality in Alabama, and while racial and spatial inequality is frequently correlated with class inequality, is this necessarily so in Alabama? The most disadvantaged may be concentrated in the Black Belt, but if low incomes and assets are spread relatively evenly across the rest of the (white) state, class might be a less salient power variable.

The demographic data do suggest some spatial consistency to disadvantage: the low educational attainment noted in the previous chapter is not confined to the Black Belt; rather 35 of 67 counties is classified as low-education (meaning 25 percent or more of residents 25-64 years old had neither a high school diploma nor GED in 2000), and the vast majority of the state is classified as medically-underserved. Most importantly, per-capita income is relatively evenly-dispersed, with 57 counties averaging between $20-29,000 (in 2004 dollars). However, only 4 counties (all metro, all majority white) averaged more than $30,000. If per capita income for the state was almost $34,000 in 2008, even a slight disparity in figures due to inflation does not conceal the fact that much of Alabama’s wealth is extremely concentrated. County employment profiles also suggest that spatial stratification has class dimensions: most of the Black Belt counties are classified as manufacturing-dependent with low levels of self-employment—workers, not owners, live in these places.

Using counties as units of analysis when exploring individual demographic characteristics is not ideal, but these data provide a general picture of a mostly middle-class state sandwiched by two extremes of poverty and wealth. Passing Test 1 for
class-based power requires evidence that these inequalities are not accidental or contingent, but are codified or structured into the basic functioning of the society. Interview data show how this happens in Alabama: through the tax code. In US states, revenue is raised through sales, property, and income taxes; sales taxes are inherently regressive because everyone pays the same rate regardless of income and property taxes are inherently flat because they correspond to property values. In a fair and balanced tax system, income tax should be more progressive where reliance on the sales tax is high. Most US state tax systems are regressive on balance, especially those that rely on sales taxes and do not provide targeted low-income tax credits such as the EITC (Davis *et al.*, 2009). But in Alabama’s system (which is one of the 10 worst), sales tax is high and even applies to basic necessities like groceries and baby formula, whereas income tax is basically flat with families beginning to pay below the poverty line. Since overall tax rates are so low, state revenue is rarely high enough to cover basic public functioning and services, with the state frequently in budget proration. This regressive arrangement is the systemic mechanism that maintains the class inequality evidenced by Alabama’s increasingly strong per-capita income alongside its persistent poverty.

If you really just want to put it in the starkest terms, we have the lowest taxes per capita in the United States and have had since 1988. Arkansas and Mississippi were behind us up until that point and then in the early 80s we passed [them]. So what that means is that [state and local] governments have less money to work with, but our governments are trying to do the same things that everybody else’s governments are trying to do. They’re trying to have a Medicaid program that meets people’s needs; they’re trying to have schools that meet people’s needs, etc. but they’re trying to do that with two-thirds of the national average in money. (personal communication, 9/26/08)
Who wins and loses in such a low-tax, small government environment? Clearly, both the state and civil society suffer when revenue is not sufficient to ensure basic provision of public goods, but low-income people are larger consumers of public services whereas wealthy individuals and business are the largest source of revenue. In terms of economic development, low-income groups’ consumption of public services are unlikely to directly encourage growth as quickly as a low taxes do, but as the previous chapter suggests, the long-term effects of a minimal state can be deleterious not only for the disadvantaged.

Inequality in Alabama is clearly perpetuated through policy means, but without evidence that they were historically established to favor class interests, one might conclude that simple inertia following from a chance policy development explains the maintenance of the status quo. However, there is strong evidence that the tax code was indeed created by wealthy and powerful groups with the express goal of limiting others’ power. In Alabama, tax law is codified in the state constitution, the historical roots of which date far back in the state’s history. The present Constitution, written in 1901 and one of the oldest in the country, legally established the economic relationships that would shape policymaking in Alabama for years to come.

At that time, the US South was an agricultural economy juxtaposed against the more dynamic Northern industrial economy—a classic core-periphery arrangement. The destabilizing experiences of Reconstruction and the Populist revolt of the late 1800s threatened Southern elites and most whites (Jackson, 2002); in Alabama, efforts to
preserve the state’s “political welfare” led elites to campaign for a rewrite of the existing state constitution, which already favored wealthy farmers. However, it still relied upon the Jeffersonian principle of democratic access to the political process as well as deference to federal guidance on this matter. To the thinking of the post-Populist era elites, this made the old Constitution far too inclusive of blacks and the very poor (ibid.). The constitutional delegation that crafted the 1901 Constitution that is still used today was a cross-section of the conservative and powerful in the state, representing wealthy planters and industrialists.

The elite framers were wealthy property-holders and one of their goals was to minimize the rates at which they could be taxed, as well as prevent changes to those rates. With this goal in mind they codified property and income tax rules in the constitution, requiring passage through the Legislature followed by a statewide vote of the people to approve changes to these and any other articles by constitutional amendment (Ely & Walthall, 2003). At the time, the limited voting access of low-income and propertyless groups made popular demand for change unlikely, but the tax structure’s durability attests to the counterintuitive effects of this requirement. The only tax source that can be amended without statewide referendum is the sales tax, the most regressive and least stable source of revenue. As a result, lawmakers since the document’s writing have relied heavily on this tax, which today is the source of more than 50% of state revenue. While property taxes are by definition somewhat progressive, Alabama’s are among the lowest in the nation, as is its income tax which is essentially flat (Pace Hamill, 2002). These economic foundations not only structure
class-based inequality but reinforce the very conditions that create it, by minimizing
the redistribution the state can undertake.

The evidence supports Test 1 for the political-structural conditions enabling a class-
based power structure. But conditions do not determine outcomes; Test 2 focuses on
the mechanisms that are made more likely by these conditions: coercion and consent.
Class-based theory predicts that elites will directly influence policymaking in their
favor (i.e., Domhoff, Perruci & Wysong, Burris). Alabama’s lobbying industry is
known as particularly “well-developed;” since the state imposes only very lax
regulations on political donations and transparency (personal communication,
9/10/08), lobbying is a significant and attractive means of persuasion (personal
communication, 4/28/09). A variety of interest groups in civil society lobby legislators
and take part in campaigns to shape public opinion, but there is strong evidence that
market elites are the most active in this sphere, judging from interview evidence and
political donations by sector (NIMSP, 2010). Table 4 shows that the General Business
sector is by far the largest campaign contributor, while Labor exerts sizable but
comparatively minor influence.

As predicted by class-based theory, the great majority of political contributions during
2000-2010 targeted Republican candidates, who would be expected to favor policies
protecting the low-tax, small-government environment. Looking more closely at
specific policy proposals, it was very clear from interviews that the main actors
opposing progressive economic reforms that would undergird a balanced development
strategy are within the Agriculture sector—in particular, the Alabama Farmers’ Federation (ALFA—which is also the state’s largest insurance organization) and the Alabama Forestry Association. Most of the state’s largest (500+acres) farms and timber holdings are located in the poor Southern region of the state (Miller, 2007) where local tax increases are especially needed for human and community development, yet many of the largest landowners and contractors (for example, Weyerhauser or Tyson Foods) are physically and socially absentee. At the same time, these groups were some of the biggest

<table>
<thead>
<tr>
<th>Sector</th>
<th>Amount, 2000-2010</th>
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<tbody>
<tr>
<td>General Business</td>
<td>$52,775,412</td>
</tr>
<tr>
<td>Business Associations</td>
<td>$42,981,305</td>
</tr>
<tr>
<td>Lawyers and Lobbyists</td>
<td>$31,180,908</td>
</tr>
<tr>
<td>Lobbyists and Public Relations</td>
<td>$15,595,784</td>
</tr>
<tr>
<td>Attorneys and Law Firms</td>
<td>$15,585,130</td>
</tr>
<tr>
<td>Finance/Insurance/Real Estate</td>
<td>$18,577,966</td>
</tr>
<tr>
<td>Insurance</td>
<td>$3,169,530</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$6,791,027</td>
</tr>
<tr>
<td>Ideology</td>
<td>$15,044,825</td>
</tr>
<tr>
<td>Conservative Policy Organizations</td>
<td>$5,395,832</td>
</tr>
<tr>
<td>Tax Issues</td>
<td>$2,979,311</td>
</tr>
<tr>
<td>Labor</td>
<td>$12,867,020</td>
</tr>
<tr>
<td>Public Sector Unions</td>
<td>$10,918,324</td>
</tr>
<tr>
<td>Agriculture</td>
<td>$11,314,993</td>
</tr>
<tr>
<td>Forestry</td>
<td>$4,811,273</td>
</tr>
<tr>
<td>Farm Bureau</td>
<td>$4,037,212</td>
</tr>
<tr>
<td>Construction</td>
<td>$10,520,121</td>
</tr>
<tr>
<td>General Construction</td>
<td>$4,289,081</td>
</tr>
</tbody>
</table>

Source: National Institute on Money in State Politics, 2010
contributors to the effort to defeat proposals like 2003’s Amendment 1 through their financial and media presence during the campaign season. Because this proposal went to a statewide referendum, they also used grassroots networks such as the county farmers’ federations and local insurance offices to directly influence voters.

We had to work against the fact that ALFA and all these people were passing out money to defeat it, and also they would point out to people “You see, when you raise the property tax, this millage increase is going to mean that your car tag or truck tag on your 1970 pickup truck is going to go from $15 to $30”…They had TV commercials, newspaper ads, direct mail; part of what they do is just enough to poison the atmosphere so it’s harder for people to stand up and support these changes, and that swings the momentum and the voting and everything strongly the other way. (personal communication, 2/10/09)

In the Black Belt counties there is even evidence of recurrent vote-buying by such groups (personal communication, 10/8/08), although this undocumented information was only offered by two interview subjects so it may not be reliable.

You know, there’s some people in the community that people have faith in, and they often help to influence 200, 300 people how to vote. In some of these areas they help them vote absentee and all the rest; I’m not saying any of that is fraudulent—there’s some people who jump to the conclusion this is fraudulent. So you have people who are influenced by money themselves, they will get $500 or something from—it might not even come from ALFA, it might come from some person with resources in Greene County who’s an ALFA member when you check it all the way down. They say, “We know if we give this lady $500 she will convince 200 or 300 people of the way to vote. And that goes on! (personal communication, 2/10/09)

In part, these efforts were a display of “one-dimensional” power; voters were persuaded to believe that specific policy proposals were against their interests. This chapter interpret efforts to perpetuate an overall anti-tax mentality as evidence of the “second dimension” of power, whereby elites mobilize bias for institutional procedures that operate systematically to their benefit. This may be accomplished, in part, by closing off other potential options through the deployment of symbolic threats
(Bachrach & Baratz 1962). The creation of consent is a critical aspect of class-based theory, which expects that powerful groups will engage in broad ideological work to legitimate the status quo, particularly by referencing values that are already resonant in the popular and political culture. One of these values appears to be tax aversion. State tax increases are generally “off-limits” among policymakers, although small sales and excise tax increases are sometimes attempted and pass at the local level because they are the only way to raise revenue during fiscal crises. Residents know their state taxes them very little compared to other states in the country and region.

People, I think, in Alabama—if you say that you have a tax proposal that raises anybody’s taxes, people have sort of a natural—they’re negative toward that. (personal communication, 2/10/09)

This is a state where, if you’re running for a state legislative seat, you sign the No Tax pledge. And everybody does it. (personal communication, 9/16/2008)

Conservative economic interests appear able to easily deploy the tax threat to generate opposition to reform among voters; all that such groups need to do is tap into that “visceral reaction” to taxation.

It was the large wealthier landowners helping to fund opposition to help generate the fear that was necessary to win. Emotion and rhetoric is going to beat logic and fact every time in an election in this country in my opinion, particularly in Alabama. And so they were able to create all of that doubt and uncertainty. (personal communication, 2/14/09)

See, what ALFA always has been able to do is say that they’re out there defending the small landowner—the average farmer, the average timberman. Well, they represent a fuller spectrum than that, and they also have their own interests because they have investments in all kinds of facilities. So they’re able to mount campaigns that get the average landowner worried that he or she won’t be able to pass the family estate on to the next generation. And they use those fear tactics to keep strong support, and they’ve done that for 60 years. (personal communication, 9/10/08)
This creates a systemic and generalized aversion to tax increases in Alabama, as secondary data confirm: between 1988 and 2003, voters rejected 54 of 88 proposals to raise local school taxes, according to the Alabama Association of School Boards (Montgomery Advertiser, 2003). Of course, no statewide tax increases or repeal of tax deductions were approved by voters either, as the record of constitutional amendments during the period shows. Almost as a “default” mode, therefore, the policy structure continues to favor the economic interests of the wealthy.

We did some focus groups with people from North Alabama and made discoveries; first of all in terms of the messaging—because there is such a visceral thing about taxes being not good, all it took was the opposition to say “No” in their ads that they ran. In a 30-second ad that was against it, that was enough to speak to that visceral reaction anyway. So unless [voters] had been exposed beforehand or had something else to counter it…it was like, “Bad—anything to do with taxes is bad.” (personal communication, 4/28/09)

We had fifty referendums on that alone, tax, and passed one or two of them. They constantly fail at the local level, which is something that you can look at very readily, and that’s very costly to add to—you watch and see where they’ve lost and where they’ve won involve those same conservative groups in beating those local ad valorem. (personal communication, 2/14/09)

The result is that, among the very group that should be expected to demand a larger state supporting more balanced development, there is little evidence of resistance to the existing tax system. For example:

It took us five elections in Greene County, Alabama to pass an increase in the local millage. This is a county that’s 85% black, half-poor—the people who were going to pay that tax by and large were the outside people: timber companies, Colonial Pipeline, big business, big landowners. The average person, it was going to have a limited effect [on their tax bill]. And this was going to go to local education! (personal communication, 2/10/09)

Are such groups merely apathetic to the circumstances of their powerlessness? If so, perhaps conflicting interests do not exist, even though from an outsider’s perspective we “think” they should or must. The second test for class-based power requires a
counterfactual: evidence of past rebellion by the powerless against injustice, as proof that the lack of overt conflict does not necessarily indicate consensus. The Civil Rights movement provides such evidence powerfully: the Black community in Alabama was the key site of rebellion in the Southeast. Not only were African Americans in Alabama the victims of perhaps the most extreme political and social inequalities, but they rebelled perhaps the most strongly, forming the leadership for a national social movement. Class-based inequality is so insidious because it is structured into society more deeply than Jim Crow ever was—which may explain the quiescence among victims that were empowered in the past.

Three elements of Test 2 have been affirmed and the existence of a class-based power structure appears to explain the democratic maintenance of Alabama’s development paradigm. The dominant anti-tax mentality meshes well with an economic development strategy defined by market logics like capital subsidy, low regulation, and freedom of accumulation. A balanced development strategy that requires a significant level of public investment is a poor fit for this ideological frame. Thus, there is compelling evidence for the class-based organization of power in this state case—but some significant counterfactuals complicate the narrative here. Firstly, there is evidence of corporate disunity: different sectors of capital appear to have very different policy preferences in important areas, particularly in terms of economic development. While agriculture, mining, and small business were the main industry opponents of the landmark 2003 progressive tax reform proposal, they faced off against most other business sectors (including leadership by the state’s main business
association), who supported the proposal to raise taxes on the wealthy, give more power to government, and invest in education (NIMSP, 2010). When capital’s interests are fragmented, the expectation is that state power, or at least pragmatism, will prevail. Tomaskociv-Devey & Roscigno (1994) have shown that in North Carolina, business had also been bifurcated into “traditionalist” and “modernist” sectors, but this disunity was an important factor in the creation of a skill-based, diversified economy because it broke up the inertia of the old capital-subsidy paradigm that was based on cheap (Black) labor. These expectations do not seem to apply in Alabama. Even though the pro-reform sector spent significantly more money on its campaign of support, the opposition’s message was more persuasive with the public, suggesting a more complex basis for power.

Secondly, Alabama has not outright rejected all elements of a “third-wave” or balanced development paradigm. Certain programs and policies, such as universal pre-kindergarten, a state-run workforce training program, and the Alabama Broadband Initiative have been adopted. The income tax threshold was recently raised, reducing contributions to state revenue from low-income people but increasing this group’s assets. Moreover, the capital subsidy approach has clearly benefited all residents, not just the powerful. With the establishment of the auto industry, incomes in many brackets as well as public revenues have increased; access to higher education and positions of power has grown among much of the population. Yet, one can easily make the argument that these development strategies still fit into a paradigm defined by market rationalities, efficiency principles, and the power of the private sector over
the public good. For example, only 6% of children access pre-K. The state’s workforce training program AIDT is generally not accessible to the least skilled and most needy (personal communication, 2/10/09), and its director told me point-blank that “AIDT is an incentive program. Pure and simple, that’s our job to help bring those businesses here” (personal communication, 4/22/09). Some efforts to reduce taxation of low-income groups have succeeded, but others—such as eliminating the sales tax on groceries—have failed; no effort to raise taxes of higher-income groups has succeeded.

While these counterfactuals present an obstacle for the class-based framework, it still has much to recommend it as the explanator for power’s distribution and the maintenance of inequality in Alabama. But entrenched power alone does not explain Alabama’s developmental distinction among its neighbors. Most states in the region have gone through similar historical experiences, have been socially organized by similar class relationships, and have faced similar exogenous economic pressures. Reconstruction’s effect on property taxation affected the whole region; persistent poverty, racial segregation, and low mobility have affected rural people across the region and country. Conservative voters across the country oppose taxes and government. What then makes Alabama somewhat distinct? What intervening factor causes Alabamians to stand out from their neighbors in their consistent rejection of the policy changes necessary for balanced development?
A State-Centered Understanding of Political Behavior in Alabama

The above analysis has suggested that social relations in Alabama are organized along a class-basis, making pluralism and rational choice a less compelling explanation than elite hegemony for inequality’s persistence. But the Alabama case reveals some weaknesses in a class-based explanation alone, particularly in the relationship between state and capital. Class-based theory predicts a highly constrained role for the state, which ostensibly has one set of interests that are defined by capital; these growth-related needs and imperatives limit the state’s autonomy and capacity. In Alabama’s case, however, examples from the last 2 decades’ economic development policymaking experience suggest that the state—or more precisely, sectors of it—does have its own interests, which it pursues in coalition with some sectors of capital and in opposition to others. As noted above, the pragmatic business sector has exerted a strong push in recent years for the adoption of balanced development policies. This influence helped convert the Republican administration of Governor Riley from skepticism to embrace of progressive reforms that would increase the economic and social role of the state and bring balance to its development strategy (personal communication, 9/10/08). Yet once converted, the administration became a major champion of the approach, devoting a massive amount of energy and political capital towards a public campaign that alienated many conservative supporters. Most Republicans in the Legislature and state Party were inclined to support the opposition campaign led by the Farmers’ Federation. This suggests that the state can be a source
of change rather than a mere mediator, and is willing to pursue its own policy goals over the particularistic interests of civil society sectors like capital.

Further complexifying matters, interviews suggested that the executive and legislative branches of government in Alabama are frequently at odds with each other in the sphere of economic development policymaking. The former has the majority of responsibility for agenda-setting and project pursuit, while the latter appropriates the funds for development officials to, for example, meet with and extend incentives to out-of-state and foreign firms (personal communication, 11/10/08). As in any state, the Legislature can also withhold resources that the executive wants. In Alabama, it appears that the executive branch has been interested in pursuing a more balanced development approach, but the Legislature has presented an obstacle.

What Governor Riley and [the Alabama Development Office] have tried to do was to redefine economic development, so it’s not just recruiting, but it’s trade, it’s tourism, it’s entrepreneurial incubators, it’s existing industry, it’s a much broader definition of creating jobs...If we don’t look at knowledge-based, white-collar, research, entrepreneur-type jobs, and help bring those in, we’re going to end up back where we were when the apparel industry was big and we put all of our eggs in that basket. We’ve been going to the Legislature for the last three or four years trying to get them to redo the incentive package...Until the leadership that deal with incentives begin to look at where we need to be 10, 15 years from now, we have to take money out of the Capital Improvement Trust Fund, which is the oil and gas revenues, to put into these mega-projects, to win these projects—that’s what’s there to do it. (personal communication, 10/22/08)

Why this fragmentation of interests? Judging from the influence of the lobbying industry over the Legislature, it’s likely that this part of government is more deeply integrated with capital. The state’s lax disclosure laws mean that a lobbyist can spend up to $91,000 a year on a single legislator without being required to report it. There is
also evidence of a “revolving door” between industry and the Legislature; 31 lobbyists are former Legislators which puts Alabama in the top 15 nationally. And, the Legislature is not professionalized, meaning that legislators can hold other paid state jobs (called “double-dipping”) which can represent a significant conflict of interest where officials steer money toward their own industries. Berry, Berkman, & Schneiderman (2000) and others have found that legislative professionalization is a key factor protecting state actors from external political and economic influence.

Based on these institutional factors, the Center for Public Integrity assigned Alabama a failing grade for its lobbying environment (CPI, 2003). Formally, though, the state has taken some steps to limit such influence—it is one of only 6 states with a two-year revolving door provision (most states have a one-year provision), and while there were 4 lobbyists for every legislator in 2006, the national average is 5:1 (ibid., 2010).

The Executive is still open to lobbying influence but term limits and self-imposed ethics rules may make it relatively autonomous compared to its counterpart. On the other hand, this apparent autonomy cannot be realized in practice without capacity. Indirectly (through the checks provided by the Legislature), this capacity is constrained by capital; not surprisingly direct obstacles are also presented by this source of class-based power. When asked why the state has been unable to create balanced development policies, a top ADO official pointed to the self-interest of certain capital sectors as a direct barrier to state goals:

It’s the major landowners, because you know, we are the lowest property-taxed state in the United States…All the government was trying to do was to increase property taxes, especially on the corporate side. More money for education, more money to make up shortfalls, and those things that we needed
to do. Well, you can defeat a tax increase a whole lot better than you can pass one. (personal communication, 10/22/08)

As interview data suggest, conservative business was able to capture public opinion with the help of legislators and defeat an ostensibly powerful alliance between the administration, pragmatic business, and expected supporters from labor. These processes were most visible during the attempt at major tax reform, but there is evidence of a recurrent pattern motivated by proposals for progressive policy change. Alabama’s failure to adopt the type of balanced development strategy favored by most of its regional neighbors appears correlated, at least in part, with the low autonomy and capacity of its state government, and the enduring power of capital may be the chief independent variable shaping these circumstances. But this alone does not explain why conservative business, with its relatively small role in the economy, has such outsize influence over voter opinion, and as mentioned above it is not a satisfactory explanation for Alabama’s policy distinctiveness.

According to Block (1977) and others, the specific arrangement of the state also determines the extent of its autonomy and capacity; institutional and organizational variables affect the relative power of social groups and can mediate, reinforce, or otherwise interact with existing power structures. These theoretical expectations are compelling because they provide some resolution to the structure/agency problem that separates class theory and pluralism—but do they have empirical support in the Alabama case? Over and over again interviews indicated that they certainly do. Most subjects pointed to the policy influence of one key institution—the state constitution.
As Huber et al. (1993) have explained, constitutions are a key organizational feature of economic and social policy in their ability to accelerate power asymmetries:

“Constitutions… lay down the nature of these institutions. Thus, it is possible to use constitutional provisions to operationalize aspects of state structure that are relevant to welfare state formation. Of particular interest is the degree to which relatively small groups or special interests can block legislation, or conversely, the degree to which narrow parliamentary majorities can push through legislation”(4).

In writing the document, a group of elites codified significant restrictions to state power—restrictions that still reverberate today in the state’s political organization. One of these features is the tax structure which, as explained above, is one of the most distinctive in the country. Without the ability to raise income and property tax rates from an already-minimal level, state government has very little revenue to work with. Another significant way in which state capacity is limited is through earmarking: almost 90% of the revenue that *can* be collected is designated for a particular destination. According to Ely & Walthall (2003) and interview data, no other state even comes close to this percentage. In a class-based power structure, earmarking can be useful for less powerful groups since lawmakers can be easily swayed by capital (especially in Alabama’s rampant lobbying environment) or the political self-interest called “pork-barrel spending.” Yet where so much revenue is earmarked, lawmakers lose all ability to respond to changing economic circumstances and emerging interests. Entrenched interests grow around revenue destinations and rubber-stamping becomes more likely than innovative policymaking.
Although the entire political system suffers, the area most directly affected by earmarking in Alabama is otherwise the biggest potential source of reform—education. Because the constitution specifies that income tax revenue be reserved for direct education expenditures (such as teacher salaries), education interests are forced into a defensive position vis-à-vis the status quo: while the constitution’s basic structure guarantees education’s underfunding, it also guarantees a revenue source that cannot be touched by other more powerful interests. As a result the source of progressive energy in a class-based society, labor (which takes its strongest form in the state teachers’ union, AEA) fails to provide a counterforce to institutionalized inequality.

Public transportation is another major area that suffers from earmarking. In most states, gasoline taxes are a significant source of mass transit funding but in Alabama, they are earmarked for roads and bridges. Theoretically, lawmakers could unearmark these funds and devote a portion of them to developing mass transit, earning significant federal matching funds and an essential tool for economic development, but no Legislature has ever tried, which suggests an ongoing lobbying effort by powerful construction, auto, and fuel industry interests. Moreover, Alabamians—especially rural citizens, who might benefit most from bus systems to connect them to better job opportunities—feel strongly about their roads:

What drives rural Alabama is roads. [Local leaders] are not “road commissioners” but they might as well be, because that’s what gives them the political support and also the exposure to the citizens that elect them.

(personal communication, 9/16/08)
In their quest to limit competing sources of power, Alabama’s constitutional framers also refrained from enabling local government authority, or home rule. Like the tax structure and earmarking, this institutional feature has reinforced the effects of a class-based power structure over time. Without local authority, state government is highly centralized—a feature with strong practical and symbolic effects, as will be explained below. Counties have even less of an ability to pass tax laws than state government—so if a county commission wants to raise local property tax millage rates or even levy a one-cent sales tax, it must be taken up by the local legislative delegation and proposed to the full House as a bill, go to the full House for an up-or-down vote if there is any objection by a member of the local delegation, and go on the ballot for a statewide vote if it is finally approved by legislators. Individuals cannot petition to have amendments put to referendum either but must go through the legislative gatekeeping process. One interview subject provided a recent example of how detrimental this byzantine process can be for local decision-making:

Recently, Trussville wanted to get a bond [to form a new school district] so they had to bring it to the legislature…the legislators finally did approve it, it went on the ballot, and Trussville voted for it. The rest of the state voted against it, so Trussville couldn’t raise their own bond. (personal communication, 10/8/08)

Without home rule, local governments lack jurisdiction over a variety of public functions, such as social services, corrections, or waste management. Making changes to even the most minor of local procedures requires the approval of the legislature. Nor do local governments have land-use authority; they cannot undertake their own planning and zoning. In fact, Alabama is the only state in the Southeast that doesn’t have some kind of a rural land-planning program (personal communication, 11/10/08).
This further upsets the balance of power between state and capital, because communities are often powerless to stop sprawl or the siting of undesirable businesses (personal communication, 10/8/08). More pertinent to development policy, the constitution prevents local governments from undertaking “internal improvement” or “[lending] its credit” to private business (Sections 93 and 94)—in effect, limiting local governments from engaging in almost any transaction with private business (Ely & Walthall, 2003). This provision was instated because local governments had run up massive debts with railroad companies and other speculative businesses during the 1800s—but although it become less necessary and more detrimental over time, the difficult amendment process prevented its removal. Recently, county-by-county amendments (which, again, must be approved statewide by voters) have begun to remove the barriers to local development created by this provision.

The procedural obstacles posed by this lack of home rule have greatly reduced the efficiency and effectiveness of both state and local government in Alabama. With so much responsibility, the non-professionalized Legislature cannot accomplish all the tasks set before it:

> When something needs to be done, county managers or the county commissioners have to go to their legislators with a bill and say, “Please, will you pass this bill.” Maybe there’s time, maybe there’s not—we have a legislature that’s part-time, they only work about three months a year, and they only work three days of each of those weeks…And so someone who wants to figure out what day to pick up dead animals or change the classification of their sheriff’s department, or change the funding for commission—small issues that really don’t have any bearing on the whole state may never see the light of day. (personal communication, 10/8/08)
With so little local responsibility and autonomy, communities have little initiative and rely on state lawmakers to do the business of governing, such as raising money and mediating any competing demands within civil society. Yet state government itself is institutionally constrained and can realistically only make piecemeal changes or amendments to the basic governing structure prescribed by the constitution. As a policy analyst told me,

The counties can’t do things for themselves so they have to go and keep getting permission. Well, that sort of militates against change. All of these things work against—so like, in economic development, rather than having common standards that you can expect to find in every community, you find all this variety of rules and regulations all over the place. They sort of destroy the ability to have a market and to allow little areas to get ahead by taking initiative and all that. So it enforces that deadening conformity to the lowest common denominator. (personal communication, 9/26/08)

If home rule is so onerous, why haven’t lawmakers and voters in Alabama changed it? Self-interest has created a set of entrenched interests, where each group has adapted to benefit from the existing institutional organization while the whole suffers. The state as a whole could save millions used in balloting, freeing up funds and potentially avoiding now-frequent budget crises, and could accomplish a great deal more business with local tasks devolved to local authorities; lawmakers as a group would also benefit from more streamlined, modernized procedures. But at the local level, county commissions have adapted to the system because they have little responsibility and few unfunded mandates.

Certainly our county governments are not granted as much authority as commissions in some states, but we’re also not hamstrung with some of the things that make up county government in other states. (personal communication, 11/10/08)

Many of [the county commissioners] don’t want additional control; they will say to their local people who are complaining, “Well, that’s not my fault, it’s
Montgomery—you can’t blame me.” It’s passing the buck. They can run for office, they can be a county commissioner, they can show up at meetings once a month, they just decide if we’re going to have a road here and how much to pay for that road, but they don’t have to get involved in all the nitty-gritty, and they pass the buck. (personal communication, 10/8/08)

And, with so much power centralized in the Legislature, self-interested lawmakers have little incentive to change the system either. They are, in effect, the gatekeepers for all public policy enacted in the state. In part, lawmakers’ self-interest is tied to the interests of their powerful backers—corporations and other elite groups who (like their 1901 predecessors) prefer a system where state power is centralized and thus, easier to control.

The people with economic interests have figured out that if you deny that, and force everything into a big winner-takes-all majority thing, then it’s very easy to stop anything from happening, and very difficult to make anything happen. So denying the ability locally to do anything, you wouldn’t think that a conservative would want that. But in fact, if you don’t want anything to happen, what you do is prevent that, force everything to a big majority vote in Montgomery, and all you have to do is control five senators and you can keep anything from happening in the state. So that’s why the lobbying expenses are so extremely high here; that’s why the price of a legislative seat—that’s why all of that happens. (personal communication, 9/26/08)

If you go to Montgomery when the Legislature is in session, the halls are full of lobbyists…Now part of the reason is that the lobbyists don’t have to go to every county to get what they want passed—they just go to Montgomery. ..So in order for [constitutional change] to happen, we have to bring a bill to the legislators and they have to vote against their best interests. They have to vote to pass that even though they know it’s going to take power away from them…but they have ALFA on their back saying, “We fund your campaigns; you vote for this, you lose your campaign funding.” And so, they’re between a rock and hard place. (personal communication, 10/8/08)

All of the institutional features covered above, although initially codified over a hundred years ago, appear to be part of a positive feedback process that virtually ensures their durability. Theorists of the state, such as Pierson and Skocpol, have
shown how institutional structures and policy develop through a mutually constitutive process whereby key decisions create pressures and norms that may narrow the range of politically-feasible “next steps.” This certainly appears to be the case in Alabama, as major constitutional amendments made during the last century have only increased the disadvantage of certain groups such as rural and low-income people. For example, the existing low-tax structure was bolstered in 1978 with an amendment approved in public referendum that imposed caps on the maximum amount of tax applied to property; residential, farm, and forest land was given the lowest cap allowing for only 10% of real value to be taxed (Ely & Walthall, 2003). In a state where timber acres today make up 70% of the landmass, this provision guarantees the underfunding of both state and local coffers. With less revenue, government continues to be hamstrung and thus ineffective, further eroding public confidence and reducing the possibility that voters will demand institutional change.

The evidence appears to support a negative result for Test 1 of the state-centered power framework; the state’s social policy interests are somewhat fragmented and there seems to be low capacity and autonomy from capital, especially on the part of the Legislature. In large part capital’s hold over the state can be attributed to institutional features, namely a lack of rigid barriers separating lawmakers from money’s influence and a constitution that tightly constrains the role of government. The second feature of this chapter’s test of each power theory is empirical outcomes; Test 2 of state-centered theory seeks evidence that policymaking favors unified state goals. In one sense, it appears that development policymaking has not favored
Executive branch goals; as noted above, the two major pieces of proposed legislative reform of the past 15 years (the 1999 education lottery bill and the 2003 tax reform bill) have been failed projects of the Executive. However, despite rhetoric from many legislators opposing these and other progressive proposals, the Legislature less frequently presents direct opposition in its actions because of the referendum requirement. Under the premise of direct democracy, it can rubber-stamp a gubernatorial policy proposal and send it to the voters to decide, giving the appearance of unity in policymaking. So, it is difficult to find negative evidence for Test 2, which means this chapter has failed to fully clarify the role of state power in Alabama. The strongest conclusion that can be drawn is that the state’s power is limited by institutional factors and its apparent disunity in matters of economic development policy.

Conclusions

Through an analysis of interview and secondary data, this chapter concludes that the uneven distribution of power in Alabama is not a historical contingency, but is structured by class and compounded by race and spatial location. It also concludes that institutions—notably, the state constitution—play an important role in maintaining this distribution of power. Through this organizational configuration, state government’s capacity and autonomy are constrained. At the same time, the constitution gives locales and citizens perhaps even less power. By contrast, the constitution appears to give private business the most power in society by limiting
competing power centers, centralizing governing capacity into one body (the Legislature), and preventing the types of checks and balances on lobbying and other forms of institutionalized coercion that other states in the region have adopted.

The recent literature on social policy formation, although generally focused on national level policymaking, provides theoretical support for the findings in pointing to at least some interaction effect between business power and political institutions. Although recent decades were dominated by an institutional focus in the development of social policy (e.g., Skocpol, 1992) Hacker & Pierson (2002) and Jenkins et al. (2006) in particular have suggested that the interaction model is more persuasive. The former’s analysis of American welfare state formation shows how the instrumental and structural influence of business over policymaking can vary “[depending] on particular features of the political-economic context” (282). Their conclusions are especially compelling in relation to the Alabama case because they anticipate that “the ability of particular economic actors to exert influence [depends] heavily on institutional variables” (304) and that such variables are subject to policy feedback processes potentially reinforcing certain political processes, preferences, and strategies.

Jenkins et al., who also focus on state-level economic development policymaking, also conclude that state policy is a “joint effect of class forces and political institutions” (1124); these effects may be additive, mediating, magnifying, conditioning, or biasing, with path dependence playing a potentially significant role in all cases. In Alabama,
the third possibility—that “political legacies (earlier policies and the class mobilization /institutional complexes behind them) aid class mobilization by magnifying their effects on subsequent policy outcomes” (1128)—seems likely, given the origins and outcomes related to the state constitution; in a related sense, the biasing effect—whereby “political institutions have built-in biases that systematically favor the interests of specific classes” (1129)—seems likely too. These are two significant studies that provide theoretical grounding for this chapter’s explanation of Alabama’s development policy outcomes.

However, this magnification of class power does not play out smoothly; the sphere of economic development policymaking reveals a significant bifurcation in the way business can leverage its economic advantages into political and social advantages. In struggles to reform policy areas bearing on development, the more “moderate” or pragmatic sectors of capital has been less successful at recruiting voters to its position than the conservative sector, despite the public benefits of the former position and the past willingness of disadvantaged groups to take a clear position against inequality. The interaction between institutional and class effects may be conditioned by a third factor which has been suggested by the tax-aversion of Alabama voters: cultural norms or values. The actual mechanisms through which these joint class-institutional-cultural effects shape policy outcomes will be the focus of the next chapter.
CHAPTER 4

INSTITUTIONS, IDEOLOGY, AND DEVELOPMENT DISCOURSES

Introduction

The previous chapter’s analysis provided evidence that institutional factors compound class power in Alabama, leading to development policy outcomes favoring the short-term goals of capital and leaving the state with a less balanced approach to 21st century economic realities. Although business is more powerful than any other potential interest group in society, its interests are fragmented, with moderate sectors favoring balanced policies and losing major political battles to conservative sectors. The conservative sector is less prominent in the economy, yet is appears more prominent in shaping public opinion. The previous chapter noted an affinity between business influence and certain cultural elements in Alabama society—namely, the strong aversion to taxes. Might cultural norms and values play an intervening role between institutional and class effects? The state’s particularly imbalanced development strategy may result from voters’ ideological recruitment to the policy preferences of conservative capital. To demonstrate influence in power structure research, it is necessary but not sufficient to show that outcomes are congruent with the preferences

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9 This study refers to the anti-tax mentality with the term “anti-statism,” which is an umbrella term also used to describe aversion to government, planning, and redistribution. The concept of [political] individualism is more about independence and self-reliance, but is also contrary to collectivism. The terms are logically consistent but may not have been politically connected until the Cold War and the rise of anti-communism (Diamond, 1995).
of specific actors; “[one] must also demonstrate that these outcomes are a result of the actor’s direct or indirect power” (Hacker & Pierson, 2002). The following chapter will explore how institutional and cultural factors reinforce the class power of the conservative sector over that of the moderate sector, focusing primarily on the discourses employed by both sectors during one major reform campaign.

Institutionalized Ideologies and Framing

What is the connection between ideologies and institutions? Political institutions, fundamentally, are structures through which decisions are made and power is distributed to groups (Pierson & Skocpol, 2002). Ideologies are systems of meaning that combine “assertions and theories about the nature of social life with values and norms relevant to promoting or resisting social change” (Oliver & Johnston, 2000). Drawing on cognitive science, North & Denzau (1994) have explained that ideologies and institutions “can be viewed as classes of shared mental models” (4), both of which create an “architecture” consisting of categories or classifications which are used to interpret the data provided by the world. These categories are useful because, in a complex world where no one has complete information, they provide “the capacity to generalize, to reason from the particular to the general and to use analogy” (14). For example, Wheldon’s (2006) study of tolerance for ethnic and cultural minorities in EU countries found a strong relationship between the laws governing the acquisition and expression of citizenship, and individual tolerance judgments. People’s perceptions of the world draw upon existing models; institutions are well-known and broadly
legitimated models. Others have suggested a more causal relationship between the two: as Clemens (1997) explains, institutions are also templates or models for social interaction and present "repertoires" that actors may follow. They provide an enduring reflection of the cultural milieu in which they were created and form a structural basis or frame for existing social and political norms. Because of path dependence, mental models that have proven useful in the past or in one area of social life tend to be maintained. Thus where institutional and cultural factors are essentially "conservative" in the change-resistant sense of the word, a mutually reinforcing effect can be expected, preserving from change processes favored by existing social arrangements.

Political sociologists have noted the dearth of research on power’s cultural dimension, noting a "considerable reluctance to recognize the cultural dynamics within the organization of the state itself" (Jasper, 2005: 115), as well as the ways culturally-reflective state institutions further shape and constrain social action. Such a focus is needed in political sociology because structural interpretations alone—"false consciousness"—have failed to explain persistent power asymmetries in American society. A better theoretical compromise would account for the creation and maintenance of consent through the interplay of institutional and cultural factors. As explained in the preceding chapter, Gramsci’s theory of hegemony began to explain how elites could employ common cultural tropes—"common sense"—to promote ideas both favorable to their continued power and resonant among the people (Gramsci, 1995 [1971]). Today, we might call this process "framing." Frames are another term for mental models; existing ideologies provide frames (Snow & Benford,
Institutions also provide powerful frames, as Althusser and others have shown; they reproduce dominant belief systems and they are durable, since major ruptures are often required to fundamentally change them (Sewell, 1992).

Frames are important because they affect assumptions and beliefs beyond their original application; as Sewell (1992) has argued, people extend or transpose frames from one setting to another. In Clemens’ (1997) words, “once routine patterns of organization are articulated in [certain] ways, they become ‘modular’ or transposable from one setting to another” (9). This can ensure consistency of worldview and may be reassuring for people—even where the transposition does not make logical sense. Framing may occur constantly throughout society where groups of actors seek to interpret events together, but its most powerful occurrence is in the public discourse. Here, the production of meaning has broader ramifications, yet certain social positions guarantee a louder voice. For example, in terms of policymaking Clemens & Cook (1999) note that “effective politicians may enhance the [appeal] of a particular policy by building deep analogies to already institutionalized models or widely held norms” (457). So, institutional configurations can both directly and indirectly shape the political identities, interests, and strategies of actors and groups (Lowi, 1972).

The US South: A Distinctive Cultural Region?

There is an abundance of literature on the ideologies that may be prevalent in the South under the assumption that it is a distinctive cultural region. Some observers
have argued that it is possible to make some cultural generalizations across racial and
economic subgroups. Black & Black’s (1992) study of southern presidential voting
during the 1980s suggests that even across the diverse electorate, conservative
symbols (particularly individualism and religious traditionalism) have far more
cultural power than liberal symbols. White Republicans, who made up a plurality of
voters in the late 80s (44%), were “strongly conservative on defense, committed to
individual achievement, opposed to racial quotas, convinced they pay too much in
taxes, conventionally religious, and cold toward prominent symbols of liberalism”
(225). White swing voters, who made up 18% of the electorate in the late 80s, were
also culturally and racially conservative, favorable toward religion, and individualistic,
although they also embraced more liberal symbols like environmentalists (229). White
Democrats made up 24% of the region’s voters; they “were simultaneously attracted to
some liberal and some conservative symbols” and preferred both liberal and
conservative policies (231, 233). Black voters (14% of the electorate) “were the most
liberal of the voting groups, though on some issues they were profoundly
conservative” (237), particularly in terms of religion.

This and other evidence strongly suggests that religious values are an important
cultural factor across the political spectrum. In terms of adherents and cultural
prevalence, conservative Protestantism (CP) is the dominant religious affiliation in the
region, particularly the Southern Baptist denomination (Association of Religion Data
Archives, 2002). Over half of all Southern Baptists in the world live in the five
Southern states of Texas, Georgia, North Carolina, Tennessee, and Alabama; the states
with the highest proportion of Southern Baptists are Mississippi, Alabama, Oklahoma, Tennessee, and Arkansas. Alabama itself was 40.6% conservative Protestant as of 2000 (ibid.). Conservative Protestantism is an individualist theology in that it stresses the individual’s personal relationship with God as the route to salvation. It is “conservative” in its fidelity to the literal words of the Bible rather than their interpretation through priests or contemporary circumstances. It has a dualistic perspective on salvation: unlike some faiths where one can be repeatedly “lost” and “saved,” CPs believe that one is either “good” or “evil,” conditions which are permanent over the individual’s life (Jelen, 1993). The “dualistic” religious beliefs of conservative Protestantism may have a similar social manifestation. The consistent idea is that people and societies should follow known paths rather than straying into the unknown. Not surprisingly, Conservative Protestantism is also associated with traditionalism: traditional families, traditional roles for men and women (Southern Baptist Convention, 2010), and obedience/submission to elders (Ellison & Sherkat, 1993). For research purposes, these ideological associations are important to note because they suggest a consistently conservative worldview; the CP identity is not just about religion but is about other social values too.

Some authors, like Tomaskovic-Devey & Roscigno (1994) argue that racial bias, or racialization, is another cultural factor affecting political preferences in the South. The term describes race relations in the post-Civil Rights era, where racial divisions are “increasingly covert, embedded in normal operations of institutions, avoid direct racial terminology, and are invisible to most Whites” (Emerson & Smith, 2000: 9). While
the de jure roots of racialization—legal discrimination and racism—no longer exist, their de facto effects can still result in race-based inequality and bias. Most importantly, the disproportionately lower socio-economic status of non-Whites means that this group struggles more visibly. Most persistent-poverty counties across the Southeast have higher minority populations; unemployment, incarceration rates, and low educational attainment are proportionately lower than for Whites. Thus this group appears more socially unsuccessful despite being the more visible recipient of state resources. Tomaskovic-Devey & Roscigno suggest that, in the past, this has breed resentment on the part of majority Whites, especially where there is a history (as in the Southeast) of the white elite “promoting and instigating racial antagonism and fear, thereby recreating the racial inequality upon which its economic position has depended” (1994: 587). Historically, one such mechanism of promoting racial animosity has been through “the development and maintenance of racist ideologies and institutions” (ibid.), which persist after overt antagonism has subsided.

Most investigation of institutionalized racism in the Southeast have focused on disparities in political access (i.e., participation, representation, and mobilization/countermobilization) persisting even after the Voting Rights Act (ibid.). Educational disparities are another key area where racial divisions persist through the normal operation of institutions; nationally, “evidence suggests that poorer and minority students are more likely to be in classrooms and schools that have fewer important educational resources” (Roscigno, 1998; also Kozol, 2005; Ladson-Billings, 2006). Parents want to send their children to the best schools; those who can opt out of
poor local systems tend to be white, and racial segregation becomes entrenched. Because racialization, unlike racism, “is embedded within the normal, everyday operation of institutions…people need not intend their actions to contribute to racial division and inequality for their actions to do so” (Emerson & Smith, 2000: 9). But they do need to feel that directly confronting and dismantling racialized institutions is neither their responsibility nor in anyone’s best interest. Black & Black’s previously discussed finding of widespread White opposition to racial quotas and preferential treatment suggests that at least some racial bias still exists in the South, even if discrimination is not the intent.

In terms of political messaging, various authors have argued that racial bias is tied to other conservative values, a connection that has been exploited by economic elites. Glaser (1998) explains how these themes might be reframed for people through political speech. In his study of recent Southern congressional campaigns, he found that racial themes still arose frequently; while “for the most part, Southern Republicans have recognized that outright racist appeals are no longer socially acceptable,” they now articulate racialized messages “in terms of individualism or distrust of the federal government or some other conservative principle” (70). Brenner (2006) would go further, arguing that southern political realignment occurred because the Republican Right successfully reframed the region’s existing conservative values into “an anti-statist individualist ideology…identifying the liberal state as a central threat to the racial status quo and ‘traditional family values’, that provided [the right] with the wherewithal to contend for power on a brazenly pro-business program” (48).
While political speeches opposing tax and government obviously do not provide sufficient proof of racial bias, they could be triangulated with other evidence like structured racial inequality.

The preceding analysis explores the possible interaction effects between different conservative values as a means of understanding Black & Black’s findings. On their own, cultural factors like religious traditionalism, racial bias, and anti-statism might exert independent effects but together they might maintain a cohesive conservative ideology that shapes more than personal preferences—such an ideology could shape political preferences too. However, many scholars directly oppose the conclusion that the “old” Southern culture—traditional, conservative, racialized—still dominates; postwar partisan change has meant that Southern culture is today less monolithic than we may expect it to be. Botsch (1982) presents evidence that some conservative ideologies have persisted (economic conservatism and individualism) while others (religious conservatism and racialization) are no more prevalent than in the rest of the country. Hawley’s (1988) analysis leads him to disagree entirely that the South is more conservative than the North, and he points to the quick pace of change in racial attitudes as evidence of continued dissipation of traditional rationalities.

Sanders (2009) argues that Southern political realignment created a significant current of economic progressivism coexisting with social conservatism. Beginning in the postwar era, the need for aggressive economic development programs (such as the US Area Redevelopment Act of 1965) trumped the old racial politics of division. She
questions whether today, “both black and white working class voters pin their hopes on growth and job creation, joining white elites, and in the process muting both racial and redistributive divisions” (personal communication, 2008). Shafer and Johnston’s (2006) study concurs that economic development and class, not race, have become the more salient factors in new Southern culture: like the rest of the country, the region is shaped by pragmatic economic goals that tolerate and even depend upon ideological and cultural diversity. The analysis in Chapter 2 would seem to support this conclusion for the region as a whole, which has tended to adopt a pragmatic policy strategy of balanced, inclusionary development.

This study can contribute to further understanding in this area. Brace, Arsenaux, Johnson, & Ulrig (2004) note the “widespread consensus that ideology varies significantly across the states and that these variations relate to meaningful policy differences” (529). Perhaps Alabama’s conservative development path (in comparison to regional neighbors) results from a unique cultural orientation among its voters. In Alabama, it is clear that economic development does trump other conservative social values for moderate business elites and some state actors. These actors have proposed major pieces of legislation for balanced development—legislation that would rely upon more taxation, bigger government, and redistribution. Voters, however, have been more amenable to the conservative economic position. The predominant socio-economic “mental model” may be different than that found in the rest of the region, where conservative politics take a pragmatic form (e.g., balanced, long-term
development goals) rather than an ideological form (e.g., the maintenance of traditional power structures).

Evidence presented in Chapter 3 suggested that conservative business appealed to a strong cultural aversion to taxes, but if consent for inequality is truly structured into society, more evidence than the simple appeal to self-interest is necessary. The most compelling part of class-based theory is the concept of power’s “third dimension,” which points to culturally embedded norms that systematically cultivate preference among non-elites for policies that maintain inequality. The background articulation of certain principles and values—for example, “freedom” from institutions that would encroach on individual liberty—makes these themes appear, in Lukes’ words, universalistic, natural, meritocratic. As such, elites need not undertake planned, strategic, or even collaborative action to encourage these values among the public. Yet, they may (to quote Clemens & Cook again) “enhance the [appeal] of a particular policy by building deep analogies to already institutionalized models or widely held norms.” Bawn (1999) claims that “ideological preferences are often decisive in democratic decision-making, as votes cast on the basis of ideology can easily overwhelm those cast on the basis of direct self-interest.”

What types of analogies, if any, did elites in Alabama build between socio-economic policies and cultural values? In public debate, how did conservatives and modernizers differently frame development, job creation, and the proper role of government so as to appeal to voters? If the previous chapter confirmed that “third dimensional” or
hidden power describes Alabama policymaking better than pluralism, this chapter looks for the observable mechanisms of this hidden power. Specifically, this means looking at how consent is organized.

This may include the study of social myths, language, and symbols, and how they are shaped or manipulated in power processes. It may involve the study of communication of information—both of what is communicated and how it is done. It may involve a focus upon the means by which social legitimations are developed around the dominant, and instilled as beliefs or roles in the dominated (Gaventa, 1980: 15).

This investigation involves two basic steps: identifying predominant “social myths” and the symbolic forms they take, and analyzing the transmission of these themes during public debate over two policy proposals.

**Research Strategy**

This chapter follows up on the power structure research begun in Chapter 3. Since power is very difficult to locate and measure directly, researchers identify indicators of power—ideally, more than one and of different types so evidence can be triangulated\(^\text{10}\). Indicators of power—who benefits, who has a reputation for power, who shapes the debate, etc.—can be identified through power structure research, which is a combination of network analysis and content analysis. How do these approaches fit together? According to Domhoff (2010),

> A network analysis traces out the people and organizations that make up the power structure, and then figures out how they connect to and influence

\(^{10}\) “Once a proposition has been confirmed by two or more independent measurement processes, the uncertainty of its interpretation is greatly reduced. The most persuasive evidence comes through a triangulation of measurement processes” (Webb, 1981, p. 35, cited in Domhoff, 2010).
government. Content analysis is the term for the systematic study of the power structure's ideologies, policies, and plans, which are learned about through the careful study of documents such as the texts for speeches, policy statements by organizations, and drafts of legislation.

In the previous chapter a reputational approach was used to map the power networks at work in Alabama’s socio-economic policymaking sphere (and their historical development). In this chapter content analysis is used for a better understanding of the relationship, if any, between conservative cultural values and opposition to balanced development strategies. First, interviews with political observers and representatives of politically-active groups provide evidence about the values that Alabamians perceive as central to their state culture. This evidence is necessary to understand what themes a “framing” of economic development policies would need to touch on to increase public support. With awareness and anticipation of symbolic messages, the discourse leading up to two separate referenda (the vote on implementing an education lottery and the vote on implementing tax reform) is examined to determine what types of language and themes were used by supporters and opponents.

Domhoff (2010) describes the content analysis method as the “analysis of the ideology and policy preferences of the group or class under scrutiny…done by studying the written ‘output’ of strategically located people or organizations in the network, that is, texts of speeches, policy statements, campaign literature, and proposed legislation.” Content analysis can be done manually, by constructing categories that relate to the attitude or issue being studied, looking at relevant texts to see whether and how often the group’s discourse fits into those categories, analyzing these frequencies, and
comparing them to other content categories and other groups’ discourse (ibid.). It can also be done with computer programs without the use of preconstructed categories. In this study, interview data are used to construct categories. During the network analysis phase discussed on Chapter 3, interview subjects were asked not only about reputational power in Alabama but also about dominant cultural and ideological values. Questions were loosely guided by the literature about “Southern culture” but were open-ended to minimize leading or distorting interview subjects’ own perceptions and impressions. This information is used to construct “framing categories” used in analysis of the public discourse surrounding the lottery and tax reform proposals. In the current chapter, understanding dominant values and ideologies (their sources, antecedents, etc.) is less important than understanding how they are used to symbolize or frame policy. Moreover, as Snow & Benford (2005) have noted, “framing, in contrast to ideology, is a more readily empirically observable activity…neither frames nor framing processes are purely or merely mentalistic or cognitive entities [but] are rooted in and constituted by group-based social interaction” (9).

To systematically compare the occurrence of these frames in the discourse, the method described by Domhoff (2010) is employed:

Once the categories are developed, relevant texts are studied to determine the frequency and intensity of elements that fit into one or more of the categories. Then the various frequencies are analyzed by calculating averages or percentages. Finally, the averages or percentages for two or more groups are compared. Then, too, researchers can do studies to determine if there are linkages -- sometimes called contingencies or correlations -- between two or more content categories.
Thematic categories also emerge during the discourse analysis process and are integrated with existing categories. Content analysis software can also be used for word frequency searches or to determine what concepts or phrases are interconnected in different texts (in a fashion similar to Wordle, the well-known textual analysis program for popular use). Although manual analysis is slower and less quantitatively rigorous, here it is preferred to the software for a number of reasons that are explained in more detail in the next section.

As in Chapter 3, a multi-stage approach is used here so data can be triangulated. Here, the analysis is more inductive than deductive, since the goal is to understand processes rather than test hypotheses. In the first stage, interview data are analyzed in reference to the literature—i.e., for evidence that conservative values are culturally and politically predominant, as Black & Black’s research suggests. Clearly, conservative values are not necessarily predictors of inequality, but when significant inequality exists and persists such values may play a role in power’s third dimension. In the southern US, persistent inequality may take the form of racialization, as Tomaskovic-Devey & Roscigno’s research suggests; how about in Alabama specifically? Interview data are also analyzed for evidence of institutional “templates” for these characteristics. For example, Chapter 3 showed that the constitutional limitations on government provide a template for voters’ anti-tax mentality. What features, constitutional or otherwise, would provide a template for religious traditionalism or racialization? The first stage of data analysis makes these connections. These predominant cultural-institutional characteristics form the basis for content categories
that are used to analyze discursive data in the second stage. Do elites use these elements to interpret or frame policies for voters, and if so how? What types of analogies or symbols are used? Do powerful actors indeed manipulate cultural norms and values to justify the status quo?

### Table 10: Content Analysis in Two Stages

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<th>Stage 1: Internal perceptions of state culture</th>
<th>Perceived predominance of conservative values, such as religious traditionalism or anti-statism</th>
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<td>Corresponding institutional frames/templates</td>
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**Data and Methods**

As the data source, print media—primarily news articles from major Alabama daily newspapers—are used because they are readily available in electronic format, they are more likely to have reached a wide variety of Alabama voters than campaign literature or propaganda, and they show how issues were actually covered and portrayed in the media. As explained above, interview data comes from the same sources used in Chapter 3. Content analysis relied on newspaper coverage of the issues; while polls suggested that Alabamians got most of their information about the issues from television first and newspapers second, print media archives were more readily available and searchable. Actual access to these data came through the electronic database Access World News, which is a repository of U.S. news sources (excluding
magazines) searchable by coverage area, keywords, date range, and other factors. In analysis of the lottery issue, the search was limited to Alabama coverage from October 1998 through October 1999, which provided access to 10 statewide and local papers. The search was further limited to articles with “lottery” in the headline; these articles were analyzed one by one. Duplicate articles and articles about lottery issues unrelated to the education lottery proposal were removed from the analysis. In analysis of the tax reform issue, the search was limited to Alabama coverage from March 2002 through September 2003, which provided access to 15 statewide and local papers. The search terms used were “tax” OR “Riley” in the headline because the proposal was most frequently tagged as “the tax plan” or “Riley’s plan.” Many irrelevant articles had to be pruned but these broad search terms were the most inclusive.

In general, data collection erred on the side of inclusivity, incorporating editorials, letters to the editor, and photo captions along with the many news articles that provided coverage of developments in the lottery and tax reform debates. Each text was a snapshot of the framing process that voters heard and absorbed into their perception of the issue. Each text was individually read (rather than entering them all into content analysis software) as a means of getting inside the public discourse as much as possible—a fuller picture than semantic analysis alone can provide. More can be understood about the pacing of the debates, the types of rebuttals or reframing used and by who, the way voter responses are portrayed. A certain level of metanalysis of the coverage itself is also possible: the researcher learns about how the media itself framed the public discourse. Daily newspapers with wide circulation are ostensibly
“neutral” in their non-editorial reporting, but even “neutral” word choices can shape the way people think about issues. Therefore, there is value in manually reading a large body of relevant texts when doing content analysis.

**Results**

*Internal Perceptions of State Culture*

The first stage of research for this chapter was interviewing representatives of different interest groups to identify the dominant “mental models” in Alabama culture. The literature suggests that traditionally conservative values may still provide important mental models in the southern US. But in most places, pragmatic concerns seem to have trumped ideology in development policymaking, as evidenced by the balanced development strategies adopted in most of the seven states studied in Chapter 2. Although there is evidence that class-based power plays a major role in Alabama policymaking, there is not enough evidence yet to conclude that voters rejected balanced development policies for ideological reasons. That question is taken up with this chapter’s discourse analysis.

As shown in Chapter 3, the state constitution compounds class power by limiting the policymaking power of government and community. It also compounds class power by providing a traditionally conservative mental model that is consistent with other values in the culture. It is difficult to understand which came first—the institution or
the values—but in either case, the constitution seems to play a “binding” role, logically connecting values that might otherwise have remained disconnected. And, its writing may have represented a turning point in Alabama society—a “critical juncture” in the language of path dependence theory—whereby the codification and subsequent reinforcement of a particular worldview silenced competing views.

What are some of these dominant values? Traditionalism, religious morality, and racial bias were all noted in interviews in various ways (both explicit and inferred). Job creation is also an important goal. In terms of individualism, the previous chapter has already the strong aversion to taxes. Also mentioned frequently in my interviews was the sanctity of property rights, and especially, mistrust of government. The aversion to taxes appears *sui generis* in many ways, tied up in a complex mixture of practical and historical factors. The sanctity of private property rights is rooted in the state’s experience during post-Civil War Reconstruction when there was nothing to tax in the state of any value but property (personal communication, 5/27/09).

In Alabama especially, it comes from this thing we have about property, and about what that means to you as a person…there’s a thing about property in Alabama that’s not true in Mississippi, Tennessee, Georgia, Florida. (personal communication, 9/21/08)

It comes out of a real southern and to some extent…I wouldn’t call it unique, but in Alabama, a feeling over a period of time that we should never tax somebody out of their house or off their land. (personal communication, 2/14/09)

Tax aversion may also be tied to the state’s historical poverty and the strong sense that there are too few resources to undertake any major policy reforms or restructuring. In interviews the refrain “We are a poor state” was repeated by interview subjects with a
variety of different political views, so it appears to have some cultural consistency.

That sentiment excuses Alabama from greater investment in its people when most others in the region have stepped up.

People sort of had the sense that, “Well we’re a poor state,” and so they would kind of excuse things that didn’t happen or whatever, because of this dominant feeling: “Well, we’re a poor state, we can’t do this, that, or the other…we can’t afford to give those deductions that it takes to get poor people to have a progressive income tax to offset the regressive sales tax; we can’t afford it.” (personal communication, 9/26/08)

Alabamians tend to feel that, for better or worse, their state and their values are distinct, idiosyncratic. As a longtime political observer noted, “Alabama has a rather rigid belief system, almost cultic, and in that respect Alabama is more like Alabama than it is Mississippi and Georgia” (personal communication, 11/17/08). This is a trait that Alabamians appear to be proud of even while they know their state languishes at the bottom of most developmental indicators (a feeling summed up in the constant refrain, “Thank god for Mississippi!”). In terms of policy, convincing Alabama voters that “the best way to do something is the way all other states do it” is an ineffective political strategy (personal communication, 5/27/09). This sense of being proudly different and having to defend that differentness from real or perceived detractors is powerful in Alabama, and it probably contributes to the individualist mindset. Its most apparent cause is historical experience, particularly during the Civil Rights era when the state’s culture came to symbolize all that was “backward” about the South, from a national and international perspective.
The state constitution also plays a critical role in encouraging an individualist mindset that equates liberty with personal sovereignty (sometimes called “negative freedom”). How does this happen? Key features of the document limit government’s capacity and autonomy, making government appear a poor, inefficient, and corrupt steward of public finances almost by default. Taxes are low and are primarily weighted toward the unstable and regressive sales tax, generating little revenue for the state to work with. Since deficit budgets are unconstitutional, public services remain minimal and proration is a common occurrence (implemented about every three or four years; Flynt, 2002). Earmarking forces leaders to keep doling out money to entrenched interests and prevents them from proactively responding to changing needs, while minimal ethics rules contribute to pervasive backroom deal-making. Fearful that their taxes are already being squandered by the state, Alabama voters have little intention of giving their government yet more resources, even if those resources would mostly be contributed by wealthier groups and would benefit all.

If they don’t trust the government and they separate that out and they think of this as a payment and a loss and don’t have any confidence of getting anything in return, you can’t sell them anything because they have no confidence that they’ll get anything in return…they think of their taxes as a deadweight loss. (personal communication, 9/26/08)

The fact that in their minds they saw that their roads weren’t repaired, and they were equating paying taxes with roads and stuff—“Our roads are not in good shape, therefore they must be wasting our money.” And I think to a certain extent, [it’s the same for] the education system—they saw “Well, it’s not working like it should so therefore, taxes are not working.” (personal communication, 4/28/09)

Rather than a guardian of collective investment in a common future, government is seen as a source of corruption, waste, and mismanagement. Increased state resources are not equated with better functioning but with more waste. Individualist
endeavors—i.e., businesses—take on a cultural sanctity. Even where the mental model provided by the constitution seems to conflict with anti-statist ideology, these conflicts appear to have been reconciled within the culture. For example, one would expect preference for local control where the state has historically clashed with centralized power in the form of the federal government. But since the centralized decision-making structure that exists is at least held accountable through earmarking; it would be much harder to control local governments so voters have not clamored for home rule.

We don’t want the Feds to have too much control; we think that’s bad, but we are willing for there to be that much control at the state level, and actually can allow ourselves to be duped into thinking that somehow, this is the way to do it; somehow, to change it from that way is going to mean raising your taxes. That all they’re wanting to do by moving that control back down is to have the ability to raise your taxes. (personal communication, 9/20/08)

One important effect of keeping local leadership “neutered” is a sense of dependence, especially in relation to jobs. In Alabama, job creation is of paramount importance, especially because of the “poor state” mentality. Interestingly, jobs are not perceived as something that local people create but something that must be “brought” by government, especially outside the wealthier metropolitan areas. Again, the constitution plays a role: in preventing communities from even the most basic tasks of self-government (such as making zoning laws, funding local scholarship programs, raising court fees, or establishing storm water authorities—all common examples I learned about), local capacities and resources are low. But the effect is ideological as well:

In rural Alabama you will find a lot of that “Somebody’s looking out for me”…people think that the Alabama Development Office, which is the
recruiting arm for the state, they think that they’re going to bring them projects… we have the old-school thought of, "Well, I’ll just call the Governor, and the Governor will send somebody down to help me." (personal communication, 5/14/09)

A pulp and paper plant [closes] and it’s…“someday something’s going to come around, and I can live off unemployment for a bit,” and for several months they figure they can make that and something will come around or a plant will start again; that’s their mindset. (personal communication, 4/22/09)

More specifically, government brings jobs by clearing the way for private investment.

The state’s success in recruiting automobile manufacturers between the early 90s and 00s certainly reinforced this mentality. Although it took a huge commitment of public money to get the Mercedes plant in 1993, the prevailing conclusion is that it was worth it to put the state on the map industrially. If Alabamians are going to gamble with government, this type of immediate payoff seems to be a requirement.

[It’s] a very different model, to say we’re going to raise gasoline taxes by a penny, or we’re going to have a sales tax dedicated to economic development, and we’re going to raise it here and we’re going to spend it here—it’s a very different concept than saying, we’re going to raise property taxes and send that money to Montgomery. (personal communication, 5/27/09)

If you call it economic development around here, it’ll fly. So normally…if [people] think it’s jobs-related they’re likely to vote for it, and particularly if it appears to be free to them and taxes somebody else, or if it takes money from the oil and gas fund, people will vote for it. (personal communication, 10/8/08)

Ironically, it is government itself that reinforces these themes most visibly, repeatedly making the connection to the small-government frame established by the state constitution. Most candidates for office willingly sign a “No Taxes” pledge, which established a norm implying that the institution is unworthy of the public trust. During campaigns and once in office, it appears, public officials exploit the theme out of self-interest.
Governor Riley ran on a platform of opposing waste in government. His opponent at the time, [Democratic] Governor Siegelman, also ran on the same platform. The Republican prior to him, Fob James, also was noted for wonderful comments like “What do we need to pay state employees for? If you can manage a Waffle House, you can run state government.” (personal communication, 9/16/08)

White legislators, black legislators…the speech is always the same. The speech is, “This legislature is awful. These people I work with are the biggest pack of clowns in the world. It’s terrible, you can’t trust them, blah blah blah”…Then, it always pivots around: “You’ve got one defense against these morons, and that’s ME. I’m your knight in shining armor.” And people are getting this all over the state, decade after decade after decade. (personal communication, 9/10/08)

Part of what is being articulated here is the avoidance of uncertainty, change, and risk. This is a savvy strategy by political leaders because it taps into the strong sense of traditionalism present in mainstream Alabama culture. There is a sense that it is better to follow in an established path of behavior than to risk a novel approach just for novelty’s sake. The feeling of “sticking with what you know” may be tied to the relative lack of new in- and out-migration that Alabama has experienced for much of its history; rural Alabama in particular is still a place where many of the older generation have not left the state and are unfamiliar with novel experiences (personal communications, 5/14/09, 9/19/08). It may also be tied to a strong sense of shared identity over the generations, an imagined community where most people have had similar experiences and share similar moral values. Traditionalism may also contribute to a distinction between “outsiders” and “insiders;” a clannish mentality can be quite strong, especially but not only in the rural areas.

I’ve heard—you could pick any city I represent down there and people will say, “I’ve lived here, we moved here with my family 30 years ago.” [A man I spoke to] is 35 years old, and he goes, “Man, I’m still an outsider.” This guy owns a fairly decent-sized company that employs 45, 50 people. He goes, “I’m an outsider.” (personal communication, 5/14/09)
As a native Alabamian, where can I say I would really, really want to live that is really accepting of people that don’t look at color of skin, don’t look at religious beliefs, don’t look at sexual preference—where can you go? And you look at these things and you go, “Damn…we don’t have one of these [places].” (personal communication, 5/14/09)

“Outside people…don’t know that ‘you’re not supposed to do that because the Smiths have always been the only ones who did that’… it’ll be 12 generations before they can say “we’re from here.” (personal communication, 10/20/09)

Whatever the origins of this ideology, there are clear cognitive parallels to the constitutional structure and its constraints on change or new courses of action, with a significant effect on policymaking. As the following ideas frequently voiced in interviews suggest,

If an Alabama voter has a choice between a future he’s not sure about and a past he doesn’t like, he’ll opt for the past. (personal communication, 9/16/2008)

The attitude in this state is, “Good enough.” The attitude is, “If it was good enough for my grandpappy, it’s good enough for me; don’t rock the boat and let’s not make any changes; I am comfortable with what I’ve had.” (personal communication, 10/8/08)

[Alabamians] are used to a way of life that—there are many people that will tell you, this was good enough for me, and it’s good enough for my children. They resist change and they don’t have a lot of faith that—most of the messages that resonate in this state are anti-government. (personal communication, 2/14/09)

One powerful source of tradition with the state “community” is religious faith. Alabama has a high rate of religious adherence (defined as attending services regularly; ARDA, 2010): 74.4% in 2000, with highest adherence rates among Southern Baptists (310 adherents out of every 1000 residents), Methodists (74 adherents out of every 1000 residents), and Catholics (34 out of 1000). Judaism and Islam only have about 2 adherents per 1000 residents. There is a spatial element to
religious adherence: of 67 counties, the 19 that are at least 50% Evangelical Protestant are concentrated either in a band across the northern third of the state or a cluster at the southeast. Concentrations of Methodists, Catholics, Muslims, and Jews are found, not surprisingly, in the university counties. Some interview evidence suggested that denomination matters less than adherence in terms of public opinion; the strength of one’s devoutness may override more particularistic beliefs. As one longtime state pollster said,

“‘I’m absolutely—I’m not convinced, I can just tell you, I have quit using any other measure: Protestant, Jewish, Catholic, or whatever. How often one attends church is the single most powerful faith variable there is. That’s related to everything else. And it doesn’t matter what the religion is.’

(personal communication, 11/19/08)

More frequently, the Alabamians interviewed here seemed to believe that denomination does matter, with conservative Christianity being dominant. Its central role in the culture is evident in its permeation of public life; while the infamous “Ten Commandments” monument was removed from the state judicial building in 2003, it remains “a common tradition” to open city council or school board meetings and school sporting events with a prayer led by a public official or a visiting minister, typically evangelical Protestants (Garrison, 2010). During political campaigns, candidates make regular stops at church services to make their speeches from the pulpit and “the business-oriented, growth-oriented conservatives, even the moderate Democrats, [have learned] how to talk the authentic church talk” in order to stay politically competitive (personal correspondence, 9/10/08). Not only devout candidates in general but conservative Protestants in particular appear to stand a better
chance of being appointed or elected to public office, at least in the public’s perception.

For example, when one of the fights occurred over who would be president of [a state university], one of the things said against him is, “He’s not Baptist; he’s Church of Christ.” That got pushed out through the [church] networks. So it matters to these people which church the leadership belongs to. (personal communication, 9/10/08).

The need to know leaders share one’s moral values connects back to the low levels of trust in the institution of government. It’s evident that these two ideologies are connected: as a government services researcher put it, “Two things here: you’re going to be Christian, and you’re going to sign the No Tax pledge. The two are the same, as far as [the voters] are concerned” (personal communication, 9/16/08). Mistrust of government obviously does not originate in conservative Protestantism, although there is an ideological affinity perhaps linked by individualism. As Emerson & Smith (2000) have discussed, an individualist theology provides the same “mental model” as an individualist socio-economic philosophy. Religion itself seems to be an independent source of value in Alabama culture, but in interesting ways the dominant religion promotes the same value system as the state constitution.

Issues of race also connect in interesting ways to this value system. Though anti-statism appears powerful among both blacks and whites, there does appear to be an element of “racialization” in the way it is interpreted, relating particularly to education. A major part of what state government does is fund public education; education was a racial battle ground during the 20th century and continues to be probably the main element of racialization in the state—a circumstance that is widely
understood yet rarely discussed openly. Alabama is the 8th most segregated state for African Americans, with 44% of black students in extremely segregated schools (Orfield & Lee, 2007). More than a matter of geographical distribution, this resegregation has to do with white flight—not only from school districts but from public schools, especially those with high black student populations. A number of interview subjects either alluded to or openly spoke about the flight of not only upper class but middle- and working-class students to “private” white schools.

Where when you get into South Alabama particularly in the rural areas you have lots of “academies.” And I can honestly say, I can’t tell you that the academies are any better than the public school system, so there’s obviously other reasons people might send their children there…(personal communication, 5/14/09)

The whites have left all the public schools…And you will have [white] people who are very, very poor who will be sending their kids to private school, and some people in the community will help them pay so they can go to private schools. And these are not quality private schools; these are just private schools. And there is—I wish I didn’t think this way, but race is at the bottom of it. (personal communication, 10/2/08)

The elephant in the room is the public education system. Most of the places that we work are still for all practical purposes segregated into the Christian white school and the minority African American and Hispanic public schools. And they’re not getting equal education. Now, I look sometimes and I wonder whether the private school has a better education…(personal communication, 10/20/09)

Especially for poorer white families that have left the public schools, having to paying taxes for an education system in which they are no longer invested may be an unwelcome burden. While this chapter does not argue that the cause of school re-segregation is racialization (although there are many who would argue that point), the effect of school re-segregation is decreased support for the public school system, continually poor education outcomes in many of the districts, and ultimately the sense
that predominantly-black schools are somehow a bad public investment. The conservative distaste for the powerful teachers’ union may also contribute to the negative connotation that the public sector has for many Alabamians who would never consider themselves racially prejudiced.

In general interviews suggest that a significant thread of traditional conservatism runs through the state “mindset” even across partisan lines. At the same time, job creation is an important concern. It is still unclear to what extent these two value sources affect political behavior. This chapter’s analysis also suggests that Alabama’s state constitution is a key institutional component reinforcing the effects of class-based power, yet the actual mechanisms of this reinforcement are still unclear as well. Clemens & Cook (1997) have claimed that institutions are not just rules and organizations but “cultural templates” that provide models for perception and action. They are durable because of path dependence, which can make power asymmetries more and more hidden over time. But their durability is also magnified where they provide ideologies consistent with other values. Class-based power theories would expect economic elites to make those connections for voters—in effect, “filtering” policy proposals through the lens of a coherent ideology that serves elite interests. Is there evidence that elites did so during periods of public debate over socio-economic policy? The next section of results looks at this question.

*The Development Discourse*
Using secondary data and discourse analysis, this section explores the discursive mechanisms used in recent public debate over development policies that would have brought more balance to the state’s development profile, including greater investment in human capital and more progressive and stable taxation. The major recent proposals were for the education lottery (in 1999) and for tax reform (in 2003). Both would have amended the state constitution so both were put to the voters in special elections. Interview data suggested that particular themes or recurrent messages would appear, both coded and uncoded—such as “traditional” or moral values. This section finds that elite opponents of policy reform drew upon themes of individualism and traditional authority, reflected in powerful value sources of conservative Protestantism and racial identity, to construct voter opposition. Because key conservative values correspond to the ideological “model” provided by the state constitution, conservative political interests have a discursive advantage with voters when they tap into these deep-seated value systems. State government’s low capacity and corporate liberalism’s lack of resonance make New Economy policies unlikely to prevail against such opposition.

The Education Lottery Proposal

The education lottery was the centerpiece of Candidate Siegelman’s campaign for governor of Alabama. If elected, he promised that he would implement a state lottery with proceeds going to a Georgia-like college scholarship program, prekindergarten programs, and new computers for public schools (Bobbitt, 2007). Polls during the gubernatorial campaign showed that two-thirds of voters supported the lottery idea and
Siegelman’s 16% margin of victory seemed to suggest they were ready to let him put it into action. Before the proposal could be approved by voters, the state Legislature had to agree to put it on the ballot. The House passed the proposal by a large margin; in the Senate, opponents filibustered but eventually passed it by three votes (ibid.). The subsequent campaign for public opinion was marked by a vigorous speaking tour by Siegelman and prominent support from the Alabama Education Association and several well-known business leaders in the state. The opposition was at first somewhat inchoate but eventually became dominated by religious groups such as the Alabama Baptist Convention and Alabama Christian Coalition (ibid.). Throughout the campaign, polls repeatedly showed that at least 60% of the voters supported the lottery, but in the last few weeks before the vote, support dropped drastically.

A list of all the political action committees registered with the Alabama Secretary of State in 1999 was generated. The opposition PAC that received and disbursed the most money that year was Citizens Against Legalized Lottery (CALL), whose state purpose was “to oppose the lottery referendum vote in the State of Alabama on October 12, 1999”; $1,652,139 flowed through that group’s coffers (Alabama Secretary of State, 2010). Most of the large organizational contributors were socially and/or economically conservative ideological groups. Most groups were local, but a few—significantly, Americans for Tax Reform, which was later implicated in an anti-gambling lobbying scandal, as discussed above—were national. The support PAC that received and disbursed the most money that year was the Alabama Education Foundation, whose stated purpose was “to provide information to the people of the State of Alabama of
the benefit to be gained from the establishment of an education lottery & to obtain public support for such lottery;” the group had $4,899,148 in contributions during 1999 (ibid.). The business community was also a major supporter, including Alabama Council of College and University Presidents, the Business Council of Alabama, the Economic Development Association of Alabama, the Alabama Retail Association, and the Montgomery Area Chamber of Commerce.

Evaluating the types of appeals that each side used helps in deciphering what messages are most resonant with voters. Analysis of print media coverage from Siegelman’s announcement of his plan through the vote (Jan. 1998 through Oct. 12, 1999) shows that negative messages were mentioned more frequently than positive mentions by a margin of two to one. About half of the newspaper editorials during the period were positive (30) and half were negative (33). In editorials and news articles, the opposition theme mentioned most frequently was the appeal to conservative principles and morals. Opponents equated the lottery with gambling (“the gambling bill” rather than the “lottery bill”) and based their appeals on opposition to gambling in general. Most frequently, they argued that gambling leads to addiction and is morally wrong. Some who were worried about gambling’s regressive effect argued that it preys on the poor and/or that more investment in education was needed, but progressive plans like tax reform should be the way to do it—an appeal that resonated with more liberal voters.
More often, concerns for the poor were more related to sin. A typical quote from a Baptist pastor was “[The Ten Commandments] says ‘Thou shalt not covet.’ When people become compulsive gamblers, gambling becomes their god. That’s against the first commandment” (Garrison, 1999). The moral message from church leaders was directed both at government, which would enable and encourage the sin of gambling, and at those who would try to “get rich quick”: “It destroys lives; it destroys the work ethic. What the government is teaching is you can get something for nothing. The Bible teaches we’re to be givers, not takers. The lottery changes us from givers to takers. It's fueled by greed” (ibid.).

Interestingly, a frequently-used strategy (11.4%) was to rhetorically connect opposition with the good reputation of opponents (particularly churches and the Alabama Farmers’ Federation). In a situation where voters might be unsure about the specifics of the proposal, they could thus rely on the (non)endorsement of groups they trusted. This “trust the authorities” frame was presented to voters in an ALFA newsletter: “Our state senators and representatives are elected to make tough decisions based on the facts presented and on what's best for our state...It isn't likely that the general public will have all the facts on an issue as complicated as this” (The Cultivator, 1999).

The other most frequently used message appealed directly to risk aversion and anti-statism; opponents suggested that it represented a power grab and that the money would not be used in the way the administration promised. In a state with such a
strong cultural predisposition toward religious morality and mistrust of government, these messages must have resonated strongly. Another strategy was to discredit the plan itself, not the principles behind it. Some opponents argued that the plan wouldn’t actually generate enough money to fund the planned scholarships or that the scholarships wouldn’t end up going to the most needy students. Whatever the intent, those who framed the proposal in such ways drew upon the idea that no change was preferable to risky change. There were a small number of appeals to self-interest as well—for example, some argued that retail- and service-oriented businesses would suffer as people spent their discretionary cash on lottery tickets instead. Overall, voters were exposed to negative assessments of this development proposal more often than positive assessments.

Among supporting themes, most frequently used were appeals to pragmatism. Supporters emphasized the problems with the state’s underfunded education system and said a lottery would be the only way to raise the needed revenue without raising taxes. With this type of appeal supporters tried to show that it was impossible not to act and that this plan was the only palatable one that would be presented to them. Proponents also noted that Alabamians were already playing the lottery in Georgia and Tennessee, thereby spending millions to educate those states’ students: “[Supporters] know that Alabamians have spent hundreds of millions of dollars playing the lottery in other states. They want to keep that money here in Alabama to give our kids college scholarships, prekindergarten and classroom technology” (Demonia, 1999). The second-most frequently mentioned themes appealed to populism, but not in the anti-
statist sense deployed by opponents. One major rationale, used during the
Legislature’s deliberation on whether to put the item on a ballot, was simply to let the
people vote. This rationale did not engage with the substance of the proposal, but
successfully removed procedural obstacles, giving supporters more time to make their
pitch.

Supporters reframed another message that their opponents had co-opted—the appeal
to principles and morals. While opponents had suggested the lottery would cause
broken families through gambling and addiction, supporters tried to argue precisely
the opposite: that it would prevent broken families by creating jobs. This typical quote
from Siegelman illustrates the way the moral appeal was framed: “My message to the
opponents of the education lottery is simple. You ought to be ashamed of yourselves;”
the same article noted that his pro-lottery campaign charged a mayoral opponent with
“neglecting his poorest constituents” (Orndorff, 1999). Perhaps surprisingly, the
appeal to morals was used much less frequently by lottery supporters than by
opponents. Another seemingly obvious pitch was for economic development, but the
connection between better education and better jobs was rarely made by proponents
(or more precisely, this type of pitch was rarely mentioned in print media). Siegelman
framed the issue this way on several occasions (for example, “We're talking about
changing education in this state forever, giving our kids the chance to learn the skills
for the 21st century so they can build rockets, too;” Faulk, 1999), but given the
cultural resonance of job creation, it is surprising this frame was not used more often.
Ultimately the majority (54%) rejected the lottery (White, 1999). Siegelman had campaigned on the lottery platform in 1998 and majorities in 56 of the state’s 67 counties elected him. But counties that he had easily carried in 1998 soundly rejected the lottery or only narrowly approved it (DeMonia & Gordon, 1999.)

Table 11: Campaign Rhetorics Deployed For and Against 1999 Education Lottery Proposal

<table>
<thead>
<tr>
<th>Opposition Themes</th>
<th>Freq</th>
<th>%</th>
<th>Support Themes</th>
<th>Freq</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Mentions</td>
<td>280</td>
<td>64.2%</td>
<td>Total Mentions</td>
<td>156</td>
<td>35.8%</td>
</tr>
<tr>
<td><strong>Appeal to Conservative Principles</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morally wrong/sin</td>
<td>27</td>
<td>9.6%</td>
<td>Let the people vote</td>
<td>27</td>
<td>17.3%</td>
</tr>
<tr>
<td>Gambling/addiction</td>
<td>62</td>
<td>22.1%</td>
<td>Opponents allied w/out-of-state interests</td>
<td>7</td>
<td>4.5%</td>
</tr>
<tr>
<td>Free money/get-rich-quick scheme</td>
<td>7</td>
<td>2.5%</td>
<td>Subtotal</td>
<td>34</td>
<td>21.8%</td>
</tr>
<tr>
<td>Opposed by churches, ALFA</td>
<td>32</td>
<td>11.4%</td>
<td><strong>Appeal to Progressive Principles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>128</td>
<td>45.7%</td>
<td>Children/families</td>
<td>17</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>Appeal to Progressive Principles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regressive/preys on poor</td>
<td>51</td>
<td>18.2%</td>
<td><strong>Pragmatism</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplants equitable tax system</td>
<td>7</td>
<td>2.5%</td>
<td>Only way to fix education (w/o raising taxes)</td>
<td>19</td>
<td>12.2%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>58</td>
<td>20.7%</td>
<td>$ going out-of-state</td>
<td>27</td>
<td>17.3%</td>
</tr>
<tr>
<td><strong>Deficient /Risky Plan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specifics unknown</td>
<td>15</td>
<td>5.3%</td>
<td>Subtotal</td>
<td>68</td>
<td>43.6%</td>
</tr>
<tr>
<td>Won't generate enough $</td>
<td>16</td>
<td>5.7%</td>
<td><strong>Progress/Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other plans better</td>
<td>3</td>
<td>1.1%</td>
<td>Economic development</td>
<td>10</td>
<td>6.4%</td>
</tr>
<tr>
<td>Could suck $ from budgets</td>
<td>4</td>
<td>1.4%</td>
<td>Subtotal</td>
<td>10</td>
<td>6.4%</td>
</tr>
<tr>
<td>Uncertainty about merit scholarships</td>
<td>8</td>
<td>2.9%</td>
<td><strong>Classic Campaigning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>46</td>
<td>16.4%</td>
<td>Strong voter support</td>
<td>21</td>
<td>7.5%</td>
</tr>
<tr>
<td><strong>Anti-statism</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Big government/tax increases</td>
<td>4</td>
<td>1.4%</td>
<td>Subtotal</td>
<td>27</td>
<td>17.3%</td>
</tr>
<tr>
<td>Corruption/power grab</td>
<td>30</td>
<td>10.7%</td>
<td><strong>Hypocrisy/scare tactics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will go to other projects</td>
<td>3</td>
<td>1.1%</td>
<td><strong>Economic development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>37</td>
<td>13.2%</td>
<td><strong>Paternalism</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No dog track provisions</td>
<td>2</td>
<td>&lt;1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail stores not compensated</td>
<td>4</td>
<td>1.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad for business</td>
<td>1</td>
<td>&lt;1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>7</td>
<td>2.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Paternalism</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Don’t let people vote on bad policy</td>
<td>1</td>
<td>&lt;1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lottery winners unhappy</td>
<td>3</td>
<td>1.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>4</td>
<td>1.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Tax Reform Proposal

The tax reform proposal of 2003 also received an enormous amount of media coverage due in part to the advocacy of the Governor at the time. Republican Governor Bob Riley was a conservative Protestant—a Baptist—who had been influenced by an influential thesis written by a law professor completing divinity school in Birmingham. The thesis concluded that Alabama’s regressive tax policy fundamentally conflicted with Judeo-Christian moral principles, and suggested that political leaders unwilling to seek reform were violating their own ethical principles (in effect, a charge of hypocrisy):

“From [the] biblical texts two broad moral principles of Judeo-Christian ethics emerge, which provide a theological foundation for the ethical evaluation of the tax structure and funding of the public schools in Alabama. These ethical principles forbid the economic oppression of low-income Alabamians and require, not only that their basic needs be met, but also that they enjoy at least a minimum opportunity to improve their economic circumstances and, consequently, their lives” (Pace Hamill, 2002).

This charge affected Riley, as did his realization that his Democratic predecessor had not been lying about the state’s dire budgetary straits—government had cut all the spending it could and there was still not enough revenue to make ends meet (personal communication, 1/14/09). At the same time, a number of influential business leaders in the state who had recognized the need, from an economic development standpoint, for a more educated workforce saw that their chance to press the issue with the voters would be much better under the leadership of a Republican governor (ibid.). Riley and his team formulated a proposal for significant and progressive policy reform: by reducing the rate of income, sales, and property tax paid by low-income brackets and
increasing rates paid by wealthy individuals and corporations, they would raise $1.2 billion, about half of which would have gone to closing the state’s deficit and the rest to various education initiatives (most significantly, a college scholarship program similar to those in neighboring states). The plan called for leaving the new tax dollars un-earmarked (Gurwitt, 2003).

The campaign for public opinion followed a similar path as that of Siegelman’s development proposal. In this case, corporate leaders were much more prominently in favor of the policy, even sending the president of the Business Council of Alabama to head the major support campaign. Allied with the business community’s customary opponents—the Alabama Education Association, the loose coalition of low-income advocacy groups led by Alabama Arise—and most Democrats, the pro-reform campaign seemed to have the advantage. The opposition was composed of anti-tax groups like the Alabama Farmer’s Federation and the Small Business Association, and parts of the conservative Christian community—while the Alabama Christian Coalition was a major and prominent opponent, the Baptist umbrella organization formally endorsed the reform proposal. How did voters feel prior to their exposure to these groups’ framing of the plan? Data from the May 2003 Capital Survey Research Poll (N=593, SME=+/4%) show that between 50 to 70% of voters supported the plan as it had been submitted to the Legislature. Before any specifics were given, 52% responded that they would definitely or probably vote for the plan. After specifics were given, support for the plan dropped to 49%. Yet by the end of the poll, 70% responded that they would definitely or probably vote for the Governor’s plan to
“reform the state, solve the state’s financial problems, and prevent cuts in education, health care, public safety, and other state programs and services” (Capital Survey Research Poll, May 20-28, 2003). To an open-ended question on why they would vote for the plan, 24% said education, 19% said change was needed, 15% said they liked the plan, and 12% said money was needed. On why they wouldn’t vote for it, 27% didn’t like the plan, 19% said they didn’t understand the plan, and 14% said taxes (ibid.)

Analysis of print media coverage from Riley’s announcement of his plan through the vote (Jan. 2002 – Oct. 2003) shows that, in this case, positive messages were mentioned more frequently than negative mentions by a margin of 3 to 2. Editorials and opinion pieces specifically were far more positive, by a margin of 4 to 3 (75.8% positive to 24.2% negative). As with the education lottery proposal, the types of messages that the opposition deployed most often appealed to principle rather than substance. In particular, the reform plan was presented as a violation of conservative economic principles: a typical framing of the issue, here by the former state Republican Party chairman, claimed that “the Republican Party has a few cornerstones. One of them is lower taxes, less government. We are taking the wrong road. I do not see any difference between the Democrat and Republican party” (White, 2003). The implication that essential principles were at stake was seen in headlines like “Tied in Knots: Fiscal crisis has turned into battle for Alabama's soul” (Russakoff, 2003) and in quotes like this from a Republican lawmaker: “The party can only be
strong if it has a consistent ideology…if this tax plan passes, it will greatly obfuscate our ideology, and the party will be weaker” (Barrow, 2003).

Opponents also pointed to specific dangers in violating these principles—in particular, they claimed that the people were already taxed enough and this type of development plan would open the door to increased taxation. They also claimed that such an increase in taxation would take money out to the economy and weaken it: a typical quote from the Alabama Farmers’ Federation was “We want Alabama to move forward. We think this tax plan is going to be so heavy and be such a large tax increase that it's going to hurt the economy and hold the state back” (White, 2003), and they concluded that voters wouldn’t approve a tax increase plan. They also argued that taxation—even the progressive kind—hurts everyone, because when you tax wealthy businesses or people, they will simply pass those increases onto consumers. This reifies market processes and implies that people should never try to control them. Some allusions to socialism, class warfare, and economic individualism were also made.

Anti-statist themes also figured heavily in opponents’ discourse, especially arguments that budget deficits were a result of wasteful spending in Montgomery rather than structural flaws in the tax code. Government was also accused of providing misleading figures to scare voters: the “chicken little” explanation. The theme of risk and uncertainty was also used to point out the flaws in collecting unearmarked revenue: the State Republican Chairman said he was “not a Neanderthal against progress, but
he does not trust the Democratic ‘gorilla’ in the Legislature to properly manage the funds that would be generated by Gov. Bob Riley's tax and accountability package. ‘I don't trust the Legislature and the teachers’ union that controls the Legislature…with $1.3 billion in unearmarked dollars,’ he said” (Gordon, 2003).

Ostensibly neutral parties, such as churches and religious groups, heavily leaned on the theme of risk to excuse themselves from taking a position: as one Baptist pastor explained, “I don't see this as clearly a moral issue that we need to campaign on. I agree that there needs to be tax reform. I don't think there's any question about that. The question is whether this proposal here is the best way to do it” (Garrison, 2003). Part of what is being maintained in such a statement is also the separation between church and state; another pastor was quoted in the same article as saying, “I do not foresee preaching a sermon on it. You could preach either for it or against it from the Bible, but you have to be careful not to wrap any flag around the cross, because that's not where it belongs.” Some religious groups (most visibly, the Alabama Christian Coalition) did come out clearly against the plan, but tended to frame the issue in economically conservative ways.

The direct appeal to self-interest also played a significant and strategic role in the opposition’s rhetoric. Along with the Farmers’ Federation and Forestry Association, the state Small Business Association was a major actor in this framing of the issue, and had vocal support from several types of small business owners that themselves would have been affected by the tax reform (like landlords and auto-repair shops).
Particularly during the last few weeks before the vote, these opponents emphasized the harm the plan would visit on small businesses, farmers, homeowners, and consumers; for example, “Officials at Alfa Insurance Companies predicted Wednesday that Gov. Bob Riley's tax plan would cause insurance rates to rise, mostly because of a new tax on car repairs” (Chandler, 2003). The self-interest argument emphasized the plan’s effects on renters and car owners, perhaps in appeal to low-income voters.

Supporters of the plan used many of the same themes to frame tax reform in the opposite way—as the Christian choice and a needed investment in the state’s future. The theme of progress and development was deployed most frequently by proponents seeking to shape voter preference. Alabama’s below-average education system is well-known to voters, and reform advocates framed Riley’s proposal as a major overhaul and historic change to this system. They argued that only a change on the scale proposed would move Alabama up from its perpetual last-place position in student achievement. To wit: “Riley's plan aims over the next several years to drag Alabama from the depths of national rankings by investing in education, such as fully funding the acclaimed Alabama Reading Initiative and a similar math, science and technology initiative, and creating a college scholarship program for students who qualify” (Birmingham News Editorial Board, 2003). The state’s last-place distinction in taxation was also highlighted as a barrier to progress; a frequent pro-reform theme was Alabama’s 48th-place ranking in state and local taxes in 2000. Supporters pointed to evidence like “a federal study that showed average farm and timber property taxes
in Alabama were $1.25 per acre in 2001, compared to a Southeastern regional average of $5.50 and national average of $7 that year” (White, 2003).

The economic development theme was mentioned somewhat infrequently given its role in convincing major business leaders to call for tax reform. In talks around the state, the leadership of Alabama Power (in many ways the most powerful corporation in the state) explained that the plan was good for jobs: “[CEO] Charles McCrary said revenue generated by the tax package could help turn around the state's economy through economic-development initiatives…‘I tell you that with all of the problems we have with the sluggish economy, economic opportunities coupled with the competition and problems in education, the old status quo won't work anymore’” (Williams, 2003). Support for this argument also came from the much-respected head of the Alabama Development Office, who had been instrumental in bringing auto manufacturing jobs to the state: “Alabama's top industry hunter said Monday that his office will be ‘neutered’ if Gov. Bob Riley's tax package fails to pass a Sept. 9 referendum,” (Tomberlin, 2003). But either supporters failed to deploy this theme often or newspapers failed to cover it often, because it only showed up in 6.1% of all coverage of the pro-reform argument.

Almost as frequently mentioned as “progress” was “pragmatism.” State officials in various agencies noted that they would have to make drastic cuts in employment and services if the plan failed to pass. The often-repeated figure quoted was a $675 million budget shortfall without significant revenue increases. Supporters attempted to
illustrate the severity of the state’s problems by suggesting, for example, that inmates might have to be released from prison. They framed the issue as a crisis and a structural problem, not just a matter of temporary shortfall; according to a state aide, “The message that the governor has been giving to people from Day One, that we have a deep, profound, severe financial crisis, is very true” (White, 2003). Analogies to running a business were sometimes used to show how logical the proposal was; according to a Riley spokesperson, “It is what any businessman would do when taking over a company: go in and cut what you can cut, and then identify where we need to make the investments to be competitive” (Spencer, 2003).

The pragmatism case was often made with the argument that there was no better option—that there was no such thing as a “free lunch.” Related to the crisis message was an appeal to self-interest. Numerous statistics were quoted to show that most taxpayers, especially low-and middle-income taxpayers, would end up paying less through reform—but again, this seemingly bulletproof argument was mentioned only 6.7% of the time. Populist messages appealed to a sense of justice: the state had allowed special interests like businesses and corrupt legislators to go on exploiting loopholes and avoiding accountability. Problems could be fixed if everyone started to pay their fair share. Those who opposed the plan were big businesses that stood to lose most in being forced to step up.

But the centerpiece of the pro-reform argument was the appeal to morality—particularly Christian morality. The tax reform plan received national news coverage
in large part because of the incongruity of a conservative, Republican, Baptist
governor not only calling for a significant tax increase on wealthy individuals and
corporations but because he said it was the Christian thing to do. A typical claim,
especially early on in his campaign, was that “According to our Christian ethics, we're
supposed to love God, love each other and help take care of the poor. It is immoral to
charge somebody making $5,000 an income tax” (USA Today, 2003). This argument
tended to be made by Riley or by other “formally” religious laypeople like Susan Pace
Hamill, a local law professor and divinity student whose M.Div. thesis first called
attention to the hypocrisy of the state’s regressive tax system. In a widely-reproduced
editorial, she reasoned that “The most compelling reason to vote yes on Sept. 9 is that
we have no other moral alternative, given that most of us claim the teachings of Jesus
Christ as the moral compass guiding our lives” (Pace Hamill, 2003). More often,
though, supporters pointed to the regressive nature of the state’s tax system, with its
low income threshold and its reliance on sales tax, than to this hypocrisy—a more
neutral and less emotionally charged argument.

After exposure to months of positive and negative rhetoric, voter support for the plan
had dropped considerably. A Birmingham News poll in late July shows that, among
those with household incomes under $30,000, 58% were against and 27% were for the
plan. By September 2003, 25.1% of a voter sample surveyed in the Capital Survey
Research Poll indicated that they would vote to approve the plan and 50.2% said they
would vote against it; 19% remained undecided. While 55% of voters still believed
<table>
<thead>
<tr>
<th>Opposition Themes</th>
<th>Freq</th>
<th>%</th>
<th>Support Themes</th>
<th>Freq</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td>Total Mentions</td>
<td>365</td>
<td>40.4%</td>
<td>Total Mentions</td>
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<td>59.6%</td>
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<td><strong>Anti-statism</strong></td>
<td></td>
<td></td>
<td><strong>Appeal to Progressive Principles</strong></td>
<td></td>
<td></td>
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<tr>
<td>Wasteful spending in Montgomery</td>
<td>63</td>
<td>17.3%</td>
<td>Regressive/reduce unfairness</td>
<td>91</td>
<td>16.9%</td>
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<tr>
<td>Big business/tax break to Alabama Power</td>
<td>5</td>
<td>1.4%</td>
<td>Un-Christian/immoral</td>
<td>30</td>
<td>5.6%</td>
</tr>
<tr>
<td>Figures are wrong/scare tactics/deception</td>
<td>23</td>
<td>6.3%</td>
<td>Democracy requires trust in lawmakers</td>
<td>2</td>
<td>0.4%</td>
</tr>
<tr>
<td>Special interests</td>
<td>8</td>
<td>2.2%</td>
<td>Child welfare needs</td>
<td>1</td>
<td>&lt;1%</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>99</td>
<td>27.1%</td>
<td><strong>Subtotal</strong></td>
<td>124</td>
<td>23.0%</td>
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<td><strong>Reputation</strong></td>
<td></td>
<td></td>
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<tr>
<td>Shouldn't punish those who are successful</td>
<td>3</td>
<td>&lt;1%</td>
<td>Governor is trustworthy/courageous</td>
<td>2</td>
<td>2.0%</td>
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<tr>
<td>Tax increase/taxed enough/will lead to more</td>
<td>55</td>
<td>15.1%</td>
<td>Subtotal</td>
<td>11</td>
<td>2.0%</td>
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<tr>
<td>Taking $ out of state economy/will weaken</td>
<td>23</td>
<td>6.3%</td>
<td><strong>Pragmatism</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Big government/socialist</td>
<td>4</td>
<td>1.1%</td>
<td>Fiscal crisis/basic svces underfunded</td>
<td>116</td>
<td>21.5%</td>
</tr>
<tr>
<td>Poor are not gov't responsibility</td>
<td>6</td>
<td>1.6%</td>
<td>No &quot;free lunch&quot;/no better choice</td>
<td>13</td>
<td>2.4%</td>
</tr>
<tr>
<td>Violates Rep/conservative principles</td>
<td>10</td>
<td>2.7%</td>
<td>Tax code not able to keep up with change over time</td>
<td>2</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Class warfare</td>
<td>2</td>
<td>&lt;1%</td>
<td>Sales taxes too volatile</td>
<td>7</td>
<td>1.3%</td>
</tr>
<tr>
<td>Property rights</td>
<td>3</td>
<td>&lt;1%</td>
<td>Will reduce earmarking</td>
<td>10</td>
<td>1.9%</td>
</tr>
<tr>
<td>Economic growth provides school $</td>
<td>2</td>
<td>&lt;1%</td>
<td>Counties need home rule</td>
<td>4</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Supports not good Christians</td>
<td>3</td>
<td>&lt;1%</td>
<td>Subtotal</td>
<td>152</td>
<td>28.2%</td>
</tr>
<tr>
<td>Not involve churches in politics</td>
<td>3</td>
<td>&lt;1%</td>
<td><strong>Progress/Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voters will reject this type of policy</td>
<td>25</td>
<td>6.9%</td>
<td>Education funding needs</td>
<td>69</td>
<td>12.8%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>129</td>
<td>35.3%</td>
<td><strong>Progress/AL in last place (in ed., taxation, etc.)</strong></td>
<td>52</td>
<td>9.7%</td>
</tr>
<tr>
<td><strong>Appeal to Self-Interest</strong></td>
<td></td>
<td></td>
<td><strong>Economic development/jobs/investing</strong></td>
<td>33</td>
<td>6.1%</td>
</tr>
<tr>
<td>Businesses already too taxed</td>
<td>5</td>
<td>1.4%</td>
<td>Antiquated</td>
<td>8</td>
<td>1.5%</td>
</tr>
<tr>
<td>Would hurt small farmers, businesses</td>
<td>26</td>
<td>7.1%</td>
<td>Subtotal</td>
<td>162</td>
<td>30.1%</td>
</tr>
<tr>
<td>Cuts revenue to counties</td>
<td>2</td>
<td>&lt;1%</td>
<td><strong>Appeal to Self-Interest</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will hurt homeowners/consumers</td>
<td>9</td>
<td>2.5%</td>
<td>Hidden taxes</td>
<td>1</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Labor/repair taxes</td>
<td>8</td>
<td>2.2%</td>
<td>Most taxpayers will be better off</td>
<td>36</td>
<td>6.7%</td>
</tr>
<tr>
<td>Will hurt poor</td>
<td>11</td>
<td>3.0%</td>
<td>Quality of life</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Would cause loss of farmland</td>
<td>2</td>
<td>&lt;1%</td>
<td>Subtotal</td>
<td>38</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>63</td>
<td>17.3%</td>
<td><strong>Populism</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainty/Risk</td>
<td></td>
<td></td>
<td>Special interests don't want to pay fair share:</td>
<td>14</td>
<td>2.6%</td>
</tr>
<tr>
<td>Too complex/indirect costs and effects</td>
<td>7</td>
<td>1.9%</td>
<td>Business tax loopholes:</td>
<td>11</td>
<td>2.0%</td>
</tr>
<tr>
<td>Too much $; too fast</td>
<td>24</td>
<td>6.6%</td>
<td>Let the people vote:</td>
<td>13</td>
<td>2.4%</td>
</tr>
<tr>
<td>Education hasn't improved with</td>
<td>2</td>
<td>&lt;1%</td>
<td>Spending reform/increase</td>
<td>25</td>
<td>4.6%</td>
</tr>
</tbody>
</table>
that Alabama was on the wrong track, 47.1% believed that the reform plan would hurt
the state and only 7.2% believed it would help; a full 35% believed that failure of the
plan would make no difference on the state. Even more—59.9%—believed that its
failure would make no difference on them personally (Capital Survey Research Poll,
2003).

Of the two-thirds of voters that ultimately rejected the plan in referendum, detailed
exit polls show that the strongest opposition was reported for the provision to increase
the state sales tax rate on cars (68%) and the increased assessment of property to 100%
of its market value (63%). Of the self-reported influences on their voting, 61% agreed
that were strongly influenced by the argument that the governor had requested more
than the minimum necessary and 56% were strongly influenced by the argument that
the Legislature would have too much control over the new revenue. Demographically,
75% of voters with no more than a high school education voted No, as did 71% of
rural voters, 72% of those with incomes under $20,000, and 73% of voters who
described themselves as conservatives. The highest level of support of any
demographic group (58%) came from the highly educated (graduate or professional
degree). Most African-Americans supported the plan, but it was not a large majority
The only published scholarly analysis of the referendum results, by Roch & Rushton (2007), found a significantly positive relationship between intra-county racial segregation and white opposition and no significant relationship between white opposition and county percent black.

**Discussion**

In both the education lottery and tax reform campaigns, the discourses used by opponents and proponents called on some similar ideological themes, but framed them in different ways. Despite strong pre-campaign support for both progressive policy proposals, opponents were very successful at framing the proposals in a way that reduced this initial support; proponents’ “frames” were ultimately less compelling to voters and failed to maintain or increase initial support. In this discussion the similarities and differences between these two experiences will be compared with the goal of understanding the underlying pattern of cause and effect.

Overall, the findings point to two key similarities: the power of tradition and risk-aversion, and the symbolic role of “conservative principles.” Although the conventional wisdom about the defeats points to voters’ self-interest—most interview subjects as well as post-referenda media analyses concluded that in each case there too many different groups that found ways the plans would harm them—it is difficult to conclude that Alabamians value their own well-being more than that of the broader community. Both plans would have clearly benefited the majority of Alabamians’
material interests, a point that opponents did not directly dispute so much as skillfully
disseminate. Conservatives better understood the ways in which voters define “well-
being” and “community.” They were repeatedly able to argue for their ideas in ways
that both corresponded to and strengthened existing ideologies. At the same time, they
provided voters with logical excuses for their seemingly illogical choices. Moderates
missed the mark by failing to gather up and point dominant values in a different
direction. The defeats are interesting because in both cases, the moderate position was
expected to be an easy sell; voters have continually voiced strong support for the ideas
and plans involved but when faced with actual proposals, they choose to stick with
what they know.

In both policy cases, the proposals were established as risky because they would
violate principles that were known to be trustworthy guides—principles that had stood
the test of time. There is a clear parallel to the state constitution, which modernizers
since the World War II era have tried to overhaul, to no avail. One of these principles
is the need to strictly limit government. Given more free rein, government would
inevitably turn to corruption, waste, and mismanagement. This is axiomatic in
Alabama, so it seems not to matter what the actual circumstances are. The moderate
business community had wrongly assumed that if people heard from a conservative
Republican governor (Riley) that the state had a revenue crisis, they would see the
need for an exception to the anti-statist principle. Belief in the principle proved
stronger—after all, voters had decades more collective experience with corruption
than with Riley.
Another time-tested principle is to maintain a friendly climate for business. The state’s economy relies so much, practically and in the popular imagination, on out-of-state businesses that there is strong resistance to raising taxes and “scaring them away.” Of course, one of the major reasons the tax reform plan had the support it did have was precisely because the business community realized the state’s low taxes were creating a disadvantage in the regional competition for investment. Maintaining a business-friendly climate is not just a practical goal though; it is a principle—a powerful ideology that can be referenced through symbol alone. For example, the Alabama Farmers’ Federation’s monthly newsletter Neighbors featured a picture of the hammer and sickle above anti-reform editorials during the tax reform campaign period. Such a powerful symbol suggests to Alabama voters that important principles are at stake and probably made the substance of the anti-reform argument more compelling. The critical role of symbols in politics has been well-documented by social scientists (Edelman, 1994).

Another established principle in Alabama is to keep social and political change slow and incremental. It’s one of the reasons an extremely inefficient system of policymaking—the constitutional amendment procedure that requires a statewide vote for the passage of most legislation, no matter how mundane or local—remains in place. And, it helps explain why even the most obvious updates to that document—like removing segregation-era wording requiring separate schools for “white and colored children”—are so difficult to make; a recent attempt in 2004 failed in
statewide referendum (Roig-Franzia, 2004). Opponents of the tax reform plan were calling on this principle when they argued that it would be “too much, too fast;” this message, which was deployed especially toward the run-up to the vote, reminded voters of the risk associated with major change. It would be tempting to point to the state’s past experience with major socio-political change—the Civil Rights Era, but this is a simplistic explanation; Alabamians’ risk aversion is probably related to ongoing cultural work by politicians more than it is associated with any particular experience from history.

The same principles are embedded in the state constitution, through earmarking provisions, the regressive tax code, and the constitutional amendment procedure. Violating these principles was skillfully equated with “letting the camel’s nose under the tent” (Rabb, 1999) and potentially opening up a Pandora’s box of unknowns. Once the proposals had been framed as risky, opponents needed very little empirical evidence of who exactly would be harmed and how much. But the evidence they did provide gave voters “logical” reasons to object—the sales tax on repairs to their cars would be an undue burden, the lottery would sanction gambling, the scholarships provided wouldn’t be available to Pell grant recipients. Moreover, constant statewide voting for local amendments may put voters in the habit of voting no by default. The risk of making major changes to bedrock, time-tested principles appeared to outweigh the objective facts of individual and state benefit that would come from the lottery and the tax reform.
However, some counterfactuals suggest this explanation of voter motivation is not complete. For example, Alabamians are very supportive of the capital subsidy economic model which has involved considerable risk-taking over the past 2 decades. Attracting Mercedes to the state in 1993 required a $253 million incentive package for 1,900 jobs and no guarantees from the company about its long-term commitment to the state. Attracting Honda in 1999 required a $158 million package for 1,500 jobs, despite calculations that it would take 20 years before the state breaks even on its investment (Site Selection, 1999). Steel manufacturer ThyssenKrupp got an $811 million deal (directly approved by voters in a 2007 referendum over the use of bonding to pay for it) and a 30-year tax holiday. If risk-aversion guides Alabamians’ choices about socio-economic policy, why were these much riskier proposals supported?

Another important counterfactual is that many states in the region share a pro-business orientation yet, as shown in Chapter 2, many have also found a balanced approach to growth and development that doesn’t pit the needs of business against the needs of people. Shafer & Johnston (2006) and others have a strong basis on which to conclude that pragmatic economic needs now tend to trump other traditional rationalities in the South. This makes sense because, as theorists from Block to Molotch to Domhoff have explained, the logic of growth is fundamentally pragmatic. When capital accumulation becomes unbalanced, it begins to threaten growth; economic elites concede to redistribution out of their own self-interest. In Alabama, pragmatic elites recognized this—so much so that they were the core of support for these redistributive policy
proposals. Yet most voters (along with conservative elites and their political sponsors) were swayed by principle, not pragmatism. The previous chapter has suggested and this chapter will emphasize that pro-business culture in Alabama is distinct in the region, because it is fundamentally *ideological* rather than *pragmatic*.

One might expect as Susan Pace Hamill and Bob Riley did that, like economic pragmatism, religious values would persuade voters to support balanced development policies. Instead, as content analysis shows, religion—particularly conservative Protestantism—can be manipulated to serve a broader conservative ideology. Religious arguments were deployed to deflect the education lottery and then abandoned in order to withhold support for tax reform. Opponents called the lottery “regressive,” “immoral,” and a “sin” and voters agreed; a few short years later, supporters of tax reform tried to appeal to the same morality by claiming it was “un-Christian” not to do anything about the state’s abysmal education system and lack of opportunities for working and low-income people. Here, voters turned their back on the morality appeal and most religious leaders demurred, claiming that policy was not a matter for them to comment or counsel on.

This is an interesting and possibly rare look at the cracks that form in the decades-old alliance between conservative religious and economic principles in the South when its fundamental hypocrisy is brought to light. “Christian” values, as Hamill and Riley pointed out, share more with a progressive socio-economic policy than with Alabama’s regressive approach to development. Yet, the dominant religious culture in
the state (conservative Protestantism) not only rejects progressive policy proposals but twists its “moral” rationale in an opportunistic way to avoid them. In this way, religious values are used to serve economic principles. Perhaps this explains why evangelical Protestantism was strongly linked to opposition—because its theology rationalizes anti-statism. As one pastor explained during the tax reform debate, “Baptist belief holds every individual believer accountable for his or her own actions. There is no priest/pastor intermediary, nor ecclesiastical body to order, authorize or mandate action. Every Baptist and every Baptist congregation is autonomous” (Brymer, 2003).

From this perspective, supporters made many miscalculations in their campaign for public support. They took Alabama voters at face value, appealing to the pragmatism of a pro-business culture and the morality of a religious culture. They did not understand that an ideological opposition to taxes, special treatment for low-income groups, and regulation of market processes was likely to overcome pragmatic and moral considerations for most voters. They did not understand that their natural base of support, economically progressive voters (especially African Americans), were probably still swayed by suggestions of risk at the hands of government. As an influential Democratic state senator explained during the tax reform debate, “Black people in particular and poor people in general have always been very suspicious when somebody in Montgomery says, ‘I’m going to help you,’ because usually in the end we get ripped off” (Russakoff, 2003).
Supporters made strategic mistakes in framing the issues; their early call to “let the people vote” during the Legislature’s deliberations may have wasted opportunities to frame the proposals substantively. Supporters of Riley’s plan, eager to show how they were going to resolve the state’s fiscal crisis, emphasized the proposed tax increases more than reduction for most payers or tax reform in general. Indeed, the majority of local news articles and editorials referred to the two sides as “pro-tax” and “anti-tax” rather than pro-reform and anti-reform. This was probably unintentional among supporters but likely had a huge effect. Where they did emphasize reductions, they overstated the benefits for low-income groups vis-à-vis the middle class. This rhetorical focus on regressivity pits low-income groups against everyone else—an unpersuasive appeal since most Americans believe they are middle-class (Alesina & La Ferrara, 2004). Supporters should have pitched the plan as a fight for the middle-class against wealthy and out-of-state landholders and corporations, but as one interview subject noted, the leaders of the pro-reform campaign—the business community—were unwilling to do so.

That said, one could still make the argument that both of these plans were overly flawed from the perspective of the self-interested voter. For example, low-income voters may prefer their tax contributions be paid through sales tax for various reasons; according to one community leader in the Black Belt, “poor people tend to like the sales tax, because they pay it in small increments. And so they may reject change as an effort to make them pay more” (Murray, 2003). And without a better case made for the economic development benefits of these plans, why should middle-class voters have
cared that the poor would be helped through lower taxes or better educational opportunities? It makes sense as well that people in rural counties (where landownership may be more concentrated) would have rejected the tax reform plan because of its proposed increase on property taxes.

Understanding the ways that powerful actors frame policy issues is more useful if it’s clear how and why these frames resonate with their audience. The next chapter aims to resolve this question of voters’ responses. Although elites portrayed the policy proposals in pragmatic vs. ideological terms, did voters see things the same way? And, what happened to the role of racial bias in voters’ opposition to redistributive development plans? Analysis of the public discourse does not reveal much reference to race; were coded messages being used or did interview subjects make too much of racialization in Alabama? If “the end of Southern exceptionalism” applies to Alabama as well as its neighbors, both Blacks and Whites will respond to development policy proposals not ideologically, but pragmatically and on the basis of self-interest.
CHAPTER 5

ANALYSIS OF VOTING

Introduction

The goal in this chapter is to test whether elements of a conservative “mental model” that appears to have institutional form in the state constitution and that elite opponents deploy in public discourse are associated with voter opposition to the proposals. As explored in the previous chapters, a constellation of related values—anti-statism, religious morality, racial bias, individualism, risk aversion, traditionalism—all appear to shape local culture. It is difficult to separate these into discrete variables with separate effects because they interact, resulting in an overall ideological mix or mental model that tends to guide behavior in a patterned way. This study has proposed that Alabama is different from many of its neighbors because the dominant mental model is “ideologically conservative” rather than “pragmatically conservative.” Balanced development policies may be rejected not on their merits but because they violate some type of principle or tradition. This study suggests that class actors manipulate voters’ interests by framing such policies in certain ways guaranteed to get an ideological reaction, with the goal of serving class goals like limited government.
Understanding the ways that powerful actors frame policy issues is more useful if it’s clear how and why these frames resonate with their audience. Respected non-partisan groups had agreed that both of the development policies used as cases in this study would have been better for the state’s overall economic health; from a pragmatic perspective, there was little reason to reject them. Not only had the state’s (ostensibly) brightest policy minds crafted, consulted on, and tweaked the two major policies before putting them to a vote; as of 1999, 37 other states had education lotteries\textsuperscript{11} (Bobbitt, 2005) and as of 2001, Alabama had the lowest tax revenue in the U.S.—68% of the national average, on a per capita basis, with every state in the southeast boasting a large tax revenue advantage over Alabama\textsuperscript{12} (PARCA, 2001, 2009). It was certainly made clear to voters that these legislative changes would not be novel or untested. Accordingly, elites would have had to convince voters that supporting the policy(ies) would be worse for them personally and concretely, or would be a violation of abstract principles.

Voting preferences based in self-interest would provide evidence for a pluralist understanding of power in Alabama’s development policymaking process. Voting preferences based in ideology would provide more evidence for class dominance. Chapter 4 has shown that elites framed the policies in both ways but emphasized ideology and principles. Statistical analysis will show which frame actually did persuade voters by establishing relationships between opposition and certain demographic characteristics like religious adherence, risk aversion, and race. If

\textsuperscript{11} By 2009, the figure climbed to 42.

\textsuperscript{12} These figures were the same in 2008.
opposition was more likely to come from voters who had self-interested reasons to oppose the policies, such as people in wealthy counties who would be taxed proportionately more or people in older counties with fewer school-aged children to benefit from increased state support of education, it will be taken as evidence that a class-dominance model of power is not the best fit for these data. If opposition was more likely to come from voters in counties with ostensibly less material interest in doing so, such as counties with more low-income voters or African American voters, it will be taken as potentially supporting evidence for class dominance and the manipulation of interests. Testing for disproportionate opposition from groups that might have ideological reasons to oppose the policies (based on the ways they were framed by opponents) will be taken as stronger evidence for class dominance.

Data and Methods

A secondary analysis was conducted using data from a multiple sources. The two dependent variables were collected from the Alabama Secretary of State and captured county-level voter opposition on the two statewide referenda. While vote outcome percentages at the voting-district level were also available, no other relevant independent variables at that level were available so the analysis focused on counties and the characteristics of their populations. Thus, any conclusions drawn about voter preferences are actually being drawn about the types of people that are more likely to live in certain counties. A county with a greater population of a certain subgroup may create the context for a particular voting preference to form, but does not necessarily
mean the members of that subgroup express those preferences. The well-known example would be primarily African American counties and Democratic voting: the two characteristics are positively correlated but without individual-level data, it cannot be inferred that African American residents are more likely to vote Democratic than other residents in the county. Nonetheless, as King (1997) notes, researchers in many fields of academic inquiry as well as policymakers, marketers, epidemiologists, and so on “routinely try to make inferences about the attributes of individual behavior from aggregate data” (5). For the most part, this chapter will do the same, although estimation of subgroup voting preferences will be constructed for race. The problems presented by ecological inference will be discussed in greater detail below.

The Interuniversity Consortium for Political and Social Research (ICPSR)’s “County Characteristics 2000-2007” dataset was the main source of independent variables used. It contains aggregate county-level data on resident characteristics such as race, age, income, education, and other demographic variables that were in some cases recoded from 2000 Census data. Further details of the methodology are available online at www.icpsr.umich.edu/icpsrweb. Most of the variables were from 2000, the year for which most county-level data were available. Socio-economic data that were expected to change somewhat more rapidly (population growth, unemployment rate and median household income) were manually added for the vote years from both the Bureau of Economic Analysis and from the Census. Data on religious adherence were collected from the Association of Religion Data Archives’ “Religious Congregations and Membership Study, 2000” (Counties File); details of the methodology are available
online at www.thearda.com/Archive/Files/Descriptions/RCMSCY.asp. The Odum Institute for Research in Social Science’s “Southern Focus Poll” was explored as a potential source of attitudinal variables, but the N for Alabama was too small for results to be significant.

County-level voter opposition on the two statewide referenda were the two separate outcomes analyzed here. The raw data, available as the number of “no” votes cast in each county, was recalculated into weighted percentages based on the proportion each county contributed to total statewide opposition levels. For Models 1C and 2C, a more sophisticated method was used to convert the raw vote data into percentage opposition by racial group.

To examine the distributional properties of variables, univariate analysis was used. To examine the relationships between predictors and outcomes, bivariate analyses were conducted and then used to inform full modeling via multivariate analysis. Bivariate analyses tested, via OLS regression, all the theoretically relevant independent variables; those with p-values less than .200 were included in full models. This somewhat high p-value is used as a criterion for inclusion because it has greater sensitivity to possible interactions (Frongillo, 2004). Bivariate correlations revealed whether any of the significant predictors were multicollinear variables (Pearson’s correlation > .800) and these were removed where appropriate. Spatial analysis was also incorporated for Models 1A and 2A to assess and address spatial error in multivariate modeling.
Measures

Based on the ways that opponents framed the proposals in their public dialogue, one would expect voter opposition to vary based on voters’ receptivity to these frames. Opponents tied both proposals mostly to self-interest (i.e., “vote no because your vehicle taxes will be raised”) or to a handful of connected conservative principles like anti-statism, religious morality, and risk aversion (i.e., “vote no so we don’t give government more power,” “vote no so we don’t let the camel’s nose under the tent,” etc.). Opponents did not mention racial motives for voting a certain way, but interview data had suggested that race matters in Alabama (i.e., “vote no so government doesn’t redistribute “our” money, “vote no so people don’t start to think they can get something for nothing”). Voters who would be more likely to have one of these values based on some demographic characteristic of their county of residence were identified. Regressing “no” votes on these characteristics would reveal their predictive strength and confirm whether the previous chapters accurately identified what is important to Alabamians.

Voters who might be more receptive to the self-interest frame might be wealthier in the case of the tax reform proposal, because their higher tax brackets would mean proportionately more property taxation (which was an important part of the policy plan). Counties with higher median incomes would therefore be more likely to oppose the tax reform—but not the lottery, because as a form of sumptuary tax, contributions would be “voluntary.” Opposition to the tax reform plan for reasons of self-interest
might also be seen among older voters, i.e. those without school-aged children, but again no self-interested opposition would be expected for the lottery. If opposition was strongest among these types of counties, it would be evidence that these balanced development policies failed on their merits—a pluralist explanation for voting behavior. Geographically, the wealthier counties in both 1999 and 2003 were located in the northern and western halves of the state (Figure 4 illustrates the 1999 data), with the wealthiest also the most urban (e.g., Huntsville-Madison County in the north, Birmingham-Jefferson County in the middle, Mobile-Mobile County in the south).

The “older” counties are in the southeast “Wiregrass” region and the northwest, with the greatest concentration of school-aged children in a cluster in the middle west of the state (Figure 5). This cluster coincides with the Black Belt somewhat, but not entirely.

Voters who would be expected to support the proposals because of self-interest might be middle- or lower-income, might have school-aged children, or might live in rural or depressed areas. If counties with lower median household incomes, higher proportions of school-aged children, lower population densities, or higher unemployment levels are more likely to oppose the policies it could be evidence that people were voting against their own interests. It wouldn’t necessarily be evidence of ideological voting but would be evidence that self-interest voting was probably not happening, calling into question the pluralism explanation.

Voters who responded to the ideological framings of these policies might reside in places with any of the above characteristics, but they would have some other
characteristics too. Moral and religious themes were frequently used to drum up opposition for the lottery proposal, mostly by those who perceived gambling as a sin but also by those who argued that a lottery would prey on the poor and would supplant a morally responsible tax system. Often church opposition alone was cited as a rationale for voters to say “no,” apparently because religious organizations are such a trusted source of authority. Morality and religion were tools used to encourage both opposition and support for the tax reform plan. Some religious leaders, such as the Alabama Christian Coalition and some churches, argued against the plan but didn’t provide specifically religious reasons for opposing it. Often these groups claimed the plan would be yet another instance of over-taxation, power grabbing, and wasteful
spending by government. In Chapter 4, such connections between conservative religious and economic ideologies were anticipated.

On the other hand, supporters like Governor Riley strongly argued for the plan on “Christian” grounds. Because religion was appropriated for such a variety of arguments, it’s unclear how strong the relationship between opposition and county-level religious adherence was. Interview data suggested, not surprisingly, that religious opposition was key to the lottery’s defeat but its effect on the tax reform’s defeat remain to be seen. Empirically, some non-Evangelical religious groups such as Greater Birmingham Ministries (an interfaith coalition for social justice begun by the United Methodist Church, the Episcopal Church and the United Presbyterian Church in the Birmingham area) were strong supporters of the tax reform plan, and support other ongoing progressive policy goals such as constitutional reform, affordable housing, and public transportation (Greater Birmingham Ministries, 2010). However, this particular religious group seems to be an outlier and its policy preferences should not be understood as representative of all non-Evangelical religious groups. As for Evangelical Protestants have generally not been among the leadership advancing such goals, and tend to focus their advocacy efforts on charity and mission work (Southern Baptist Convention, 2012). Counties with more Evangelical Protestants are theoretically expected to express greater opposition to the lottery because of their more conservative understanding of “sin” and “morality,” but not necessarily to the

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13 The Association of Religion Data Archives follows precedent by categorizing conservative Protestants, including Baptists, into an “Evangelical Protestant” category (see Manza & Brooks, 1997: 47 for further discussion).
tax reform because of supporters’ markedly “Christian” arguments for that policy. In terms of geographic distribution, the most and least “religious” counties are evenly distributed throughout the state; a pattern is hard to discern from Figure 6. County-level concentrations of Evangelical Protestants in 2000 are displayed in Figure 7 below; the southeast Wiregrass region and the northwest were most Evangelical while the middle region including the Black Belt was least Evangelical.

No attitudinal variables were available to directly measure economic conservatism or the tax-averse, anti-statist mentality through which it is often manifested in Alabama, but voting in presidential elections is often used to approximate ideology. Here, living in a county that votes more Democratic is expected to be negatively associated with opposition to the two policy proposals. Not surprisingly, voting Democratic in the US is positively correlated with having a liberal or progressive ideology, but as a recent Gallup Poll report notes, the two political preferences should not be conflated:

While Americans’ party identification and political ideology are related, they are by no means one and the same. For instance, while residents of Alabama and Mississippi are the most likely to be conservative ideologically, they are not the most Republican in their party affiliation (Saad, 2009).

The explanation for this divergence between party and ideology has a historical basis in Alabama. Prior to the Civil War, the Democratic Party was generally made up of small farmers, merchants, and laborers who were concerned with maintaining individual rights and opposing strong centralized government. Reconstruction brought freed blacks into the anti-slavery Republican Party, leading the state’s traditional Democrats to appeal to white voters on the basis of racial unity. These efforts led to
nearly a hundred years of Democratic control over Alabama, despite a major challenge during the Populist era. Democrats in Alabama, as in the rest of the Southeast, consolidated their power through the development of one-party politics, which helped contain and control political divisions within the state and region and maintain power vis-à-vis the federal government (Cotter, 2008).

Although the Democratic Party in Alabama was long associated with white supremacy, the turn among national Democrats to liberalism and civil rights and the national Republican Party’s nomination of Barry Goldwater in the 60s began to turn conservative Alabamians toward the Republican Party. Today, the state's African
American voters are almost entirely Democratic, while among white Alabamians, women, less-educated, and lower-income voters are more likely than others to be Democrats (ibid.). While Democrats in Alabama are still more “conservative” than Democrats in many other parts of the country, they are more liberal on social and economic issues than their Republican counterparts (and thus more likely to favor progressive development policies). Figures 8 and 9 show that the counties that supported the Democrats most in the 2000 and 2004 presidential elections were located, not surprisingly, in the Black Belt. Despite the historical tendency for the northern and southeastern counties to skew more progressive, neither of these regions was particularly supportive of the Democrats in recent years.

Personal receipts from government might be similarly associated, since people in counties relying on a lot of help from government (for Medicare, or veterans’ benefits, or unemployment insurance, etc.) might be more apt to see government as an ally and a resource, which is the perspective that lottery and tax reform supporters were appealing to. Another possible proxy variable for ideology would be farm employment. Because the Alabama Farmers’ Federation is one of the most politically active conservative groups, counties with more farm employment would be positively associated with opposition if ideology was a main motivator. Farm employment is measured by the absolute number rather than the percentage of total employment, because the latter can be skewed by poorer and less developed counties. Geographically, clustering of high farm-employment counties is found in the far north and coastal counties.
Finally, although the previous chapter’s analysis did not directly indicate that racial bias played a role in creating opposition, interviews with key informants had suggested that race had important ideological effects in Alabama, in that the dominant culture tended to equate government with redistribution of resources from the “deserving” to the “undeserving.” Since Whites are the majority in Alabama and Blacks tend to struggle much more economically, race is bound up in feelings about the role of government and taxation. Thus, in an ideological voting situation, counties with more White voters would be expected to opposed the balanced development policies at increased rates. A negative relationship would be expected for counties...
with more Black voters, but since Percent White = 1 – Percent Black, only the former is used in regression analyses.

**Figure 10: Farm Employment**

Control variables are included because they likely have some effect on opposition, although the precise nature of each effect is not specified. Variables like the county proportion of male residents, personal receipt of government transfers, population growth (measured over the five years during which the vote took place), proportion of Hispanic residents, and educational attainment are theoretically correlated with economic dynamism, feelings about government redistribution and/or the importance of education, and openness to change and risk-taking, policies that aim to increase the redistributive role of the state.
Table 13: Expected Relationships Between Dependent and Independent Variables

<table>
<thead>
<tr>
<th>Type of Evidence</th>
<th>Independent Variable (County-Level)</th>
<th>Relationship to Lottery Opposition</th>
<th>Relationship to Tax Reform Opposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Self-Interest Explanation</td>
<td>High Median Household Income</td>
<td>n.s.</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>% Aged 65+</td>
<td>n.s.</td>
<td>+</td>
</tr>
<tr>
<td>Against Self-Interest Explanation</td>
<td>Low Median Household Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>% Aged 0-14</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Population Density</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Unemployment Rate</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>For Ideological Explanation</td>
<td>% Religious Adherents</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td></td>
<td>% Evangelical Protestant Adherents</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td></td>
<td>Farm Employment</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Personal Receipts from Government</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>% Voting Democratic</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>For Racial Explanation</td>
<td>% Population Black</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>% Population White</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Control Variables</td>
<td>% Population Male</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
<tr>
<td></td>
<td>Population Growth</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
<tr>
<td></td>
<td>% Hispanic</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
<tr>
<td></td>
<td>% Bachelor’s Degree</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
</tbody>
</table>
**Results**

Overall, the evidence does suggest, and strongly so, that race plays an important role in shaping voter preference for the capital subsidy model of economic development. The evidence also suggests that ideology plays a greater role than self-interest.

Descriptive statistics for the two dependent variables and the thirteen hypothesized predictor variables are presented in Table 2. Histograms showed that both dependent variables were slightly skewed to the right (toward greater opposition). With 67 cases, 54% of voters in the average county opposed the education lottery proposal; the average county opposed the tax reform proposal by almost two-to-one. As for the independent variables, the table shows that religious adherence is high in Alabama, with the (unweighted) county mean about 72%. Adherence is defined as regularly attending services or otherwise participating in a congregation (ARDA, 2002). These congregations were grouped into six main categories: Catholic, Evangelical Protestant, Mainline Protestant, Jewish, Muslim, and Orthodox. Total religious adherents are the sum of all congregations reporting adherents out of the county’s total population less children 13 and under. Evangelical Protestant adherence is high as well (about 41% of all residents). The rate of Bachelor’s Degree or greater educational attainment is low, about 14%. The mean rate of population growth increased between the two votes, from about 5% to about 7%. On average there are slightly fewer men than women across the 67 counties. The mean proportion of Whites was about 70% and the mean proportion of Hispanics was 2%. The mean unemployment rate was 5.99% in 1999.
and 6.41% in 2003; median household income was $30,152 in 1999 and $31,606 in 2003. The average amount per county of people employed in farming either part-time and full-time was 871 per county. Less than half of voters chose the Democratic candidate in 2000, and even fewer did so in 2004.

Maps of county-level voting (broken up into 3 “levels” of opposition strength) suggest a significant spatial autocorrelation effect—that is, counties are clustered geographically in their opposition, meaning a violation of the assumption of independent errors in OLS regression. Figures 12 and 13 below visually display county-level opposition to each policy proposal. Although the levels of opposition

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>St. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Lottery, % Voting No</td>
<td>54.18</td>
<td>7.31</td>
</tr>
<tr>
<td>Tax Reform, % Voting No (2003)</td>
<td>66.87</td>
<td>10.99</td>
</tr>
<tr>
<td>Education Lottery, % White Voting No</td>
<td>61.20</td>
<td>12.32</td>
</tr>
<tr>
<td>Tax Reform, % White Voting No (2003)</td>
<td>54.46</td>
<td>14.14</td>
</tr>
<tr>
<td><strong>Independent Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Religious Adherents</td>
<td>72.25</td>
<td>12.40</td>
</tr>
<tr>
<td>% Evangelical Protestant Adherents</td>
<td>41.65</td>
<td>13.06</td>
</tr>
<tr>
<td>Farm Employment (FT+PT)</td>
<td>871.31</td>
<td>561.17</td>
</tr>
<tr>
<td>Population Density per sq. mile</td>
<td>83.46</td>
<td>96.19</td>
</tr>
<tr>
<td>Personal Receipts from Gov’t (x.01)</td>
<td>2347.20</td>
<td>3634.00</td>
</tr>
<tr>
<td>Median Household Income (x.01) (1999)</td>
<td>301.52</td>
<td>63.80</td>
</tr>
<tr>
<td>Median Household Income (x.01) (2003)</td>
<td>316.06</td>
<td>68.70</td>
</tr>
<tr>
<td>Unemployment Rate (1999)</td>
<td>5.99</td>
<td>2.73</td>
</tr>
<tr>
<td>Unemployment Rate (2003)</td>
<td>6.41</td>
<td>1.74</td>
</tr>
<tr>
<td>% Hispanic</td>
<td>1.59</td>
<td>1.30</td>
</tr>
<tr>
<td>% Population Growth (‘95-‘00)</td>
<td>4.85</td>
<td>6.99</td>
</tr>
<tr>
<td>% Population Growth (‘00-‘05)</td>
<td>.81</td>
<td>5.41</td>
</tr>
<tr>
<td>% Bachelor’s Degree or Higher</td>
<td>13.49</td>
<td>6.32</td>
</tr>
<tr>
<td>% Aged 65+</td>
<td>13.86</td>
<td>1.98</td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>21.09</td>
<td>1.62</td>
</tr>
<tr>
<td>% Population Male</td>
<td>48.52</td>
<td>1.98</td>
</tr>
<tr>
<td>% Population White</td>
<td>69.33</td>
<td>21.53</td>
</tr>
<tr>
<td>% Voting Democratic (2000)</td>
<td>43.99</td>
<td>13.31</td>
</tr>
<tr>
<td>% Voting Democratic (2004)</td>
<td>38.75</td>
<td>12.52</td>
</tr>
</tbody>
</table>
differ, the maps show that the northern part of the state, particularly the northwest, tended to be more opposed to both policies while the band of Black Belt counties in the lower-middle part of the state tended to be less opposed to both. The southern part of the state clustered in stronger opposition to the lottery than to tax reform, vis-à-vis the rest of the state.

What geographical features might explain these clustering effects? As noted above, the northern counties and the Wiregrass region in the southern tier of the state were historically more progressive (Cotter, 2008) than the middle band encompassing the Black Belt and the cities of Birmingham and Montgomery, but these preferences don’t seem to hold up today. Visual inspection of the county-level concentrations of racial subgroups (Figure 11) suggests that racial clustering appears more strongly correlated to policy preferences today: the Black Belt’s greater concentration of African Americans, and North Alabama’s lower concentration of African Americans, has probably contributed to regional difference in opposition to these progressive policies. Lower opposition in the eastern part of Alabama might be due to proximity to Georgia, which is somewhat more progressive in its development policies than Mississippi to the west (as has been discussed in Chapter 2). Georgia also has a successful education lottery which many eastern Alabamians play.

Bivariate analyses of the relationships between the lottery vote and the individual predictors (displayed in Table 15) show that the Racial explanation is strongest by a
wide margin. The single variable associated with the Racial explanation (Percent White) was the strongest predictor ($\beta = .747$). Since Whites did not have any greater self-interested reason to oppose the lottery than Blacks (unless they tended to be wealthier or older, which can be assessed through multivariate analysis), the strength of this predictor suggests that race does have important ideological effects in Alabama. Moreover, the greater the concentration of Whites, the more opposition there was to the balanced development proposal. The Ideological explanation also appears to have some merit; as expected Percent Evangelical Protestants ($\beta = .752$) and Farm Employment ($\beta = .304$) were both positively associated with opposition, and Personal
Receipts from Government and Percent Voting Democratic were negatively associated. The results also suggest that counties with more linkage into the Alabama Farmers’ Federation network were somewhat more opposed to the lottery, perhaps (as has been suggested) because this organization is strongly conservative. Its leaders opposed the lottery on anti-statist grounds, suggesting that the state of Alabama would squander or misuse any revenue generated by the lottery. However, Percent Religious Adherents was negatively associated with opposition ($\beta=-.246$), which is the opposite of what was expected. This suggests that religious values in general did not defeat the lottery proposal—it was specifically Evangelical values, which are more conservative and as Chapter 4 suggested, associated with economically conservative ideology as well.

Surprisingly, although ideological voting implies potential conflicts with self-interest, the regression results indicate that people were also voting in accordance with their self-interest. Counties with lower income, more school-aged children, and more unemployment were less opposed to the measure. It’s likely that these counties made up the support base for the lottery plan—after all, about 46% of Alabamians did support it. Still, the relative strength of these relationships compared to that of Percent White, Percent Voting Democratic, and Percent Evangelical Protestants suggests that even in lower income counties and so on, a higher percentage of Democrats, Whites, and/or of Evangelicals would decrease county levels of support. These identities trump self-interest, although self-interest still matters.
As for the control variables, the proportion of male residents was associated with greater opposition. This may be an indicator of economic dynamism, since counties with more men may have more jobs (and less interest in policies for long-term, human-capital-led development); or it may be an indicator of population age, since counties with more women tend to be older overall (and less interested in supporting public education). However, the percent of residents aged 65 and older was not associated with opposition, so the former explanation is probably more accurate. Counties with more Hispanic residents were more likely to oppose the measure; scatterplotting shows that the relationship is actually curvilinear perhaps because counties with more Hispanic residents may also be wealthier. Population growth had a positive effect, which was also an unexpected result, but scatterplotting also suggests that this relationship is curvilinear—up to a certain rate of growth, greater influx of newcomers increases opposition to the proposal. Voters’ education level (Percent Bachelors’ Degree and Higher) had a negative effect—more educated voters were less likely to oppose the lottery.

All of the variables that were significant at p<.200 were tested for multicollinearity in bivariate correlation matrices (see Appendix B). Where Pearson’s correlation<.800, multicollinearity was diagnosed and the weaker predictor variable removed from multivariate analysis. Both population density and personal receipts from government were strongly correlated with voting against the lottery and with each other; since the DV is weighted by population, proxies for population are bound to be highly correlated. To address this problem, both IVs were removed from multivariate
Table 15: Bivariate Regression Analysis of Voting No, Education Lottery

<table>
<thead>
<tr>
<th>Variable (N=67)</th>
<th>Expected Relationship*</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ASIE</td>
<td>FIE</td>
<td>FRE</td>
<td></td>
</tr>
<tr>
<td>Median Household Income</td>
<td>-</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.308</td>
</tr>
<tr>
<td>% Aged 65+</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.103</td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>+</td>
<td>n.s.</td>
<td>n.s.</td>
<td>-.261</td>
</tr>
<tr>
<td>Population Density</td>
<td>-</td>
<td>n.s.</td>
<td>n.s.</td>
<td>-.431</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>+</td>
<td>n.s.</td>
<td>n.s.</td>
<td>-.027</td>
</tr>
<tr>
<td>% Religious Adherents</td>
<td>n.s.</td>
<td>+</td>
<td>n.s.</td>
<td>-.246</td>
</tr>
<tr>
<td>% Evangelical Adherents</td>
<td>n.s.</td>
<td>+</td>
<td>n.s.</td>
<td>.567</td>
</tr>
<tr>
<td>% Voting Democratic</td>
<td>n.s.</td>
<td>-</td>
<td>n.s.</td>
<td>-.731</td>
</tr>
<tr>
<td>Personal Receipts from Gov’t</td>
<td>n.s.</td>
<td>-</td>
<td>n.s.</td>
<td>-.407</td>
</tr>
<tr>
<td>Farm Employment</td>
<td>n.s.</td>
<td>+</td>
<td>n.s.</td>
<td>.278</td>
</tr>
<tr>
<td>% Population White</td>
<td>n.s.</td>
<td>n.s.</td>
<td>+</td>
<td>.747</td>
</tr>
<tr>
<td>% Population Male</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.387</td>
</tr>
<tr>
<td>% Population Growth (95-00)</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.443</td>
</tr>
<tr>
<td>% Hispanic</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.227</td>
</tr>
<tr>
<td>% Bachelor’s Degree+</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>-.264</td>
</tr>
</tbody>
</table>

analysis. The strongest predictor in bivariate analysis, Percent White, was multicollinear with Democratic voting, so the latter variable was removed. Percent White and Percent Evangelical were also highly correlated (Pearson’s correlation=.756) but both were retained because the effects of each are of significant theoretical interest in this case. Evangelical Protestants are overwhelmingly white, so without individual-level voting data it’s difficult to say which status has a greater “individual” effect on voting No (their combined effects are the subject of a more detailed exploration, explained below).

A full model was built using multivariate regression. Multivariate regression reveals how well each independent variable predicts the dependent variable, controlling for each of the other independent variables. Model 1A (displayed in Table 16) includes all the predictors that were significant at p<.200 in bivariate analyses, minus any multicollinear variables; the full model is significant at p=.000, its adjusted R-
square = .637, and a check of the residuals shows that they are normally distributed. In Model 1A, Percent White, Percent Religious Adherents, Percent Population Growth, Percent Aged 0-14, and Percent Hispanic remain significant at p<.05; the effects of the other variables are diluted by each other. Although Percent Religious Adherents was negatively associated with opposition in bivariate analysis, controlling for other factors (perhaps such as income or Evangelical Protestants) bumped it into the positive category. Given the framing of the lottery by opponents, it is not surprising that there was greater opposition in counties with more religious adherents. Counties with higher rates of population growth may have stronger economies and the need for income from a lottery may be less apparent. The positive correlation with Percent Age 0-14 was not expected, because it was hypothesized that such areas would welcome more funding for public education. It is difficult to interpret the negative effect of Percent Hispanic residents; since Hispanics make up such a small proportion of the Alabama population, it’s unlikely that Hispanic voters themselves are responsible for the effect and more likely that some other characteristic of such counties is responsible. Although the correlation between opposition and race was expected, the strength of the effect of Percent White is somewhat surprising—this variable explains nearly all the variance between counties in this model.

This model does not account for spatial autocorrelation. Given the geographic clustering in opposition “levels” apparent in Figures 1 and 2, and the possible explanation in uneven distribution of racial groups across Alabama counties, it’s likely that spatial autocorrelation is violating one of the key assumptions of regression.
Table 16: Multivariate Regression Analysis of Voting No, Education Lottery, Model 1A

<table>
<thead>
<tr>
<th>Model</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
<th>R-sq.</th>
<th>Adj. R-sq.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>-.183</td>
<td>-.952</td>
<td>.000</td>
<td>.670</td>
<td>.637</td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>.253</td>
<td>2.673</td>
<td>.009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Religious Adherents</td>
<td>.414</td>
<td>4.246</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm Employment</td>
<td>-.082</td>
<td>-1.039</td>
<td>.302</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population Male</td>
<td>.128</td>
<td>1.515</td>
<td>.133</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population Growth (95-00)</td>
<td>.284</td>
<td>2.649</td>
<td>.010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Hispanic</td>
<td>-.145</td>
<td>-2.017</td>
<td>.047</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population White</td>
<td>.991</td>
<td>6.264</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Bachelor’s Degree +</td>
<td>-.015</td>
<td>-.081</td>
<td>.936</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

analysis (i.e., the independence of observations). Spatial autocorrelation can take one of two forms: spatial lag and spatial error. Theoretically, the former would be appropriate when the values for opposition in County X are believed to be directly influenced by the values for opposition in neighboring counties. The latter would be appropriate if there is not a direct influence but rather some spatially clustered feature that influences opposition for County X and its neighbors (Ward & Gleditsch, 2008).

The spatial analysis program GeoDa was used to diagnose and account for spatial autocorrelation in the full regression model. Using Queen’s first-order spatial weighting, which defines a county’s neighbors as those with either a shared border or vertex (as in chess), a classic OLS regression was run on the group of predictor variables significant in bivariate regressions at p<.200. Results show that the model is a good fit at R-sq=.726, but a positive and significant Moran’s I value of .398 confirmed the presence of spatial autocorrelation, and Lagrange Multiplier diagnostics indicated that the problem was one of spatial error, not spatial lag. Spatial error regression in GeoDa with the same predictor variables appears to be a better fit, with
an R-square value of .859. However the lag coefficient (Lambda) is significant and strongly positive ($\lambda=.783$), which shows that a very high amount of the variance is being attributed to spatial error. The only predictor variables that remain significant in the full model (besides Lambda) are Percent Religious Adherents ($\beta=.206$), Percent White ($\beta=.306$), and Percent Population Growth ($\beta=.207$). For this reason the OLS model as presented above in Table 16 is a somewhat unsatisfactory explanation for the variance in opposition between counties. Spatial error modeling does not specify the indirect influence acting between counties, but only suggests that this influence does exist. However, other data suggest that race (and its subsequent effect on ideology and/or self-interest and thus, voting behavior) may be one very important spatially clustered feature of Alabama counties.

For the tax reform vote, bivariate analyses of relationships with the individual predictors (displayed in Table 17) show that the Racial and Ideological explanations are strongest by a wide margin. Almost all of the variables theorized as part of these explanations were associated with opposition in the linear direction hypothetically expected. For the Ideological explanation, the direction of the relationship with the religious variables was not specified because there were reasons it could have gone either way—in the public sphere, religious arguments were made for both opposition and support of the balanced development policy. A strong predictor of opposition was Percent Evangelical Protestants, which was positively related to opposition ($\beta=.600$). Percent Religious Adherents was not significantly associated with opposition at all. As in the lottery case, counties with more Evangelical Protestants had qualitatively
different preferences about the tax reform proposal than counties with more religious adherents in general. Counties with many religious adherents were no more likely to oppose the measure than counties with few religious adherents. It’s possible that the religious argument put forth by supporters like Gov. Riley (“vote yes because it’s un-Christian to rely on tax revenue from the poor”) was more persuasive to religious voters in general, while the argument put forth by religious opponents like the Christian Coalition (“vote no because small businesses and farmers are taxed enough already”) was more persuasive to Evangelical voters.

Other indicators of ideological preference also suggest that the ideological explanation for the tax reform’s defeat has some merit. Not surprisingly, the relationship between county opposition and county Percent Voting Democratic in the 2004 presidential election was strongly negative. The results suggest that the relationship between opposition and farm employment established in the lottery analysis continues more strongly for the tax reform. Counties with more linkage into the Alabama Farmers’ Federation network were significantly more opposed to the tax reform proposal. As with the lottery, it may be because this organization is strongly conservative. Its leaders opposed the tax reform on anti-statist grounds, suggesting that the people of Alabama were already taxed enough and that the state would waste the revenue generated by tax reform as well as use it as an opening to continue with tax increases.

Unlike the lottery, though, the relationship may also be associated with perceived self-interest; a major part of the tax reform plan was to begin taxing property at its market
value, rather than its “current use” value [the state constitution sets property tax rates for agricultural land at only 10% of its “current use” value, meaning that an acre of land might contribute only $1.15 per acre per year to Alabama’s coffers (Archibald & Hansen, 2002). However, the self-interest explanation only goes so far—the increases would have been offset for small landholders by lowering the overall state tax rate, raising the homestead exemption, and creating a new “farmstead” exemption to provide a tax break for small farm owners. Large landholders—many of whom are absentee—would have been the main targets of the increase, not voters. As discussed in Chapter 4, self-interest arguments made up only about 17% of all opposition pleas while 62% focused on the violation of conservative principles and anti-statism.

Clearly ideological opposition played a critical role. Yet the single variable associated with the Racial explanation (Percent White) was the strongest predictor ($β=.661$). Moreover, the greater the concentration of Whites, the more opposition there was to the balanced development proposal. Since Whites as a group are wealthier than Blacks in Alabama, this may also be explained in the aggregate by self-interest. Without individual-level data, it’s difficult to tell whether Whites’ racial identity or economic status was more important in their decision to oppose the tax reform. Disaggregating county-level voting into voting by racial subgroup helps control for the effect of income, and will be explored below.

It is critical to note the evidence suggesting that self-interest may not have played an important role in stimulating opposition. The “For Self-Interest” explanation
hypothesized that counties with higher incomes and more elderly residents would be associated with increased opposition to the redistributive plan (because it was largely aimed at increasing school funding). Results show that these relationships were not present. On the other hand, people did not appear to be voting against their self-interest either; there was no increase in opposition from counties with lower incomes, more school-aged children, higher unemployment, greater rurality).

As for the control variables, the proportion of male residents was positively associated with opposition. Contrary to the lottery case, counties with more Hispanic residents were more likely to oppose the measure; scatterplotting shows that the relationship is actually curvilinear perhaps because counties with more Hispanic residents may also be wealthier. Population growth had a slightly positive effect, which was also an unexpected result, but scatterplotting also suggests that this relationship is curvilinear—up to a certain rate of growth, greater influx of newcomers increases opposition to the proposal. Voters’ education level was negatively associated with opposition; educated voters found this balanced development proposal more palatable than the education lottery.

Those variables that were significant at p<.200 were tested for multicollinearity in bivariate correlation matrices (see Appendix). Income was highly correlated with population growth, at Pearson’s correlation=.815, so the weaker predictor variable (income) was dropped from multivariate modeling. Here again, Percent White was
Two models were built using multivariate regression, one with an interaction term for Percent Evangelical X Percent White and one without. Model 2A includes all the predictors that were significant at p<.200 in bivariate analyses, minus multicollinear variables. The full model is significant at p=.000 with an adjusted R-square value of .518, and a check of the residuals shows that they are normally distributed. In Model 2A (see Table 9), only Percent White, Percent Evangelical, and Percent 0-14 remain significant at p<.05; the effects of the other variables are “diluted” by each other. In other words, only these three variables remain significant predictors of county-level variance when all the other predictors are held constant.
Table 18: Multivariate Regression Analysis of Voting No, Tax Reform, Model 2A

<table>
<thead>
<tr>
<th>Variable (N=66)</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>R-sq.</th>
<th>Adj. R-sq.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>.000</td>
<td>.562</td>
<td>.518</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Aged 65+</td>
<td>.048</td>
<td>.480</td>
<td>.633</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>.241</td>
<td>2.099</td>
<td>.039</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Evangelical Protestant Adherents</td>
<td>.309</td>
<td>2.958</td>
<td>.011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm Employment</td>
<td>.078</td>
<td>.858</td>
<td>.393</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population White</td>
<td>.581</td>
<td>3.090</td>
<td>.003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population Male</td>
<td>-.020</td>
<td>-.206</td>
<td>.837</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population Growth (00-05)</td>
<td>-.062</td>
<td>-.394</td>
<td>.694</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Hispanic</td>
<td>.044</td>
<td>.526</td>
<td>.600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Bachelor’s Degree+</td>
<td>.008</td>
<td>.059</td>
<td>.953</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

An interaction between Percent White and Percent Evangelical was also tested in multivariate regression; the adjusted R-square value of this model is not much greater at .535, indicating that it explains about the same amount of variance as Model 2A. However, the interaction term is significant here (β=-.916), suggesting that the relationship between being county Percent White and county opposition differs with different county-level proportions of Evangelical voters. The precise nature of this interaction relationship is difficult to assess without disaggregating White opposition from Black opposition at the county level; the next section attempts to address this issue.

As with the lottery case, this model does not account for spatial autocorrelation, so similar efforts as above were used to assess the problem of spatially-influenced opposition values. The spatial analysis program GeoDa was used to diagnose spatial autocorrelation in the full regression model. Using Queen first-order spatial weighting, a classic OLS regression was run on the group of predictor variables significant in bivariate regressions at p<.200. Results show that the weighted model is a good fit at
R-sq=.624, but unlike the lottery case, a non-significant Moran’s I value and non-significant Lagrange Multiplier diagnostics suggest that spatial autocorrelation is not a problem in this regression model. A check with Rook first-order spatial weighting (a less-inclusive contiguity measure in which counties that share a border and not a vertex are weighted) had the same result. Without spatial statistics that point to spatial autocorrelation, the original multivariate regression model is assumed to be an adequate explanation of the variance between counties.

**White Opposition**

The regression models above for both vote outcomes are interesting in that they reveal race to be the key predictor of opposition to progressive policies for economic development. Yet the counties with bigger White populations (and stronger opposition) are also more healthy economically; perhaps Blacks and Whites in such counties are more opposed to redistributive development approaches. Using aggregate data to draw conclusions about the behavior of sub-groups raises the issue of ecological fallacy. As noted above, without disaggregating the data by racial subgroup it is difficult to know how important race really is.

Roch & Rushton (2007) are the authors of the only published statistical analysis of recent referenda voting in Alabama (they explored the 2003 tax reform vote), and the way they dealt with the problem of aggregate data is instructive here. Roch & Rushton’s goal was “to examine the ways that the racial mix of counties, in terms of
both the proportion of the population that is Black and the degree of racial segregation, influence white voting” (15)\textsuperscript{14}. They found the ecological fallacy too problematic for their more complex analysis, so they used King (1997)’s methods for ecological inference. They constructed county-level estimates of support for the Tax Reform proposal by race, using the sophisticated method developed by King, which is a two-step process that involves first constructing estimates of voter turnout by race (using King’s Ez1 software program), and then generating estimates of voter support by race.

Roch & Rushton found that county-level support varied considerably among Whites (between 6 and 50%) and less so among Blacks (between 69 and 80%), and estimated that support by racial subgroup is 21% for Whites (or 79% opposition) and 75% for Blacks (or 25% opposition). However, they also report the same aggregate results for the second step when they use Goodman’s (1959) simpler technique, here assuming identical levels of White and Black turnout across all counties. Goodman’s less accurate technique preceded King’s and was long the standard procedure; it assumes that turnout across districts is identical for subgroups and that voter turnout for subgroups is independent of groups’ proportion of total population (Gill, 2001). For the purposes of this chapter, the two-step process is overly cumbersome so Goodman’s technique is used to estimate subgroup opposition assuming equal turnout across counties.

\textsuperscript{14} They find that racial integration is associated with increased White support for the proposal, which they interpret as evidence against V.O. Key’s “racial threat” hypothesis.
Using information from the Alabama Secretary of State on September 2003 county voter registration numbers by race, White voters’ proportion of the total county-level vote is determined. Total county-level opposition is then regressed on the percentage of White voters (β=.750). Tax Reform, Whites Voting No is multiplied by .750 to create a new variable that focuses on white voting behavior, Tax Reform Percent Whites Voting No. A visual check of the output suggest that the estimates are accurate: for example, Cullman County and Lee County are both 75% White or more but Cullman is known to be one of the most conservative counties in the state (74.04% White opposition) while Lee, home to Auburn University, is quite liberal (56.13% White opposition). The same process is repeated to estimate Black voters’ proportion of total county-level opposition. The regression reveals a beta coefficient of -.762; Tax Reform Black Percent of Vote is multiplied by (1-.762), or .238, to create Tax Reform Percent Blacks Voting No. While these estimates are not as rigorous as estimates using King’s technique, they are close: the estimated rates of opposition for Whites (75%) and Blacks (24%) are close to the 79% and 25% rates Rushton & Roch produced with the more sophisticated procedure.

The same procedure is followed to produce estimates of White and Black opposition to the education lottery proposal. Using information from the Alabama Secretary of State on June (the only month available) 1999 county voter registration numbers by race, White voters’ proportion of the total county-level vote is determined. Total county-level opposition is then regressed on the percentage of White voters (β=.806.) Education Lottery White Percent of Vote is multiplied by .806 to create a new variable
that focuses on White voting behavior, Education Lottery Percent Whites Voting No.
The process is repeated to generate estimates of Black voters’ proportion of total county-level opposition. The regression reveals a beta coefficient of -.800; Education Lottery Black Percent of Vote is multiplied by (1-.800), or .200, to create Education Lottery Percent Blacks Voting No.

The procedures used to generate Models 1A and 2A are used with the new, more accurate dependent variables (also weighted by county proportion of total statewide vote): bivariate analyses help weed out hypothesized predictors based on the p<.200 criteria; after checking for multicollinearity, significant predictors are used to create full models. The variable Percent White is not used in this model, nor is the interaction term Percent Evangelical X Percent White.

Bivariate analyses of the relationships between White opposition to the lottery proposal and the same group of individual predictors (displayed in Table 19) show that, among White voters, the Ideological explanations is still the strongest explanation for opposition, but the predictive power of some control variables has become magnified. For the Ideological explanation, the strongest predictor of opposition was Percent Voting Democratic ($\beta=-.781$); in counties with more Democrats, Whites were less likely to oppose the lottery. Percent Evangelical Adherents ($\beta=.580$) was also a strong predictor; in counties with more Evangelicals, Whites were more likely to oppose the lottery. The negative association with Percent Religious Adherents, which was significant for the aggregate data, is even stronger here. This shows that, when
looking at Whites alone, proximity to religious values in general decreased opposition, while proximity to Evangelical values increased opposition.

The connection between county farm employment and opposition, not surprisingly, gets stronger among Whites alone. Although non-White farmers and farm workers (mainly Blacks, Hispanics, and American Indians) make up about 7% of farm operators in Alabama (2007 Census of Agriculture), meaning that many more than 7% are non-white farm workers, ALFA is clearly a White farmers’ organization. Although the organization does not give demographic information on its membership, a quick analysis of the pictorial representation of ALFA members in a sample of four regular newsletters (Friends and Family quarterly and Neighbors monthly) shows that a disproportionate amount of White faces and few if any Black or Hispanic faces are shown (14 out of 216 or about 6%). While farming itself tends to be a more ideologically conservative enterprise due to the often fierce guarding of property rights (cite), the Alabama Farmers’ Federation may be even more conservative because of its lack of diversity.

Whites were somewhat more likely to oppose the lottery in counties with higher median income. This cannot be interpreted as voting for self-interest, because the lottery was to collect sumptuary or “vice” taxes. Unlike property or income taxes, vice taxes are not progressive and thus do not disproportionately affect wealthier people (in fact, vice taxes are usually very regressive). If Whites in wealthier counties weren’t voting on the basis of self-interest, it’s reasonable to conclude that they were voting
ideologically. However, none of the other variables associated with voting *against* self-interest were associated with White opposition to the lottery, which suggests that self-interest was still an important predictor of support among Whites. In particular, Whites in counties with more school-aged children were less likely to oppose the lottery ($\beta = -0.470$), as were Whites in counties with higher unemployment rates ($\beta = -0.254$). This is interesting because it may reveal a key distinction between the motivations of White voters. Rather than a monolithic group, Whites appear to be divided into a group that opposed the lottery based on some association with Evangelicalism (either as Evangelicals themselves or living in areas with high concentrations of Evangelical neighbors) and/or based on income (either as wealthier people themselves or living in wealthier areas), and a group that supported the lottery based on self-interest (either as parents of school-aged children or unemployed themselves or living in areas with high concentrations of parents or unemployed neighbors). Opposition to the lottery was strongly racial, but not all Whites voted the same. The basis of opposition was primarily Evangelical Whites, and secondarily wealthier Whites.

As for the control variables associated with White opposition, the relationship with population growth was strongly positive ($\beta = 0.556$). Population growth may be an indicator of economic dynamism, and voters in growing counties might not have felt the imperative to bolster public education in the state. Scatterplotting suggests that this relationship is curvilinear—at a certain rate of growth, a greater influx of newcomers ceases to be associated with greater opposition. The proportion of male residents was
also associated with opposition. As explained above, the proportion of males may also be an indicator of economic dynamism, since counties with more men may have more jobs (and less interest in policies for long-term, human-capital-led development); or it may be an indicator of population age, since counties with more women tend to be older overall (and less interested in supporting public education). However, the percent of residents aged 65 and older was not associated with opposition, so the former explanation is probably more accurate. Whites in counties with more Hispanic residents were more likely to oppose the measure than the aggregate group of voters in such counties; scatterplotting shows that the relationship is actually curvilinear perhaps because counties with more Hispanic residents may also be wealthier. In counties with more Personal Receipts from Government, White were less likely to

<table>
<thead>
<tr>
<th>Variable (N=67)</th>
<th>Expected Relationship*</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>ASIE</td>
<td>.299</td>
<td>3.097</td>
<td>.003</td>
</tr>
<tr>
<td></td>
<td>FIE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Aged 65+</td>
<td>n.s.</td>
<td>.020</td>
<td>.199</td>
<td>.843</td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>n.s.</td>
<td>-.470</td>
<td>5.278</td>
<td>.000</td>
</tr>
<tr>
<td>Population Density</td>
<td>n.s.</td>
<td>-.337</td>
<td>3.544</td>
<td>.001</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>n.s.</td>
<td>-.254</td>
<td>2.601</td>
<td>.011</td>
</tr>
<tr>
<td>% Religious Adherents</td>
<td>n.s.</td>
<td>-.448</td>
<td>4.961</td>
<td>.000</td>
</tr>
<tr>
<td>% Evangelical Adherents</td>
<td>n.s.</td>
<td>.580</td>
<td>7.049</td>
<td>.000</td>
</tr>
<tr>
<td>Personal Receipts from Gov’t</td>
<td>n.s.</td>
<td>-.393</td>
<td>4.228</td>
<td>.000</td>
</tr>
<tr>
<td>% Voting Democratic (2004)</td>
<td>n.s.</td>
<td>-.781</td>
<td>12.378</td>
<td>.000</td>
</tr>
<tr>
<td>Farm Employment</td>
<td>n.s.</td>
<td>.480</td>
<td>5.417</td>
<td>.000</td>
</tr>
<tr>
<td>% Population Male</td>
<td>n.s.</td>
<td>.387</td>
<td>4.157</td>
<td>.000</td>
</tr>
<tr>
<td>% Population Growth (95-00)</td>
<td>n.s.</td>
<td>.556</td>
<td>6.623</td>
<td>.000</td>
</tr>
<tr>
<td>% Hispanic</td>
<td>n.s.</td>
<td>.461</td>
<td>5.148</td>
<td>.000</td>
</tr>
<tr>
<td>% Bachelor’s Degree+</td>
<td>n.s.</td>
<td>-.152</td>
<td>1.519</td>
<td>.132</td>
</tr>
</tbody>
</table>
oppose the lottery, perhaps because of greater reliance on and comfort with the state as a figure in social policy. Voters’ education level was not a strongly significant predictor of White opposition, but since it is significant at $p<.200$ it will be included in multivariate analysis.

Full models were built using multivariate regression. Model 1B (see Table 20) includes all the predictors that were significant at $p<.200$ in bivariate analyses, excluding population density (which was multicollinear with government receipts). The full model is significant at $p=.000$, its $R^2=.930$, and a check of the residuals shows that they are normally distributed. Interestingly, in full modeling of White opposition to the lottery, more of the predictors remain significant at $p<.05$—i.e., even when controlling for all of the other variables. Percent Evangelical and Percent Religious Adherents exhibit almost countervailing effects, with the former strongly positive and the latter strongly negative. Voting Democratic remains negatively associated with White opposition while Farm Employment remains positively associated, suggesting that ideology plays an important role in determining White rejection of the lottery proposal. The only other variable that remains significant is the “self-interest” variable Percent Aged 0-14, suggesting that White opposition decreases with the proportion of school-aged children. The model suggests that, on the whole, White opposition to the lottery had a lot to do with Evangelical identity.

Analysis of White opposition to the 2003 tax reform proposal followed the same methods as described above. Bivariate analyses of the relationships between White
opposition to the proposal and the same group of individual predictors (displayed in Table 13) show that, among White voters, the Ideological explanation is still the strongest explanation for opposition. Not surprisingly, the strongest predictor of support was Percent Voting Democratic ($\beta=-.848$); White opposition was more likely in those counties with fewer Democrats. As seen with White opposition to the lottery, the variables Percent Evangelical Adherents and Percent Religious Adherents have nearly the opposite effect at the county level. Whites’ proximity to religious values in general did not defeat the tax reform measure—it was specifically their proximity to Evangelical values. Even though anti-reform arguments made by Evangelical opponents did not directly reference religious values, it appears their arguments were more persuasive in the Evangelical community than the explicitly religious pro-reform arguments made by supporters. These arguments, as noted above, tended to refer to individual freedoms and anti-statism. As theorized in Chapter 4, (White) Evangelical voters may be more ideologically receptive to such arguments.
Here again, the association between county farm employment and opposition gets stronger among Whites alone. Areas where more people are employed in farming tended to be more averse to the reform plan. This makes sense from a self-interest perspective (farmers would have wanted to avoid increased property taxes) and from an ideological perspective (farmers and especially the Alabama Farmers’ Federation tend to be considerably more economically conservative). For example, ALFA’s monthly newsletter *Neighbors* featured a picture of the hammer and sickle above anti-reform editorials during the tax reform campaign period, which fits into the group’s message about the danger of violating conservative principles and the “slippery slope” that could lead to socialism/communism.

Based on the positive relationship between income and opposition, and the negative relationships between with unemployment and the proportion of school-aged children, self-interest was also an important predictor of support among Whites. Here again, Whites appear to be divided into a group that opposed the measure based on some association with Evangelicalism (either as Evangelicals themselves or living in areas with high concentrations of Evangelical neighbors) and/or based on income (either as wealthier people themselves or living in wealthier areas), and a group that supported the measure based on self-interest (either as parents of school-aged children or unemployed themselves or living in areas with high concentrations of parents or unemployed neighbors).
As for the control variables associated with White opposition, the relationship with population growth was strongly positive ($\beta=.513$). Population growth may be an indicator of economic dynamism, and voters in growing counties might not have felt the imperative to bolster public education and/or progressivity in the state. Scatterplotting suggests that this relationship is curvilinear—at a certain rate of growth, a greater influx of newcomers ceases to be associated with greater opposition.

The proportion of male residents was also associated with opposition. As explained above, this may be an indicator of economic dynamism too, since counties with more men may have more jobs (and less interest in policies for long-term, human-capital-led development). Whites in counties with more Hispanic residents were more likely to oppose the measure than the aggregate group of voters in such counties; scatterplotting shows that the relationship is actually curvilinear perhaps because counties with more Hispanic residents may also be wealthier. Counties with greater educational attainment had proportionately fewer White opponents to the tax reform plan, which suggests that higher education or its context made voters more receptive to the progress and development narrative propounded by Gov. Riley and the rest of the support campaign.

Full models were built using multivariate regression. Model 2B (see Table 22) includes all the predictors that were significant at $p<.200$ in bivariate analyses; the full model is significant at $p<.001$, its R-square=.954, and a check of the residuals shows that they are normally distributed. In Model 2C, Percent Voting Democratic,
Table 21: Bivariate Regression Analysis of Whites Voting No, Tax Reform

<table>
<thead>
<tr>
<th>Variables (N=66)</th>
<th>Expected Relationship</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>+</td>
<td>-</td>
<td>n.s.</td>
<td>.242</td>
</tr>
<tr>
<td>% Aged 65+</td>
<td>+</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.008</td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>n.s.</td>
<td>+</td>
<td>n.s.</td>
<td>- .370</td>
</tr>
<tr>
<td>Population Density (2000)</td>
<td>n.s.</td>
<td>-</td>
<td>n.s.</td>
<td>- .551</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>n.s.</td>
<td>+</td>
<td>n.s.</td>
<td>- .272</td>
</tr>
<tr>
<td>% Religious Adherents</td>
<td>n.s.</td>
<td>n.s.</td>
<td>+/-</td>
<td>- .556</td>
</tr>
<tr>
<td>% Evangelical Adherents</td>
<td>n.s.</td>
<td>n.s.</td>
<td>+/-</td>
<td>.512</td>
</tr>
<tr>
<td>Personal Receipts from Gov’t</td>
<td>n.s.</td>
<td>n.s.</td>
<td>-</td>
<td>-.610</td>
</tr>
<tr>
<td>% Voting Democratic (2004)</td>
<td>n.s.</td>
<td>n.s.</td>
<td>-</td>
<td>.848</td>
</tr>
<tr>
<td>Farm Employment</td>
<td>n.s.</td>
<td>n.s.</td>
<td>+</td>
<td>.506</td>
</tr>
<tr>
<td>% Population Male</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.471</td>
</tr>
<tr>
<td>% Population Growth</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.513</td>
</tr>
<tr>
<td>% Hispanic</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>.407</td>
</tr>
<tr>
<td>% Bachelor’s Degree+</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
<td>-.213</td>
</tr>
</tbody>
</table>

Percent Evangelical Adherents, Percent Religious Adherents, Farm Employment, Government Receipts, Percent Aged 0-14, and Population Growth all remain significant at p<.05. The model suggests that, on the whole, White opposition to the lottery had most to do with ideological orientation. Compared to the lottery vote, the variables that had a weaker effect on opposition were income, the presence of school-aged children, and religion. As with the lottery vote, Percent Religious Adherents and Percent Evangelical Adherents had an opposite effect (with the former decreasing opposition and the latter increasing it); in the tax reform case these effects were slightly weaker. The variables that had a stronger effect on opposition were population growth, voting Democratic, the amount of personal receipts from government, and county farm employment.

Evangelical voters—or more accurately, voters in counties with more Evangelicals—
Table 22: Multivariate Regression Analysis of Whites Voting No, Tax Reform, Model 2B

<table>
<thead>
<tr>
<th>Model</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>R-sq.</th>
<th>Adj. R-sq.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>.142</td>
<td>1.897</td>
<td>.000</td>
<td>.957</td>
<td>.951</td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>-.098</td>
<td>-2.799</td>
<td>.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>.060</td>
<td>1.391</td>
<td>.168</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Religious Adherents</td>
<td>-.393</td>
<td>-6.553</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Evangelical Adherents</td>
<td>.343</td>
<td>-6.553</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Receipts from Gov’t</td>
<td>-.185</td>
<td>-4.356</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Voting Democratic</td>
<td>-.450</td>
<td>-8.454</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm Employment</td>
<td>.242</td>
<td>9.258</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population Male</td>
<td>-.016</td>
<td>-5.300</td>
<td>.598</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population Growth (00-05)</td>
<td>-.136</td>
<td>-2.034</td>
<td>.045</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Hispanic</td>
<td>-.025</td>
<td>-0.899</td>
<td>.371</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Bachelor’s Degree +</td>
<td>.098</td>
<td>1.384</td>
<td>.170</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

were clearly a major source of opposition to both of these progressive development policies. Who are Evangelical voters? Can any demographic data be inferred about them based on the characteristics of the counties they live in? Table 23 displays the results of regression modeling based on all of the study variables with p<.200.

Table 23: Percent Evangelical Adherence, 2000 (Multivariate Regression)

<table>
<thead>
<tr>
<th>Model</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>R-sq.</th>
<th>Adj. R-sq.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income, 1999</td>
<td>-.129</td>
<td>-1.647</td>
<td>.105</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Aged 65+</td>
<td>-.191</td>
<td>-3.745</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Aged 0-14</td>
<td>-.132</td>
<td>-2.359</td>
<td>.002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate, 1999</td>
<td>.079</td>
<td>1.565</td>
<td>.123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Religious Adherence</td>
<td>.621</td>
<td>17.670</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Population White</td>
<td>.816</td>
<td>12.009</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Bachelor’s Degree +</td>
<td>-.178</td>
<td>-3.199</td>
<td>.002</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The more Evangelical adherents there are in an Alabama county, the more White residents there are (by far), the fewer older and younger residents there are, the greater
the rate of religious adherence in general, and the lesser the educational attainment. These data hold up for the 1999 economic data and the 2003 economic data, although the relationship with Percent Bachelor’s Degree+ is greater ($\beta=-.212, p=.000$) and the relationship with Percent Aged 0-14 disappears for the later year. In other words, counties with more Evangelicals are not richer or older, which were two key hypothesized predictors of opposition based on self-interest. If Evangelical voters—probably a significant source of opposition, although with aggregate data it’s hard to be sure—were against the policies based on self-interest, this is the opposite of what would be expected. Moreover, voters in counties with more Evangelicals are likely to be less educated; on the basis of self-interest one might expect less educated voters to embrace policies that would increase their families’ access to better schools and college scholarships. If not on the basis of self-interest, Evangelicals may have been motivated by ideology.

Discussion

By identifying the types of people that affirmed (with their votes) arguments against each policy proposal, these analyses generally support the conclusions made in Chapters 3 and 4—that opposition to the policies was significantly motivated by ideology. As interview data showed, observers pointed to Alabamians’ inherent ideological aversion to government as a major reason for opposition, and discourse analysis supported this interpretation. But each source of evidence lacks an important piece that the voting analysis makes clear--observers overlooked the importance of
conservative religion in the defeat of the tax reform, and discourse analysis did not give any indication of the central importance of race in the defeat of both the tax reform and the lottery. The voting analysis shows that these groups were indeed more receptive to the ways that traditional conservatives framed the issues even though they contradicted themselves between one case and the other—suggesting a durable ideology that can be adapted to very different circumstances.

The regression analyses of each vote outcome, especially when looked at comparatively, reveal a complex interplay between race, religion, and self-interest. The effect of race is not surprising given that Whites as a group are much wealthier than Blacks—on the basis of personal self-interest alone, it’s expected that “Whiter” counties would be more likely to oppose redistributive socio-economic policies. Moreover, because Alabama’s Black residents are geographically concentrated, race would be expected to explain much of the variance in county-level voting. Nevertheless, the effect of Percent White explains almost all the variance in opposition to the lottery after controlling for all the other factors (including income), and is also the strongest predictor when controlling for everything else in the tax reform case. Looking more closely at White opposition alone, self-interest is still clearly an important predictor; the proportion of school-aged children in a county significantly affects the outcome in multivariate regression for both voting cases. Whites in “older” counties may not feel a personal need to support socio-economic policies that would benefit other types of families more. These effects are evidence that can support the pluralist understanding of political power in Alabama—e.g., neither policy proposal...
got enough support in the “marketplace” of personal preference. The fact that White voters’ preferences prevailed does not necessarily imply class-based power; perhaps these were poorly-crafted policies and/or perhaps Black voters were ambivalent.

However, the much stronger effect of religion especially among Whites provides strong evidence for the role of ideology over self-interest. A religious county context was a strong predictor of opposition to the lottery, but this was expected because the lottery was associated with sin, addiction, and gambling during the public discourse. Many individual churches as well as religious networks like the Alabama Christian Coalition and Southern Baptist Convention opposed it. However, the tax reform plan presented no violations of religious values or morality. In fact, morality and Christian values were cited far more often in the public debate as reasons to support the measure. Yet opposition to this proposal was strongest in the most conservative religious contexts—counties with a greater concentration of Evangelical Protestants—although religious adherents in general did not provide a context more conducive to opposition. Looking at White voters specifically, the difference in opposition between more religious and more Evangelical counties is even more striking. For both voting cases, Percent Religious Adherents had about the opposite effect as did Percent Evangelical Protestants.

Furthermore, while Percent Religious Adherents was associated with increased aggregate opposition to the lottery, it was associated with decreased White opposition. These results provide more evidence of ideological voting, revealing the paramount
importance of conservative religious identity in shaping White policy preferences. Religious identity is about more than moral values for White conservative Protestants in Alabama. Because voters in these types of communities were much more likely to oppose both redistributive plans despite “Christian” grounds for opposition to only one plan, it appears this identity is fused with an economic ideology—a preference for a small state with minimal ability to interfere with private accumulation. This economic preference is probably not based in self-interest or pragmatism—the tax reform plan would have only infringed upon the personal economic interests of a very small group at the top of the income pyramid, a responsibility welcomed by capital’s major representatives (such as the Business Council of Alabama and the Economic Development Alliance of Alabama) who publicly anticipated long-term benefits for civil society generally and for business specifically. Nor is this preference based in principles of self-government, as the tax reform plan would have increased the power of local authorities vis-à-vis the state.

Rather, this study suggests, it is based in a racialized anti-statism to which Alabama’s conservative Protestants appear particularly receptive. The literature has anticipated this interaction to a certain extent, suggesting that conservative Protestantism goes hand-in-hand culturally with an ethos of individualism that prevents CPs from acknowledging the fundamental causes of African American inequality (Emerson & Smith, 2000). A number of scholars have argued that religious values are related to economic policy preferences. Emerson & Smith argue that religion plays an important role in defining the “cultural toolkit” of many Americans (meaning a defined set of
cultural resources that defines individual reality and patterns one’s interpretation of experiences) (Swidler, 1986). Emerson & Smith theorize that the particular cultural toolkit of conservative Protestantism features individual actors rather than actors-in-structure, compounding the already-individualist bent of mass American culture. Because of CPs’ belief in “accountable freewill individualism” where people are individually accountable for their freely-chosen actions, structures and institutions are not understood to have much of an effect on people’s life outcomes (Emerson & Smith, 2000: 76). Personal choices are more important. And, because personal relationships—not only with God but with other individuals—encourage people to make the right choices, defective relationships are seen as the main cause of individual and social problems (ibid.). From this perspective, any systemic discrimination that does occur results from the actions of discriminatory individuals or because of institutions that undermine healthy individual relationships, such as government.

The way that this individualist narrative shapes CPs’ perspective on government and social policy has been the focus of much political-sociological observation. Felson & Kindell (2007) find evidence that a conservative (that is, free-market) economic ideology is dominant among conservative Protestants, although its effects are only consistent among better-educated CPs. It’s also likely that other key elements of conservative Protestantism shape adherents’ views on such matters. For example, direct adherence to a guiding moral text (“originalism”) rather than human interpretations of that text may create a frame that is transposable to other texts. To
wit: conservative Protestants tend to support a literal reading of the US Constitution as well; as Tuttle & Smith (2010) explain,

“Literalism and originalism share a core commitment to the idea that their relevant texts have a timeless, fixed meaning that is readily ascertainable. In addition…both are deeply concerned about the loss of constraint that results from interpretation that is untethered to text; both have a strong, self-consciously populist impulse and an equally strong and self-conscious disdain for elite opinion, both with respect to interpretive norms and cultural values; and both maintain that all other approaches to their relevant texts are fundamentally illegitimate because they breach a duty of fidelity” (1).

Clearly, structural location is also a part of this causality. There is a relatively high degree of spatial, occupational, and religious segregation in Alabama, meaning Evangelical Whites are less likely to belong to the same social networks as Blacks. Political participation may also shape the economically conservative effect of the Evangelical vote: education is related to greater participation and Edgell & Tranby (2007) have found that among religious conservatives, the better educated are more likely to oppose most solutions to African American inequality. However, the fact remains that White conservative Protestants are found across the southeastern U.S., yet many of these state governments have been successful in establishing balanced development policies that invest in all residents.

The difference in Alabama is a set of structural, cultural, and institutional preconditions that allows economic conservatives to trump countervailing forces like labor or the state. Rather than being grouped under a single-peak association which would represent its collective interests, business is bifurcated into modernizers and conservatives. The “corporate liberalism” of modernizing business corresponds more closely with public interests but less closely with the existing cultural context. This context is tied to the state constitution: both indirectly and directly, it favors the
maintenance of the status quo. When attempts are made to challenge the status quo, it is not difficult for conservative business interests to marshal public support for their interests. In part, this is because of the cultural template provided by the document: constitutional provisions like the regressive tax code, earmarking, centralized authority, and the arduous amendment procedure have “primed” the electorate for suspicion of government and fierce aversion to change, especially when it might involve taxes. Reinforcing these effects is conservative Protestantism (especially Baptism): its central role in social and political life has normalized values like faithfulness to texts and tradition and more importantly, “accountable freewill individualism.” This mental model is further reinforced by racialization, which hides structural sources of inequality by embedding racial divisions in the normal operation of most institutions and thus making them “invisible” to most Whites (Emerson & Smith, 2000).

These structural and cultural preconditions still do not guarantee that conservative business’s way of framing socio-economic policies will be more successful with the public. Some institutional provisions contribute directly; perhaps most important is the lack of transparency in state campaign finance laws. In the cases under study here, powerful economic interests like out-of-state gambling cartels and corporate owners of vast timber tracts had merely to identify the most influential mouthpiece and pay handsomely without fear of disclosure. These groups’ opponents in the modernizing business sector would only go so far to expose this process because after all, they create consent in the same ways under other circumstances.¹⁵

¹⁵ As one member of the pro-tax reform campaign explained, “The only way this was going to be successful was through defining, identifying, and discrediting the opposition. That was not done for political reasons, and thus it became impossible” (personal communication, 7/12/10).
This period in Alabama’s history was marked by influential Evangelical leaders like the Alabama Christian Coalition’s John Giles and former state Supreme Court Judge Roy Moore (of “Ten Commandments” fame) who were strongly opposed to any expansions of state power and who were not averse to taking and “laundering” such political donations through their PACs.

Using religious authorities to spread conservative economic messages is particularly ingenious because religious values are perhaps the strongest common bond between racial groups in Alabama. Racial divisiveness is minimized when policies are framed in a way that resonates with both Blacks and Whites (Kellstedt, 2000). Lottery opponents took clear advantage of this fact when they argued that lotteries meant gambling, sin, and a regressive tax on poor people; in opposition to tax reform many of the same groups claimed that implementing more progressive taxation represented overreaches of government authority and threats of waste and corruption. Although Blacks were far less persuaded by such arguments, their potential opposition was minimized because religious values and anti-statism resonate with them too. The effect of rejecting both plans was a continuation of the status quo in which Whites have significantly greater access to education and opportunities and only accept tax increases where funds are likely to circulate locally. Low- and middle-income Alabamians continue to pay more than twice as much of their income in state and local taxes as do those with the highest incomes (Institute on Taxation and Economic Policy, 2009).

Establishing a pattern of racialized voting behavior opens up the cache of supporting evidence beyond the economic development realm. For example, in 2004, several legislators proposed an amendment to the state constitution that would have removed
1901-era language permitting the segregation of schools by race and 1950s-era language confirming that Alabama’s constitution does not guarantee a right to a public education. While federal law supercedes states’ ability to formally segregate schools, the removal of the segregation language would have been symbolically important. Opponents like the Alabama Christian Coalition argued that “guaranteeing a right to a public education would have opened a door for ‘rogue’ federal judges to order the state to raise taxes to pay for improvements in its public school system” (Roig-Franzia, 2004). Even though this argument was “ridiculed by most of the state's newspapers and by legions of legal experts” (ibid.), it was persuasive enough that voters rejected the proposal in statewide referendum. Regressing county-level voting on the variables used in this study reveals that Percent White and Percent Evangelical Adherents were again the strongest individual predictors ($\beta=.761$ and $\beta=.660$, respectively; $p=.000$). Furthermore, attempts to end the state’s regressive tax on groceries, which hits low-income Black families the hardest, have failed repeatedly over the past few decades; however these attempts have never gotten past the state legislature into a referendum.

If race really is at the core of voting by influential White groups, it is easier (in a manner of speaking) to understand Alabama voters’ favor for the capital subsidy approach to development. The jobs that come to Alabama from big manufacturers are much needed, but they seem to be taken mostly by middle-class Whites. Because the state refused to apportion the new jobs such that some specific number would come to the poorest counties (the Black Belt counties), because the state does not provide public transportation or quality public education, and because people without a high school diploma are ineligible for many of the state workforce training programs, the capital subsidy approach almost guarantees that state money spent on corporate
incentives will not benefit poor Black communities. Balanced development policies, like the tax reform proposal and even the less-progressive lottery proposal, would have directly benefited the least advantaged and would have given more power to government for redistribution and potential mismanagement. Unfortunately, a set of extraordinary opportunities to change one of the most regressive socio-economic systems in the country was squandered.
CHAPTER 6

CONCLUSIONS

This study began by asking why inequality and poverty tend to persist at certain subnational sites, and the extent to which governments at this level have the capacity to address these issues. How much power to make significant economic changes do state governments have, in the face of global economic restructuring? What role does subnational civil society play in limiting or enabling this potential sphere of power? What determines the relative power of groups within civil society, and are these configurations durable or fluid? These questions were posed using Alabama as a case study. The study’s findings suggest that institutional, structural, and cultural variables at the state level determine the relative power of capital, state government, and the public to set political agendas, achieve goals, and facilitate or ward off change. In Alabama, the state theoretically has the capacity to modify the way it connects with the global economy (as evinced by the experiences of high-performing states in the region) but it does not have enough authority to do so. Its authority is limited by both political institutions (the constitution), and by class-based power in the form of vested elite interests. Voters can enable the state to act, but do not do so because they consent to the prioritization of these elite interests.
Thus, in Alabama, the local economy’s incorporation into the world economy is directed primarily by civil society, with the state acting as a facilitator but not a manager of this process. A minimal state has already been established through the existing political-institutional structure; the state constitution strictly limits state government’s power and makes it hard to modify this arrangement. When the constitution was written in 1901, constraining the state especially in the economic development sphere was seen as beneficial to the public—at the time, Alabama was not the only place in the US where unrestrained state and local governments had gone into serious debt trying to attract railroads and other businesses (Walthall et al. 2001). However, many of the positive civic goals associated during the neoliberal era with devolution and shrinking the state never came to pass for Alabama, since this constraint was never matched by a corresponding empowerment of the public (through home rule, for example). This left the remaining power center in civil society, private interests, with outsize influence over economic development ideals and activities. As Tomaskovic-Devey and Roscigno (1997) have explained, patterns of local incorporation in the world economy “depend not only upon the investment decisions of international capital but also upon local class relations and the economic projects of local elites” (571, italics added). When local elites are more empowered and more inclined to pursue narrow private interests—say, dismantling regulations or lobbying for tax abatements—with no discernible public benefit, the result can be uneven development with less public benefit.
In Alabama, local elites’ economic projects are bifurcated—the more short-sighted sector favors narrow private interests; the more far-sighted sector favors balanced development. Luckily for the former, existing circumstances suit their interests. Despite the heavily pro-business culture, the moderate sector has less power than the conservative sector to manipulate the interests of the public. This is at least partly because the constitution sets a “cultural template” for small government and slow incremental change to the status quo; at the same time, the prevailing values among Alabamians are proudly conservative to the point of risk-aversion. In itself, this cultural context might not prevent change in the area of economic development, because many other conservative electorates have enabled their governments to bring about balanced development. But here, a “perfect storm” mediates against socio-economic change. Conservative sectors rhetorically connect moderately progressive policies with the violation of individual rights and the expansion of government; in doing so they create an ‘imagined community’ that shares some basic unviolable principles; of such principles, Hall et al. have said, “the more deeply sedimented the layers of culture that they appeal to, the greater will be their persuasiveness” (419). As a result, the public tends to support proposals for economic development activities that directly enable business (e.g., tax abatements, site preparation, subsidized workforce training for new employers) but not other activities that would directly enable workers and communities (e.g., two- and four-year college aid, access to public transit, increased flexibility in the state’s use of revenue).
As in Gaventa’s (1980) Tennessee case study, power asymmetries that were institutionalized at critical points in history (here, the writing of the state constitution all the way back in 1901) became less and less visible as time passed and as these asymmetries receded from actual decision-making points they have come to appear natural or even preferable. This keeps the public’s interests within an already-defined sphere and limits their demand for institutional change (Thelen and Steinmo 1992). Acculturation to a system based on inequality becomes an inertial force that does not even rely on the actions of a unified class to keep it going; the public sees this system as natural and cannot imagine possibilities “outside” of it. Furthermore, potentially countervailing interest groups have been built around existing social organization and do not want their investments disrupted, since they may have developed political or economic advantages. Here, even the powerful teachers’ union does not challenge basic institutional features that limit change and maintain cultural expectations, such as earmarking, because they have their own payout from these features. State actors who manage institutions also have strong incentives to follow the path because the costs of switching are immediate while the benefits are not, as Pierson’s (2000) theories have anticipated.

At the same time, ongoing cultural work maintains the binding effects of collective ideologies; and this study has shown how that cultural work was performed during public debates over proposed policy changes. But, as Gaventa’s work has also shown, the exercise of hidden power occurs not only during times of conflict or in response to grievances, but constantly and invisibly—preventing grievances from arising in the
first place. Some bedrock cultural values directly favor the economic conditions that maintain inequality. Other values or norms indirectly favor these conditions or share an ideological “affinity” with them. For example, racialization creates a dichotomous way of thinking about the community: “us,” the deserving, versus “them,” the undeserving. But is the explanation for Alabama’s resistance to change during the last few decades really so simple as race? It seems hard to believe especially given Shafer and Johnston’s (2006) evidence for the “end of Southern exceptionalism.” Their voting data show that while conservatism remains strong in the South, its political base is now wealthy rather than White—an expression of new material interests rather than “old” ideological interests. And, as Chapter 2 has shown, much of the South does appear to have pursued a balanced, inclusive approach to development that seems to transcend the old exclusionary ideologies.

In Alabama, some evidence (specifically, the qualitative interview-based analyses included in this study) suggests a continued role for racialized political behavior in Alabama. However, quantitative voting analysis is less conclusive. The fact that wealthier and Whiter counties were more likely to vote conservatively on Alabama economic development issues makes it hard to untangle the independent effects of these two identities. The role of race becomes somewhat clearer through consideration of another bedrock value’s effects on voting—religion. When looking at conservative voting among Whites alone, income still exerts somewhat strong effects but the strongest effects come from conservative Protestantism (labeled Evangelicalism in the voting analysis section, a category that includes Baptists,
fundamentalists, and other conservative Protestant groups). Evangelical adherence was the strongest predictor of White opposition across both the lottery and tax reform cases, even controlling for income, education, and other variables. In other words, Evangelicalism trumped income as the basis for opposition not only for the lottery but also and especially in the case of the tax reform—unexpectedly, because the tax reform plan presented an economic threat to higher income groups but no violations of religious values or morality. In fact, morality and Christian values were cited far more often in the public debate as reasons to support the measure. The resonance of this argument for religious voters was expected to be so strong that Governor Riley himself staked his entire political career on it. Why then would voters from this devout group be most opposed to the tax reform plan, and what does race have to do with it?

This study suggests that religious identity is about more than moral values for White conservative Protestants in Alabama—it represents a broader worldview encompassing economic and community preferences. Conservative Protestant voters were much more likely to oppose both plans despite “Christian” grounds for opposition to only one plan—evidence that this identity is fused with an economic ideology: a preference for a small state with minimal ability to interfere with private accumulation. This economic ideology is not about self-interest; as Table 15 (p. 197) shows, CPs in Alabama tend to be less wealthy and less educated. Instead, it appears to be about race: CPs are overwhelmingly White. The CP worldview, which emphasizes individualism and personal responsibility in both social and economic life,
offers an accessible and familiar way to make decisions about whether or not to expand government. Like the state constitution, it provides a template or mental model to help people make sense of complex issues. Guided by such a template, economic choices that would seem pragmatic—such as investing in public goods for the sake of progress and development—may be subject to moral evaluations about merit and community belonging. In this way religious cleavages become a more important factor for understanding economic voting than class cleavages (Manza & Brooks, 1997), the latter of which entail a more racially and culturally diverse type of collectivity. Saying no to government becomes a way to say no to a host of other issues that conservative Protestants may be uncomfortable with. This explains why the moral message deployed during the lottery campaign was effective, but was dismissed during the tax reform campaign. Here, supporters failed to recognize the equally important economic dimension of the religious ideology—an economics based not on self-interest or personal pragmatism, but on principles.

This ideological connection is important because conservative Protestantism is the dominant identity group in Alabama not only in terms of adherent numbers but in terms of cultural and political influence. Does that mean that religion is a structural factor in its service to class interests? This study will not conclude that religion (in this case, conservative Protestantism), or culture more generally, is used by class actors as a means of engineering consent for conservative socio-economic policies; that causal relationship is beyond the scope of the research presented here. The assumptions of a class-based power structure do raise questions about the
“coincidence” of a dominant religious ideology that promotes a conservative worldview in a state where maintenance of the status quo is in capital’s short-term interest. There is clearly an affinity between this particular religious denomination and a conservative economic ideology. However, without a more thorough examination of conservative Protestantism’s roots in Alabama culture, determining causality is out of reach. Religion (i.e., culture), then, will be interpreted as an independent variable that, in conjunction with other variables, happens to increase the likelihood that the regressive status quo will be maintained. In Alabama, CPs happen to be the dominant political bloc in the state, both culturally and in terms of numbers—which means that their preferences are decisive. It is the specific configuration of cultural, structural, and institutional factors that work together to maintain the conservative status quo in Alabama. This explains how conservative Protestants can form a significant voting bloc in Georgia, North Carolina, and other southeastern states without having been organized as effectively by conservative economic elites.

This study’s findings are important because they build on a few key areas of inquiry regarding ideology, political power, and economic development. As predicted by Huber & Stephens (2001), Hacker and Pierson (2002), and Jenkins et al. (2006), “the ability of particular economic actors to exert influence [depends] heavily on institutional variables” (304); however, their research on these interactions does not specifically account for the influence of a third factor, that of cultural norms or values. Studies that have considered the political role of culture, particularly religion, have received a good deal of scholarly attention during the last decade or so with the rise of
the Christian Right. Yet few studies have examined the effect of local context, especially subnational institutional context, in determining the political power of religious beliefs; most work assumes a fairly even effect over space. This study shows that culture’s effect on power varies can be considerably strengthened by context and in variable ways; in Alabama, institutional context does not so much directly enable religious blocs (as perhaps it does in Mormon Utah, for example) as it enables a way of thinking that is aligned with a certain set of religious beliefs, those of conservative Protestants. This conclusion contributes to the relatively small body of research on power’s cultural dimension and “the cultural dynamics within the organization of the state itself” (Jasper 2005: 115), as well as the ways culturally-reflective state institutions further shape and constrain social action.

The conditional causality suggested by this study complicates the one-size-fits-all “end of Southern exceptionalism” theory, and helps explain why social inequality and uneven development continue to threaten places where job creation has indeed seemed to be voters’ chief consideration. In Alabama during the past two decades, voters faced with the choice to make major decisions about job creation have turned to principles over pragmatism. This finding more closely echoes Black and Black’s (2007) recent study of conservative politics in the South, which acknowledges the role economic considerations have played but also emphasizes the ways in which racial, religious, and cultural values continue to shape dominant political preferences. In terms of development more specifically, these Alabama findings also fit within the more place-specific, path-dependent understanding of economic development.
promoted by Lobao (2005)—one “[stressing] the importance of analyzing regional and local variations in macro-level processes” (5). If recent Southern political development is seen as a macro-level process, Lobao’s call allows this study’s particular findings about Alabama to fit into a broader conceptual project.

The study also has practical implications for issues of development, power, and policymaking in Alabama and nationally. Looking at Alabama, many questions remain: given these durable local circumstances, what sort of predictions can be made regarding development in the state over the next decade or so? The past two decades have been a key period for states to respond to emerging 21st century economic imperatives. In rejecting a development approach that did not have the advantage of mapping onto familiar power structures and ideologies, Alabama made a choice that has left the state ill-prepared for a global economy that demands knowledge, flexibility, and innovation capacity. What is unclear today is whether the new crises provoked by national recession, as well as the piecemeal third-wave development strategies that have popped up sporadically on the local level, will lead the state to embrace a more innovative paradigm based on different types of public investment than the state has typically valued. If not—if the state is structured into a particular type of policy approach—how can it leverage local assets and advantages to further exploit this approach in the new economic circumstances?

Assuming that the conditions maintaining preference for the capital-subsidy approach have not changed, it stands to reason that Alabama will have to leverage its existing
strengths (especially “business friendliness,” manufacturing strength, and global connections) without an increase in public investment similar to that adopted by many other states. This may be possible, although the current approach will certainly have to change. To begin with, evidence suggests that big-ticket capital subsidy itself is no longer tenable: there is simply no money left in the incentive-enabling Capital Improvement Trust Fund today (a fact which receives little to no attention in the media, perhaps because political leaders are not ready to acknowledge it). Sources indicate that “the day of the big-box—chasing the big ribbon-cutting—is coming to an end” (Sid McAnnally, personal communication, 5/27/09). Even if funds were available, Alabama’s willingness to put it all on the line economically no longer seems as effective, as other considerations become more important for investors—a conclusion supported by the recently resolved Boeing/EADS competition (European aerospace company EADS and proposed construction site Alabama failed to win a major federal contract over Washington-based Boeing when the US government was apparently persuaded to support the domestic company).

Even so, Alabama has considerable economic strengths that it could take advantage of without major ideological confrontations. Concentrating on a state’s existing strengths can be a boon, if these are innovative and are fostered from the bottom up. Diversification, innovation, and internally-driven growth are repeatedly emphasized by scholars of state economic development policy (Drabenstott 2006). For example, Lobao (2004) has suggested that states foster “territorial production complexes” based on firms that are generally locally-owned, small to moderate in size, and serve national
and international markets (21); she gives the example of artisan furniture production and associated tourism in the Ohio River Valley, and the revitalized small-scale dairy economy in the Northeast is another well-known case study. Alabama does have manufacturing strength and well-developed connections with national and international markets, although it currently lacks an infrastructure of small locally-owned production especially across lagging areas such as the rural Black Belt. Still, this type of local small-scale manufacturing would not require major upgrades in human capital but could promise a more sustainable set of middle-class jobs than that brought by externally-owned corporations.

Successful “third wave” development initiatives need to draw on the right kind of organizational resources too. Radin et al. (1996) identify a handful of organization features that are key to building local capacities and facilitating endogenous development—the ability for local governments to cooperate with each other, to share locally generated tax revenues, to engage in local land-use planning, and to effectively train civic leaders. Alabama has been handicapped in this organizational realm; the local dependence fostered by its governance structure and capital-subsidy paradigm has prevented local governments and citizens from seeing development as a process as well as a product. The idea of building community capacities that are not connected to immediate economic benefits are less familiar and possibly seen as inefficient, not only by state and market elites but also by the people themselves. However, Alabama has begun the important organizational process of dismantling the barriers to inter-county cooperation, as evidenced by a law passed in the early 2000s allowing up to
five counties to come together and create a regional authority with the ability to tax itself and fund economic development projects at the local level (Neil Wade, personal communication, 10/22/08). This is a major first step for a state with an entrenched culture of local rivalry and competition as well as a top-down, product-oriented understanding of development. And for better or worse, it does not require a fundamental realignment of the role of the state government which would seem to alienate most Alabamians from the pragmatic goals of development.

Flora, Sharp, Flora, & Newton (1997) have also shown that leadership training and other forms of community-based interaction are associated with successful local economic development. Currently, locales in Alabama benefit from community leadership training offered by the Economic Development Partnership of Alabama in partnership with Alabama Power and a few other major corporate interests in the state (Wiley Blankenship, personal communication, 5/14/09). In a low-tax environment, industry may wear many of the hats that would be normally be worn by government or nonprofits, and this is certainly true in Alabama; the state could continue to take advantage of the quasi-government role played by industry which could be a boon for cash-strapped local communities (although it may continue come with strings attached). Particularly important for bottom-up development and capacity-building is targeted support for entrepreneurialism in distressed areas, which Alabama has approached somewhat half-heartedly (John Zippert, personal communication, 2/10/09) perhaps due to the prevailing “pick a winner” mentality. However, such support could be provided through market mechanisms rather than through state aid; for example,
business incubators can divert funds and assistance to distressed areas in the spirit of microcredit and microentrepreneurialism (Claxton 2005). As these types of programs have shown, relatively small inputs even from profit-minded local sources can help raise people out of poverty in areas where external investment does not usually penetrate, ensuring that development does not just continue to happen to growth poles but becomes more widely spread.

Many of the steps Alabama could (and has begun to) take in the interest of third-wave development need not be expensive nor directed by the state, so civil society’s historic aversion to taxes and planning would not necessarily pose a barrier. But, they would require some institutional reorganization as well as a general openness to change. It remains to be seen whether Alabama’s powerholders will be willing to cede enough of their economic and political control to allow those changes to be made. It seems clear that voters will look to them to frame such changes in reassuring and familiar ways.
## Bivariate Correlations Among Study Variables

<p>|                        | % No, Tax Reform | % Relig. Adhere | % Evangelical | % Pop Growth '95-00 | % Pop Growth '00-05 | % Pop’n 0-14 | % Pop’n Male | % Pop’n White | % Hispani c | Median HH Income '99 | Median HH Income '03 | Farm Employ -ment | % Vote Dem. '00 | % Vote Dem. '04 | Gov’t Receipt s | % Bach. Degree | Pop’n Density |
|------------------------|------------------|-----------------|---------------|---------------------|---------------------|--------------|--------------|---------------|-------------|-------------------|-------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| % No, Lottery          | .528**           | .584**          | -.210*        | -.319**             | N/A                | .014         | .313**       | -.390**       | -.089       | .308**            | N/A               | -.190            | .240*          | N/A             | .990**         | .979**         |
| % No, Tax Reform       | n.s.             | .600**          | N/A           | .193                | -.202*             | .270*        | -.661**      | .373**        | N/A         | .169              | N/A               | .169             | .415**          | N/A             | -.578**        | n.s.           |
| % Relig. Adhere        | .546**           | -.453**         | N/A           | .039                | -.408**            | -.028        | -.132        | -.110         | N/A         | -.045             | N/A               | -.095            | N/A             | .225           | -.031          | .146           |
| % Evangelical          | .104             | .124            | -.529**       | .084                | .756**             | .264*        | .234         | .225          | .320**      | -.668**           | -.727**           | -.029            | -.195           | -.006          | n.s.           | n.s.           |
| % Pop’n Growth 95-00   | N/A              | -.321**         | .594**        | .533**              | .308**             | .552**       | N/A          | .258          | -.532**     | N/A               | -.062             | .194             | .077            | N/A            | .523**         | N/A            |
| % Pop’n Growth ’00-05  | -.060            | .440**          | .489**        | .278**              | N/A                | .829**       | .303*        | N/A           | -.572**     | N/A               | .523**            | N/A              | N/A            | -.015          | -.031          | .099           |
| % Pop’n 0-14           | -.271*           | -.671**         | -.153         | -217                | .076               | -.252*       | .476**       | .548**        | -.069       | -.015             | -.115             | -.423**          | -.081           | -.031          | .009           |
| % Pop’n Male           | .375**           | .243*           | .398**        | .375**              | .116               | -.423**      | -.439**      | -.081         | -.031      | -.115             | -.031             | -.423**          | -.081          | -.031          | .009           |
| % Pop’n White          | .385**           | .588**          | .571**        | .480**              | -.858**           | -.904**      | .019         | .023          | .142       | -.299             | -.307             | -.307           | -.307          | .022           | .137           |
| % Hispani c            | .222             | .225            | .522**        | -.299*              | -.307*             | .036         | .022         | .137          |            |</p>
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<td>% Vote Dem. '00</td>
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<td>N/A</td>
<td>-.072</td>
<td>-.191</td>
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<td>Gov't Receipts</td>
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<td>.502**</td>
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