

## STATE AND RULING CLASS IN CORPORATE AMERICA

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On top of the gradually-merging social layers of blue and white collar workers in the United States, there is, a very small social upper class which comprises at most 1% of the population and has a very different life style from the rest of us. Members of this privileged class, according to sociological studies, live in secluded neighborhoods and well-guarded apartment complexes, send their children to private schools, announce their teenage daughters to the world by means of debutante teas and debutante balls, collect expensive art and antiques, play backgammon and dominoes at their exclusive clubs, and travel all around the world on their numerous vacations and junkets.

There is also in America, an extremely distorted distribution of wealth and income. Throughout the twentieth century, the top 1% or so of wealth-holders have owned 25–30% of all wealth and 55–65% of the wealth that really counts, corporate stock in major businesses and banks. But even that is not the whole story, for a mere .1% have at least 19% of all the wealth in the country—190 times as much as they would have if everyone had an equal share. As for income, well, the maldistribution is not quite as bad. But one recent study argues that if income from capital gains is included, the top 1.5% of wealthholders receive 24% of yearly national income. And, as all studies on matters of wealth and income are quick to point out, these estimates are conservative.

It is not hard for most of us to imagine that the social upper class uncovered in sociological research is made up of the top wealthholders revealed in wealth and income studies. However, it is not necessary to rely on our imaginations, for it is possible to do empirical studies linking the one group to the other. The first systematic studies along this line were reported by sociologist E. Digby Baltzell, but there have been others since.

In most countries, and in most times past in our own country, it would be taken for granted that an upper class with a highly disproportionate amount of wealth and income is a ruling class with domination over the government. How else, it would have been argued, could a tiny group possess so much if it didn't have its hooks into government? But not so in the United States of today. This nation is different, we

are assured. It has no social classes, at least not in the traditional European sense, and anyhow there is social mobility—new millionaires are created daily. Besides, many different groups, including organized labor, organized farmers, consumers, and experts, have a hand in political decisions—at least since the New Deal. There is no such thing as a ruling class in America.<sup>1</sup>

In this paper I am going to suggest that in fact a ruling class does dominate this country, a suggestion which not only flies in the face of prevailing academic wisdom, but raises problems for political activists as well. To support this suggestion, I will describe four processes through which the wealthy few who are the ruling class dominate government. Let me begin by defining two terms, “ruling class” and “power elite.” By a ruling class, I mean a clearly demarcated social upper class which

a. has a disproportionate amount of wealth and income:

b. generally fares better than other social groups on a variety of well-being statistics ranging from infant mortality rates to educational attainments to feelings of happiness to health and longevity;

c. controls the major economic institutions of the country; and

d. dominates the governmental processes of the country.

By a power elite I mean the “operating arm” or “leadership group” or “establishment” of the ruling class. This power elite is made up of active, working members of the upper class and high-level employees in institutions controlled by members of the upper class.

Both of these concepts, I contend, are important in a careful conceptualization of how America is ruled. The distinction between ruling class and power elite allows us to deal with the everyday observation, which is also the first objection raised by critics of ruling-class theory, that some members of the ruling class are not involved in ruling, and that some rulers are not members of upper class. Which is no problem at all, in reality. There always have been many members of ruling classes who spent most of their time playing polo, riding hounds, or leading a world-wide social life. And there always have been carefully-groomed and carefully-selected employees who have been placed in positions of importance in government.

The most important criticism of class-dominance theory is championed by political scientists, who say proponents of ruling class theory do not spell out the mechanisms by which the ruling class supposedly dominates government. Not content to infer power from such indicators as wealth and well-being statistics, they want the case for governmental domination by a ruling class demonstrated in its own right, without appeal to statistics on wealth, income, health, and happiness.

Despite the generally negative response I have received from political scientists, I would like to take another stab at satisfying their major criticism of ruling-class theory. Perhaps it is masochism that motivates this near-hopeless task, but I have a new way of thinking about the problem of ruling class and government that may put things in a new light. Simply put, I think there are four general processes through which economically and politically active members of the ruling class, operating as the leaders of the power elite, involve themselves in government at all levels. I call these four processes:

1. the special-interest process, which has to do with the various means utilized by wealthy individuals, specific corporations, and specific sectors of the economy to satisfy their narrow, short-run needs;

2. the policy-planning process, which has to do with the development and implementation of general policies that are important to the interests of the ruling class as a whole;

3. the candidate-selection process, which has to do with the ways in which members of the ruling class insure that they have "access" to the politicians who are elected to office; and

4. the ideology-process, which has to do with the formation, dissemination, and enforcement of attitudes and assumptions which permit the continued existence of policies and politicians favorable to the wealth, income, status, and privileges of members of the ruling class.

Let me now turn to each of these processes to show their role in ruling class domination of the government. Although my focus will be on the federal government in Washington, I believe the general schema can be applied, with slight modifications, to state and local governments.

The special-interest process, as noted, comprises the several means by which specific individuals, corporations, or business sectors get the tax breaks, favors, subsidies, and procedural rulings which are beneficial to their short-run interests. This is the world of lobbyists, Washington super-lawyers, trade associations, and advisory committees to governmental departments and agencies. This is the process most often described by journalists and social scientists in their exposés and case studies concerning Congressional committees, regulatory agencies, and governmental departments.

I do not think I need spend any time giving examples of how this process works. Indeed, each reader will have his or her favorite studies for demonstration purposes. There are many fine studies of this process, and more are appearing all the time.

The information in these studies might seem on its face to be impressive evidence for ruling-class theory. After all, it shows that members

of the ruling class are able to realize their will on innumerable issues of concern to them. They can gain tax breaks, receive subsidies, subvert safety laws, and dominate regulatory agencies, among other things. However, in the eyes of most political scientists this is not adequate evidence, for it does not show that the various "interests" are "coordinated" in their efforts. Moreover, it does not show directly that they dominate policy on "big issues," or that they control either of the political parties. This typical view is even expressed by Grand McConnell, the political scientist most sensitive to the many ways in which various private interests have taken over the piece of government of greatest concern to them. After concluding that "a substantial part of government in the United States has come under the influence or control of narrowly based and largely autonomous elites," he then asserts there is no need to talk of a power elite because

These elites do not act cohesively with each other on many issues. They do not rule in the sense of commanding the entire nation. Quite the contrary, they tend to pursue a policy of noninvolvement in the large issues of statesmanship, save where such issues touch their own particular concerns.<sup>2</sup>

Moreover, the big interests do not dominate the government as a whole. The political parties and the Presidency seem to be beyond their reach:

Fortunately, not all of American politics is based upon this array of small constituencies. The party system, the Presidency and the national government as a whole represent opposing tendencies. To a very great degree, policies serving the values of liberty and equality are the achievements of these institutions. Public values generally must depend upon the creation of a national constituency.<sup>3</sup>

In order to deal with the kind of argument presented by McConnell, it is necessary to consider next the policy-formation process, the process by which policy on "large issues" is formulated, for it is in the policy process that the various special interests join together to forge general policies which will benefit them as a whole. The central units in the policy network are such organizations as the Council on Foreign Relations, the Committee for Economic Development, the Business Council, the American Assembly, and the National Municipal League, which are best categorized as policy-planning and consensus-seeking organizations of the power elite. I will not repeat here the information on the financing and leadership of these organizations which shows beyond doubt that

they are under-written and directed by the same upper-class men who control the major corporations, banks, foundations, and law firms.<sup>4</sup> More important for our purpose is what goes on in the off-the-record meetings of these organizations.

The policy-planning organizations bring together, in groups large and small, members of the power elite from all over the country to discuss general problems—e.g., overseas aid, the use of nuclear weapons, tax problems, or the population question. They provide a setting in which differences on various issues can be thrashed out and the opinions of various experts can be heard. In addition to the group settings, these organizations also encourage general dialogue within the power elite by means of luncheon and dinner speeches, special written reports, and position statement in journals and books.

Let me be content to summarize the policy-planning network by means of a diagram, and list some of the most important functions of this process:

1. They provide a setting wherein members of the power elite can familiarize themselves with general issues.
2. They provide a setting where conflicts within the power elite can be discussed and compromised.
3. They provide a setting wherein members of the power elite can hear the ideas and findings of their hired experts.
4. They provide a “training ground” for new leadership within the ruling class. It is in these organizations that big businessmen can determine which of their peers are best suited for service in the government.
5. They provide a framework for commissioned studies by experts on important issues.
6. Through such avenues as books, journals, policy statements, press releases and speakers, they can greatly influence the “climate of opinion” both in Washington and the country at large.

There are several points for political scientists and other critics of ruling-class theory to consider in contemplating the policy-planning network. First, it provides evidence that businessmen, bankers, and lawyers concern themselves with more than their specific business interests. Second, it shows that leaders from various sectors of the economy do get together to discuss the problems of the system as a whole. Third, it suggests that members of the power elite who are appointed to government are equipped with a general issue-orientation gained from power-elite organizations that are explicitly policy oriented. Fourth, it reveals that the upper-middle-class experts thought by some to be our real rulers are in fact busily dispensing their advice to those who hire them.

In short, if political scientists were to take the idea of a policy-planning process seriously, they would not be able to agree with Grant McConnell when he downgrades the importance of the Business Council by saying "the really effective participants in business politics are those [organizations] which direct their energies almost wholly to hard, specific matters of immediate economic concern to business firms."<sup>5</sup> Instead, they would say that trade associations are among the most important influences in the special-interest process and that the Business Council is one of the Archimedean points of the policy process.

If I am right that members of the ruling class gain their narrow interests through the well-known devices of the special-interest process and their general interests through the little-studied policy-planning process, then the question immediately arises: how is all this possible when we have a government elected by the people? Shouldn't we expect elected officials to have policy views of their own that generally reflect the wishes of the voters who sent them to office? These is certainly one group of political scientists who believe this to be the case—they have developed a detailed argument to suggest that the deep-seated political ambitions of individuals and parties lead them to take the policy stands which will get them a majority of the vote, thereby insuring that the policy views of politicians will reflect more or less the views of the people.

To answer questions about our elected officials, we must examine the political parties and the candidates they nominate. When it comes to the parties, political scientists have suggested that a fully developed political party fulfills four functions: (1) integrating conflicting regional, ethnic, and class identifications; (2) selecting candidates to fill offices; (3) political education; and (4) policy making. In the United States, however, the parties have little or nothing to do with political education or policy making: "Particularly in our own century," writes political scientist Walter Dean Burnham, "American political parties have been largely restricted in functional scope to the realm of the constituent [integrative function] and to the tasks of filling political offices."<sup>6</sup>

It is because American politics is restricted largely to office-filling functions that I prefer to talk about the candidate-selection process rather than the political process. The term political process gives the impression that more is going on in our electoral system than is really the case. And it is precisely because the candidate-selection process is so individualistic and issue-less that it can be in good part dominated by means of campaign contributions from members of the ruling class. In the guise of fat cats, the same men who direct corporations and take part in the policy groups play a central role in the careers of most

politicians who advance beyond the local or state legislature level in states of any size and consequence.

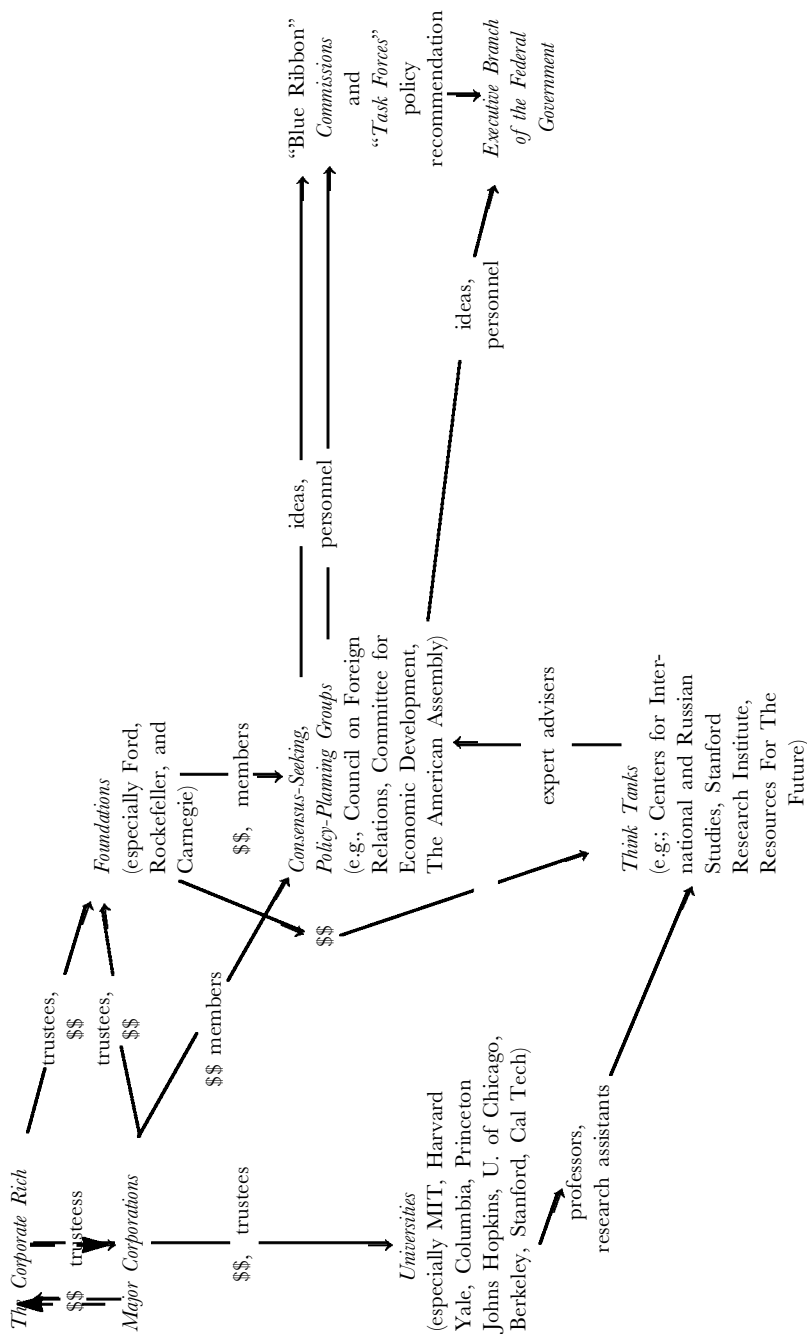
The fat cats, of course, are by and large hard to distinguish in their socio-economic outlook whatever their political party. Indeed, most corporations, banks, and law firms try to have personnel who are important donors to both parties. Then too, many of the fattest cats of the opposing parties join together as leaders of such policy-planning groups as the Council of Foreign Relations and Committee for Economic Development. Although well-connected in both parties, we can see a power elite preference for the Republican Party, at least since 1968.<sup>7</sup>

What kind of politicians emerge from this individualistically-oriented electoral politics that has to curry favor with large contributors? The answer is available from several studies. Politicians are first of all people from the higher levels of the social ladder: "The wealthiest one-fifth of the American families contribute about nine of every ten of the elite of political economy."<sup>8</sup> They are secondly, at least among those who wish to go beyond local and state politics, quite ambitious men who are constantly striving for bigger and better things. They are thirdly people who are by and large without strong ideological inclinations; the exceptions to this statement are well known precisely because they are so unusual. Finally, with the exception of the local level, where businessmen are most likely to sit on city councils, they are in good part lawyers, an occupational grouping that by training and career needs produces ideal go-betweens and compromisers. The result of the candidate selection process, in short, is (1) men who know how to go along to get along, and (2) men who have few strong policy positions of their own, and are thus open to the suggestions put forth to them by the fat cats and experts who have been legitimated as serious leaders within the framework of the policy-planning network.

When we consider the interaction between the policy process and the political process, it is not surprising that there is a considerable continuity of policy between Republican and Democratic administrations. As columnist Joseph Kraft wrote about the Council on Foreign Relations, "the Council plays a special part in helping to bridge the gap between the two parties, affording unofficially a measure of continuity when the guard changes in Washington."<sup>9</sup>

I conclude that the notion of public policy being influenced to any great extent by the will of the people due to the competition between the two political parties is misguided. "Politics" is for selecting ambitious, relatively issueless middle- and upper-middle-class lawyers who know how to advance themselves by finding the rhetoric and the ration-

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alizations to implement both the narrow and general policies of the bipartisan power elite.

At this point I can hear the reader protesting that there is more to American politics than this. And so there is. I admit there are serious-minded liberals who fight the good fight on many issues, ecologically-oriented politicians who remain true to their cause, and honest people of every political stripe who are not beholden to any wealthy people. But there are not enough of them, for there is also a seniority system dominated by ruling class-oriented politicians who have a way of keeping the insurgents off the important committees and out of the centers of power. There is in addition a Southern Democratic delegation which retains its stranglehold on Congress despite all the claims of the mid-Sixties that its star was about to fade. Then there are the machine Democrats who aid the Southerners in crucial ways even while they maintain a liberal voting record. And finally, there are the myriad lobbyists and lawyers who are constantly pressuring those who would resist the blandishments of the power elite. As former Congressman Abner Mikva once said, the system has a way of grinding you down:

The biggest single disappointment to a new man is the intransigence of the system. You talk to people and they say, 'You're absolutely right, something ought to be done about this.' And yet, somehow, we go right on ducking the hard issues. We slide off the necessary confrontations. This place has a way of grinding you down.<sup>10</sup>

In short, even though there is more to American politics than fat cats and their political friends, the "more" cannot win other than headlines, delays, and an occasional battle. The candidate-selection process produces too many politicians who are friendly to the wealthy few.

Contemplation of the ways in which the special-interest, policy-planning, and candidate-selection processes operate brings us to the \$64 question: why do we, the general public, acquiesce in this state of affairs? Why is it, as Marx warned, that the ruling ideas of any age are the ideas of ruling class? Why does the ruling have what the Italian Marxist Antonio Gramsci called "ideological hegemony," by which he meant that "the system's real strength does not lie in the violence of the ruling class or the coercive power of its state apparatus, but in the acceptance by the ruled of a "conception of the world" which belongs to the rulers?"<sup>11</sup> Unfortunately, no one has given an adequate answer to these interrelated questions. Such an answer would involve insights from a variety of disciplines including history, anthropology, and psychology as well as political science and sociology, and would quickly lead to age-

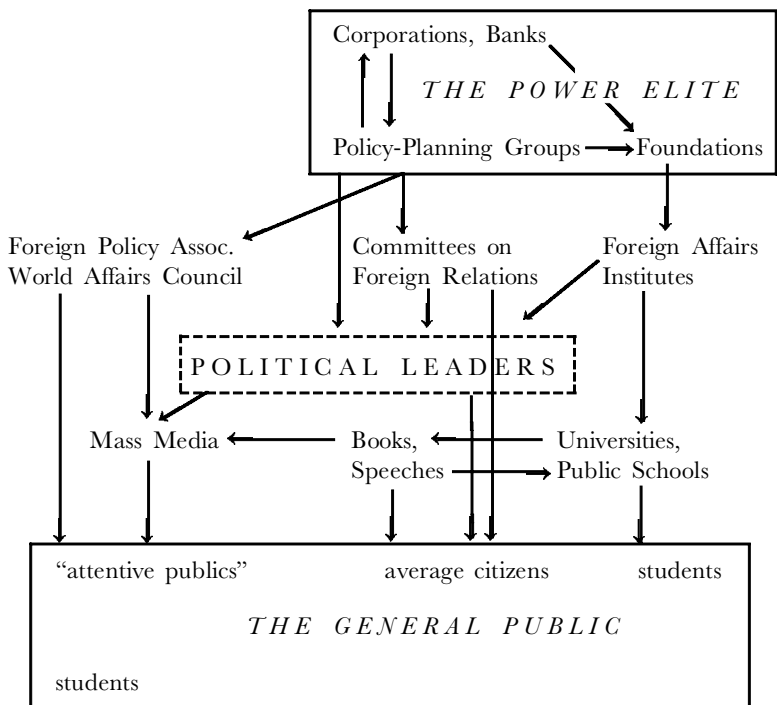
old problems concerning the origins of the state and the general nature of the relationship between leaders and led.

However, at the sociological level which concerns me in this paper, we certainly can see that members of the ruling class work very hard at helping us to accept their view of the world. Indeed, we can be sure from past experience that they will stop at nothing—despite their protestations of “democracy” and “liberalism”—to get their views across.<sup>12</sup> Through the ideology process, they create, disseminate, and enforce a set of attitudes and “values” that tells us this is, for all its defects, the best of all possible worlds. At the fount of this process are the same foundations and policy-planning groups which operate in the policy process. For in addition to providing policy suggestions to government, these policy-planning organizations also provide the new rationales which make the policies acceptable to the general public. Thus, in the case of the ideology process we must link these organizations not to the government, as in the policy process, but to a dissemination network which includes middle-class discussion groups, public relations firms, corporate-financed advertising councils, special university and foundation programs, books, speeches, and various efforts through the mass media.

The dissemination apparatus is most readily apparent in the all-important area of foreign policy. Perhaps most critical here is the Foreign Policy Association and its affiliate, the World Affairs Council. Tightly interlocked with the Council on Foreign Relations, the Foreign Policy Association provides literature and discussion groups for the “attentive public” of upper-middle-class professionals, academics, and students. In addition to the Foreign Policy Association and the Committees on Foreign Relations, there are numerous foreign affairs institutes at major universities which provide students and the general public with the perspectives of the power elite on foreign policy. Then too, political leaders often play an intermediary role in carrying foreign policy positions to the general public.

The enforcement of the ideological consensus is carried out in a multitude of ways that include pressure, intimidation and violence as well as the more gentle methods of persuasion and monetary inducement. Those who are outspoken in their challenge to one or another of the main tenets of the American ideology may be passed over for promotions, left out of junkets, or fired from their jobs. They may be excluded from groups or criticized in the mass media. If they get too far outside the consensus, they are enmeshed in the governmental law enforcement apparatus which is shaped in the policy-formation process with a special assist from the ruling-class dominated American Bar Association

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ROLE



and its affiliated institutes and committees.<sup>13</sup> But I do not think we need spend much time considering the bitter details of ideology enforcement, for they are all too fresh in our minds after years of struggle over civil liberties and the war in Southeast Asia.

*Notes*

This original version of this article appeared in *The Insurgent Sociologist* 4:3 (Spring, 1974), pp. 3–16.

1. For typical expressions of this view, consult sociologist Arnold Rose, *The Power Structure* (Oxford University Press, 1967), political scientist Robert Dahl, *Pluralist Democracy in the United States* (Rand McNally, 1967), or political scientist Grand McConnell, *Private Power and American Democracy* (Alfred A. Knopf, 1966).

2. McConnell, *op. cit.*, p. 339.

3. *Ibid.*, p. 8.
4. Domhoff, *The Higher Circles*.
5. McConnell, *op. cit.*, pp. 292–293.
6. Walter Dean Burnham, “Party Systems and the Political Process,” p. 279. In *The American Party Systems*, William Chambers and Walter Dean Burnham, eds. (Oxford University Press, 1967).
7. G. William Domhoff, *Fat Cats and Democrats*, (Prentice-Hall, 1972), for the information in this paragraph.
8. Kenneth Prewitt and Alan Stone, *The Ruling Elites* (Harper & Row, 1973), p. 137.
9. Joseph Kraft, “School for Statesmen,” *Harper’s Magazine*, July 1958, p. 68.
10. Robert Sherill, “92nd Congress: Eulogy and Evasion,” *The Nation*, February 15, 1971.
11. Giuseppe Fiori, *Antonio Gramsci: Life of a Revolutionary* (NLB, London, 1970), p. 238.
12. G. William Domhoff, “The Power Elite, the CIA, and the Struggle for Minds,” *The Higher Circles* (Random House, 1970), for an account of how moderates and liberals within the power elite subverted various American institutions in their efforts to “save” an “open” society.
13. The bottom level of the enforcement apparatus, the police, didn’t do their job quite right in the late Sixties. While injecting the required amount of fear into many citizens, they also created many new dissenters among students, Blacks, and Chicanos by their heavy-handed tactics. So the Ford Foundation spun off a \$30 million Police Foundation to fund the university programs, special institutes, consultants, and books which are being used to teach the police to be more sophisticated in their containment of dissent in the future.