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The Policy-Planning Network

Shared economic interests and social cohesion provide the starting point for the development of policy consensus, but they are not enough in and of themselves to lead to agreed-upon policies without research, consultation, and deliberation. The issues facing the corporate community are too complex and the economy is too large for new policies to arise naturally from common interests and social cohesion alone. That is why a set of nonprofit, ostensibly nonpartisan organizations is a necessary feature of the corporate landscape. These organizations are the basis for a policy-planning process through which the corporate community articulates its general policy preferences and then conveys them to the two major political parties, the White House, and Congress. They take the form of charitable foundations, think tanks, and policy-discussion groups, which are defined shortly.

Members of the corporate community and the upper class involve themselves in the policy-planning process in four basic ways. First, they finance the organizations at the center of these efforts. Second, they provide a variety of free services, such as legal and accounting help for some of these organizations. Third, they serve as the trustees of these organizations, setting their general direction and selecting the people that will manage the day-to-day operations. Finally, they take part in the daily activities of some of the groups in the network or send their assistants to keep them abreast of new developments.

The policy-planning network also shows how seemingly independent experts, who often provide new policy ideas, fit into the power equation. They do their work as employees and consultants of key organizations in the network. These organizations give them financial support, confer legitimacy on their efforts, and provide the occasions for them to present their ideas to decision-makers. Although the corporate community has a near monopoly on what is considered

respectable or legitimate expertise by the mass media and government, this expertise does not go unchallenged. There also exists a small group of think tanks and advocacy groups financed by liberal foundations, wealthy liberals, unions, and direct mail appeals. Some of these liberal policy organizations also receive funding from major foundations controlled by moderate conservatives, to the great annoyance of ultraconservatives. In addition, there are many academic experts at university research institutes that try to remain above the fray, but most of them are more marginal on power issues than they are portrayed to be in the media and in biographical accounts of their lives, which focus too readily on individuals who wrote articles or registered protests after the new initiatives were well under way.

As the annoyances expressed by the ultraconservatives reveal, the corporate-financed policy network is not totally homogeneous. Reflecting differences of opinion within the corporate community, the moderate and ultraconservative subgroups have long-standing disagreements. The ultraconservative organizations are the ones most often identified with “big business” in the eyes of many social scientists and the general public. In the past they opposed the expansion of trade with Europe and Asia, as well as any type of government regulation or increases in various types of government social insurance. The fact that they are generally nay-sayers who lost on several highly visible spending issues in the turmoil of the 1960s and early 1970s is one reason media commentators and some social scientists doubt that the corporate community is the dominant influence in shaping government policy. However, most of these differences were smoothed over between 1975 and 2012 because the ultraconservatives accepted the need for an expansion of trade and the moderate conservatives decided that cutbacks in government spending on social programs were necessary.

Since the late 1990s, the two groups have developed new differences over foreign policy. The internationally oriented moderate conservatives, who long held sway in this issue area, are *multilateralists* when it comes to foreign policy; they favor working closely with allies and making use of the United Nations whenever possible. They think they won the Cold War by patiently containing the Soviet Union and waiting for its nonmarket economy to fail, all the while working with Soviet leaders on arms control and other issues. The ultraconservatives, who have tendencies to ignore what is happening in other countries and shun foreign aid, are *assertive nationalists* when they do engage one or another part of the world, as seen in the unilateralism and the disdain for the United Nations that were visible in George W. Bush’s administration. Assertive nationalists, ignoring the fact that Soviet premier Mikhail Gorbachev knew full well that the country’s economy needed major adjustments, believe they won the Cold War by increasing defense spending in the early 1980s and arming the mujahideen to fight the Soviets in Afghanistan, thereby forcing the Soviets into an unwinnable arms race that ruined their economy and contributing to their defeat in Afghanistan. They thought that the kind of bold initiatives allegedly taken during the Reagan administration would work in Iraq, Iran, and North Korea, but all of them backfired (Daalder and Lindsay 2003).

No one factor has been shown by systematic studies to be the sole basis for the division into moderates and ultraconservatives within the corporate community. The basis for their differences therefore remains an unsolved puzzle. There is a tendency for the moderate organizations to be directed by executives from the very largest and most internationally oriented of corporations, but there are numerous exceptions to that generalization. Moreover, there are corporations that support policy organizations within both policy subgroups. Then, too, there are instances in which some top officers from a corporation will be in the moderate camp and others will be in the ultraconservative camp. There is clearly a need for much more research on this issue while avoiding any attempts to reduce the divisions to differences in economic interests. For all their disagreements, however, leaders within the two clusters of policy organizations have a tendency to search for compromise policies due to their common membership in the corporate community, their social bonds, and the numerous interlocks among all policy groups. When compromise is not possible, the final resolution of policy conflicts often takes place in legislative struggles in Congress, which are discussed in Chapter 7.

In considering the information that follows, it is important not to be overly impressed with the outcome of these efforts at policy planning. For all their education, financial backing, and media attention, the experts involved in this network are wrong far more than they are right. They are as likely to screen out information that does not fit with their biases and sense of self-importance as anyone else. They are also as susceptible to subtle social pressures to arrive at a consensus as any other group of people. There is no better evidence for these points than the certitudes that were expressed by most foreign policy experts within the policy-planning network about the ease with which Iraq could be transformed, or the certainty with which most economists in the network said that the economy could prosper without much government oversight because of the self-regulating nature of markets.

Nor were there any prominent experts within the policy-planning network that listened to the warnings by several liberal economists about the dangers of the rapid rise in housing prices in the early years of the twenty-first century. Based on historical experience with housing and stock market bubbles, as well as sound economic analyses based on mainstream theories, the liberal economists predicted that the bubble was certain to burst and create a huge drop in consumer demand, which would bring about a serious recession, if steps were not taken to deflate the bubble gradually (Baker 2009; Krugman 2012).

AN OVERVIEW OF THE POLICY-PLANNING NETWORK

The policy-planning process begins in corporate boardrooms, social clubs, and informal discussions, where problems are identified as “issues” to be solved by new policies. It ends in government, where policies are enacted and implemented. In between, however, there is a complex network of people and institutions that plays an important role in sharpening the issues and weighing the alternatives. This network has three main components—foundations, think tanks, and policy-discussion groups.

Foundations are tax-free institutions created to give grants to both individuals and nonprofit organizations for activities that range from education, research, and the arts, to support for the poor and the upkeep of exotic gardens and old mansions. They are an upper-class adaptation to inheritance and income taxes, that is, another strategy in the effort to keep government as small as possible. In effect, they provide a means by which wealthy people and corporations can decide how to spend what otherwise would have been tax payments, the expenditure of which are decided by elected officials. From a small beginning at the turn of the twentieth century, foundations have become a very important factor in shaping developments in higher education and the arts, and they play a significant role in policy formation as well. Although the grants they give to think tanks and policy-discussion groups each year are essential to the functioning of those organizations, the amount of money involved is small compared to what they provide to education, research, charity, and cultural organizations. “To a Wall Streeter, intellectuals are pretty cheap,” a senior fellow at one policy-discussion group told a *New York Times* reporter. “There are wedding rings that cost more than I do” (Bumiller 2008, p. A12).

Historically, the Rockefeller Foundation, based in an oil fortune; the Carnegie Corporation, based in a steel fortune; the Ford Foundation, based in the Ford family’s automotive fortune; and the Sloan Foundation, based in a General Motors fortune, were the most influential. After the 1970s they were joined by a new set of heavily endowed liberal and moderate-conservative foundations as well as by several somewhat smaller, but highly coordinated ultraconservative foundations. Beyond these several dozen large foundations, there are tens of thousands of small family foundations that allow wealthy individuals to provide support for charities and high culture at the local and state levels, and they sometimes give modest gifts of \$50,000 to \$500,000 to national-level nonprofits on whose boards they serve.

Think tanks are nonprofit organizations that provide settings for experts in various academic specialties to devote all of their time to the study of policy alternatives, free from the teaching, committee meetings, and departmental duties that are part of the daily routine for most members of the academic community. Supported by foundation grants, corporate donations, donations from wealthy individuals, and government contracts, think tanks are a major source of the new policy prescriptions discussed in the policy-planning network. In the language of sociology, they are “intermediate organizations” because they incorporate aspects of “academia, politics, business, and the market” (Medvetz 2012a, p. 113; Medvetz 2012b).

The *policy-discussion organizations* are nonpartisan groups that bring together corporate executives, lawyers, academic experts, university administrators, government officials, and media specialists to talk about general problems such as foreign aid, international trade, and environmental policies. Using discussion groups of varying sizes, these organizations provide informal and off-the-record meeting grounds in which differences of opinion on various issues can be aired and the arguments of specialists can be heard. In addition to their numerous small-group discussions, they encourage general dialogue by means of luncheon speeches, written reports, and position statements in journals and books. Taken as a whole, the

several think tanks and policy-discussion groups are akin to an open forum in which there is a constant debate concerning the major problems of the day. Their conclusions are publically available for anyone to read because they are summarized in newspaper stories and published in annual reports, pamphlets, and books.

The organizations in the policy-planning network are interlocked with one another and the corporate community in terms of both common trustees and funding. Figure 4.1 presents an overview of the network, with linkages expressed in terms of (1) trustee interlocks, (2) money flows, and (3) the flow of ideas and plans. Anticipating the discussion of how the corporate community shapes government policy in Chapter 7, the figure shows some of the ways in which the “output” of the policy-planning network reaches government.

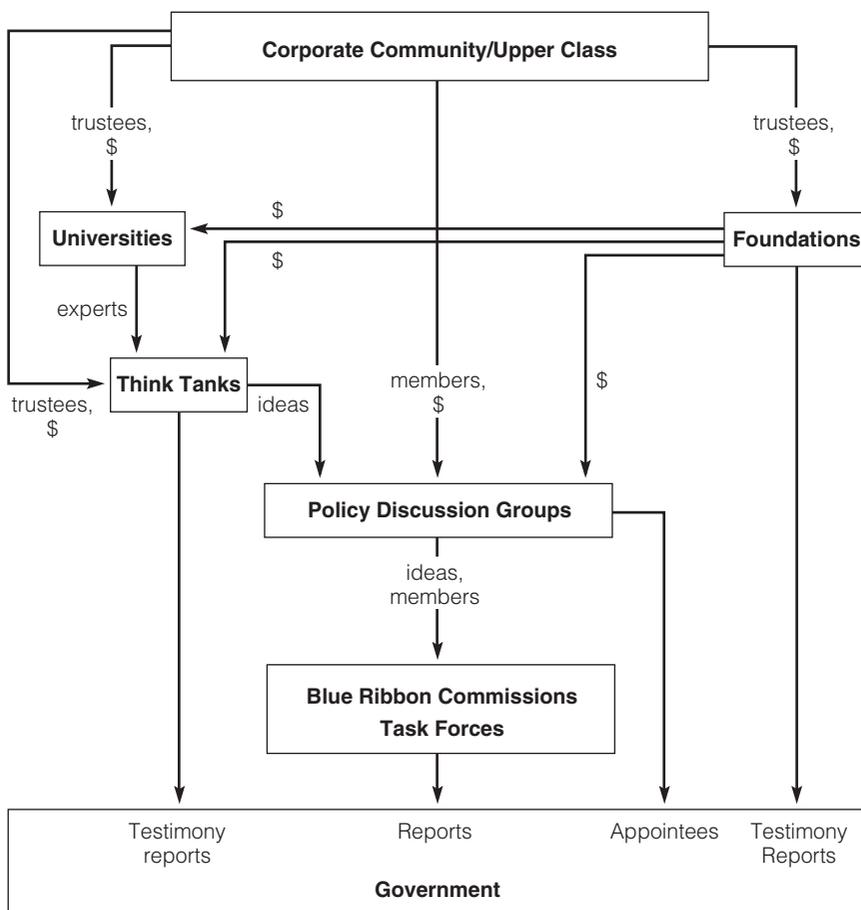


Figure 4.1 The Flow of Policy from the Corporate Community and Upper Class to Government through the Policy-Planning Network

For purposes of this chapter, the main emphasis in terms of money flows is on foundation grants, but it is important to underscore that they provide only one-third to two-thirds of the annual budgets for most of the think tanks and policy-discussion groups in the network (Staples 2012a). This is because the support provided by wealthy individuals and corporate treasuries is not as easily traced as foundation grants, which have to be reported to the Internal Revenue Service and are usually summarized in a foundation's annual reports. In recent decades the IRS filings have been cumulated and made available to everyone by the Foundation Center in New York by means of its *Foundation Directory Online*, which is usually available without charge at local community foundations. Thus, information on foundation grants is invaluable in developing a systematic understanding of the policy-planning network because this information is both governmentally mandated and readily accessible in a highly useful format.

No one type of organization in the network is more important than the others. It is the network as a whole that shapes policy alternatives, with different organizations playing different roles on different issues. It is also the case that new crises spawn new organizations and that established organizations can decline in importance if they outlive their usefulness. One such fading group, the Committee for Economic Development, is discussed later in the chapter. New archival findings on the conflicts that divided its members between 1970 and 1975 shed light on the more conservative direction that many moderate conservatives took in the early 1970s. This general "right turn" reduced the impact of the Committee for Economic Development because the CEOs of the largest corporations transferred their time and money into other organizations in the policy-planning network (Domhoff 2013).

CORPORATE INTERLOCKS WITH THINK TANKS AND POLICY GROUPS

The extent of the overlap between the corporate community and the policy-planning network implied in Figure 4.1 is demonstrated by a three-step analysis that builds on the *Fortune* 500 database used in Chapter 2 to study the corporate community. In the first step, the directors of 46 think tanks and specialized policy-discussion groups, such as the Council on Foreign Relations, were added to the *Fortune* 500 database. As part of this step, the members of the six major business groups were purposely excluded in order to see if think tanks and specialized policy-discussion groups have direct connections to *Fortune* 500 firms. This first step showed that nine think tanks and specialized policy-discussion groups were among the 15 most central organizations in the network, with most ultraconservative and liberal think tanks more peripheral, or absent from the network altogether (Staples 2013).

In the second step, the six major business groups, several of which double as discussion groups within the policy-planning network, were reinserted into the database. As might be expected from the results in Chapter 2, three of them (the Business Roundtable, the Business Council, and the Committee for Economic Development) were the most central organizations in the enlarged database. They were joined in the top 25 by the other three general business groups, the nine think tanks and

specialized policy-discussion groups from the first step, and 10 large corporations. More generally, 497 of the 552 organizations (90 percent) of the organizations in the combined corporate community and policy-planning network were connected to each other either directly or indirectly, which is slightly higher than the figure for the *Fortune* 500 by themselves (87.5 percent), as reported in Chapter 2 (Staples 2013). Thus, the first two steps in the study made it possible to establish that the corporate community and the policy-planning networks are almost completely integrated into one larger network. The 40 highest-ranking organizations in the complete database of *Fortune* 500 firms, business groups, and think tanks are listed in Table 4.1.

Table 4.1 The 40 Highest-Ranking Organizations in the Combined Corporate and Policy-Planning Networks

Ranking	Organization	Ranking	Organization
1	Business Roundtable	21	National Bureau of Economic Research
2	Business Council	22	Chevron
3	Committee for Economic Development	23	Deere
4	Brookings Institution	24	Eli Lilly
5	Center for Strategic and International Studies	25	General Electric
6	Institute for International Economics	26	Pfizer
7	National Association of Manufacturers	27	3M
8	Atlantic Council	28	AT&T
9	Chamber of Commerce	29	American Express
10	Council on Foreign Relations	30	Boeing
11	Aspen Institute ¹	31	FedEx
12	Marathon Oil	32	Medtronic
13	American Enterprise Institute	33	Aetna
14	Caterpillar	34	Coca-Cola
15	IBM	35	ConocoPhillips
16	RAND Corporation	36	General Mills
17	United Technologies	37	McDonald's
18	Alcoa	38	Verizon
19	Conference Board	39	Wells Fargo
20	Ford Motor	40	Abbott Laboratories

¹ Although the Aspen Institute is usually listed as a think tank, it does not issue specific policy recommendations with a corporate imprimatur, and it is best described as a general discussion center and a training ground for future leadership.

Source: Staples 2013.

The centrality of the business groups in relation to the think tanks and corporate community was demonstrated in the third step of the study. It used the members of the Business Council and Business Roundtable as the starting point for an “egonet” to determine the extent to which the combined corporate community and policy-planning networks could be reproduced with just the 271 people who were in one or both of those groups. It revealed that 40 percent of the organizations were connected directly or indirectly to the Business Council and the Business Roundtable (Staples 2013). This is strong testimony to the centrality of these two business groups and to the integration of the corporate community and the policy-planning network at the director level.

These several findings are consistent with studies of corporate directors from the 1970s, 1990s, and early 2000s, which obtained similar results using a smaller number of corporations as a starting point (Dolan 2011, Chapter 4; Moore, Sobieraj, Whitt, Mayorova, and Beaulieu 2002; Salzman and Domhoff 1983). They are also consistent with two studies focused exclusively on the trustees of 12 think tanks and policy groups for 1973, 1980, 1990, and 2000 (Burriss 1992; Burriss 2008).

With the overlap between the corporate community and the policy-planning network documented for a period of several decades, it is possible to look at foundations, think tanks, and policy-discussion groups in more detail to show how they shaped major new policies throughout the twentieth and early twenty-first centuries.

FOUNDATIONS

Among the 65,000 to 75,000 foundations that exist in the United States, with some going out of business each year and new ones being added, only a few dozen have the money and interest to involve themselves in funding programs that have a bearing on national-level public policy. Foundations are of four basic types:

1. According to the authoritative *Guide to U.S. Foundations*, published by the Foundation Center, there were about 8,300 *independent* foundations among the largest 10,000 foundations in 2010–2011, all of which were created by families to serve a wide variety of purposes. Most were relatively small and local. Only about 10 percent of them donated over \$500,000 a year, led by the Gates Foundation in 2011, based on a Microsoft fortune, with \$2.5 billion; the Walton Family Foundation, based on a Wal-Mart fortune, with \$1.5 billion; the Ford Foundation, with \$424.7 million; and the Robert Wood Johnson Foundation, based on a medical supplies fortune, with \$359.2 million. Another 21 family foundations gave \$100 million or more.
2. There were 884 major *corporate* foundations for the same two-year period, which are mostly funded on a year-by-year basis by the corporations that sponsor them. Their number and importance increased greatly after the 1970s, and they provided \$4.7 billion in donations

in 2010. The Bank of America Foundation headed the list with \$190.7 million, followed by the Wal-Mart Foundation (\$164.1 million), the JPMorgan Chase Foundation (\$133.8 million), the GE Foundation (\$112.2 million), and the ExxonMobil Foundation (\$72.2 million).

3. There were 446 *community* foundations at the local level, which are designed to aid charities, voluntary associations, and special projects in their home cities. They receive funds from a variety of sources, including independent foundations, corporate foundations, and wealthy families. Boards that include both corporate executives and community leaders usually direct them. In some cities, such as Cleveland, the community foundation is an integral part of the local power structure (Tittle 1992). The community foundation in New Orleans, directed by leaders in the city's growth coalition, proved to be a useful conduit for outside donations to help the city after Hurricane Katrina in 2005, and in the rebuilding process the city was reconfigured more to the liking of major landowners, developers, and the tourism industry (BondGraham 2011). A few of the larger community foundations give money outside of their local area, usually at the direction of a wealthy donor that has set up a separate fund within the foundation, thereby saving administrative costs.
4. Finally, there were 291 foundations that used their money to finance a particular museum, garden project, or artistic exhibit. They are called *operating* foundations and are not of concern in terms of the policy-planning process. Operating foundations contribute to the control of the fine arts and high culture by the corporate rich.

The general importance of foundations to the other organizations in the policy-planning network is revealed in summary figures brought together and analyzed by sociologist Clifford Staples (2013) using the *Foundation Directory Online*. Between 2003 and 2011, 1,260 foundations gave \$1.9 billion via 10,549 individual grants to the 41 most prominent think tanks and specialized policy-discussion groups. However, the 25 largest foundations alone accounted for over 71 percent of the total donations.

The first extensive study of the relationship of policy-discussion groups to foundations and think tanks, carried out with information from the late 1970s, started with a sample of 77 large foundations, which included 20 that had over \$100 million in assets and gave over \$200,000 in public policy grants. These 20 foundations led to a group of 31 think tanks and policy-planning groups that received grants from three or more of these foundations (Colwell 1980; Colwell 1993). This analysis also demonstrated that a set of policy groups and think tanks identified with ultraconservative programs were linked to a separate set of foundations. The findings on the ultraconservative foundations were confirmed in another study that used tax returns to reveal that 12 foundations provided half the

funding for the American Enterprise Institute as well as 85 percent or more of the funding for the other prominent ultraconservative think tanks (Allen 1992). Corporate foundations also supported some of these groups, but they gave donations to the moderate-conservative groups as well. The continuing nature of this relationship was demonstrated in a study of an even large number of ultraconservative foundations that provided donations to a wide range of ultraconservative think tanks between 2003 and 2011 (Staples 2013).

Upper-class and corporate representation on the boards of the large general-purpose foundations that give policy-oriented grants to the most central think tanks and policy groups has been documented in several past studies. In a study of the 12 largest foundations in the 1960s, for example, it was found that half the trustees were members of the upper class (Domhoff 1967, pp. 64–71). A study of corporate connections into the policy network in the 1970s showed that 10 of these 12 foundations had at least one connection to the 201 largest corporations; most had many more than that (Salzman and Domhoff 1983). Since that time, due to a combination of factors, including smaller boards, an effort to diversify on the basis of gender and color, and the addition of a few directors from other countries, the director links between the largest foundations and the corporate community declined somewhat, as shown by a quick look at the board of trustees for 2011 for the Ford and Rockefeller foundations.

At the Ford Foundation, the only corporate executives on the 13-person board were a senior director of Goldman Sachs, who also sat on the board of the State Street Corporation (a financial company) and taught at the Harvard Business School; the CEO of Sonic Corporation, a drive-in restaurant company headquartered in Oklahoma City, with 3,500 outlets in 43 states; and the co-founder of Infosys Technologies, an international software services firm in India. There were also two investment advisors, one a former senior advisor at Morgan Stanley. The board also included two corporate lawyers, a professor at MIT, and the presidents of Planned Parenthood, the Japanese American National Museum in Los Angeles, and the University of Texas at Brownsville. The foundation's president rounded out the board; he was formerly a director of McKinsey & Company, a management consulting firm. As for the Rockefeller Foundation, nine of the 13 trustees are active in the corporate world, seven as directors on a dozen *Fortune* 500 boards and one as the founder and CEO of a major Internet and cellular company in South Africa. The ninth trustee active in the corporate world is also the chair of the foundation's board, David Rockefeller Jr., the son of the former chair of Chase Manhattan Bank, one of the banks that became part of JPMorgan Chase. In 1991 Rockefeller Jr.'s cousins elected him as president of the family's Rockefeller Financial Services, a \$3 billion holding company that manages the family's stockholdings, real estate interests, and other assets. Another trustee is the minister of finance for Nigeria. The remaining three are the president of the University of Texas at El Paso, a former Harvard professor of microbiology and molecular genetics who became a senior associate in biology at the California Institute of Technology when she retired, and a retired Supreme Court justice, Sandra Day O'Connor.

Foundations often become much more than sources of money when they set up special programs that are thought to be necessary by their trustees or staff. Then they create special commissions within the foundation itself or search out appropriate organizations to undertake the project. A few foundations have become so committed to a specific issue that they function as a policy-discussion organization on that topic. The Ford Foundation provides the best example of this point because it became involved in two of the main issues of the 1960s, environmentalism and the tensions that arise when downtown business districts attempt to expand into nearby low-income neighborhoods, which have persisted ever since.

First, it played a major role in creating and sustaining the mainstream organizations that have been the leaders of the environmental movement for many decades. Its conference on resource management in 1953 and subsequent start-up funding led to the founding of the first and most prominent environmental think tank, Resources for the Future. This organization broke new ground by incorporating market economics into thinking about conservation work. Economists at Resources for the Future and other think tanks showed that resource substitution could be managed through the price system and that it was a myth to claim there is a trade-off between jobs and environmental regulation. They also pointed out that there was money to be made in cleaning up the air and water. Their work reassured moderate conservatives that most environmental initiatives were completely compatible with the current economic system, contrary to the angry outcries of ultraconservatives (Alpert and Markusen 1980; Goodstein 1999).

In the early 1960s, the Ford Foundation spent \$7 million over a three-year period developing ecology programs at 17 universities around the country, thereby providing the informational base and personnel infrastructure for efforts to control pesticides and industrial waste. At the same time, the foundation put large sums into the land-purchase programs of Nature Conservancy and the National Audubon Society. It also encouraged environmental education and citizen action through grants to municipal conservation commissions and the nationwide Conservation Foundation, the latter founded by the Rockefeller family as a combined think tank and policy-discussion group (Robinson 1993). The new militant wing of the environmental movement soon moved beyond the purview envisioned by the moderate conservatives, inspired in part by Rachel Carson's book *Silent Spring* (1962), but the fact remains that much of the early grassroots movement was encouraged and legitimated by major foundations and some of the established environmental groups funded by them. As an Audubon Society biologist who read Carson's book in galleys later said, "She had it right," but he also added, "It's a fabrication to say that she's the founder of the environmental movement. She stirred the pot" (Griswold 2012, p. 39).

In the 1970s the Ford Foundation aided environmentalists in another way by backing several new environmental law firms that used the legal system to force corporations and municipal governments to clean up the water, air, and soil. Leaders at the foundation actually created one of these organizations, the Natural Resources Defense Council (NRDC), by bringing together several Wall

Street corporate lawyers with a group of young Yale Law School graduates who wanted to devote their careers to environmental law. Ford then gave the new organization \$2.6 million between 1970 and 1977. Between 1971 and 1977, it also gave \$1.6 million to the Center for Law in the Public Interest in Los Angeles, \$994,000 to the Environmental Defense Fund, and \$603,000 to the Sierra Club Legal Defense Fund. Many of the young leaders in these organizations became senior spokespersons for the environmental movement in later decades (Mitchell 1991; NRDC 1990).

Appointees to the Nixon administration from the mainstream environmental groups helped secure tax-exempt status for the environmental law firms. They then presided over the creation of the federal government's Council on Environmental Quality and the Environmental Protection Agency. Indeed, the origins of these agencies provide an ideal example of how moderate conservatives create policies that are later reinterpreted as setbacks for the corporate community. At the same time, these organizations are often criticized by strong environmentalists as being too cautious and for "selling out" via compromises on key issues (Dowie 1995). Although the Ford Foundation continued to give environmental grants, mostly to organizations in other nations, its support for American environmental groups was more modest after these organizations were firmly established. However, several dozen major foundations, including corporate foundations, picked up the slack.

Second, the Ford Foundation became the equivalent of a policy group on the issue of urban unrest in the late 1950s, creating a wide range of programs to deal with the problems generated by urban renewal and racial tensions in cities. One of these programs, called the Gray Areas Project, became the basis for the War on Poverty declared by the Johnson administration in 1964. Once the War on Poverty was launched, the Ford Foundation donated tens of millions of dollars to support for community-action organizations and groups formed by communities of color in the inner cities, with a strong focus on the millions of African Americans who were being displaced (Domhoff 2013, Chapters 6 and 7). These investments were seen at the time as a way of encouraging insurgent groups to take a nonviolent and electoral direction in addressing the obstacles they encountered. By the 1970s, when the social disruption had subsided, ultraconservatives began to criticize the Ford Foundation for its support for what they called "liberal experiments." However, the foundation persisted in this support, which was seen by moderate conservatives in the corporate community as a sensible way to incorporate people of color into the larger society. (For a detailed account of the Ford Foundation's leadership on urban issues, see the document "The Ford Foundation in the Inner City" on whorulesamerica.net.)

Foundation funding was also essential for three Mexican American advocacy organizations: the National Council of La Raza, the Mexican American Legal Defense and Educational Fund, and the Industrial Areas Foundation's network of city-level organizations in Texas. All three developed during the turmoil of the 1960s and continued their work thereafter. A study of their income

statements filed with the Internal Revenue Service over the 10-year period from 1991 to 2000 showed that most of them received virtually all of their money from a handful of foundations, led by the Ford Foundation, the Rockefeller Foundation, and the Mott Foundation (based on a General Motors fortune). Furthermore, the Ford Foundation took an active role in the establishment of the National Council of La Raza and the Mexican American Legal Defense and Educational Fund to begin with (Marquez 1993).

The absence of any local or membership fundraising in the case of the Industrial Areas Foundation affiliates came as a surprise. The inspiration for its efforts, Saul Alinsky, emphasized that outside funding should be used only at the outset of an organizing effort to ensure that local volunteer leadership controlled the grassroots groups. With only two or three exceptions in the seven cities in which the project operated, most of their monies came from large foundations and local businesses, and none had a majority of its funding from neighborhood members. The funding for these organizations increased greatly after they set up an Interfaith Education Fund, which became a conduit for foundations. In effect, organizers paid by foundations were the people that managed the Industrial Areas Foundation affiliates in Texas, even though local volunteer leadership nominally controlled them (Marquez 2003).

The ongoing importance of large foundations to these groups is demonstrated by the fact that the Mexican American Legal Defense and Educational Fund received \$27.1 million in donations from 56 foundations between 2003 and 2011, with 70 percent of it coming from the Ford Foundation (\$10.2 million), BP (\$3.8 million), the Marguerite Casey Foundation (\$1.5 million), the Gates Foundation (\$1.3 million), and three other foundations that gave \$1 million or more. In the case of the National Council of La Raza, which received \$96.5 million from 79 foundations, 85 percent of it came from the 22 foundations that gave \$1 million or more, led by the Gates Foundation (\$16.2 million), the Bank of America (\$12.2 million), Pepsico (\$9.2 million), the Annie Casey Foundation (\$5.5 million), and the Wal-Mart Foundation (\$4.8 million) (Staples 2013). The intermediary role of the Interfaith Education Fund for the Industrial Areas Foundation in Texas continued in an expanded form, as shown by a listing of its seven top donors in Table 4.2 (on page 87).

Foundations funded several other major advocacy groups between 2003 and 2011 in varying patterns and degrees of intensity. For example, the Ford Foundation was a strong supporter of the NAACP Legal Defense and Educational Fund with donations totaling \$13.2 million. It was joined by several other family foundations with total grants in the million-dollar range, as well as the New York Community Trust, which gave \$3.8 million, but by very few corporate foundations. On the other hand, corporate foundations were frequent donors of \$1 million or more to two other organizations that advocate for African Americans, the United Negro College Fund and the Urban League, although their donations were dwarfed in the case of the United Negro College Fund by \$61.1 million from the Gates Foundation, \$11.4 million from the Andrew Mellon Foundation

Table 4.2 Foundations Donating over \$600,000 to the Interfaith Education Fund, 2003–2011

Foundation Name	No. of Grants	Total Donations
Ford Foundation	5	\$ 4,600,000
Mott Foundation	12	\$ 3,200,000
Marguerite Casey Foundation (UPS family)	7	\$ 1,380,000
Annie Casey Foundation (UPS family)	10	\$ 1,285,000
Gates Foundation	1	\$ 954,216
Open Society ¹	3	\$ 750,000
Cummings Foundation (founder of Sara Lee Corporation)	3	\$ 637,500
All Foundations = 16	55	\$14,519,716

¹ This organization, funded by a billionaire investor George Soros, was called the Open Society Institute until 2011, and then renamed the Foundation to Promote Open Society.

Source: *Foundation Grants Directory Online* (2012).

(the 10th-largest family foundation), and \$10.7 million from the Kresge Foundation (the 12th-largest family foundation).

Corporate foundations also steered clear of advocacy groups for women, which received most of their foundation support from family foundations. The Ford Foundation gave \$13.3 million to the Ms. Foundation, and the Kellogg Foundation (the sixth-largest family foundation) provided another \$3.8 million. When it came to Planned Parenthood, which is under incessant pressure from ultraconservatives, four family foundations were at the forefront, starting with the ninth-largest family foundation, the Susan Thompson Buffett Foundation, named after the late wife of investor Warren Buffett and chaired by their daughter. Large contributions also came from the fifth- and seventh-largest family foundations, the Hewlett Foundation and the Packard Foundation. Both of these foundations derive from the large fortunes made by William Hewlett and David Packard as the founders of Hewlett-Packard, ranked No. 11 on the *Fortune* 500 list in 2011. The Gates Foundation, the largest family foundation in the country by many orders of magnitude, also provided large donations. The specific amounts provided by these four family foundations to Planned Parenthood at the national level (the Susan Thompson Buffett Foundation also gave tens of millions to Planned Parenthood's state, local, and international affiliates) are presented in Table 4.3 (on page 88).

The Ford Foundation's support for disadvantaged people of color, low-income children, women, and the environmental movement led to the claim that it became a "liberal" organization in the 1960s, despite its corporate-dominated board of trustees at the time, including the chairman of the Ford Motor Company, Henry Ford II. However, this conclusion confuses liberalism with a moderate

Table 4.3 Donations to Planned Parenthood by Four Large Family Foundations

Foundation	Family Foundation Ranking	Total Donations
Buffett Foundation	No. 9	\$184,900,000
Hewlett Foundation	No. 5	\$41,000,000
Gates Foundation	No. 1	\$33,500,000
Packard Foundation	No. 7	\$16,100,000

Source: Foundation Directory Online (New York: The Foundation Center, 2012).

conservatism that is supportive of changes that do not challenge the class structure. Incorporation into the current system is one thing; altering power balances between the corporate community and its main rivals is another.

This difference is demonstrated by the fact that the Ford Foundation took a very different stance on issues that involve class conflict, as seen in the foundation's support for opposition to unionization efforts. In 1967, for example, the Ford Foundation entered into an emerging conflict over public employee unions by financing a think-tank study that was very negative toward unions. Then, in 1970, it provided \$450,000 to three associations of government managers—the U.S. Conference of Mayors, the National League of Cities, and the National Association of Counties—to establish the Labor-Management Relations Service, an organization intended to help government managers cope with efforts at union organizing. One year later this organization set up the National Public Employer Labor Relations Association with money from the Ford Foundation and other foundations (Miller and Canak 1995). Publications from these two organizations provided advice on defeating organizing drives and surviving strikes. They suggested contracting out public services to private businesses to avoid unions and decrease wage costs. This opposition to public employee unions is consistent with the distance that all major foundations have kept from the labor movement (Magat 1999).

As shown by both the systematic data and the several mini-case studies presented in this section, foundations are an integral part of the policy-planning process as sources of funds and as program initiators. Contrary to the usual perceptions, they are not merely donors of money for charity and value-free academic research. They are extensions of the corporate community in their origins, leadership, and goals.

THINK TANKS

The most sustained research and brainstorming within the policy-planning network usually takes place in various think tanks. Experts bring any new initiatives that survive criticism by other experts to the policy-discussion groups for discussion, modification, and possible use by the corporate leaders. Among the relative

handful of major think tanks, some highly specialized in one or two topics, the most important are The Brookings Institution, the American Enterprise Institute, the Urban Institute, the National Bureau of Economic Research, the RAND Corporation, the Atlantic Institute, and the Center for Strategic and International Studies. Their efforts are sometimes augmented by advice from professors at institutes and centers connected to universities, especially in the area of foreign relations, but these university institutes are one step removed from the policy-planning network, as explained in the next section.

Three highly visible general-purpose think tanks—The Brookings Institution, the American Enterprise Institute (AEI), and the Heritage Foundation—vie for attention and influence in Washington. The Brookings Institution, the oldest and generally most respected of the three, was founded in 1927 from three institutes that go back as far as 1916. Virtually all of its early money came from foundations, although by the 1930s it was earning income from a small endowment provided by the Rockefeller Foundation and other sources. Centrist in its orientation, it ranked No. 4 in centrality in the combined corporate community and policy-planning networks in 2010, received \$164.2 million in grants from foundations between 2003 and 2011, and had a budget of about \$90 million in 2010. By comparison, the ultraconservative AEI ranked No. 13 in centrality, received \$56.2 million in foundation grants between 2003 and 2011, and had a budget of about \$30 million in 2010. Finally, the even more ultraconservative Heritage Foundation ranked No. 321 in the overall network, but received much more money by way of foundation grants (\$77.8 million) and had a far larger budget (\$80 million in 2010) than did its ultraconservative rival, the AEI (Staples 2013).

The Brookings Institution is sometimes said to be a liberal think tank, but that is a misperception generated by the presence of a few liberal members and overblown media complaints by ultraconservatives. The fact that Keynesian economists from Brookings advised the Kennedy and Johnson administrations also contributed to this stereotype.* In fact, the Brookings Institution always has

* For purposes of this book, the essence of “Keynesian economics” is that governments need to temporarily spend more money, run larger deficits, and/or lower interest rates in times of recession and depression because (1) consumers are not able to generate sufficient demand through their purchases and (2) businesses are unwilling to make investments because consumers do not have the money to buy new products. Conversely, when the economy is strong and inflation might develop, Keynesian economics suggests that the government should move closer to a balanced budget, impose higher taxes on the wealthy and well-to-do, and/or raise interest rates. This is not “liberalism,” but an economic model based on economic analysis and historical experience. The originator of this theory, British economist John Maynard Keynes, thought that it had moderately conservative implications. As explained later in the chapter in the discussion of the Committee for Economic Development, even corporate moderates rejected most of the theory because they did not like the idea of government spending (for political reasons) and did not like the prescription of higher taxes on them to balance the budget and restrain demand when the economy is at risk for higher inflation. Instead, they preferred the aspect of Keynesian theory that relies strictly on changes in interest rates by the Federal Reserve Board, which is the government agency they shape and trust the most through their service on the boards of directors for the 12 Federal Reserve Banks throughout the country.

been in the mainstream or on the right wing. Although some of its economists were important advisors to the Democrats in the 1960s, they were also among the most important advisors to the corporate moderates in the Committee for Economic Development as well, and by 1975 these same economists were criticizing government initiatives in ways that later were attributed to the employees of the American Enterprise Institute (Peschek 1987).

The Brookings Institution's most noteworthy effort in the mid-2000s, the Hamilton Project, named after the first secretary of the treasury, Alexander Hamilton, was aimed at influencing future Democratic administrations. It brought together leaders in various types of financial companies, economists, and policy experts from several think tanks in 2006 to write reports on such topics as economic growth, the federal budget, and international trade. It was sponsored by one of The Brookings Institution's most prominent trustees at the time (a former chair of Goldman Sachs and the secretary of the treasury for four years in the Clinton administration). Several of its participants did end up consulting for President Obama's 2008 economic transition team, and two economists in the group were appointed to the new president's White House staff.

The American Enterprise Institute, formed in 1943 as an adjunct to the U.S. Chamber of Commerce, had little money and no influence until the early 1970s, when a former chamber employee began selling the need for a new think tank to corporate executives by exaggerating the liberal inclinations of the Brookings Institution. His efforts received a large boost in 1972 after the Ford Foundation gave him a \$300,000 grant (the equivalent of a grant of \$1.7 million in 2012). But as already shown, the AEI still received less money from foundations than did The Brookings Institution, and its budget was only one-third as large as the Brookings budget in 2010.

The Heritage Foundation, created in 1974, is the most recent and famous of the Washington think tanks. It is wrongly thought to reflect current wisdom in the corporate community, but it is actually the product of a few extremely conservative men of inherited wealth. The most important of these founding ultraconservatives were members of the Coors family, which then owned the beer company that bears their name (Bellant 1991). Richard Mellon Scaife, a major inheritor of a huge aluminum, steel, and banking fortune, which was assembled by the Mellon family of Pittsburgh beginning in the nineteenth century, served on the board of trustees of the Heritage Foundation and was close behind the Coors family in his donations.

Unlike the AEI, the Heritage Foundation usually made no effort to hire established experts or build a record of respectability within the academic or policy communities. Instead, it hired young ultraconservatives that were willing to attack all government programs and impugn the motives of all government officials as bureaucratic empire builders. While this approach did not endear the Heritage Foundation to its counterparts in Washington, it did lead to second-level staff positions in the Reagan, George H. W. Bush, and George W. Bush

administrations, which needed people to carry out their antigovernment objectives. Ironically, a substantive idea from a Heritage Foundation report in the early 1990s concerning health insurance was built into the health insurance program that Mitt Romney signed while he was governor of Massachusetts in 2006. It mandated the purchase of insurance by all adults as a necessary ingredient in making a universal private insurance program feasible and profitable for insurance companies. This mandate then became a key feature, insisted upon by the insurance companies, in the Patient Protection and Affordable Care Act (“Obamacare”) passed in 2010, but by that time all ultraconservatives had rejected the idea and opposed the bill (Quadagno 2012).

THE MIXED ROLE OF UNIVERSITIES IN AMERICAN POWER CONFLICTS

The thousands of research institutes at the top 100 or so American universities, which range from a few members to hundreds of members, train many of the experts who become employees at think tanks. Some of the professors in these university institutes advise think tanks or take part in policy-discussion groups. Thus, it may seem that universities should be considered a part of the policy-planning network, but that would not take into account the complex role that universities have in the American power structure. In a very general sense, yes, universities are part of the power equation because they educate future leaders and train the experts who work for the think tanks discussed in the previous section. This is especially the case for the handful of prestigious private schools such as Harvard, Yale, Stanford, and the University of Chicago, which have very large endowments to support their programs and students. It is also true that the trustees of the top private universities, as well as many large state universities, are disproportionately from the corporate community and upper class, as demonstrated by numerous investigations stretching back to the early twentieth century (e.g., Barrow 1990; Pusser, Slaughter, and Thomas 2006).

Nevertheless, universities are not part of the policy-planning network because only specific institutes within them are directly involved in it in any way. Furthermore, both the faculty and student bodies at many universities are too diverse in their intellectual and political orientations to be considered part of the power structure unless corporations or organizations in the policy formation network employ them. Then, too, a significant minority of faculty in some social science and humanities departments supports the liberal-labor alliance or are leftists of various kinds, and many more professors have come to give campaign donations to the Democrats because of the criticisms of science and universities by a large number of Republican leaders and ultraconservative grassroots activists. In addition, the institution of tenure, which protects senior faculty members from arbitrary dismissal in order to encourage academic freedom, gives the faculty

some degree of independence from trustees and administrators. The nationwide American Association of University Professors and other faculty organizations zealously guard this tenure system and other faculty rights.

Nor are all students who graduate from high-status universities uniformly destined to join the corporate community or the policy-planning network. A small minority become leading activists in the liberal-labor alliance, sometimes immediately after graduation, sometimes after a career in business. Longtime consumer activist Ralph Nader is a graduate of Princeton University and Harvard Law School, for example. The person who provided much of the money in the early 1960s to start the Institute for Policy Studies, a left-leaning think tank in Washington, was a wealthy graduate of Harvard, who worked as an investment banker on Wall Street before beginning his journey to liberalism (Warburg 1964). David Dellinger, the son of a corporate lawyer and a pacifist who led many major antiwar efforts from the 1950s through the 1980s, entitled his autobiography *From Yale to Jail* (1993), a title that provides a useful reminder of the extent to which some graduates of Ivy League universities become leaders on the American left. John Wilhelm, the president of UNITE HERE, a service workers union with about 230,000 members in 2011, began his career in the union movement in the late 1960s by trying to organize employees at his extremely antiunion alma mater, Yale University.

Put another way, universities provide resources and recruits for both the corporate community and its opponents. In recent decades corporations have come to fund or benefit from the research carried out on university campuses in the natural sciences, information sciences, and engineering to the point at which “campus capitalism” and “University, Inc.” are used in the titles of books examining the near takeover of many research areas by corporations (Greenberg 2007; Washburn 2005). However, universities are a far more important political base for activist liberals and leftists, whether on the faculty or in the student body, than they are for the corporate community. Indeed, the educational system in general, including public high schools and libraries, may be the most important institutional home for liberalism in the United States. The educational system also is the basis for two of the largest unions in the liberal-labor alliance, the National Education Association with 3.2 million members and the American Federation of Teachers with 2.0 million members in 2011, which is one reason why ultraconservatives came to favor charter schools and vouchers as a possible way to undercut teachers’ unions.

Based on these complexities, it seems more useful to see the universities as a training ground for people on both sides of class and social-issues conflicts in the United States. Thus, only those experts from universities who work for think tanks or consult for policy-discussion groups in the policy-planning networks are relevant to the corporate side of the power equation. Even then, many of them may have very temporary roles out of personal choice or because they are not seen as helpful by corporate leaders. Only those who come to have major roles within the policy-planning network become part of the leadership group for the corporate rich, which is discussed in the final section of this chapter.

THE POLICY-DISCUSSION GROUPS

The policy-discussion groups are in many ways the linchpins in the policy-planning network because they serve several important functions for the corporate community.

1. They provide a setting in which corporate leaders can familiarize themselves with general policy issues by listening to and questioning the experts from think tanks and university research institutes.
2. They provide a forum in which conflicts between moderate conservatives and ultraconservatives can be discussed and compromises can be reached, usually by including experts of both persuasions within the discussion group, along with an occasional liberal or university professor on some issues.
3. They provide an informal training ground for new leadership. It is within these organizations that corporate leaders can determine in an informal fashion which of their peers are best suited for service in government and as spokespersons to other groups.
4. They provide an informal recruiting ground for determining which policy experts may be best suited for government service, either as faceless staff aides to the corporate leaders who take government positions or as high-level appointees in their own right.

In addition, the policy groups have three useful roles in relation to the rest of society:

1. These groups legitimate their members as serious and expert persons capable of government service. This image is created because group members are portrayed as giving of their own time to take part in highly selective organizations that are nonpartisan and nonprofit in nature.
2. They convey the concerns, goals, and expectations of the corporate community to those young experts and young professors who want to further their careers by receiving foundation grants, invitations to work at think tanks, and invitations to take part in policy discussion groups.
3. Through such avenues as books, journals, policy statements, press releases, and speakers, these groups try to influence the climate of opinion both in Washington and the country at large. This point is developed when the opinion-shaping network is discussed in the next chapter.

The remainder of this section and the next sketches the origins and activities of five major policy-discussion organizations. They are discussed in chronological

order to show how they often arose in response to new issues, especially in times of crisis. In effect, an accounting of their activities and successes provides a history of the main power struggles within the United States between 1900 and the early 2000s from the perspective of the corporate rich. Discussing these organizations in chronological order also helps to explain the nature of the policy disagreements between the moderates and the ultraconservatives in the corporate community.

The National Association of Manufacturers and the U.S. Chamber of Commerce

The National Association of Manufacturers (NAM), founded in 1895, was the first nationwide organization that encompassed a large part of the newly emerging corporate community of that era. Its primary purpose was to encourage the marketing of American products overseas. To that end, its first president tried to avoid any discussion of management-labor issues. However, when antiunion employers took over the association in 1903 in a three-way race for the presidency, it quickly turned into the largest and most visible opponent of trade unions in the United States. It then provided coordination and strategic advice for the many industrial sectors that renewed their battles with union organizers after a brief but failed attempt to create an “Era of Good Feelings” through collective bargaining agreements. It next created a staff to provide advice and draft reports for committees of trustees, which made it possible for the organization to take stands (usually very conservative) on a wider range of policy issues. At this point it became a policy-discussion group as well as a trade association. As part of this ultraconservative direction, the trustees abandoned their efforts to expand sales overseas, turning their attention to developing American markets for the member corporations.

The Chamber of Commerce was initiated in 1911 as a way to coordinate the interests of a wider range of business owners than simply manufacturers, with special attention to the needs of retailing companies. Its early orientation is reflected in the concerns of one of its key founders, the liberal owner of William Filene & Sons, a major department store in Boston. Like the NAM, it developed a range of committees to discuss specific policy issues, some of which were supportive of President Franklin D. Roosevelt’s first attempts to deal with the Great Depression. However, the chamber was in all-out opposition to Roosevelt’s New Deal by the spring of 1934, against the wishes of its liberal founder, who remained highly committed to the New Deal. With occasional exceptions, the Chamber of Commerce has adopted positions much like those of the NAM ever since it turned against the New Deal.

The Council on Foreign Relations

With the NAM turning inward and looking out for the interests of industrial corporations, and the Chamber of Commerce increasingly focused on local businesses and retailing, internationally oriented bankers and leaders in large corporations

established the Council on Foreign Relations (CFR) in 1921. Lawyers, diplomats, and academic experts interested in fostering a larger role for United States in world affairs joined them. The CFR was created in part because of its leaders' disappointment with the terms of the peace settlement after World War I. However, they also wanted to counter the nationalistic, even isolationist orientation that had developed within the NAM, which by the 1920s supported high tariffs to protect American industrialists from foreign competition. The CFR's desire to expand American financial and corporate interests in Europe was opposed by the NAM, thereby creating a policy division within the corporate community that lasted for another 50 years. After losing most battles over trade and tariffs in the 1920s, the CFR and other internationalist organizations achieved their first major success with the Trade Act of 1934, which gave the executive branch the authority to negotiate trade agreements that would then be approved or disapproved by Congress (Dreiling and Darves 2011; Woods 2003).

The council exerts its influence through policy statements that are created by study groups with 15 to 25 members, which bring together business executives, government officials, scholars, and military officers for detailed consideration of specific topics. Usually meeting about once a month, their work revolves around discussion papers by a visiting research fellow (financed by a foundation grant) or a regular staff member. The goal of such study groups is a statement of the problem and a set of policy recommendations by the scholar leading the discussion. Any book that eventuates from the group is understood to express the views of its academic author, not of the council or the members of the study group, but the books are nonetheless published with the sponsorship of the CFR. The names of the people participating in the study group are usually listed at the outset of each book. In addition, the CFR conducts an active program of luncheon and dinner speeches in New York and Washington, and encourages dialogue and disseminates information through books, pamphlets, and articles in its influential periodical, *Foreign Affairs*. Hundreds of its members have been appointed to government positions in the executive branch of the federal government since the 1940s, including virtually every secretary of state.

The CFR's most successful set of study groups created the framework for the post-World War II international economy. Beginning in 1939 with financial support from the Rockefeller Foundation, its War-Peace Studies developed the postwar definition of the national interest through a comprehensive set of discussion groups. These groups brought together approximately 100 top bankers, lawyers, executives, economists, and military experts in 362 meetings over a five-year period. The academic experts within the study groups met regularly with officials of the State Department. In 1942, the experts became part of the department's new postwar planning process as twice-a-week consultants, while at the same time continuing work on the War-Peace project. As all accounts agree, the State Department had little or no planning capability of its own at the time.

Although the study groups sent hundreds of reports to the State Department, the most important one defined the minimum geographical area that was

needed for the American economy to make full utilization of its resources and at the same time maintain harmony with Western Europe and Japan. This geographical area, which came to be known as the “Grand Area,” included Latin America, Europe, the colonies of the British Empire, and all of Southeast Asia. Southeast Asia was necessary as a source of raw materials for Great Britain and Japan and as a consumer of Japanese products. The American national interest was then defined in terms of the integration and defense of the Grand Area, which led to plans for the United Nations, the International Monetary Fund, and the World Bank, and eventually to the decision to defend Vietnam from a communist takeover at all costs. The goal was to avoid both another Great Depression and increased government control of what was at the time a very sluggish economy. This work provided the framework within which American economic dominance of the world unfolded over the next 30 years (Domhoff 1990, Chapters 5, 6, and 8; Shoup 1974).

Among many dozens of policy studies that had an impact after that time, a report on America’s relationship with Iran in 2004 (*Iran: Time for a New Approach*), calling for negotiations instead of continuing confrontation, provides one good example. The co-leader of the 2004 study group, Robert M. Gates, a former CIA official, then serving as the president of Texas A&M, went on to be a key member of the bipartisan Iraq Study Group authorized by Congress, which made a similar recommendation in 2006 for negotiations, as well as for a phased withdrawal of American troops from Iraq and negotiations with Syria and Iran to end the war. Although American policy toward Iran and Iraq did not change for several more years, Gates was appointed secretary of defense shortly after the study group’s report appeared and then was reappointed to that position by President Obama. He retired in 2010.

Several past studies demonstrated the organization’s connections to the upper class and the corporate community. For example, 22 percent of the members in 1969 served on the board of at least one of *Fortune’s* top 500 industrials, and a study that included the directors of 201 large corporations found that 125 of those companies had 293 interlocks with the CFR; 23 of the very largest corporations and banks had four or more directors who were members (Domhoff 1983; Salzman and Domhoff 1983).

The 37-member board of directors in 2011 reflected the ongoing ties of the CFR to the corporate community and the rest of the policy-planning network with a ranking of No. 10 in the combined corporate/policy database (Staples 2013). Sixteen of its members were on one or more corporate boards, linking the council to 14 companies across the country, including two interlocks with FedEx, IBM, and MetLife. It also had ties to three financial firms, including Goldman Sachs and the Carlyle Group. Reflecting its central location in the overall policy-planning network, four of its members were also trustees of the Committee for Economic Development, three were members of the Business Council, and one was a member of the Business Roundtable. It had several trustee interlocks with think tanks as well: four with the Institute for International Economics and three with

The Brookings Institution and the Center for Strategic and International Studies. The board also included two former secretaries of state, one from the Clinton administration, one from the George W. Bush administration, along with a former secretary of the treasury in the Clinton administration and several scholars.

The council grew from several dozen to several hundred members in its first 30 years of existence, but then grew much larger in the 1970s in response to criticism from the left and right by including a larger number of government officials, especially Foreign Service officers, politicians, and aides to congressional committees concerned with foreign policy, which also made it possible to include many more women members than in the past. By the early 2000s, the council had approximately 4,500 members, most of whom do little more than receive reports and attend large banquets. It is therefore far too large for its members to issue policy proclamations as a group. Moreover, its usefulness as a neutral discussion ground that can help mediate disputes that break out in the foreign policy establishment would be diminished if it tried to do so.

The Business Council

The Business Council is a unique organization in the policy-planning network because of its close formal contact with government. It was created as the Business Advisory Council during the 1930s as a quasi-governmental advisory group to give advice in relation to many policy issues. Led by the presidents of General Electric and Standard Oil of New Jersey (now named ExxonMobil), its members had a central role in the creation of two of the most important pieces of legislation of the twentieth century, the National Labor Relations Act and the Social Security Act, both passed in 1935. In the case of the labor relations act, Business Advisory Council leaders suggested a meeting with union leaders in 1933 to deal with an unexpected surge in union organizing generated by the arrival of the New Deal, then proposed the creation of a National Labor Board that would consist of six business executives, six union leaders, and a leading liberal senator of the day, Senator Robert F. Wagner of New York (McQuaid 1979; McQuaid 1982).

The new National Labor Board had several successes in its first few weeks in ending strikes by using a five-step procedure drafted by the president of General Electric: (1) the strike would end immediately; (2) the employers would reinstate strikers without discrimination; (3) the board would supervise a secret election by workers to determine whether or not they wished to have a union as their representative; (4) the employer would agree to bargain collectively with the representatives of those workers who voted to be represented by a union; and (5) all differences not resolved by negotiation would be submitted to an arbitration board or the National Labor Board itself. But several large industrial companies managed by ultraconservative leaders of the National Association of Manufacturers soon defied the board's authority, leading Senator Wagner to instruct the reform-oriented corporate lawyers and Ivy League law professors temporarily staffing the National Labor Board to draft a tougher version of the original provisions.

The proposed legislation included a clause stating that a majority vote for a union would be sufficient for it to have the right to represent all of the workers in the company, a change that was unanimously rejected by all members of the Business Advisory Council, because they wanted to be able to deal separately with craft and industrial unions, as they had in the past. However, the new law passed over their vehement objections and lobbying efforts, opening the way for the growth of unions for the next three decades (Domhoff and Webber 2011, Chapter 4). The later fate of the National Labor Relations Act is discussed in Chapters 7 and 8.

In the case of the Social Security Act, the Business Advisory Council, once again spearheaded by the presidents of General Electric and Standard Oil of New Jersey, was successful in creating an old-age insurance program that was completely to its liking. Based on corporate experience with private pensions over the previous 15 years and with the help of social insurance experts from the leading labor relations think tank of that era, the leaders of the Business Advisory Council based their program on three principles considered essential by all corporate moderates: Benefits levels were tied to salary levels to preserve values established in the labor market, there were no government contributions from general tax revenues, and both employers and employees contributed to the system in order to limit the tax payments by corporations. In addition, corporate contributions to the system were not to be taxed (Domhoff and Webber 2011, Chapter 5). (The origins, implementation, and aftermath of the Social Security Act, including the way in which the corporate moderates worked to restrict it after 1980, can be found in the document “How Corporate Moderates Created Social Security” on whorulesamerica.net.)

After arguments with the Kennedy administration’s secretary of commerce, a fellow businessman, the Business Advisory Council withdrew from its quasi-governmental standing in 1962 and changed its name to the Business Council. It became a private organization that made itself available to consult with any part of the federal government, not just the White House. Many of its regular meetings with government officials since that time have been held in the relaxed and friendly atmosphere of an expensive resort hotel 60 miles from Washington. During the meetings Business Council members hear speeches by government officials, conduct panels on issues of the day, receive reports from their staff, and talk informally with each other and the government officials in attendance. Business sessions are alternated with social events, including golf tournaments, tennis matches, and banquet-style dinners for members, guests, and spouses. Corporate leaders pay the expenses for the meetings, reports, and social events. The Business Council also meets with the president and his staff from time to time in the White House (Kubey 1973; McQuaid 1982).

THE COMMITTEE FOR ECONOMIC DEVELOPMENT

The shortcomings of the Business Council, including its inability to create fully developed policy statements on a wide range of issues, led its leaders to play the major role in establishing the Committee for Economic Development (CED) in

the early 1940s to help plan for the postwar world. They had two major concerns in doing so: (1) There might be another depression after World War II ended, and (2) if they did not have a viable economic plan for the postwar era, the liberal-labor alliance might be successful with plans that would not be acceptable to the corporate community.

As a result, the CED supported a business-oriented version of Keynesian economics that allowed for tax cuts, government deficits, and increased government spending through unemployment insurance and welfare benefits in the face of recessions. These prescriptions went against the NAM and the Chamber of Commerce's insistence on cutting government spending and balancing the budget as the way to deal with recessions, which widened the already existing divisions between corporate moderates and ultraconservatives created by disagreements over international trade and the Social Security Act. On the other hand, the CED trustees firmly rejected the liberal version of Keynesianism favored by the liberal-labor alliance, which wanted to manage economic downturns through government employment of unemployed workers and increases in government spending for infrastructure projects.

Despite their partial acceptance of Keynesian policies for dealing with depressions and recessions, the CED trustees nonetheless continued to favor the most conservative way to deal with inflation, increases in interest rates by the Federal Reserve Board, which led to higher unemployment rates in the process of reducing demand. They thereby put themselves in opposition to the liberal Keynesian view advocated by the liberal-labor alliance, which thought that periods of inflation should be handled by raising taxes on the wealthy and the well-to-do while at the same time reducing government expenditures. In other words, the liberal-labor leaders wanted to reduce demand by decreasing the purchasing power of those with large incomes, not by increasing unemployment. The liberal-labor advocates further claimed that their approach also would provide extra tax money that would enable the government to pay down the federal debt. It thus seems clear that the conflict between the corporate moderates in the CED and the liberal-labor alliance concerned power, not simply economic policies.

In its early years the CED's membership consisted of 100 to 200 corporate leaders. Later it added a small number of university presidents. In addition, leading economists and public administration experts served as advisors and conducted research for it; many of them went on to serve in advisory roles in both Republican and Democratic administrations, especially with the Council of Economic Advisors in the White House (Domhoff 1987). In the 1960s the leadership became even more moderate on domestic issues in the face of turmoil and disruption in inner cities across the country and antiwar protests on university campuses. By 1970, CED reports were calling for campaign finance reforms to make the system more transparent and for many improvements in social benefit programs, including a plan for a guaranteed annual income for families without any employed adults (CED 1968; CED 1970a; CED 1970b).

However, at the same time that CED trustees were taking a supportive stance toward various kinds of government social benefit programs, they were renewing their attack on unions and the National Labor Relations Board. They became hardliners on labor issues because they blamed unions for “cost-push inflation,” which is defined as inflation caused by factors that lead to higher costs for corporations, not by too much consumer demand for too few available goods and services. Higher prices for raw materials, for example, can lead to cost-push inflation, but rising labor costs were by far the most important cause of cost-push inflation according to the CED. At the same time, the trustees divided sharply on the use of voluntary government wage-price guidelines for dealing with inflation, because the more conservative members feared that such guidelines might lead to government control over wages and prices. The trustees also differed over proposals to create a small planning agency controlled by the White House, which the most conservative trustees rejected as a potential foot in the door for the liberal-labor alliance if it gained more power.

As a result of these internal conflicts, funding for the CED was reduced or withdrawn by many corporations in the early 1970s. Its president retired a year early rather than continuing to deal with the tensions. The hardliners made highly personal criticisms of some of the hired experts, even accusing one of them of being soft on communism. Soon thereafter, few if any liberal experts were invited to participate in policy discussions. The hardliners rejected wage-price guidelines in future policy statements and reaffirmed that increases in interest rates were the only acceptable way to control inflation. They also called for the end of cost-of-living adjustments in union contracts, which meant in effect that their employees would absorb the costs of inflation through decreases in the purchasing power of their wages (Domhoff 2013, Chapters 9 and 10).

The difference between the CED at the beginning and the end of the 1970s is demonstrated by a comparison of policy statements issued in 1971 and 1979. In the first report, the emphasis was on the social responsibility of corporations and the need for corporations to work in partnership with government on social problems. The report at the end of the decade stressed the need to limit the role of government in a market system. The second report ignored all the social issues the CED had addressed before 1974. This change occurred even though almost half of the 40 members of the Research and Policy Committee in 1979 were on the committee in 1971 and had endorsed the earlier policy statement (Frederick 1981). This is strong evidence that the moderate conservatives had come to agree with ultraconservatives on many issues in the changing circumstances of the 1970s.

The Business Roundtable

The strong differences of opinion within the CED, along with the need for greater coordination with the White House and the conservative coalition in doing battle with unions, led to the creation of the Business Roundtable in 1972. Drawing from the leadership of the Labor Law Reform Committee and the Construction

Users Anti-Inflation Roundtable (two corporate groups that had been formed in the 1960s to challenge organized labor on a variety of issues), the new Business Roundtable was composed of CEOs from a cross-section of the corporate community, with many hardliner CED trustees taking the lead (Domhoff 2013, Chapter 10; Gross 1995, pp. 234–239). At this point the CED became little more than an auxiliary to the Business Roundtable with instructions from corporate leaders to develop in-depth policy statements on a few specific topics, although it remained close to the center of the overall corporate and policy-planning network (Domhoff 2013, Chapter 11).

As demonstrated in network studies, the Business Roundtable was at the center of the policy-planning network by 1973 (Burris 1992; Burris 2008). Reflecting the globalization of the largest corporations in all major countries, by 2000 the Business Roundtable also included the chief executives of the American subsidiaries of a number of foreign-based companies, and it played a key role in creating greater coordination between North American and European countries. In 2005, it joined with similar CEO groups in Australia, Canada, Mexico, Europe, and Japan to create a new 500-member transnational organization, World Business Leaders for Growth, to monitor and lobby the World Trade Organization (WTO) (Staples 2012b).

Decisions on where the Business Roundtable will focus its efforts are determined by a policy committee that meets every two or three months to discuss current policy issues, create task forces to examine selected issues, and review position papers prepared by task forces. Task forces are asked to avoid focusing on problems in any one industry and to concentrate instead on issues that have a broad impact on business. With a staff of less than a dozen people, the Business Roundtable does not have the capability to develop its own information. However, this presents no problem because the organization has been designed so that task force members will utilize the resources of their own companies as well as the information developed in other parts of the policy network.

The Business Roundtable began its more public efforts by coordinating a successful lobbying campaign against a liberal-labor proposal for a new governmental Office of Consumer Representation in the mid-1970s. It created a Clean Air Working Group that battled the environmental-labor coalition to a standstill from 1980 to 1990 on proposed tightening of the Clean Air Act, agreeing to amendments only after several standards were relaxed or delayed and a plan to trade pollution credits in market-like fashion was accepted by environmentalists (Gonzalez 2001). On a less conservative note, it helped reign in the ultraconservatives in the Reagan administration by calling for tax increases in 1982 and 1983, which began to reduce the huge deficits the administration's earlier tax cuts had created. In 1985 it called for cuts in defense spending as well. Along with other business organizations, it quietly opposed the attack on affirmative action by the ultraconservatives in the Reagan administration, pointing out that the policy had proven to be very useful for corporate America. It supported a mild extension of the Civil Rights Act in 1991, putting it at odds with the U.S. Chamber of Commerce (Belz 1991; Vogel 1989).

During the Clinton administration, the Business Roundtable joined with the U.S. Chamber of Commerce and the National Federation of Independent Business in defeating a proposal for national health care reform in 1994 (Mintz 1998). Then it organized the grassroots pressure and forceful lobbying for the corporate community's victory in 1994 on the North American Free Trade Agreement (NAFTA) (Dreiling 2001). In 2000 it successfully lobbied Congress to give China the legal status called "permanent normal trade relations," which is the government's term for free trade with a nation. For both of the trade agreements, the Business Roundtable organized the corporate community on a state-by-state basis and contacted members of Congress. Sophisticated network studies that made thousands of dyadic comparisons using a method called quadratic assignment procedure demonstrated the impact of the Business Roundtable's efforts (Dreiling 2001; Dreiling and Darves 2011).

According to public opinion polls at the time, both the 1994 and 2000 trade agreements were strongly resisted by the majority of citizens. Organized labor, environmentalists, and many of their liberal allies also vigorously opposed both agreements, because "trade" was intended in good measure to make it easier for American corporations to move their production facilities to low-wage countries. Although supporters of the two initiatives claimed that they were meant to bring lower-cost goods to American consumers and help raise living standards in less-developed countries, the initiatives also undercut what remained of the industrial union movement and ensured larger profits for transnational corporations.

THE LIBERAL-LABOR POLICY NETWORK

There is also a small liberal-labor policy network. It suggests new ideas and perspectives to liberal political organizations, unions, and liberals in government for their attempts to challenge the corporate community. Because the organizations in it are small in comparison to the corporate-backed organizations, some of them also serve as advocacy groups as well as think tanks. Most of them are focused on domestic economic policy. Several organizations in the liberal-labor network receive some of their financial support from labor unions, but the sums are seldom more than a few hundred thousand dollars per year. It is difficult to know the exact figures because the donations come from different unions and the AFL-CIO is not motivated to compile the totals. The liberal policy groups also receive grants from liberal foundations and a few mainstream foundations.

The liberal-labor alliance also includes two ostensibly independent think tanks, the Progressive Policy Institute and the Center for American Progress, which in reality serve as adjuncts to the Democratic Party in the same way that most ultraconservative think tanks are adjuncts to the Republican Party. The Progressive Policy Institute began as the policy arm of the Democratic Leadership Council (DLC), an organization of centrist Democrats founded in the early 1980s in an attempt to counter the party's liberal wing and bring the party's image back into what its leaders defined as the mainstream. Many of these moderates were

Southern Democrats, including future president Bill Clinton and future vice president Albert Gore, both of whom had leadership roles in the group in the 1980s and developed strong connections with funding sources for their future campaigns through it (Baer 2000). Members of the congressional staffs of DLC members became the staff for the DLC itself, the same kind of smooth blending of government and private staffs found on the Republican side of the aisle, and then became second-level advisors in the Clinton and Obama administrations.

The Center for American Progress was founded in 2003 by a former chief of staff for President Clinton, John Podesta, after he grew restive working for trade groups such as the Nevada Resort Association and the American Insurance Association as a partner in a lobbying firm he co-founded with his brother. Major Democratic donors provided most of its early funding, but it soon received support from a large number of foundations. By late 2008 the center had a staff of 180 and a budget of \$25 million a year. It was positioned as a counterweight to the Heritage Foundation. Most of its policy analysts had worked in the Clinton administration, and Podesta was in charge of President Obama's transition team in 2008 (Savage 2008b). Table 4.4 presents the major foundation support for the

Table 4.4 Four Liberal Groups and Six of Their Main Foundation Funders between 2003 and 2011

Foundations ²	Think Tanks ¹			
	<i>Center on Budget and Policy Priorities</i>	<i>Center for American Progress</i>	<i>Economic Policy Institute</i>	<i>New America Foundation</i>
Annie Casey Foundation	\$10,473,240	\$1,066,500	\$1,224,110	\$1,969,600
Ford Foundation	\$28,305,000	\$7,084,600	\$7,510,000	\$9,111,000
Mott Foundation	\$5,755,000	\$70,000	\$1,200,000	\$2,175,000
Open Society ³	\$9,753,000	\$6,609,991	\$4,860,000	\$4,256,875
Rockefeller Foundation	\$10,520,270	\$4,228,400	\$5,605,054	\$5,463,000
Gates Foundation	\$17,829,037	\$2,998,809	0	\$4,100,000
Donations/Percent of all donations from these six foundations	\$82,635,547 (56.4%)	\$22,058,300 (36.1%)	\$20,399,164 (77.8%)	\$22,975,475 (35.3%)
Total Donations, All Foundations	\$146,400,000	\$60,940,847	\$26,214,050	\$65,010,632

¹ These groups received funding from other sources as well.

² These foundations gave to many other groups as well.

³ This organization, funded by a billionaire investor, George Soros, was called the Open Society Institute until 2011, and then renamed the Foundation to Promote Open Society.

Source: *Foundation Directory Online* (New York: The Foundation Center, 2012).

Center for American Progress and three other, more independent liberal think tanks between 2003 and 2011.

Although several of the organizations in the liberal-labor policy network receive grants from large centrist foundations as well as liberal ones, their distance from the center of the combined corporate/policy-planning network is shown by the fact that the one with the highest centrality ranking, the New America Foundation, was No. 122, followed by the Economic Policy Institute at No. 271 and the Center for American Progress at 356. The Center on Budget and Policy Priorities, the liberal think tank that receives the most money from foundations, is not part of the overall network.

Several liberal think tanks have excellent media connections, in part because some of their members are prominent journalists. However, the extent of the coverage for liberal think tanks should not be exaggerated. In 2011, they received only 20 percent of all media mentions of think tanks, compared to 47 percent for the moderates and 33 percent for the ultraconservative groups. For example, The Brookings Institution was first in the top 25 with 2,475 mentions, the Heritage Foundation was second with 1,540 mentions, and the Economic Policy Institute was 10th with 602 (Dolny 2012).

Although the liberals' reports are not featured as often as those of their centrist and ultraconservative rivals, they nonetheless receive coverage as a counterbalance to corporate policy proposals. This media visibility is further enhanced by ultraconservative claims about the allegedly great power of the liberal-labor alliance in the alarmist letters they send to their sympathizers as part of their fundraising drives. However, as explained in Chapters 6 and 7, the liberals' ability to distribute their message to a wide audience translated into very few successes between 1939 and 2012.

THE POWER ELITE

In concert with the large corporations and financial institutions in the corporate community, the foundations, think tanks, and policy-discussion groups in the policy-planning network provide the organizational basis for the exercise of power on behalf of the owners of all large income-producing properties. The leaders of these organizations are therefore the institutionalized leadership group for the corporate rich; they work to preserve the governmental rules and regulations that make possible the inequality in the wealth and income distributions.

This leadership group is called the *power elite*. The power elite are those people who serve as directors or trustees in profit and nonprofit institutions controlled by the corporate community through stock ownership, financial support, involvement on the board of trustees, or some combination of these factors. This precise definition of who is and who is not in the power elite includes the top-level employees who are asked to join the boards of the organizations that employ them. It is useful for research purposes in tracing corporate involvement in

voluntary associations, the media, political parties, and government. Although the power elite are a leadership group, the phrase always is used with a plural verb in this book to emphasize that the power elite are also a collection of individuals who have some internal policy disagreements. They also have personal ambitions for the same government appointments and bitter rivalries that receive detailed media attention and often overshadow the general policy consensus. In other words, the power elite are not a monolithic leadership group.

The concept of a power elite makes it possible to integrate class and organizational insights in order to create a more complete theory of power in America. Once again, as in the case of corporations, the key point is that any differences in perspective between class and organizational concerns are worked out in meetings of the boards of trustees in which wealthy owners and CEOs from major corporations meet with the top employees of the policy-network organizations. This integration of class and organizational theories is discussed further in Chapter 9, when the main alternative theories are compared with the one that is unfolding in this book.

The corporate community, the upper class, and the policy-planning network provide the organizational basis and social cohesion for the creation of a power elite. A person can be a member of one of the three, or two of the three, or all three of these networks. This point can be visualized in terms of the three intersecting circles presented in Figure 4.2, which are referred to as “Venn diagrams” in mathematics and have many useful properties for illustrating complex relationships among several sets of people or objects (Ruskey and Weston 2012). In this instance, the diagram shows that not all the people in these three overlapping networks are part of the power elite. The distinctions presented in the next paragraph clear up a point that can be confusing when first encountering a class-domination theory: Not all members of the dominant class are involved in governing and not all members of the power elite are part of the dominant class.

First, there are upper-class people who are only socialites and sit on no boards of directors in the corporate community or the policy-planning network. Except for their financial support for policy-discussion groups and think tanks, and their campaign donations to political candidates, they play no part in the exercise of power. Second, there are corporate leaders just below the board level who are neither upper class nor involved in policy planning; they focus exclusively on their roles in the corporate community. Finally, there are policy experts who are neither members of the upper class nor on boards of directors of corporations; they are simply employees of the power elite who spend all their time doing research and writing reports.

As a practical matter, the interrelations among these three sectors are somewhat closer than the image of three intersecting circles would indicate. Although most male members of the upper class do not serve on a major board of directors, a majority of them that are between 45 and 65 are part of the corporate community as active investors, financiers, corporate lawyers, officers of privately held companies, or titled executives. Second, as discussed in Chapter 3, many rising

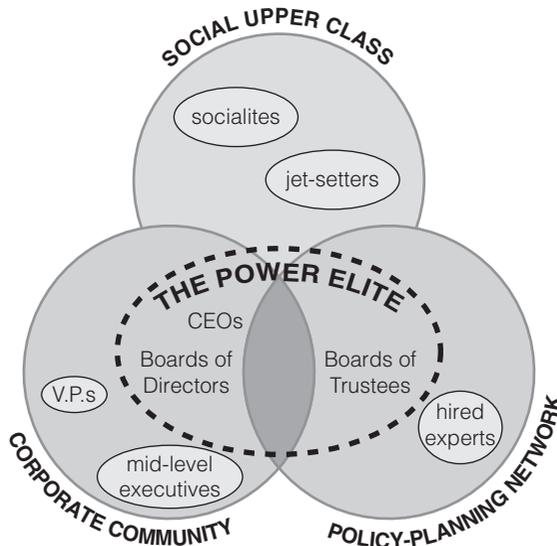


Figure 4.2 A multinetview of how the power elite are drawn from three overlapping networks of people and institutions: the corporate community, the social upper class, and the policy-planning network. The power elite are the members of the three overlapping circles that sit on the board of directors of a corporation in the corporate community or the board of trustees of a nonprofit organization in the policy-planning network. They are encompassed by the dotted line within the Venn diagram.

corporate executives become involved in some upper-class social activities, such as charitable events and parent meetings for private schools. Finally, some members of the policy network become involved in the corporate community as consultants and advisors, even though they do not rise to the level of corporate directors. In other words, the corporate community becomes the common sector that encompasses many of the older men within the three overlapping circles, along with a small (and slowly increasing) number of women.

THE POLICY-PLANNING NETWORK IN PERSPECTIVE

Although this chapter provides evidence for the existence of a network of policy-planning organizations that is an extension of the corporate community in its financing and leadership, it does not claim there is a completely unified power elite policy outlook that is easily agreed upon. Instead, it shows that the upper class and the corporate community have created a complex and only partially

coordinated set of institutions and organizations that often disagree among themselves about what policies are most compatible with the primary objectives of the corporate community. From their point of view, it is their differences that vex and annoy them, because they take their many shared assumptions—and common enemies—for granted when they argue among themselves.

Nevertheless, the emphasis from a social-science perspective has to be on the considerable similarity in viewpoint among institutions that range from moderately conservative to highly conservative in their policy suggestions. In addition, the many policy successes for the Ford Foundation, the Council on Foreign Relations, the Business Council, the Committee for Economic Development, and the Business Roundtable should not be overlooked, even though the ultraconservatives grumbled about most of them. In fact, policy suggestions from corporate moderates shaped Social Security, the framework for international economic expansion after World War II, the early environmental movement, and many other programs, although the unexpected creation of a strong National Labor Relations Act was an unpleasant sore spot for all members of the corporate community.

Moreover, even though they were not able to agree completely among themselves, the corporate rich accomplished an equally important task that is often forgotten because of their constant bickering: They marginalized the few experts with a more liberal perspective. This point cannot be stressed enough, but there is not much more that can be said about it. Liberal experts received grants from foundations, appeared on talk shows, and published books, but even in Democratic administrations there was barely a sign of their existence. Instead, centrists were appointed by elected Democrats to carry out whatever liberal correctives were thought to be necessary to deal with the problems supposedly caused by ultraconservative policies inherited from Republican administrations.

This chapter thus provides evidence for another form of power exercised by the corporate rich through the power elite—expertise. *Expert power* is an important supplement to the structural power and status power discussed in the previous two chapters. Since government officials with only small policy-planning staffs must often turn to foundations, policy groups, and think tanks for new ideas, expertise is once again a form of power that can be exercised without any direct involvement in government.

Structural power, status power, and expertise are formidable independently of any participation in politics and government, but they are not enough to make owners and top executives a dominant class because they do not ensure domination of government. It still could be possible for the liberal-labor alliance to elect a liberal Congress and president, and then to use government legislation to bring about some redistribution of the country's wealth and income in a democratic way through higher estate taxes and more steeply progressive income taxes. In addition, a liberal government could pass laws that hinder profit making, or it could collect and utilize tax funds in such a way as to discourage economic growth.

It also could take on greater involvement in corporations when the economy is in crisis, as liberals called for in 2008 and 2009.

Given the great stakes involved when the economy faces unexpected collapse or high inflation, or if a foreign policy crisis arises, there is too much uncertainty in the relationship between the corporate community and the government for the power elite to rely solely on structural power, status power, and expertise to ensure that their interests are realized. They therefore try very hard to shape public opinion, influence elections, and determine government policy on the issues of concern to them. The next three chapters examine the nature of these efforts and the degree to which they are successful.