
Power and Class in the United States

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Why do laws tend to favor certain groups in society? If democracy works, why do the most popular laws fail to pass Congress? In this selection, William Domhoff investigates the power elite and its role in governmental decision-making.

Power and class are terms that make Americans a little uneasy, and concepts like *power elite* and *dominant class* immediately put people on guard. The idea that a relatively fixed group of privileged people might shape the economy and government for their own benefit goes against the American grain. Nevertheless, the owners and top-level managers in large income-producing properties are far and away the dominant power figures in the United States. Their corporations, banks, and agribusinesses come together as a *corporate community* that dominates the federal government in Washington. Their real estate, construction, and land development companies form *growth coalitions* that dominate most local governments. Granted, there is competition within both the corporate community and the local growth coalitions for profits and investment opportunities, and there are sometimes tensions between national corporations and local growth coalitions, but both are cohesive on policy issues affecting their general welfare, and in the face of demands by organized workers, liberals, environmentalists, and neighborhoods.

As a result of their ability to organize and defend their interests, the owners and managers of large income-producing properties have a very great share of all income and wealth in the United States,

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greater than in any other industrial democracy. Making up at best 1 percent of the total population, by the early 1990s they earned 15.7 percent of the nation's yearly income and owned 37.2 percent of all privately held wealth, including 49.6 percent of all corporate stocks and 62.4 percent of all bonds.¹ Due to their wealth and the lifestyle it makes possible, these owners and managers draw closer as a common social group. They belong to the same exclusive social clubs, frequent the same summer and winter resorts, and send their children to a relatively handful of private schools. Members of the corporate community thereby become a *corporate* rich who create a nationwide *social upper class* through their social interaction. . . . Members of the growth coalitions, on the other hand, are *place entrepreneurs*, people who sell locations and buildings. They come together as local upper classes in their respective cities and sometimes mingle with the corporate rich in educational or resort settings.

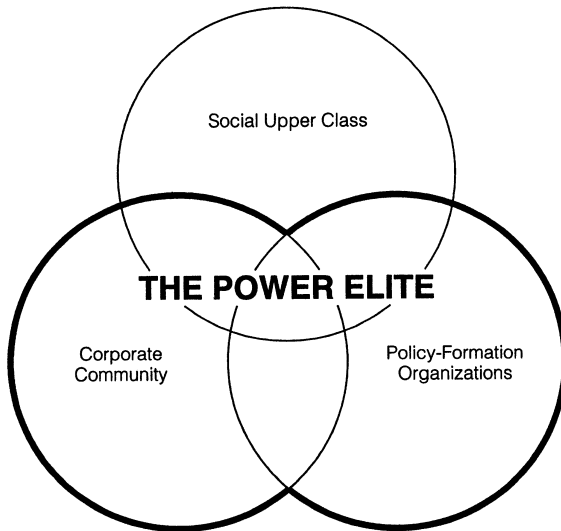
The corporate rich and the growth entrepreneurs supplement their small numbers by developing and directing a wide variety of nonprofit organizations, the most important of which are a set of tax-free charitable foundations, think tanks, and policy-discussion groups. These specialized nonprofit groups constitute a *policy-formation network* at the national level. Chambers of commerce and policy groups affiliated with them form similar policy-formation networks at the local level, aided by a few national-level city development organizations that are available for local consulting.

Those corporate owners who have the interest and ability to take part in general governance join with top-level executives in the corporate community and the policy-formation network to form the power elite, which is the leadership group for the corporate rich as a whole. The concept of a power elite makes clear that not all members of the upper class are involved in governance; some of them simply enjoy the lifestyle that their great wealth affords them. At the same time, the focus on a leadership group allows for the fact that not all those in the power elite are members of the upper class; many of them are high-level employees in profit and nonprofit organizations controlled by the corporate rich. The relationship between the power

elite and the three overlapping networks from which it is drawn is shown in Figure 1. The power elite, in other words, is based in both ownership and in organizational positions. . . .

The power elite is not united on all issues because it includes both moderate conservatives and ultraconservatives. Although both factions favor minimal reliance on government on all domestic issues, the moderate conservatives sometimes agree to legislation advocated by liberal elements of the society, especially in times of social upheaval like the Great Depression of the 1930s and the Civil Rights Movement of the early 1960s. Except on defense spending, ultraconservatives are characterized by a complete distaste for any kind of government programs under any circumstances—even to the point of opposing government support for corporations on some issues.

FIGURE 1 *A multinetwork view of how the power elite is drawn from three overlapping networks of people and institutions: the corporate community, the social upper class, and the policy-formation network. The power elite is defined by the thick lines.*



Moderate conservatives often favor foreign aid, working through the United Nations, and making attempts to win over foreign enemies through patient diplomacy, treaties, and trade agreements. Historically, ultraconservatives have opposed most forms of foreign involvement, although they have become more tolerant of foreign trade agreements over the past thirty or forty years. At the same time, their hostility to the United Nations continues unabated.

Members of the power elite enter into the electoral arena as the leaders within a *corporate-conservative coalition*, where they are aided by a wide variety of patriotic, antitax, and other single-issue organizations. These conservative advocacy organizations are funded in varying degrees by the corporate rich, direct-mail appeals, and middle-class conservatives. This coalition has played a large role in both political parties at the presidential level and usually succeeds in electing a conservative majority to both houses of Congress. Historically, the conservative majority in Congress was made up of most Northern Republicans and most Southern Democrats, but that arrangement has been changing gradually since the 1960s as the conservative Democrats of the South are replaced by even more conservative Southern Republicans. The corporate-conservative coalition also has access to the federal government in Washington through lobbying and the appointment of its members to top positions in the executive branch.

During the past twenty-five years the corporate-conservative coalition has formed an uneasy alliance within the Republican Party with what is sometimes called the “New Right” or “New Christian Right,” which consists for the most part of middle-level religious groups concerned with a wide range of “social issues,” such as teenage sexual and drinking behavior, abortion, and prayer in school. I describe the alliance as an “uneasy” one because the power elite and the New Right do not have quite the same priorities, except for a general hostility to government and liberalism, and because it is not completely certain that the New Right is helping the corporate-conservative coalition as much as its publicists and fund-raisers claim. Nevertheless, ultraconservatives within the power elite help to

finance some of the single-issue organizations and publications of the New Right.

Despite their preponderant power within the federal government and the many useful policies it carries out for them, members of the power elite are constantly critical of government as an alleged enemy of freedom and economic growth. Although their wariness toward government is expressed in terms of a dislike for taxes and government regulations, I believe their underlying concern is that government could change the power relations in the private sphere by aiding average Americans through a number of different avenues: (1) creating government jobs for the unemployed; (2) making health, unemployment, and welfare benefits more generous; (3) helping employees gain greater workplace rights and protections; and (4) helping workers organize unions. All of these initiatives are opposed by members of the power elite because they would increase wages and taxes, but the deepest opposition is toward any government support for unions because unions are a potential organizational base for advocating the whole range of issues opposed by the corporate rich.

☉ *Where Does Democracy Fit In?*

The argument I present, although contrary to some generally held beliefs, starts with the assumption that everyone is equal before the law and has opportunities for social mobility. I believe that there is freedom of expression, the possibility of political participation, and public conflict over significant issues. Furthermore, the class system is an open and changing one, and the political system is democratic. Thus, the challenge I face is to demonstrate that a dominant class and power elite can persist despite the political conflict and social change that are an inherent part of American society.

Moreover, to claim that the corporate rich have enough power to be considered a dominant class does not imply that lower social classes are totally powerless. *Domination* means the power to set the terms

under which other groups and classes must operate, not total control. Highly trained professionals with an interest in environmental and consumer issues have been able to couple their technical information and their understanding of the legislative and judicial processes with well-timed publicity, lobbying, and lawsuits to win governmental restrictions on some corporate practices. Wage and salary employees, when they are organized into unions and have the right to strike, have been able to gain pay increases, shorter hours, better working conditions, and social benefits such as health insurance. Even the most powerless of people—the very poor and those discriminated against—sometimes develop the capacity to influence the power structure through sit-ins, demonstrations, social movements, and other forms of social disruption, and there is evidence that such activities do bring about some redress of grievances, at least for a short time.²

More generally, the various challengers to the power elite sometimes work together on policy issues as a *liberal-labor coalition* that is based in unions, local environmental organizations, some minority group communities, university and arts communities, liberal churches, and small newspapers and magazines. Despite a decline in membership over the past twenty years, unions are the largest and best financed part of the coalition, and the largest organized social force in the country (aside from churches). They also cut across racial and ethnic lines more than any other institutionalized sector of American society. They have 16.3 million members, 80 percent of them in the seventy-eight unions affiliated with the American Federation of Labor-Congress of Industrial Organizations (known as the AFL-CIO). They spend over \$5 billion a year on routine operations, most of it from membership dues, and have about \$10 billion in assets. During the 1990s they spent approximately \$50 million a year on political campaigns.³ The twelve largest unions in the AFL-CIO and their membership figures for 1995 are listed in Table 1. Membership figures for 1975 and 1985 are also included, along with the percentage of increase or decrease, to show the decline in membership in traditional industrial unions and the rise in service and government employee unions.

The liberal-labor coalition also includes a few sons and daughters from well-to-do business and professional families who are critical of the power elite and the corporate-conservative coalition despite their comfortable financial upbringings. The presence of people from privileged social backgrounds in the liberal-labor camp suggests that religious and social values can sometimes be as important as class in shaping political orientations, and historically there are many examples of liberal, reformist, and even revolutionary leaders who come from high levels of the social ladder in their countries.

The liberal-labor coalition enters the electoral arena through the liberal wing of the Democratic Party. Contrary to conservative political activists, liberal journalists, and some social scientists, this coalition never has had a major voice in the Democratic Party at the national level, although it probably had more impact from the late

TABLE 1 *The 12 Largest AFL-CIO Unions and Their Membership Figures (in thousands)*

Union	1975	1985	1995	% Change
Teamsters	1,889	1,161	1,285	-32
State, county, and municipal employees (AFSCME)	647	997	1,183	+83
Service Employees International Union (SEIU)	480	688	1,027	+114
Food and commercial workers (UFCW)	1,150	989	983	-15
Automobile, aerospace, and agriculture workers (UAW)	1,358	974	751	-45
Electrical workers (IBEW)	856	971	679	-21
American Federation of Teachers (AFT)	396	470	613	+55
Communication workers (CWA)	476	524	478	+4
Machinists	780	520	448	-43
Steelworkers	1,062	572	403	-62
Carpenters	700	609	378	-46
Laborers	475	383	352	-26

Source: *Statistical Abstracts of the United States*, 1978, p. 429; 1986, p. 423; 1996, p. 436.

1930s to the early 1970s than it has had since. It could, however, gain much greater influence in the party in the future due to social changes.

The policy conflicts between the corporate-conservative and liberal-labor coalitions are best described as *class conflicts* because they primarily concern the distribution of profits and wages, the rate and progressivity of taxation, the usefulness of labor unions, and the degree to which business should be regulated by government. The liberal labor coalition wants corporations to pay higher wages to employees and higher taxes to government. It wants government to regulate a wide range of business practices, including many that are related to the environment, and help employees to organize unions. The corporate conservative coalition resists all these policy objectives to a greater or lesser degree, claiming they endanger the freedom of individuals and the efficient workings of the economic marketplace. The conflicts these disagreements generate can manifest themselves in many different ways: workplace protests, industry wide boycotts, massive demonstrations in cities, pressure on Congress, and the outcome of elections.

Neither the corporate-conservative nor the liberal-labor coalition includes a very large percentage of the American population, although each has the regular support of about 25–30 percent of the voters. Both coalitions are made up primarily of financial donors, policy experts, political consultants, and party activists. Members of the rival coalitions share an intense interest in policy issues and elections, and both include individuals ambitious for political office, but the coalitions disagree greatly in their values, policy prescriptions, and general ideology.*

The two coalitions are in constant competition for the allegiance of the general citizenry, most of whom pay little attention to politics, or hold views somewhere between those of the two coalitions, or

*An ideology is the complex set of rationales and rationalizations through which a group, class, or nation interprets the world and justifies its actions within it. An ideology usually is fervently believed by those who espouse it.

entertain a mixture of views that seem “contradictory” to activists on both sides of the fence. This means that as many as 40–50 percent of the electorate may be open to an attractive candidate or well-crafted policy appeal from one coalition or the other. More often than not, however, the corporate-conservative coalition triumphs in both the electoral and policy arenas. . . .

To help familiarize readers with the main differences among various political orientations in the United States, Table 2 presents a brief characterization of six groups on the issues that unite and divide them. The most central issues are the value of trade unions, greater government involvement in economic and environmental regulation, the usefulness of government social benefit programs like Social Security, and government support for a liberal agenda on social issues like affirmative action, abortion, and civil rights for gays and lesbians. Although those who now call themselves “leftists” or “progressives” make up only a few percent of the American population, the table also includes their views because they are highly vocal critics of both the corporate community and the liberal-labor coalition—especially

TABLE 2 *The Policy Preferences on Several Key Issues for Six Political Orientations*

	Anti-market Pro Plan- ning?	Pro Union?	For Environ- mental Regula- tion?	Pro Social Benefits?	Pro Social Issues?
New right	No	No	No	No	No
Ultraconservatives	No	No	No	No	Sometimes
Moderate Conservatives	No	No	Some- what	Some- what	Often
Trade unionists*	No	Yes	Some- times	Yes	Maybe
Liberals	No	Yes	Yes	Yes	Yes
Leftists/socialists	Yes	Yes	Yes	Yes	Yes

*Some trade unionists are also liberals or leftists.

in university and literary settings—and often have their greatest appeal to college students and readers of books such as this one.

Historically, leftists differed sharply from liberals in that most of them wanted to replace the market economy and private business ownership with a comprehensive system of government ownership and planning called “socialism,” in which citizens would participate through involvement in the planning process and the election of government officials. At the same time, they held a range of views on how much planning and government ownership was necessary, and on how objectives might be obtained. More recently, the differences between leftists and liberals have narrowed as more leftists have come to advocate a mixture of private and public ownership, and the use of planning within a system of markets. However, many leftists still work in opposition to the liberal-labor coalition, and most of them favor one or another of several socialist or progressive third parties, arguing vigorously among themselves about which party has the best analysis and strategy.

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☉ *There Are No Conspiracies*

Few social scientists would agree, but there are some people who believe that power in the United States is exercised from behind the scenes by a small secretive group of private citizens who want to change the government system or put the country under the control of a world government. In the past, the conspirators were usually said to be secret Communist sympathizers who were intent on bringing the United States under a common world government in conjunction with the Soviet Union, but the collapse of the Soviet Union in 1991 changed the focus to the United Nations as the likely controlling force in a “new world order.” For a smaller group of conspiratorial thinkers, a secret group of operatives located in the government itself, especially the CIA, has been responsible for many terrible tragedies since the 1960s, including the assassination of President John F. Kennedy.

From my standpoint, no conspiracy theory is credible on any issue. If there is anything to the theory presented here, the leaders in visible positions in the corporate community, the policy-formation network, and the government are the real leaders, and the processes that lead to class domination are the same mundane ones that social scientists have documented for other levels of the socioeconomic system. The group said by some conspiratorial thinkers to be at the center of the alleged conspiracy in the United States, the Council on Foreign Relations, is in fact a mere policy discussion forum (with nearly 3,000 members) that issues annual reports, allows access to its historical archives, and has a very different role in the overall power structure than what is claimed by conspiratorial theorists. . . .

The conspiratorial view is different in several ways from the theory presented [here]. First, it is based on psychological assumptions, not sociological ones. The main version assumes that some wealthy and highly educated private citizens develop an extreme psychological desire for power that takes precedence over their normal economic and political interests. In my theory, on the other hand, leaders act for understandable sociological reasons, such as profit-seeking motives and institutional roles. Second, the conspiratorial view assumes that the behind-the-scenes leaders are extremely clever and knowledgeable, whereas I assume that leaders often make shortsighted or ill-informed decisions due to the limits placed on their thinking by their social backgrounds and institutional roles. Third, the conspiratorial view places power in the hands of only a few dozen or so people, often guided by one strong leader, whereas I believe there is a leadership group of many thousands for a corporate rich that numbers several million. Finally, the conspiratorial view assumes that illegal plans to change the government or assassinate people can be kept secret for long periods of time, but all evidence shows that secret groups in the United States are uncovered by civil liberties groups, infiltrated by reporters or government officials, and written about in the press.⁴ Assassinations and bombings in the United States have been the acts of individuals or small groups with no power.

All this said, it is also true that government officials sometimes take illegal actions or try to deceive the public. During the 1960s, for example, government leaders claimed that the Vietnam War was easily winnable, even though they knew otherwise. In the 1980s the Reagan Administration defied a Congressional ban on support for antigovernment rebels in Nicaragua (the “contras”) through a complicated scheme that raised money from foreign countries for the rebels. The plan included an illegal delivery of armaments to Iran in exchange for money and hostages. But deceptions and illegal actions are usually uncovered, if not immediately, then in historical records.

In the case of the Vietnam War deception, the unauthorized release in 1971 of government documents (*The Pentagon Papers*) revealing the true state of affairs caused the government great embarrassment and turned more people against the war. It also triggered the creation of a secret White House operation to plug leaks, which led in turn to an illegal entry into Democratic Party headquarters during the 1972 elections, an attempted cover-up of high-level approval of the operation, and the resignation of President Richard M. Nixon in the face of impeachment charges. As for the Reagan Administration’s illegal activities, they were unraveled in widely viewed congressional hearings that led to a six-month imprisonment for the president’s national security adviser for his part in an unsuccessful cover-up, along with convictions or guilty pleas for several others for obstruction of justice or lying to Congress. The secretary of defense was indicted for his part in the cover-up but was spared a trial when he was pardoned by President George Bush on Christmas Eve, 1992.⁵

It is also true that the CIA has been involved in espionage, sabotage, and the illegal overthrow of foreign governments and that the FBI spied on and attempted to disrupt Marxist third parties, the Civil Rights Movement, and the Ku Klux Klan. But careful studies show that all these actions were authorized by top government officials, which is the critical point here. There was no “secret team” or “shadow government” committing illegal acts or ordering government officials to deceive the public and disrupt social movements. Such a

distinction is crucial in differentiating all sociological theories of power from a conspiratorial one.

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Endnotes

- ¹Wolff, E. (1996). *Top heavy*. New York: The New Press, pp. 64, 67.
- ²Alford, R. R., & Friedland, R. (1975). Political participation and public policy. *Annual Review of Sociology*, 1; Gamson, W. A. (1975). *The strategy of social protest*. Homewood, IL: Dorsey Press; Piven, F., & Cloward, R. (1993). *Regulating the poor* (Updated ed.). New York: Pantheon; Piven, F., & Cloward, R. (1977). *Poor people's movements*. New York: Random House.
- ³Moberg, D. (1977). The resurgence of American unions: Small steps, long journey. *Working USA*, 1(1), 22.
- ⁴For the most cogent and clear general statements of institutional elitism in its modern-day form, see Field, G. L., & Higley, J. (1980). *Elitism*. London: Routledge and Kegan Paul; and Burton, M., & Higley, J. (1987). Invitation to elite theory: The basic contentions reconsidered. In G. W. Domhoff & T. R. Dye (Eds.), *Power elites and organizations* (pp. 219-238). Beverly Hills: Sage Publications.
- ⁵Dye, T. (1995). *Who's running America? The Clinton years* (6th ed.). Englewood Cliffs, NJ: Prentice-Hall.



Questions

1. What three groups compose the power elite? How do they come together as a coherent group?
2. Does Domhoff think that democracy in America works? Why or why not?
3. What is the main challenger to the power elite in electoral politics?

4. Why does Domhoff argue that this theory is not a conspiracy theory?
5. If Domhoff is right, what are some changes that Americans could make to create more equality?