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# Who Rules America?

G. William Domhoff

## Power and Class in the United States

*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, 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. 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 relative 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 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. 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....

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?

...[T]o 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 discrim-

inated 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.

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....

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, industrywide 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....

*Pluralism.* The main alternative theory [I] address.... claims that power is more widely dispersed among groups and classes than a class-dominance theory allows. This general perspective is usually called *pluralism*, meaning there is no one dominant power group. It is the theory most favored by social scientists. In its strongest version, pluralism holds that power is held by the general public through the pressure that public opinion and voting put on elected officials. According to this version, citizens form voluntary groups and pressure groups that shape public opinion, lobby elected officials, and back sympathetic political candidates in the electoral process....

The second version of pluralism sees power as rooted in a wide range of well-organized “interest groups” that are often based in economic interests (e.g., industrialists, bankers, labor unions), but also in other interests as well (e.g., environmental, consumer, and civil rights groups). These interest groups join together in different coalitions depending on the specific issues. Proponents of this version of pluralism sometimes concede that

public opinion and voting have only a minimal or indirect influence, but they see business groups as too fragmented and antagonistic to form a cohesive dominant class. They also claim that some business interest groups occasionally join coalitions with liberal or labor groups on specific issues, and that business-dominated coalitions sometimes lose. Furthermore, some proponents of this version of pluralism believe that the Democratic Party is responsive to the wishes of liberal and labor interest groups.

In contrast, I argue that the business interest groups are part of a tightly knit corporate community that is able to develop classwide cohesion on the issues of greatest concern to it: opposition to unions, high taxes, and government regulation. When a business group loses on a specific issue, it is often because other business groups have been opposed; in other words, there are arguments within the corporate community, and these arguments are usually settled within the governmental arena. I also claim that liberal and labor groups are rarely part of coalitions with business groups and that for most of its history the Democratic Party has been dominated by corporate and agribusiness interests in the Southern states, in partnership with the growth coalitions in large urban areas outside the South. Finally, I show that business interests rarely lose on labor and regulatory issues except in times of extreme social disruption like the 1930s and 1960s, when differences of opinion between Northern and Southern corporate leaders made victories for the liberal-labor coalition possible....

## How the Power Elite Dominates Government

This [section] shows how the power elite builds on the ideas developed in the policy-formation process and its success in the electoral arena to dominate the federal government. Lobbyists from corporations, law firms, and trade associations play a key role in shaping government on narrow issues of concern to specific corporations or business sectors, but their importance should not be overestimated because a majority of those elected to Congress are predisposed to agree with them. The corporate community and the policy-formation network supply top-level governmental appointees and new policy directions on major issues.

Once again, as seen in the battles for public opinion and electoral success, the power elite faces opposition from a minority of elected officials and their supporters in labor unions and liberal advocacy groups. These opponents are sometimes successful in blocking ultra-conservative initiatives, but most of the victories for the liberal-labor coalition are the result of support from moderate conservatives....

## Appointees to Government

The first way to test a class-dominance view of the federal government is to study the social and occupational backgrounds of the people who are appointed to manage the major departments of the executive branch, such as state, treasury, defense,

and justice. If pluralists are correct, these appointees should come from a wide range of interest groups. If the state autonomy theorists are correct, they should be disproportionately former elected officials or longtime government employees. If the class-dominance view is correct, they should come disproportionately from the upper class, the corporate community, and the policy-formation network.

There have been numerous studies over the years of major governmental appointees under both Republican and Democratic administrations, usually focusing on the top appointees in the departments that are represented in the president's cabinet. These studies are unanimous in their conclusion that most top appointees in both Republican and Democratic administrations are corporate executives and corporate lawyers—and hence members of the power elite....

## Conclusion

This [section] has demonstrated the power elite's wide-ranging access to government through the interest-group and policy-formation processes, as well as through its ability to influence appointments to major government positions. When coupled with the several different kinds of power discussed in earlier [sections] this access and involvement add up to power elite domination of the federal government.

By *domination*, as stated in the first [section], social scientists mean the ability of a class or group to set the terms under which other classes or groups within a social system must operate. By this definition, domination does not mean control on each and every issue, and it does not rest solely on involvement in government. Influence over government is only the final and most visible aspect of power elite domination, which has its roots in the class structure, the corporate control of the investment function, and the operation of the policy-formation network. If government officials did not have to wait for corporate leaders to decide where and when they will invest, and if government officials were not further limited by the general public's acceptance of policy recommendations from the policy-formation network, then power elite involvement in elections and government would count for a lot less than they do under present conditions.

Domination by the power elite does not negate the reality of continuing conflict over government policies, but few conflicts, it has been shown, involve challenges to the rules that create privileges for the upper class and domination by the power elite. Most of the numerous battles within the interest-group process, for example, are only over specific spoils and favors; they often involve disagreements among competing business interests.

Similarly, conflicts within the policy-making process of government often involve differences between the moderate conservative and ultraconservative segments of the dominant class. At other times they involve issues in which the needs of the corporate community as a whole come into conflict with the needs of specific industries, which is what happens to some extent on tariff policies and also on some environmental legislation. In

neither case does the nature of the conflict call into question the domination of government by the power elite.

...Contrary to what pluralists claim, there is not a single case study on any issue of any significance that shows a liberal-labor victory over a united corporate-conservative coalition, which is strong evidence for a class-domination theory on the "Who wins?" power indicator. The classic case studies frequently cited by pluralists have been shown to be gravely deficient as evidence for their views. Most of these studies reveal either conflicts among rival groups within the power elite or situations in which the moderate conservatives have decided for their own reasons to side with the liberal-labor coalition...

More generally, it now can be concluded that all four indicators of power introduced in [the first section] point to the corporate rich and their power elite as the dominant organizational structure in American society. First, the wealth and income distributions are skewed in their favor more than in any other industrialized democracy. They are clearly the most powerful group in American society in terms of "Who benefits?" Second, the appointees to government come overwhelmingly from the

corporate community and its associated policy-formation network. Thus, the power elite is clearly the most powerful in terms of "Who sits?"

Third, the power elite wins far more often than it loses on policy issues resolved in the federal government. Thus, it is the most powerful in terms of "Who wins?" Finally, as shown in reputational studies in the 1950s and 1970s,... corporate leaders are the most powerful group in terms of "Who shines?" By the usual rules of evidence in a social science investigation using multiple indicators, the owners and managers of large income-producing properties are the dominant class in the United States.

Still, as noted at the end of the first [section], power structures are not immutable. Societies change and power structures evolve or crumble from time to unpredictable time, especially in the face of challenge. When it is added that the liberal-labor coalition persists in the face of its numerous defeats, and that free speech and free elections are not at risk, there remains the possibility that class domination could be replaced by a greater sharing of power in the future.

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