

Chapter 2

THE AMERICAN POWER STRUCTURE: METHODS OF CONTROL

2.1 ECONOMIC CONTROL AND CONCENTRATION

In the capitalist system economic power results in political power. We must therefore look at the bases of the economic power of the American ruling class. Various studies clearly show that the largest financial institutions control the major corporations in the U.S. through a combination of stock ownership, interlocking directorates, marriage alliances, joint ventures, debt holdings and other banking functions (Blair 1972, 1978; Menshikov 1969; Dowd 1974; Brandeis 1914; Securities and Exchange Commission 1941; Knowles 1973; U.S. Congress 1913, 1941, 1963a, 1963b, 1963c, 1966b, 1967a, 1968, 1974, 1977, 1978a, 1978c).

These institutional investors--mainly banks and insurance companies, along with their allied investment banks--are also interlocked in the same way with each other. As a result of this and the merger movements which

have occurred over the years, the most basic economic decisions affecting the country (indeed, the world, considering that these corporations are generally large, multinational conglomerates and transnational banks) are made by a few hundred people at the most (US Congress 1978c). Because concentration of control of the economy is so central to political control of the country, we must make an assessment of total economic concentration. This must be viewed within the history of the merger movements which have radically transformed the economy of the U.S. and which have resulted in concentrating economic power--and with it political power--in fewer and fewer hands (Blair 1972, 257; Dowd 1974).

2.1.1 MERGER MOVEMENTS

The first merger movement, occurring from 1897 through 1905, had an immense impact on the country because it changed the nation's economic structure from competitive to oligopolistic. This period saw the birth of the giant trusts, with 5,300 industrial firms becoming controlled by 318 corporations (Dowd 1974, 65).

The next merger movement began immediately after World War I, declined during the post-war depression and reached

new heights in 1928 and 1929. This movement continued the consolidations of the first period, but had a greater accent on vertical rather than horizontal integration (Blair 1972).

The third movement commenced after World War II, accelerated greatly in the late 1960s and has continued to the present. This period was marked by (1) the continuing absorption of small and medium-sized companies by larger ones, (2) the many acquisitions by major oil companies, including the expansion into other energy areas, and (3) the creation of huge holding companies called conglomerates. In recent years the most significant activity has been the acquisition of huge corporations--even conglomerates--by even larger corporations. Since 1980 we have seen the biggest acquisitions in history in terms of assets and money paid. There seems to be no end in sight to the continuation of increase in size and scope of this phenomenon: Texaco bought Getty Oil, and Standard Oil of California purchased Gulf Oil in 1984 for 10.1 and 13.4 billion dollars, respectively, in early 1984 (DeCormis 1984a).

Actually, there has been an almost continuous merger movement since the first consolidations began in the late 1800s. The times between the three "periods" mainly have been interruptions resulting from major wars and severe depressions. However, the power of these giant corporations

is so great now that the third merger period has continued even through war and recession.

2.1.2 TOTAL CONCENTRATION

A result of these merger movements can be seen by looking at the increase of aggregate concentration over the years. Berle and Means (1932) estimated that the top 200 manufacturing corporations controlled approximately 33% of the assets of all non-financial corporate corporations in 1905, but by 1930 it was 50%. By 1968 it had risen to 60.4% (Blair 1972, v., 64). In 1977 it was estimated to be 65% (Mueller 1970). The share of assets of the top 100 manufacturing corporations rose from 35.6% in 1925 to 53.9% in 1931 (Blair 1972, 266). By 1968 the largest 100 had a greater share of all manufacturing assets than the 200 largest did in 1950, and the top 100 controlled the same share of assets as the 1,000 largest in 1941 (Green, M.J., 1972, 9).

But this concentration becomes more extreme as we get nearer to the top corporations. The largest 50 did 45% of the business of the leading 500, and the top ten gained over 20% of ALL corporate profits in 1971. The biggest 100 (of 1,500,000) corporations got 50% of manufacturing profits;

the top 200 receive 70%; and the top 500 made 80% (Roberts 1978). In 1978 the leading 122 corporations were so large that the total market value of their common stock was 41% of the value of ALL such stock in the U.S. (US Congress 1978a).

The increased concentration of ownership of stock in the hands of financial institutions has paralleled the growth of overall concentration. From 1900 to 1929 the share of financial institutions in corporate stock rose from 7.9% to 14.2%; by 1949 it was 23.6%; and by 1954 it was 33% (Mintz and Cohen 1976, 266, 267).

Another way to look at it is to assess the share of stocks and bonds held by the most affluent one percent of adults. In 1922 for corporate stock it was 61.5%; in 1953 it was 76%. For state and local bonds it had grown from 88% in 1922 to 100% in 1953. The percentage of ownership for all other bonds in the hands of the top one percent rose from 69.2% to 77.5% in the same period. A Senate committee estimated in the late 1950s that one percent of the families owned over 80% of all publicly held industrial stock. Harvard economists estimated that 0.2% of the "spending units" had 65-70% of stock that was publicly held (Domhoff 1967, 45).

2.2 METHODS OF ECONOMIC CONTROL

Assessing total concentration is only the start of observing how control of the U.S. economy and political process is concentrated, because these business institutions are themselves interlocked with each other in a web of stock ownership, interlocking directorates, joint ventures, the sharing of law firms, bankers and accountants, debt holdings and other banking functions, and with a framework of sociological interlocking of private schools, social clubs, marriage alliances and various political, civic, charitable, educational and cultural organizations (Domhoff 1967, 1979; Knowles 1973). The structure which emerges I will call the American Ruling Cartel.

2.2.1 STOCK OWNERSHIP

We will look at these various media through which control is concentrated. First we will consider stock ownership. If a corporation has widely dispersed stock, control (or at least great influence) over a corporation can be exercised with as little as a 5% stockholding--even as

low as one percent. This position is considerably strengthened if the stockholder or his representative also sits on the board of directors (US Congress 1968; Blair 1972; Zeitlin 1970).

The Metcalf Committee in Congress (1978a) reported that the 122 largest firms from the financial, industrial, transportation, utility and retailing sectors of the economy are controlled via stock ownership by 21 institutional investors. These 122 firms have 2,259 subsidiaries and affiliates. To concentrate this power further, these financial institutions form an interlocking community of interest through a combination of ownership of each other's stock and of interlocking directorates. In the case of large funds like TIAA-CREF the control is in the hands of the bank administering it through its trust department and by the interlocking of members of the fund's executive committee with the bank (US Congress 1978a, 1978c).

The control of these few huge institutionals and the interlocking among them were also shown in the 1960s by Wright Patman's congressional studies on banks when he specified the interlocks of stockholding, shared directors and, occasionally, of bondholdings in all major U.S. industry (US Congress 1963c, 1966b, 1967a, 1968). Patman's four monumental studies showed what Metcalf was

rediscovering: the Bank Trust, as described in by Louis Brandeis (1914) and the Pujo Committee (1913) and in 1957 by Victor Perlo, is more powerful than ever.

Even the conservative U.S. News and World Report (1974) had an article of concern, asking if the huge megabanks, through the use of their trust departments, were not becoming too powerful. The article referred to Congressional studies which showed that the largest banks controlled, not just many major corporations, but whole industries.¹

2.2.2 INTERLOCKING DIRECTORATES

Another mechanism of control of corporations is interlocks of directors and management personnel. The basic significance of this method is twofold: it forms a communications path, and it is a means of access to privileged corporate information. The use of interlocking directorates has been the subject of many governmental studies since the turn of the century (Sherrill 1980)). One of the main provisions of the Clayton Act was to prevent such interlocks. However, because of a combination of loopholes in the law, non-vigorous enforcement by the government and inconsistent rulings by the courts, the use

of these interlocks is still extremely widespread (Travers 1968). So pervasive is this practice that the boards of the largest U.S. corporations are tied together by a thick web of director interlocks.

The same top 130 firms which Senator Metcalf used for his 1978 study of stock ownership also were the basis for his interlock study (US Congress 1978a, 1978c). These corporate giants had 530 direct and 12,193 indirect interlocks. And this included neither those of their subsidiaries nor of their management personnel. Concentration was higher among the leading 13 giants. Each one of these reached an average of 70% of the other major companies through a total of 140 direct and 5,547 indirect interlocks. This estimate is conservative, because the interlocks of the megacorporations' 486 subsidiaries were not included.

The huge banks and insurance companies are key meeting places for big business. Not only are they interlocked with each other, but also they are interlocked with the nation's largest utility, transportation, energy, industrial and retailing corporations. These giant financial institutions also are the ones which are the central figures in the stock ownership domination mentioned earlier.

Another significant factor is that within an industry

the competitors are joined with each other numerous times, particularly with indirect interlocks on the boards of these financial institutions. ² Not only are competitors joined together, but suppliers are interlocked with their competitors as well as the corporations they supply. All are heavily linked with financial institutions.

The major mass media corporations, particularly the broadcasting networks, the leading news magazines and the largest newspapers (including the big chains) are similarly interlocked. We shall look at this in detail in Chapter III.

Metcalf noted that previous governmental investigations on the subject in 1950, 1965 and 1969 concluded that such interlocking can provide preferential treatment in supply, purchasing and financial services, can destroy competition and can concentrate economic power. It can lead to conflict of interest and inside dealing. The Patman Committee went so far as to say that the pervasive interlocks of banks with non-banking corporations "could radically change the entire economic structure of the United States by the creation of giant conglomerate cartels centered around large banking institutions" (Sherrill 1980).

Sociologists and political scientists have only recently studied interlocking directorates. In fact, except

for the works by Sweezy in 1939, Perlo in 1957, Dooley in 1969, and by Blair in 1972, even economists have not done much basic research independent of the government. The few economists who used the material have not been those of the mainstream, neo-classical theorists, but people who have either been interested mainly in antitrust, such as Blair (1972) and Mueller (1970), or are more radical, such as Dowd (1974), Magdoff (1969) and Perlo (1957).

However, some sociologists have more recently applied themselves to the subject, with very interesting results (Levine, J.H., 1972; Mariolis 1974; Soref 1976; Koenig and Gogel 1979; Allen, M., 1974):

1. Interlocks between major banks and the major industrial corporations form a dense and tightly interconnected network, with sub-networks of clusters.
2. Banks have the most interlocks, forming the primary institutions through which control of other corporations is effected.
3. Of the boards of directors of the Fortune 500 and the top 50 banks, insurance companies, retailers, utilities and 45 miscellaneous companies, "it is possible to trace a link through overlapping board

memberships between (any) one corporation and every single one of 721 others."

4. This interlocking is also close, i.e., each of the boards of the Fortune 500 is at the most only a few steps away from all the others.
5. A division of labor exists within the corporate elite, in that

"upper-class officer directors have interests in other companies to a greater extent than non-upper-class directors. ... There may be a class-based division of labor in which the upper-class directors are more concerned with inter-organizational relationships and with the functioning of the economy as a whole, and that non-upper-class directors are concerned with day-to-day operations of individual companies"

(Soref 1976, 360, 366).

6. The boards of directors show two trends: they are becoming smaller and there are more outside directors, indicating that "legal control of the biggest industrials is increasingly falling into the hands of outside directors" (Koenig and Gogel 1979). The fascinating aspect of this empirical conclusion is that these two trends have been pushed by the banking interests and their allies in government, but are being resisted by management--another indication as to where the superior power lies (Insurance Information

Institute (1977b).

Koening and Gogel (1979, 39, 40) have developed a class hegemony model, using social network theory, showing the corporate elite comprise a social network. The use of interlocking directorates forms a "network through which affect, evaluation, knowledge, opinion, influence and power are constantly passing among directors." This does not take place just on corporate boards, but with other social media such as conferences, exclusive schools and their reunions, social clubs, and civic and cultural organizations in which the elite participate. In addition to creating a common world view, it helps to produce consensus and cooperation and to establish communications paths.

The corporate board network is particularly powerful because it controls great economic resources. Although this power can be latent or low keyed, it can become quite visible and fully employed in times of crisis. Hence, the system of interlocking directorates acts as a system of social and economic cohesion and power.

2.2.3 COMMERCIAL BANK FUNCTIONS

2.2.3.1 Bond Holding

There are other mechanisms besides interlocking directorates and stock ownership through which banks and insurance companies can exert control or domination over corporations. One is bond holding (Menshikov 1969). Bonds are very significant in establishing ties between industrial corporations and institutional investors, because they are the primary media for long-term financing. Bond investors generally do not simply sell the bonds and collect the interest. Even the large corporations are required to sign agreements with various stipulations which make them dependent in varying ways on the investors, thus giving up to the investors a wide range of aspects of their freedom of decision making and tying them more closely with the financial web (Kimball 1962, 55).

If the debt holding group also has control over large blocks of stock, supplemented by representation on the board of directors, control over the company can be safely assumed. Indeed, a former professor of finance and Dean of the School of Business Administration at the University of Massachusetts says that the bondholders actually own the

company until the debt is paid (Kimball 1962). Since companies generally are always in debt (Heilbroner and Bernstein 1971), the conclusion could be that the debt holders continuously control the corporations.

2.2.3.2 Term Loans

The term loan--an agreement to pay back a certain amount of money in a specified length of time--is another means for tying a company to the purse strings of institutional investors. Because the loans are arranged in the form of syndicates, the corporation cannot find competitors to arrange for more favorable conditions. As with bonds, there are restrictions placed on the company in order to get the money (Kimball 1962).

The long-term ties created by such loans and bond sales place the banks in such a central position of influence and control within the debtor company that they can handle other needs including mergers, evaluations of diversification and other financial operations, even to the extent of finding buyers for the company. By becoming a corporation's banker, a financial company can gain sensitive, inside information about its client. This can be used either to gain more control over the corporation or to provide

information to a more favored company wanting to take over the first corporation.

2.2.3.3 Trust Departments

The activities of bank trust departments have been under scrutiny of the government for many years because enormous amounts of economic power are concentrated there. The trust departments hold assets for others. They are prohibited by law to use their trust departments to maintain their own accounts. The banks manage not only the wealth of individuals and families, but also pension funds. Although it is optional with the primary owner of the assets as to how the stock in the various companies is voted, generally the bank will exercise the vote.

Congressman Wright Patman (US Congress 1968) was greatly concerned with the great financial power which had been concentrated in these banks with their trust departments, particularly since, with the use of secret accounts, the true ownership in companies could be hidden so that various laws regarding ownership restrictions could be obviated. In the U.S. News and World Report (1974) article mentioned previously, it was the economic power which the leading banks had obtained through their trust departments

which was the cause of such alarm.

2.2.3.4 Correspondent Bank Function

A seemingly innocuous means for effecting control or influence of the big banks over the smaller ones is through the correspondent relationship (Campbell and Campbell 1972, 73, 74). To state it simply, the large bank is the banker for the smaller one. The correspondent bank helps in providing money for loans which are too large for the smaller bank to handle legally; it provides advice on investments and legal matters; it may provide information on credit ratings of borrowers and even may help in finding management personnel for the smaller bank. Finally, the correspondent bank might also invite the smaller bank to join in loan syndicates.

2.2.4 INVESTMENT BANKING

The role of the investment banker is another part of the financial web holding a company entrapped (US v. Henry S. Morgan, 118 F. Sup 621, (1953)). A prime function of the investment banker is the placement of his clients' securities. As financial advisor (and usually having a

member on the board of directors) the investment banker is closely involved with his clients' financial interests and in the management of the companies (Menshikov 1969; Brandeis 1914; Kimball 1962). The investment banker can become so intimately involved with the company that the Securities and Exchange Commission has stated that if an investment bank has a director on the board of a corporation, it controls that company.

2.2.5 ACCOUNTING AND AUDITING FIRMS

Accounting firms are at a lower level of power than the banks and the elite law firms (to be discussed later), but they provide information and communications which greatly assist in establishing, maintaining and enhancing economic power. The Metcalf Committee also delved into the accounting profession and the concentration in it, the control of it and how it operates. Its report said that the big accounting firms "heavily influence the economy as well as society in general (because) accounting is the language by which businesses report the results of their activities" (US Congress 1978a; Wall Street Journal 1977a).

Hence, accounting methods have a tremendous impact, not only in relationships among business, but also with

investors and with governments. The merger movements were lubricated by accounting grease--much of it fraudulent. The most recent merger era has been greatly facilitated by "creative" accounting methods, as well as by favorable tax laws (Chatov(1975)).

The accounting situation takes on even greater complexity and importance when looking at the great multinational corporations. Governments--big or small--cannot prevent these global giants from circumventing their tax, securities and banking laws. The corporations' accountants and tax lawyers are able to devise a different set of books for each requirement, person, agency or government. "Skilled obfuscation is now an essential accounting tool" which produces results which have little to do with the real world (Barnet and Muller 1974, 263).

The auditing function of the accounting firms is supposed to be performed in an independent and disinterested way so that the public, investors and governments can be protected. But this has not happened because of a combination of factors. The auditors are not always given access to all relevant information; the auditing firm has its primary loyalty to its client, not to the public; and if an adverse audit is presented to a company, the auditor is frequently fired and another one is brought in to devise a

rosier picture (Briloff (1972, 1981); Chatov (1975); US Congress 1978a; Wall Street Journal 1982a).

A recent development of the accounting firms now ties them even closer with their corporate clients and has greatly heightened and solidified the community of interest between the two. This is management consultation. The firms which are supposed to be objective are very deeply involved with their companies; hence, they are even less likely to blow the whistle on the efforts of their own management consultant.

Senator Metcalf also analyzed concentration in the accounting field. Parallel with the structure of most business in the U.S., the accounting profession is highly concentrated. This takes the form of the "Big Eight"--the largest, most influential firms which have the most giant corporate clients. They have 85% of the 2,641 corporations listed on the American and the New York Stock Exchanges--92% on the NYSE, alone (US Congress 1978a, 15; Briloff 1981, 235). The concentration density is greater with the largest corporations and industry groups such as oil and banking (Medvin 1973). Metcalf was seriously concerned about the fact that the accounting firms are too closely intertwined with their corporate clients. Government regulation has been ineffective in this regard. Indeed, the government

agencies involved in oversight and control of the profession are part of the system, with the "revolving door" spinning at high RPM and with an ever increasing predilection by the SEC toward "self-regulation" by the industry (Common Cause 1976; US Congress 1978b; Wall Street Journal 1982b; Briloff 1981; Chatov 1975).

2.3 ELITE LAW FIRMS

Although the banks seem to be the central core in the control of the economy, the elite law firms play an important role in control, coordination and information exchange. The prestige Wall Street law firms wield power at the top along with their brethren in the banking business.

The subject of law firms is complex but very fruitful in revealing the nature of how the Ruling Cartel works, because the leading firms on Wall Street are keys to the implementation and communication of power--political as well as economic. We will look at the latter function first. Gordon says of their economic role (Domhoff 1967, 58, 59):

They serve the banks and larger corporations, and not infrequently sit on the boards of the latter. They are particularly active in mergers and reorganizations; they do legal work involved

in the issuance of new securities; they represent various of the largest firms in their dealings with government agencies. Their influence goes far beyond the giving of advice on legal matters.

These firms are not just tied to the financial community, but are an integral part of it. The partners have mostly upper class credentials, frequently hold high positions in government and teach at the major law schools (Domhoff 1967, 58-62). Being wealthy and working in jobs from which they can easily take sabbaticals, they can readily make themselves available for public service positions or on temporary "blue ribbon" panels in the government. Many Secretaries of State have come from such law firms.

Good examples can be found in the relationships of some of the Secretaries of State, their law firms and their clients in the oil industry (Blair 1978, 72, 73). John Foster Dulles and his brother Allen were partners of Sullivan and Cromwell. As Secretary of State, John Foster was instrumental in dropping antitrust action against his law firm's client, Standard Oil (now Exxon). Brother Allen, as head of the CIA, was instrumental in overthrowing Mossadegh in Iran and re-establishing the domination of the Iranian oil fields by U.S. companies.

The relationship continued into the early 1970s when another lawyer from Sullivan and Cromwell, as

Under-secretary of State, travelled to Iran to support the Shah. Later, another Wall Street lawyer and former Secretary of State, William Rogers, became an agent for the Shah. A successor as Secretary of State in the Democratic administration was another Wall Street lawyer--Cyrus Vance (Engler 1977; Lundberg 1968; Domhoff 1967; TV Documentary The Controlling Interest).

One does not have to be the top man at the State Department to be powerful and influential. For instance, Wall Street lawyer and investment banker George Ball was Undersecretary of State for Economic Affairs, but additionally has been a key foreign policy advisor for many years as well as being an important participant in the Trilateral Commission, the Bilderbergers and the Council on Foreign Relations (to be discussed later) (Shoup and Minter 1977, 238-43, 264; Sklar 1980, 9, 179).

C. Wright Mills (1956, 289) evaluated the significance of men such as Ball:

The corporation lawyers and the investment bankers perform the functions of the 'go-between' effectively and powerfully. ... They transcend the narrower milieu of any one industry, and accordingly are in a position to speak and act for the corporate world or at least sizable sectors of it. The corporate lawyer is a key link between the economic, military and political areas; the investment banker is a key organizer and unifier of the corporate world and a person well versed in spending the huge amounts of money the American military establishment now ponders. When you get

a lawyer who handles the legal work of investment bankers, you get a key member of the power elite.

In addition to its analysis of stock ownership and interlocking directorates, the Corporate Data Exchange study for the Metcalf Committee also looked into the question of shared law firms. The information revealed that it is a common practice for law firms to represent a number of competing firms (Sherrill 1980).

Thus, the people from these elite law firms are tied together sociologically and professionally with each other and to other Cartel institutions by the same interlocking mechanisms we have previously mentioned. These men appear to be the prime media for establishing the legal framework of our monopoly capitalist system, for tying together of economic and political power, and for the implementation of this power in the government.

2.4 CONCENTRATION OF WEALTH AND INCOME IN THE U.S.

2.4.1 INTRODUCTION

In Domhoff's (1967) definition of a ruling class in the U.S. the top people would receive and disproportionate share

of wealth and income. We will now look to see if the monetary benefits do mainly devolve to this class, and we will attempt to ascertain if the main beneficiaries are the ones who are also in political control.

There are two sides of this subject. The first is the acquisition of wealth and income and the other is taxation. Dowd's (1974, 117) definitions and explanation of income and wealth are clear and concise:

Income is a flow of money and purchasing power over time; wealth is a stock of things owned that have market value. Money income includes wages and salaries, social security benefits, dividends, interest and rents received, welfare payments, pensions, alimony received, net income from self-employment (for instance, from farming, or by doctors), and other periodic income. Wealth includes automobiles and homes as well as trucks and mines and corporate stock; but for analytical purposes the ownership of productive--that is, income producing--assets is the vital factor.

Historically, there has always been concentration of wealth in the U.S., starting in colonial times (Feagin 1982). Although this declined slightly after the Civil War and again in the 1930s and 1940s, it has increased since that time. Around 1800 the U.S. economy and nation were dominated by a small group of agricultural and commercial capitalists. It was estimated that prior to the Civil War 200 families controlled all the major trade and financial organizations. Later the industrialists moved into the

ranks of the wealthy. Even though there were conflicts between the old wealth and the new wealth, an accomodation gradually took place which has resulted in the distribution of power and wealth which we have have today (Parker 1972, 116, 117).

Many studies have been made over the years on the subject of wealth and income distribution. But there has been difficulty in obtaining the most accurate, reliable and relevant information, resulting in controversy after some of the studies were published (Tuchman 1973, 41, 48, 50; Lampman 1970, 103; Dowd 1974, 118-120; Perlo 1970; Miller 1971, 247). The two main sources used have been the Internal Revenue Service (IRS) and the Census Bureau. Each has its drawbacks, one of the main ones being that each asks the people to tell the truth. Tax lawyers for the wealthy are able to mine the rich veins of tax loopholes for the corporate rich. The IRS information does not take into account the fact that more than one person in a family--particularly a wealthy one--will file returns. The Census Bureau information is ascertained only from a sample survey. The Bureau does not include certain items as business income, such as the gains realized from the sale of stocks, expense accounts and various other executive benefits. Neither the IRS nor the Census Bureau includes

retained capital gains.

The concluding estimates of the Office of Business Economics of the Commerce Department are about 13% higher than those of the Census Bureau in determining the inequality of income (Tuckman 1973, 48). As a result of the problems with these two main sources, researchers have used various other means either in combination with IRS and Census information or they have developed data which they have used independently.

There are other problems of studying wealth and income distribution in relation to power.

1. Most studies divide the population by fifths. But this does not show with clarity the great concentration at the top--the group which constitutes one percent or less of families where the real power resides.
2. Certain types of wealth and income can be hidden either by not being included in the studies (as in the case of some of the IRS and Census Bureau data), by being spread throughout a family, by placing stocks to be held in trust, or to be placed with foundations where the control can be maintained and where the foundations can in turn invest in the various dominant companies.

3. Comparison of one study with previous or subsequent ones is difficult because of differing approaches and usages of varying data bases.
4. Many types of income of the wealthy generally are not considered such as free country club memberships, expense accounts, stock options, undistributed capital gains and free insurance and retirement policies.
5. Income in kind is usually not considered, such as a farmer growing his own food or people using the barter system.
6. The considerable tax loopholes and evasion.
7. Government support of business interests in the form of subsidies, tax breaks, provision of infrastructure, friendly regulatory agency administration, guaranteed loans, financial bailouts of ailing companies, foreign aid which must be spent with U.S. firms, support of the dollar, the entire Defense Department's budget, and many more government activities and laws which fall under the general heading of "welfare for the rich" (Tuckman 1973, 76-107; Boaz 1982; Hapgood 1974). Inability to get precise data on the very rich and the lack of information on the very poor.
8. The significant differences between personal income and distribution of income from production, which

includes factors not paid out to persons, such as undistributed corporate profits, contributions for social insurance and corporate inventory valuations.

9. Taxes not being factored in, particularly considering that state and local taxes are regressive and, although the federal taxes are progressive on paper, in actuality they produce only a very slight levelling of income.

2.4.2 INCOME

Most studies show that, although income concentration has been decreasing slightly, it has remained basically the same since the turn of the century. The most conservative estimate, by Miller (1971, 50), showed that in 1968 the lowest 20% of the families received 4% of the income, while the top 20% had 44% and the top 5% of families had 15%. Pechman and Okner (1974, 45, 46), using additional figures and estimates for non-reporting and underreporting of income, had the lowest 20% receiving 3.7% of income, the highest 20% having 47.9%, the top 5% having 22.1%, and the top one percent receiving 10.5%. The before and after-tax figures are very revealing. Before-tax income concentration

toward the rich declined slightly, but the after-tax figures of the IRS indicated a rise. Consequently, in 1952 the top 15% of tax units held 30% of income, but this increased to 34% by 1967, Pechman showed (Parker 1972, 178).

Two controversial studies on income distribution over the years should be mentioned because they showed opposite results (Zeitlin 1970, 114). Using income tax returns, Kuznets' conclusion was that there had been a significant reduction of about 40% in the income share received by the top 5% of individuals between 1929 and 1948. This report received great attention in the press because it purported to show how redistributive the American capitalist system had become. Goldsmith's figures also showed this concentration decline, although to a lesser degree (Miller 1971, 51, 52).

Kuznets' methodology and sources were attacked (Parker 1972, 118; Tuckman 1973, 54; Perlo 1970, 137), in that he used the vulnerable IRS data, did not consider that these top income holders come from a single social or economic class, that the wealthy people split their incomes for tax purposes, that there is significant underreporting of income in the higher brackets from dividends, interest and rent, and that undistributed profits were left out. Furthermore, because of paucity of information on the poor, the data for

this group was estimated. Perlo's analysis, which corrected for these factors (except for class), showed that Kuznets' much acclaimed decline in concentration actually would be eliminated and the top 5% would receive 30% instead of 17.6%.

Goldsmith (1970) recomputed her findings and concluded that Kuznets' analysis was indeed faulty. But, considering additional factors, she stated, although the concentration would be lower than Kuznets estimated, the general pattern would be the same--the narrowing of the inequality of the rich and the poor. However, Zeitlin (1970, 114, 115) points out that by using distribution of income from production (from 1949-1955) compared with personal income, there has been no decline, and the relative income shares have remained fairly constant. Perlo (1970, 136) also points out that the Commerce Department figures indicated that between 1929 and 1948--the period of the Goldsmith and Kuznets reports--corporate profits increased 244%, farm income was up 212% and non-farm, unincorporated business income increased 177%; but wages and salaries increased only 156% (before taxes).

The other controversial study was that of Kolko (1962) which showed that, instead of the levelling of incomes, the opposite had happened. Although the share of the highest

tenth of the population had decreased from 33.9% to 29% from 1910-1959, there had been a slight increase since 1950. Furthermore, the share of the bottom tenth had fallen from 3.4% to 1.0% in 1941 and had remained constant since then.

(Note that Kolko used tenths, not fifths, because using fifths would bring in too many people at the top who did not nearly have the great incomes which the very rich received. Kolko also included the other factors of income of the wealthy which we have referred to above but which are usually not considered, such as expense accounts, retained corporate earnings, tax breaks, etc.)

Additionally, the lower one-half income groups received 27% of national personal income in 1919; but this had fallen to 23% by 1959. The University of Michigan Survey Research Center showed in 1968 that the share of the bottom half had dropped to 22%, indicating a continuing decline. The study revealed that in 1968 the top tenth received 30%, the top three tenths got 58%, with the remaining 60% of the population having the leftover 43% (Parker 1972, 81).

Kolko's data sources were mainly the National Industrial Conference Board (a pro-business research center) and the University of Michigan Survey Research Center. These data were criticized by Goldsmith, Kuznets and others (Miller 1971, 51, 52). Miller (1971, 51, 52) cites two

studies which show that when capital gains are figured in, increases in the share of the top five percent are only a fraction of a point. Also he feels that a combination of government welfare for the poor and the nature of taxation produce "considerable redistribution."

However, other studies support the Kolko perspective. Pechman and Okner (1974, 46) of the Brookings Institution showed that in 1966 inequality was more heavily weighted toward the top 5% than what Miller had estimated, i.e., 19.1%, vice 16%. Stern (1972, 419) noted that the nation's Gross National Product (GNP) more than doubled between 1947 and 1970, but the shares of income going to each fifth remained basically the same.

The controversy over income distribution will probably continue because there are too many variables which cannot be verified by present research methods because of inaccessibility to relevant data, particularly to corporate records and to information on the poor. Despite the differences of opinion over methods and data used, the preponderance of information indicates that there has been no basic or significant change in the nature of unequal distribution in the U.S.: it is concentrated in the upper brackets.

2.4.3 WEALTH

The possession of wealth is much more important in the determination of holding of power than is distribution of income (Dowd 1974, 123). Wealth not only produces income but provides the power to give income and to limit that of others. The control of wealth is the control of the economy, which can be translated into political power. Furthermore, it is not just the possession of wealth which is of primary importance, but the control over the key institutions of the production and management of wealth, i.e., control over the major corporations and financial institutions.

Although there is not the controversy over the research on the distribution of wealth as is found in the studies of income, there are problems in ascertaining precise information. Some of these are as follows:

1. Control and ownership of stock can be hidden by various means such as secret and hidden accounts, ownership among various family members and the use of foundations.
2. A trust department of a bank can control voting power over someone else's stock.
3. A trust department may have economic decision making

control over someone else's trust fund.

4. Non-funded retirement plans for corporate executives can keep wealth in the corporations until the executive retires.

5. Stock in one company can be held by other companies.

6. The decision of what measuring unit to use--individual, family, spending unit, extended family, interest group, social class--can make a significant difference in results.

Because of the economic complexity and the legal protection of secrecy involving these problems, most inquiries must work with only the data which is readily available. This is acknowledged by Lampman (1970) in his oft noted study of wealth holders from 1922-1956 which he made for the National Bureau of Economic Research. He showed that the top 1.6% of the wealth holders owned 32% of all privately owned wealth, including 82.2% of stock, 100% of state and local bonds, 38.2% of federal bonds, 88.5% of other bonds, 29.1% of cash, 36.2% of mortgages and notes, 13.3% of insurance reserves, 16.1% of real estate and 22.1% of debts. These findings were close to those of the Survey of Consumer Finances in 1953.

Lampman also measured the degree of change in concentration during the period. He found that the richest one percent of the people owned 24% of all personal wealth

in 1953, 31% in 1939, 36% in 1929, and 32% in 1922. Lampman believes that this decline in concentration could be illusory if families are considered as the wealth holding units rather than individuals, because frequently wives and other family members have wealth registered in their names. By using this basis for calculation, one-half of the decline in concentration is accounted for. Lampman admits that there are many variables and errors which could account for the rest. This seems to be reasonable in light of the Lampman finding that there had been a substantial increase of corporate stocks and bonds in the hands of the wealthiest one percent of people from 61.5% in 1922 to 76% in 1953. (Two IRS employees made a study which confirmed Lampman's information (Zeitlin 1970, 109).)

Lampman noted another study which estimated that in 1949 the upper 3% of the spending units ranked by income owned 75% of stocks; the top 1% had 65%, the top 0.5% just over 50% and the top 0.1% had 35%. The authors stated that the concentration would have been higher if they could have entered information on stock held in trust funds for individuals.

Feagin (1982) notes that later information in 1962 shows that the concentration of wealth is continuing. In 1962, Parker (1972, 123) observed that in 1962 the richest

2% of U.S. citizens had total wealth greater than the nation's Gross National Product and that the same was true ten years later.

Miller (1971, 156) looked at the last year (1962) the government produced figures of wealth holders from a top, tiny percentage, information which could give us a much clearer picture of the super rich and powerful. This showed that 200,000 consumer units constituted 0.5% of all units, but held 22% of the wealth, and the top 2.5% had 61%. Miller noted that .02% had 7% of all wealth and owned 21% of corporate stock. The increase in concentration of ownership in stock is indicated by the fact that in 1953 the wealthiest one percent of the population had 69.5%, but nine years later in 1962 this had increased to 71.6% (Dowd 1974, 124).

As is apparent, the figures differ a little from study to study--but only a little. Wealth is highly concentrated and has been for many decades. In focusing on the most affluent people with the greatest wealth holdings, we are looking at the same people and families which are among those of the American Ruling Cartel--the top executives, the big bankers and the wealthiest families such as the Fords, Rockefellers, Mellons and duPonts. And, significantly, the government data on this tiny percentage at the top has not

been developed since 1962. Feagin (1982) states that this might indicate the pressure of the powerful not to provide such information to the public.

2.4.4 TAXES

It could be argued that the maldistribution of income and wealth could be justified from an egalitarian perspective if things were evened out fairly through taxation, particularly if poorer people were getting fair shares of government largesse in return. Miller (1971, 16) believes that "when transfer payments are taken into account, a large measure of progressivity is added to the tax structure." However, even though the federal income tax is designed to be progressive, because of so many loopholes and widespread evasion, the tax turns out to be hardly progressive at all (Perlo 1970, 138; Pechman and Okner (1974, 64, 65). In 1962 it was shown that for all income groups there is less than a 2% difference in before and after federal tax percentage of income (Stern 1972, 418).

Another study (Zeitlin 1970, 142) revealed that families at the bottom of the income strata paid one-third of their income in taxes compared with 36% of the top bracket. But the relative burden is much greater on the

poor (Budd 1970, 150). One-third taken in taxes from an income of \$3,000 could be disastrous, but one-third of \$300,000 leaves you quite affluent. Additionally, the regressive state and local taxes have risen from 7% to 12% of GNP, whereas federal income taxes have remained constant. As a result, when all tax factors are considered--even those effecting estate and inheritance--the overall taxation falls almost with equal proportion on all income levels (Parker 1972, 179).

However, The Economic Report of the President in 1969 (Parker 1972, 79) showed that people with annual incomes under \$2,000 paid an average of 44% of their income in taxes--two times that of someone earning \$200,000. Those with income between \$2,000 and \$4,000 paid 27%, which was equal to taxes paid by most millionaires. With the working poor not being eligible for welfare, they are in effect paying for the transfer payments of their poorer brethren. The working poor do not get back in money and services the amount they pay in taxes. On the other end of the spectrum Miller (1971, 17, 18) admits that his figures do not take into account the massive tax benefits and other aspects of government activity which is frequently called "welfare for the rich," enumerated earlier.

Not only does the tax burden not fall heavily and

directly on the rich, corporate taxes also have been decreasing as a proportion of all taxes. In the mid-1940s, corporations paid 34% of all taxes; by the late 1970s this had fallen to 13% (Feagin 1982, 61); and in the early 1980s it had dropped to 7.9% (Wall Street Journal 1982e).

This drop in corporate taxes was from 61 billion in 1981 to 49 billion in 1982. Individual taxpayers made up the shortfall of 12 billion. Some examples of individual companies are as follows: AT&T paid 8% on its 1981 domestic income, down from 11.1% in 1980; Bank of America paid 3.1% in 1980, which was higher than most banks; Exxon paid 1.3% of its U.S. income in taxes, which was less than the rate for a family with a \$10,000 income (Wall Street Journal 1982e).

What do these studies indicate about the overall structure of the income, wealth and tax situation? First, they show that as you look nearer the top the more you find inherited wealth (Tuckman 1973, 43; Parker 1972, 132). Although there is room for new millionaires in our economy, most of the wealth is inherited, and through the use of tax loopholes, the control of wealth has remained intact from one generation to the next.

Secondly, the top families in income and particularly in wealth are those which control the major industrial and

financial institutions in the country--the economic bases of the Ruling Cartel (Tuckman 1973, 44-47). These are basically the same families noted in the Temporary National Economic Committee (TNEC) (Securities and Exchange Commission 1941; Sweezy 1939) in the late 1930s and early 1940s, the families being mainly the descendents of the robber barons of the late 1800s and early 1900s, plus a few leftovers from the "old wealth" days. This continuation of dominance of the top wealth holders over the years shows the stability of their control over the economic and political system.

Third, wealth alone is not an automatic key to power. Included in the wealthy are various people who are very rich but who are not powerful. Comedian Bob Hope is in this category (Tuckman 1973, 47). Others may be powerful within their own corporate sphere only, such as J. Paul Getty, the Hunts of Texas, and Howard Hughes. Still others may be of upperclass status but do not play power games. Among these would be the wives, particularly widows, of wealthy men. But one thing is clear. In the U.S. a person cannot be powerful on his or her own without being wealthy (Dowd 1974, 123). A Dean Rusk or Henry Kissinger can be powerful only so long as they are placed in positions of power by the powerful.

Fourth, the concentration of wealth and income

undoubtedly has accelerated since the above studies were made. The following are contributory to this:

1. The accelerated merger wave of great proportions has further concentrated corporate control and profits.
2. Inflation has transferred income from the lower income spending units to those who are reaping the benefits of monopoly profits where prices can be raised to compensate for inflationary costs.
3. The oil crisis particularly has transferred enormous amounts of income from the consumers to the controllers of oil company wealth--mainly the oil companies, their banks and the favored companies which have benefitted from the people, nations and corporations which are spending the oil wealth.
4. Meanwhile, a severe, prolonged depression has resulted in the largest unemployment since the Great Depression.
5. Many companies transfer their operations and production to lower wage scale areas such as the U.S. Sun Belt or overseas. Corporations which remain at home have exacted large income and benefit concessions and rollbacks from workers, particularly in companies with unions.
6. Meanwhile, most lower class and even middle class

families now have to have two incomes in order to maintain their standard of living--even just to make ends meet. This also means that millions of single parents slip further and further into poverty (DeCormis 1984a).

7. The Reagan tax cuts have further transferred the tax burden to the lower income levels.
8. Corporate taxes continue to fall (Wall Street Journal 1982e). In 1982 the corporate contribution to public coffers was down by \$18 billion as the corporate tax dropped to its lowest percentage in history--7.9%. This was occurring during the mid-1970s and early 1980s when most of these huge companies were breaking all records for profits. But it is not just that the corporate taxes are falling, the companies in monopolistic situations have the market power to merely pass these taxes on to their customers in the form of higher prices. Thus, the consumer ends up paying for almost all the corporate taxes, and the companies are off the tax hook.

We have quoted many statistics on income and wealth. What do they mean in more human terms? In 1968 the least wealthy 40% of our citizens received only 15% of all income and the poorest 20% got 4%--11.5 million families. The

latters' average total money income was less than \$3,150 a year, or \$60 a week--before taxes (Stern 1972, 417). Meanwhile, the top 4,000 families reported income of nearly four billion dollars. This was more than all government expenditures for feeding the poor and twice that spend on anti-poverty programs. It was more than all federal spending for education (Parker 1972, 123, 130).

Economist Paul Samuelson described income distribution with an analogy (Parker 1972, 6):

If we made an income pyramid out of a child's blocks, with each layer portraying \$1,000 of income, the peak would be far higher than the Eiffel Tower, but almost all of us would be within a yard of the ground.

Some people see the system as healthy, fair and with plenty of opportunity. Miller (1971, 159, 163, 165) (who has no criticisms of Kuznets) quotes the former Chairman of the Federal Reserve Board, the New York Times and Fortune magazine as saying that inequality is no problem. Believing that significant redistribution has taken place, the magazine said, "Though not a head has been raised aloft on a pikestaff nor a railway station seized, the U.S. has been for some time now in a revolution." The dominant fact for Miller in showing the health of the economy and proving that America still is the land of opportunity is the fact that

there are more millionaires now than ever before, and that if a person does not hold that as a "recognizable goal" and "you blame it on the system, you may just be looking for an alibi." Besides, Miller says, you have to have to have to have inequality in order to get people to work. As to the poor, Miller (1971, 246) states that their solution is to "control their fertility."

2.4.5 CONCLUSION

There are two aspects of the concentration of wealth and income which are rarely mentioned and a third which is never mentioned. First, in a capitalist society this concentration must occur. A Marxist would say that it only reflects the normal result of a combination of the capitalist class owning the means of production and appropriating the surplus value from the labor of the working class. The capitalist say the same thing but in a different way: there must be large and ever expanding profits so that the system can create a sufficient pool of money for investment in order to grow, which is a basic requirement of the system. Indeed, one of the main complaints of one of the core Ruling Cartel organizations--the Trilateral Commission--regarding the

contemporary political and economic situation of the U.S. is that people are demanding too much from the system in income and benefits, thereby leaving too little for the capitalists to invest (Crozier, Huntington and Watanuki 1975).

The other aspect is mentioned time and again by the top executives in Silk and Vogel's book Ethics and Profits (1976). If people are too affluent, they will not work hard enough. If good jobs are plentiful, workers will be less apt to subject themselves to the authoritarian, demeaning demands of the workplace. Worse still, they would have time and energy left over to organize, petition and demonstrate, trying to change the system.

The third aspect is that the wealth of the top people is very different from that found in the upper-middle, middle and bottom strata. That of most people is held and used within that individual spending/wealth holding unit, whereas the enormous wealth of the power people at the top is pooled in various economic and political endeavors. They cooperate through their institutions in providing financial support for new endeavors. They invest in each other's financial institutions and commercial enterprises. They maintain and expand their wealth in extended family and interest group structures. The government supports them in these endeavors. It is therefore a distortion to consider

the wealth of the very top in simple quantitative comparison with the rest of the people, particularly the lower 85% or 90% of the population. It is qualitatively, and in the composite, quantitatively, very different.

The nature of wealth and income concentration has not been written from the standpoints of extended family, interest group or class. Nor has it been looked into in comprehensive detail from the aspect of the tiniest percentage at the top where the main power holders reside. Just as one cannot develop a true perspective of economic control by looking at individual corporations without their interconnectedness, we cannot obtain the clearest picture of the control of wealth in the country by studying only individuals, spending units or nuclear families. The research we have been citing is only the beginning of what must be accomplished.

2.5 METHODS OF POLITICAL CONTROL

For the economically powerful to have control of the state, they must have institutions through which the power is exercised. It is a central part of maintaining the

capitalist structure and dominance of the economic system that the political system also must be run by members of the powerful capitalist ruling class and their loyal representatives. In the U.S. one can look at the backgrounds in business of the key appointments in the executive branch of the government; one can see how the government regulatory agencies are run for the benefit of big business; one can see the "revolving door" of personnel between governmental agencies and the corporations which are supposed to be regulated; one can follow the paths of the laws which favor big business, from the matter of how and with whom legislation originates to the financing of pressure groups in order to get the bills passed by Congress; one can observe how the laws are administered once they become law; and one can also watch the voting behavior of people who are elected and see how their votes support those whose money helped elect them.

But there is a higher level of power which is the key to understanding the lower level of activity mentioned in the preceding paragraph. There needs to be organizations which are covert or semi-covert, which are under the complete control of the Ruling Cartel and which perform the functions of idea development, maintaining consensus, personnel recruitment, and idea transmission for

implementation into governmental policy and law. There are three prime political Cartel organizations which fall into the above category: the Council on Foreign Relations (CFR), the Bilderberg group and the Trilateral Commission (TLC). There are several others in the U.S. which perform various functions in the power structure which act as mechanisms through which the Cartel increases and spreads its influence throughout the country in certain social, economic and political sectors (Domhoff 1967, 1979). They are significant in achieving consensus among local and regional ruling elites and they work to influence governmental policy in particular areas of interest. But, with the exception of the Brookings Institution (the prime Cartel think tank) and the Committee for Economic Development (CED)--the CFR for domestic issues--these others are of secondary importance to the big three: CFR, TLC and Bilderberg.

2.5.1 COUNCIL ON FOREIGN RELATIONS

Founded in 1919, the CFR is the oldest of the three and has had a tremendous impact on governmental policy since the late 1930s. It is openly admitted by the members themselves that this is the case--and for all administrations, Republican or Democrat (Shoup and Minter 1977). The CFR is

the chief recruiter for cabinet-level officials: the secretaries, deputy-secretaries and undersecretaries (Shoup and Minter 1977, 60, 61).³ Even where the incumbent is not from the Council, he generally has a close relationship with the CFR, as in the case of Secretary of State Cordell Hull during World War II.

The CFR, TLC and the Bilderberg organization have the same structure for determining their memberships. The CFR participants, particularly those on the steering and advisory groups, are dominated by the New York City law and banking elite--the core of the American Ruling Cartel. That the CFR represents the Eastern Ruling Class Establishment is shown by the paucity of members among the conservative businessmen's organizations such as the Chamber of Commerce, the National Association of Manufacturers and the Conference Board, where the top management men of the large corporations predominate.

The interlocking of top personnel of the Bilderbergers and the TLC with the CFR is pervasive. The men on the steering and advisory committees (who pick the other members) of the TLC and Bilderberg group are all CFR members. Of the 131 U.S. Trilateral Commissioners through 1979, 74 were CFR members, 50 of whom were involved with banking or other financial institutions. As in the economic

sphere of the history of power in the U.S., the early years of the CFR were dominated by Morgan interests, but since the 1950s the Rockefellers have prevailed, although the Morgans are not completely excluded (Menshikov 1969; Knowles 1973). The total membership principally is comprised of the following: men (and only recently a few women) from the prime multinational corporations, and particularly the banks and law firms; the carefully selected intellectuals of the approved think tanks and elite universities; leaders of the CIA; and the prime movers of the Eastern Establishment mass media (Silk and Silk 1980; Shoup and Minter 1977; New York Times 1966).

Perhaps the most important historical function of the Council has been to set up study groups to develop positions on foreign policy strategy and tactics. These conclusions and recommendations are almost always implemented by the government, even if with slight modification. The basic definition of U.S. global interest was made before U.S. entrance into World War II, setting the basic pattern and objectives for subsequent American imperialist foreign policy. Also, specific governmental actions have been taken and institutions have been set up after origination in the CFR. For example, the decision to drop the atomic bomb on Japan, the Marshall Plan, the United Nations, the

the chief recruiter for cabinet-level officials: the secretaries, deputy-secretaries and undersecretaries (Shoup and Minter 1977, 60, 61).³ Even where the incumbent is not from the Council, he generally has a close relationship with the CFR, as in the case of Secretary of State Cordell Hull during World War II.

The CFR, TLC and the Bilderberg organization have the same structure for determining their memberships. The CFR participants, particularly those on the steering and advisory groups, are dominated by the New York City law and banking elite--the core of the American Ruling Cartel. That the CFR represents the Eastern Ruling Class Establishment is shown by the paucity of members among the conservative businessmen's organizations such as the Chamber of Commerce, the National Association of Manufacturers and the Conference Board, where the top management men of the large corporations predominate.

The interlocking of top personnel of the Bilderbergers and the TLC with the CFR is pervasive. The men on the steering and advisory committees (who pick the other members) of the TLC and Bilderberg group are all CFR members. Of the 131 U.S. Trilateral Commissioners through 1979, 74 were CFR members, 50 of whom were involved with banking or other financial institutions. As in the economic

International Monetary Fund (IMF), the World Bank, NATO, the post-war treatment of Germany and the Soviet Union, and the policy toward China and South Africa. In addition, the Council has become deeply involved in specific situations: the overthrow of the Arbenz government in Guatemala was a result of the recommendations of a CFR study group--a body which was chaired by the head of United Fruit Co. and which had great input by CFR member Allen Dulles--the head of the CIA (and whose law firm represented United Fruit.)

Another example of CFR power was demonstrated by the way the U.S. changed its Viet Nam War policy. In spite of great popular sentiment to end the war, the conflict was not brought to a halt until the CFR finally changed its mind and conveyed this to President Johnson.

Although the Council on Foreign Relations may have been eclipsed somewhat in its direct influence on government by the Trilateral Commission, it still acts as a ruling class clearinghouse for high government personnel and for discussion of developing policy.

The Council has had great impact, not only on determining what the "national interest" is and what policy is, but also who the decision makers in government are. (For instance, in 1965, this organization of 1,400 people had 176 members currently in key government positions and

more than 400 others who previously had held such jobs.) Of considerable--perhaps even greater--importance is that the CFR has determined what the range of "respectable" options are and what is even "discussable."

2.5.2 BILDERBERG GROUP

In the drive to control and rationalize the economic system, U.S. capitalism has gone a long way in the cartelization of the country and in turning it into a corporative-mercantilist state (Miliband 1969; Hayek 1944; Dowd 1974). A similar movement has been taking place on the international scene, with huge transnational corporations and financial institutions dominating commerce (Barnet and Muller 1974; Magdoff 1969).

With the Western European economic recovery following World War II, it became obvious to the Western capitalist leaders that cooperation would be desirable and profitable. The need was seen to develop consensus, hold down competition, facilitate the "free" international movement of commerce and capital, and to present a united front, both to the Third World countries (whose resources and cheap labor they needed) and to the Socialist nations (whose competition they feared). Additionally, European nations were concerned

about a powerful United States operating independently without coordination with its European allies. It was from this wellspring that the Bilderberg organization first flowered and the Trilateral Commission later emerged (Sklar 1980).

The Bilderberg initial meeting was in 1954 in the Bilderberg Hotel in Oosterbeek, Holland--hence the name for the group.⁴ The organization has held at least one gathering a year since then, except for 1976 when the meeting was cancelled after a scandal involving one of the major participants.

There are three types of participants. One is a core group of regular attendees; another is comprised of more powerful men on the advisory and steering committees, the latter being a group which selects all members. David Rockefeller, Chairman of the Board at Chase Manhattan Bank, is the acknowledged leader of the organization. The participants are a mix of the most powerful men from the transnational industrial and banking institutions and law firms in the Western capitalist world, particularly the NATO countries.

The third type of member is part of a changing group of high governmental officials, key congressmen, military leaders, representatives from intelligence and police

organizations such as the CIA and Interpol, members of the mass media, Rockefeller think tanks and foundations, and professors from the Establishment universities. Some of the people are regular attendees year after year and some are invited only once or twice. Specially selected academicians from prestige universities are invited to present papers on pre-selected topics of relevant interest. The U.S. representatives are from the core Ruling Cartel organizations, particularly from the Rockefeller institutions.

It is an impressive fact that several people who were invited to attend Bilderberg meetings later became heads of state. This phenomenon is contrasted (perhaps supplemented) by the fact that frequently former heads of state and men who formerly held high governmental office also attend.

The meetings are held in extreme secrecy, with great security precautions taken. The staff is not allowed to leave the premises during the three or four-day meeting period. All participants are sworn to secrecy, and it is made clear that anyone who talks with the press will not be invited back. The list of the participants is a closely guarded secret as are the subjects of discussion. All notes taken during the conference are burned and minutes and summaries are sent only to the attendees, including past

participants.

The most important aspects of the Bilderberg group are that it provides a secret meeting place where the prime movers in the Western capitalist world can meet and talk frankly, iron out problems, react to crises, coordinate activities, develop consensus and establish basic policies. Next, having the multinational levers of economic and political power at their disposal, they communicate the requisite information to the organizations and people in their power network for implementation (Sklar 1980, 171).

2.5.3 TRILATERAL COMMISSION

But the Bilderberg organization was not sufficient to meet the needs of the Western capitalist system in a changing world. The establishment and operation of the Trilateral Commission represent two important changes in the international power structure. The most significant one is the recognition of Japan as a major economic power along with the need to bring her into the top levels of capitalist cooperation. The second significant aspect is that the Commission represents to a certain extent the Bilderberg group coming out of the closet with a different mask on. (It also is of significance that no one from Japan has yet

to be invited to a Bilderberg meeting.)

But perhaps the most dramatic TLC phenomenon was the sweeping, overt occupation of the executive branch of the U.S. government under Carter. This in turn has been paralleled by the establishment of a pressure group to lobby specifically for Trilateral aims (Novak 1977, 1980; Sklar 1980; Baum 1976; Bird 1977; Chomsky 1977; Frieden 1977; Wemple 1977; Sutton and Wood 1978, 1981; Karpel [all]).

The Trilateral Commission is the brainchild of David Rockefeller and his apparatchik Zbigniew Brzezinski--the National Security Advisor to former President Carter. Brzezinski succeeded Henry Kissinger, another long time Rockefeller man who held the same position in the Nixon-Ford administration. (Kissinger, a Bilderberger and a CFR member, became a TLC participant after Carter assumed office.)

Brzezinski convinced his mentor, Rockefeller, of the need to form such an organization. Rockefeller broached the subject at the 1972 Bilderberg conference and found immediate approval. He then handpicked the members of the Trilateral Commission's Executive Committee (Novak 1977; Sklar 1980), and in 1973, fueled by Rockefeller money (mainly from the Rockefeller and Ford Foundations, plus his personal funds), the organization commenced business. Many

of the participants were Bilderbergers (Sklar 1980; Skousen [1972]; Sutton and Wood 1978, 1981). Of the 59 U.S. members as of 15 August 1975 at least 19 either had been to Bilderberg meetings or had come from institutions or organizations which had representatives at the Bilderberg meetings. (Because we only have information for less than one-half of the meetings, there might be more Bilderbergers on the Commission.) Many foreign TLC members also have appeared at Bilderberg conferences. All U.S. members of the advisory committee are from the Council on Foreign Relations.

Regardless of the individuals, most of the institutions represented on the Commission are of the same type as is found in the Bilderbergers: the most powerful transnational companies, international banks, key governmental officials (particularly of the "up and coming" variety), influential law firms representatives from Rockefeller think tanks, college professors who have the Rockefeller stamp of approval, and personnel from the Establishment press. Missing from the Commission are the military leaders and representatives from the internationally operating intelligence and police organizations such as are found on the Bilderberg list. Added to the TLC, however, are leaders from a few safely co-opted labor unions, perhaps to provide

the illusion of working class solidarity with the capitalist system, or--which is more likely--to bring key labor leaders into the international capitalist consensus.

How does the Commission operate? It has a permanent staff and members who work on position papers. The Commission as a whole meets in secret to deliberate on the papers and the problems of the Trilateral community. The Commission accepts the papers, which are then published. The TLC also takes formal stands on subjects of importance in world politics and publicizes these positions.

What are the aims of the TLC? The Commission speaks for itself (Frieden 1977, 14).

The overriding goal is to make the world safe for interdependence by protecting the benefits which it provides for each country against the external and internal threat which will constantly emerge from those willing to pay a price for more national autonomy. This may sometimes require slowing the pace at which interdependence proceeds, and checking some aspects of it. More frequently, however, it will call for checking the intrusion of national governments into the international exchange of economic and non-economic goods.

Those words are worth reading again, noting particularly the use of the words "internal threats" and the "checking of intrusion" into "non-economic goods". What a chilling paragraph, particularly when it is realized that this group controls the most powerful economic institutions

on earth and has political control over the Western capitalist governments, including the police, intelligence and military forces.

The influence and power of the Trilateral Commission and its Bilderberg nexus can be seen by the early handpicking of Jimmy Carter for the TLC by Brzezinski and Rockefeller, followed by Carter's steady financial and political nurturing toward the presidency. The most blatant display of power is the shown by the number of men selected by Carter from the TLC to be in his cabinet--at least 25, of which at least seven are Bilderbergers. It is also of significance that Carter's Vice President, Walter Mondale, has been not only on the TLC, but also has been a Bilderberg attendee. Furthermore, it was reported that, when President, Carter kept in contact with TLC headquarters to see what the latest studies were (Karpel 1977b; Novak 1977). For the most part the Carter administration policies seemed to be lifted almost directly from the TLC position papers and books.

Although these policies were mostly economic in nature, the desire to control and effect change in the U.S. by the TLC was not limited to economics. The Commission expressed the necessity to muzzle the press and to repress civil liberties as necessary to that the President could govern

more "effectively" with minimal interference from the press and pluralistic pressures. As the TLC has indicated, democracy and capitalism are not compatible. Therefore, if the people are not apathetic and if they actively participate in the democratic process and make demands on the system, they will suffer repression (Crozier, Huntington and Watanuki 1975).

The foreign policy of the Trilateralists and the Carter administration regarding the Soviet Union had some contradictions. On one hand it marked the return to Cold War tactics of belligerence and intransigence toward the USSR, along with all the rhetoric with which the Cold War has been associated. This is in keeping with the writings of Brzezinski and with the policy of the Rockefeller people for several decades (Scheer 1975; Karpel 1977b). And yet, the TLC has also expressed the view that the USSR and the Eastern European countries could be brought into the international capitalist consensus as junior economic partners (Sklar 1980, 32-35). This seems to be a source of considerable disagreement within the Cartel.

2.5.4 ELECTIONS

The complexity of power and attitude relationships

within the American power structure can be seen by comparing the presidential elections of 1976 and 1980. In 1976, Ford, who was President, was a Bilderberger and CFR member. Elliot Richardson, a TLC participant, had presented himself as a possible presidential nominee. Carter and his Vice-presidential candidate were both from the TLC, with Mondale also being a Bilderberger.

The 1980 election was more complex. Running for the nomination on the Republican side were John Anderson, a TLC member who had the support of prominent Trilateralists; George Bush, a Bilderberger, CFR member and Trilateralist; Edward Kennedy, who had some TLC support; and of course, Carter (Sklar 1980, 576, 577).

Complicating the situation was the candidacy of John Connally and Ronald Reagan. Both openly attacked the Trilateral connections of the men running for both Republican and Democratic nominations. This was the first time that the TLC had been publicly exposed at such a high level of visibility. The situation was even more complex in the light of the fact that many Reagan advisory people were from just this Establishment wellspring, although they might have been from the more conservative element. However, knowing that this was a favorite topic among the very conservative Republicans, whose support was needed in order

to get the nomination, Reagan's TLC people perhaps were merely using the attacks on the Commission as a political ploy. As subsequent events showed, this probably was the case.

After Reagan won the nomination, an accommodation was reached whereby Bush became the actor's running mate, nothing more was said about the Trilateral Commission, and David Rockefeller's support was forthcoming. This is parallel to the situation of Richard Nixon in 1960, when, after winning the nomination, he had to accept the conditions of Nelson Rockefeller before receiving Rockefeller and Establishment support (Silk and Silk 1980, 284, 284).

Despite the differences among various candidates, the range of opinions is still narrow when compared to the full width of possible options and approaches. The fact is that these varying opinions represent merely the range of acceptable dissent within the Ruling Cartel plus some accommodation to the pressures from the Right Wing. The Cartel still remains firmly in control regardless of which party is in power. The nominees from both parties are either Establishment people or must submit to Cartel demands in order to be elected.

2.5.5 DECISION MAKERS

A useful way of looking at Cartel control is to tabulate the ruling elite organizations with connections to personnel in the key positions in the executive branch from the Eisenhower years through the Reagan administration through August 1982 (Wemple 1977; Sklar 1980; Liberty Lobby [1975]; Spotlight 1984a, 1984b).

1. Secretary of State: Seven men, all from the CFR; six were Bilderbergers, two of whom also were from the TLC; a fifth man was from a prestige law firm which had two Bilderbergers.
2. Secretary of Defense: Nine men; six from the CFR, two of whom were Bilderbergers and three from the TLC; two were from the Business Advisory Council (formerly a very influential Establishment business organization).
3. Secretary of Treasury: eleven men; five from the CFR, two of whom were Bilderbergers, one of whom also was on the TLC; one was from the largest Wall Street brokerage house.
4. Director of CIA: Eight men: six from the CFR, one of whom was a Bilderberger; and one was a Trilateralist.

Also, the head of the CIA under Truman helped establish the Bilderbergers.

5. National Security Advisor: Ten men: eight from CFR, of whom six were Bilderbergers, with two also from the TLC.

It should be stressed that the above figures represent a conservative, minimal tabulation of the elite connections of the incumbents in these positions. Full information on these organizations' memberships is not available, particularly on the Bilderbergers. Participant lists of only one-half of the Bilderberg meetings have been recovered.

It also is of significance that many of the men who held high positions or who performed special functions in the Truman administration were from the CFR and became Bilderbergers--men such as Dean Acheson, Averill Harriman, Paul Hoffman and George Kennan.

This shows that, although administrations come and go, it generally makes little difference who is in "power"--Democrats or Republicans. The occupiers of the positions of political power in the U.S., particularly regarding foreign policy, almost always come from the same pot.

2.6 METHODS OF IDEA AND INFORMATION CONTROL

Institutions such as the major foundations, universities and think tanks have a great impact on development and inculcation of ideas and information. They form a close, pentagonal relationship with the governmental and corporate worlds (Whittaker 1974, 166; Domhoff 1967, 1979; Knowles 1973; Dye 1976). The corporate directors, trustees and key personnel are linked together and with the prime ruling class institutions such as the CFR, TLC, Bilderbergers and Committee for Economic Development (CED). Foundations financially support those four organizations as well as universities and think tanks. Much research is done for these four institutions as well as corporations and the government at the elite universities and think tanks.

Analysis of the prime Rockefeller men as presented by Knowles (1973, 47-50), and a reading of Dye's (1976, 130-133) list of the nation's top corporate interlockers show us how important the foundations, universities and think tanks are for control by the most powerful Americans. Knowles' 35 corporate board members have sat on the boards of trustees of 20 of the top foundations, 16 think tanks and

19 universities. Dye's top men are trustees of 18 foundations, 25 universities and six think tanks.

2.6.1 FOUNDATIONS

The subject of foundations is much more complex than the view we usually receive from the mass media (Lundberg 1968, 513). Foundations provide economic and political linkage among all the other institutions. From the economic viewpoint they can do anything a commercial bank or corporation can do, but without regulation or public supervision, and they can do it tax free. By obviating taxes, the wealth (and power) can be retained in the hands of the family or corporation rather than having it dissipated into the public coffers. Control of family or core corporations can be maintained by using the foundation to own a substantial share of stock and by self-perpetuating boards of friendly interlocking trustees. By adding stocks of your foundation with that of other friendly sources such as relatives and banks, control over many corporations can be effected.

From the non-economic standpoint, foundations "have power to . . . set the limits within which cultural and intellectual quests are undertaken" by setting funding

agendas and defining questions of importance for research (Lundberg 1968, 473). Politically, they are good training grounds for future decision makers of the power elite. From the power viewpoint, the historian Arthur Schlesinger (Shoup and Minter 1977, 63) stated that "the heart of the American Establishment . . . is the New York financial and legal community." Its "front organizations are the Rockefeller, Ford and Carnegie Foundations and the Council on Foreign Relations." Other social scientists conclude that the foundations are extremely significant in the maintenance of group power and in the multinational linking of ruling elites (Whittaker 1974, 12, 179).

The control of the foundation is in the hands of the trustees, a self-perpetuating body, usually controlled by the sponsoring corporation or family (Whittaker 1974, 125). Domhoff (1967, 69, 70) noted that in 12 of the top 13 foundations the power elite is in control, with two-thirds of the trustees being members of the upper class or from major corporations. The rest are mostly from universities. The more powerful families and their institutions control not just one foundation, but several: the Mellons at least six, the du Ponts at least nine, and the Rockefellers at least ten. Even more significantly, there is considerable interlocking among the foundations' trustees themselves.

It is not just on the board of trustees where control is sought. Domination of a foundation's finance committee is vitally important, because it is here where control over the investments of the organization is maintained. The Rockefeller people have long been in control of both the trustees and the finance committee of the Ford Foundation and several other large foundations (Dye 1976; Domhoff 1967).

The place of the foundations in the power structure is shown by the fact that historically the large New York foundations have been run by members of the Council on Foreign Relations (CFR) (Whittaker 1974, 97). Conversely, these foundations have financed the CFR endeavors. The same relationships exist with the CED, TLC and Bilderbergers. A prime example of how this interlocking works is found in the situation with John J. McCloy in the 1950s. He was the top man at the flagship Rockefeller institution--Chase-Manhattan Bank. As chairman of the Ford Foundation, he provided money to the CFR, of which he was chairman, to make a special study of Russian-American relations which was chaired by himself (Whittaker 1974, 11).

Governmental interlocking also is normal. Many of the past Secretaries of State were in high positions or were trustees of major foundations before assuming their key

government job. One researcher concluded that what the foundations did internationally was seldom done "without the approval of Washington" (Whittaker 1974, 100, 181). McGeorge Bundy, head of the Ford Foundation for many years, was reported saying of a particular project that he had to clear it with the White House before proceeding with his approval.

Foundations have been used frequently by the CIA as conduits for money and activities which the government did not want to become publicly known (Whittaker 1974, 144-166).⁶ The CIA set up its own dummy foundations as well as using 39 legitimate foundations. Additionally, foundation personnel move into the CIA as part of the selection process which parallels that of the State Department. Conversely, CIA personnel transfer into foundations after their tenures are over (supposedly) with the intelligence organization.

In addition to these governmental relationships, the foundation trustees have interlocks with the major multinational corporations. Such positions allow them to encourage or to disapprove efforts of foundations which could either have a beneficial or deleterious effect on multinational corporations' interests abroad (Whittaker 1974, 220).

How would the projects and accomplishments of the

foundations be assessed? Regardless of an evaluation of an individual project, most foundation money goes directly or indirectly for support of corporate goals or in maintaining the current power system (Lundberg 1968, 499; Whittaker 1974, 136). No matter what projects might benefit the people, foundation money does not go to groups or to individuals who desire basic change or who reveal how the system really works. (There are no major, significant radical foundations.) One study showed that only one percent of foundation projects could be considered controversial and only three percent were innovative (Whittaker 1974, 193, 214). (C. Wright Mills was cut off from foundation support after he wrote the Power Elite.)

So the foundations are the prime media through which the Ruling Cartel greatly determines what will flourish, what will die and what will remain untouched in economic, scientific and technical development, in social experimentation, in new communications media and their proliferation, and for new political and cultural institutions. All this is done with an eye on the maintenance of social control and the general development of the existing economic, political and power system.

It is ironic that the money the foundations are spending comes from the labor of the people: from the people

who produce the wealth for the corporations; and from the people who pay the prices the corporations set for their goods and services. The people pay again when this wealth goes untaxed and they, the taxpayers, have to make up for it out of their pockets. The people are paying for their own social control.

2.6.2 THINK TANKS

The think tank interlocking system is rather complex, because it can appear in a variety of ways. In addition to being a fully independent entity, the research organization can be a part of a university; it can be located at a university, but operated separately, theoretically, yet have university personnel; it can be composed of a consortium of universities (such as the Institute for Defense Analysis); it can be a spinoff from a university; a university can manage one of the Federal Consultant Research Centers (one-half of these are managed by universities); individual professors can be consultants for think tanks; professors can set up their own, small, profit-making research companies (and some not so small); and universities get research contracts directly from the government, particularly from the Defense Department (Ridgeway 1970, 5).

Sklar (Sklar 1980, 187) lists the primary "moderate" Ruling Cartel think tanks as the Brookings Institution (the oldest), the Rand Corporation, and the Center for Strategic and International Studies at Georgetown University. Domhoff (1979) adds the Urban Institute, the National Bureau of Economic Research, Resources for the Future, the Stanford Research Institute (now known as SRI, Inc.), and the Center for International Studies at MIT.

These major institutes and those connected with universities operate primarily with foundation money, whereas smaller, more specialized think tanks are more likely to receive government and business contracts. Think tanks can be set up quickly when the Cartel decides there is a major problem which must be dealt with and which must be controlled by the ruling elite. These institutions are funded by the big foundations. The boards of trustees are dominated by foundation personnel and have links with the CFR and the CED.

The Brookings Institution holds a special place in the world of think tanks. It not only is the oldest--working closely with moderate, ruling class reformist organizations such as the National Civic Federation in the early 1900s--Dye (1976, 114-116) claims that it has recently supplanted even the Committee for Economic Development in

importance and now is the dominant domestic policy planning body, designing many of the liberal programs in the 1960s.

Domhoff (1979, 76, 77) says that in addition to conducting study groups and research, the Brookings Institution is "even more important as a kind of post-graduate school for expert advisors." It provides new ideas as well as highly qualified people for the government and for other elite organizations and institutions. Since it was founded in the 1920s, Brookings personnel have served in all administrations. It is highly interlocked with the CFR, CED and other key Cartel organizations such as Wall Street law firms and banks (Dye 1976).

2.6.3 UNIVERSITIES

The elite universities are closely integrated with the think tank-government-foundation-corporate network. In addition to being sites for such organizations, university personnel swing in and out of the big think tanks such as the Brookings Institution. These same universities are also recipients of large grants from the major foundations. Most of the trustees of the major foundations also are on the boards of trustees of the elite educational institutions (and vice-versa), and the top university personnel are on

the boards of directors of major corporations. They participate in the powerful ruling class political organizations--even though perhaps temporarily on some of them--such as the CFR and the TLC.

It is very instructive to look historically at the development of the U.S. educational system, particularly in relation to the American ruling class and the changing needs of the U.S. capitalist system. Before the Civil War, universities were generally small, private and church-oriented and with a curriculum devoted mainly to the classics. But with the amassing of the great fortunes, the concentration of power, and the changes in the industrial factory system, the needs of American capitalism changed in relation to education. The economic system needed highly trained people to administer the system and to provide for the technical and scientific needs of it. With the great wealth at their disposal, Rockefeller and Carnegie, through their foundations, changed the face of American education. Funds from business were the greatest source of income for higher educational institutions from 1872 to 1905. Not only did new colleges spring up, but those which did not want to agree to the conditions demanded of the philanthropists generally disappeared.

The emphasis of the "robber baron" money was on the

development of elite schools. From 1902 to 1934 only twenty institutions were beneficiaries of 73% of the foundations' grants. The main emphasis of the Rockefellers was "to promote a comprehensive system of higher education in the United States" (Smith, D.N., 1974, 104). The Carnegie Foundation set up rigid rules for universities to follow. These conditions formed the bases of higher education which we still have today.

After World War II another significant step was reached by the economic system. Corporations had become even larger and more complex, necessitating hiring more highly qualified administrators, lawyers, and managers and requiring a greater number of more highly trained technical and scientifically qualified people.

Foundation, corporation and government action was intertwined. The passage of a bill providing for corporate tax deductions for contributions to universities paved the way for large amounts of money from big business. The GI Bill was passed. There was a great surge in foundation development and subsequent giving to universities.

The major foundations combined their forces to form the Council for Financial Aid to Education (CYAE). The chairmen and directors were former presidents of elite schools, directly from the corporate world and from the foundations

themselves. The organization's goals, clearly stated to be for the benefit of business, were "(1) new knowledge through research and competent teaching; (2) an adequate supply of educated manpower; (3) an economic, social and political climate in which companies ... can survive and continue to progress" (Smith, D.N., 123). The man who was appointed to direct this commission was from the core Rockefeller financial institution, the Equitable Life Insurance Company, as well as from the Carnegie Corporation.

But there was more to all this than just to provide for a more suitable work force. One continuously stated goal was to indoctrinate the workers to be willing participants in the system and to eradicate any radical elements which would question the system and try to change it or overthrow it (Weinstein 1968, 133, 134; Smith, D.N., 1974, 87, 89).

This was occurring, not just with higher education, but with all education. Bowles and Gintis (1977) trace the history of educational reform in the U.S. and see the following principles at work continuously:

1. The demands for changes in education follow changes in capitalist development, i.e., from the cottage industry to factory production and from single factory to huge, multi-factory conglomerate corporations.

2. These changes create demands of industry for higher educated, more highly trained people to perform the tasks desired.
3. Although primarily benefitting business, this education would be paid for by the public.
4. Workers needed to be properly socialized so as to be able to endure the regimentation, authoritarianism and boring work of factories.
5. Workers needed to be indoctrinated to believe in the system, particularly immigrant children who might have received dangerous, radical ideas from their parents, and also the students from the areas of the country where there were Populist and labor challenges to the system.
6. Schools would act as holding tanks for too much surplus labor, particularly youths in large urban areas where social unrest might breed.

Bowles and Gintis note that at each step of the way--but not without opposition--business people and sympathetic professionals won out in the power struggle over the question of whose values would dominate, who would hold the power positions in the educational system, what the system structure would be and how it would be controlled. As with the development of our existing system of higher

education, the wealthy, large foundations, particularly those of Carnegie and Rockefeller, financed most of the change-related activity. The Progressive Era, which brought progressive education with it, was part of the larger movement--which was originated and dominated by the Eastern elites--which resulted in many economic and political reforms. Although there was opposition, this was gradually accomplished, bringing the country at the national and local levels more firmly under elite control (Domhoff 1971; Weinstein 1968).

Now we need to look more closely at the major universities and the educational system as a whole to see how they fit into the American power structure. Domhoff (1967, 77-79) says that "control of America's leading universities by members of the American Business aristocracy is more direct than with any other institution which they control."

The top power positions are the regents or trustees. Universities are set up basically on a corporate model: hierarchical, authoritarian and bureaucratic. The board of trustees controls the general direction plus as many specific aspects of university administration as it

desires. Various studies over the years show that the trustees come from the core of the local, state and national power structures (Dugger 1974, 108; Smith 1974, 38-55). Knowles' (1973) list of the 35 top Rockefeller men shows interlocks with the leading universities by 24 of them; Dye's tabulation of 24 top interlockers indicates twenty men having connections with 27 such institutions.

But the situation has gone far beyond the mere control of the university by regents, even though the regents today are claimed to be involving themselves much more deeply in the operation of the universities, at lower levels in the hierarchy, and in more subject areas than ever before (Dugger 1974). A major transformation has taken place since World War II which has progressively tied the universities more closely and intimately with the corporate and governmental world (Dugger 1974, 110; Ridgeway 1970):

1. Presidents and other high administrators, if not chosen from the corporate world, are brought into it by making them directors of corporations and by cutting them into business deals.
2. The growth of the number of professors consulting for corporations and the government has lead to a combination of their being on boards of directors of corporations and to developing their own corporations,

some of which have become multimillion dollar operations.

3. The most important phenomenon is government contracts to universities, to university-associated think tanks and research organizations, and to individual professors. This has produced military-corporate-university cooperation to such a degree that a complete structure of economic and political interest has been created, drawing the major universities tightly into the Establishment's corporate and military orbit, and supporting the ruling class' foreign and domestic policies sociologically, economically and politically, including assisting in wars, in covert intelligence operations and in the full range of needs of the multinational corporations (Noble 1982; Rosenau 1982; Nation 1982; Ridgeway 1970).
4. The major universities are big businesses themselves. Knowles says that they are even "more useful for the purpose of corporate control than are the foundations," because they "are like bank trust department holdings in the fact that they centralize the wealth of many." They are investors of billions of dollars in stocks and bonds, owners of land and

businesses, slumlords and urban renewal effectuators.

This increasing intertwining of interests of the university with the military and corporate worlds has resulted not only in the trustees and high administrators being interlocked with ruling class institutions, but also more and more of the professors being drawn into the same orbit, sharing the same world view of the multinational corporations and the U.S. ruling class. To the administrators the teaching and learning process at best has become a sideline institutionally, except for the concerns of the fields which will contribute directly to corporate needs. This results not just in neglect of the student, but also in increased repression of unorthodox views, particularly economic ones (Dugger 1974; Ridgeway 1970).

Several observers of higher education--politicians, social scientists and university presidents--have made the following statements regarding the place of the universities in modern capitalist society (Miliband 1969, 223; Dugger 1974, 256, 312, 362; Smith 1974, 53; Galbraith 1967, 370, 371; Ridgeway 1970, v):

Universities heed the requirements of the business world.

Universities are almost completely directed toward making the private enterprise system work effectively and

beneficially.

Universities are part of the corporate orbit.

Universities are locked tightly into the corporate power structure.

Universities are financed by the Establishment and answerable to it.

Universities are controlled by the ruling class and serve the interests of that class.

2.7 METHODS OF MASS MEDIA CONTROL

What is the place of the major mass media organizations in the American power structure? Most of the researchers referred to in the first chapter say that the media are a significant part of the system. But the media, themselves, frequently claim that they are separated from the system, that they are simply mirrors, objectively reflecting the reality of the world. Indeed, they claim they are the watchdogs of the system on behalf of the public. Before we can analyze their actual functioning in American society in subsequent chapters, we must first assess their place in the U.S. power structure as we have done with other major

institutions.

2.7.1 THE COMMERCIAL TV NETWORKS

Because the three television networks have the most basic influence and the greatest direct impact on the mass of Americans than any of the other mass news media (Roper 1979; Broadcasting 1982f), the question of who owns and controls the networks is an extremely important one. All three corporations are large, multinational conglomerates which historically have been high up in the top half of the Fortune 500 (1977).⁸

The critical questions are who owns a potentially dominant share of the stock and who are the members of the boards of directors. The study containing the most complete analysis of stockholdings was made in 1972 (Network Project 1973a).⁹ It shows that institutional investors and the networks' boards of directors had 61.1% of CBS, 36.*% of RCA and 76% of ABC. The holding of CBS stock by identifiable Cartel banks and insurance companies was 17%; that of RCA was between nine and eleven percent; and it was 24% in ABC.

An analysis of the 1972 boards of directors of the three networks reveals even further the core Ruling Cartel domination. (This is not a recent phenomenon. When RCA and

CBS were first established, the Rockefeller and Morgan banks held large--controlling--quantities of stock in the companies and had many representatives on the boards of directors (Waldrop and Borkin 1938, 222-225).) The Cartel financial institutions and their associated corporations interlock with the networks in the following manner: four of the 18 directors of RCA; ten of 18 of CBS; and six of 14 of ABC. The top network executives which are on the boards of directors of their corporations are Cartel interlockers. Almost to a man the Cartel representatives are Ivy League educated and are members of exclusive social clubs (such as the Century Club).

But these men are also interlocked with organizations other than some of the major financial, industrial and social institutions of the U.S. and the world. As members of the Power Elite they play important roles in the U.S. federal government, both by holding government positions and by participating in the elite Cartel organizations, particularly the Council on Foreign Relations (CFR), the Foreign Policy Association, the Committee for Economic Development (CED), the National Advertising Council and the Business Roundtable. CBS had by far the greatest number of these ruling class interlocks--18, compared with six for RCA and four for ABC.

At other levels of government, employees of the networks have held significant jobs or relationships. Frank Stanton, the number two man at CBS at the time of the Network Project study, was a director of the CIA front, Radio Free Europe, and was a friend and confidant of Lyndon Johnson. The President of CBS-TV Service, Frank Shakespeare, was the director of the Nixon presidential media campaign in 1968 and the next year became head of the United States Information Service (USIA). NBC president Robert Kintner was a White House aide and speech writer for Johnson. General Sarnoff of NBC was on a special National Citizens' Commission on International Cooperation, whose other four members included the Chairmen of the boards of AT&T and ITT. Previous Voice of America directors were newsmen Ed Murrow (CBS), John Chancellor (NBC), and John Daly (ABC). Several people, including Walter Cronkite, had close, personal relationships with the CIA, as did Sig Mickelson--President of CBS News--who ran Radio Free Europe (Film documentary On Company Business; Baybak 1979b; Schorr 1977; Bernstein 1977; Conversation of author with Allan Francovich, producer-director of On Company Business).

There is yet another area of relationships which needs to be described--the interlocks among the three networks themselves. Using the same 1972 information, the directors

of the networks were on many of the same boards involving financial, industrial and social organizations. CBS was linked with ABC six times and with NBC five; NBC had seven with ABC. Although there were four interlocks on social, cultural or educational institutions and one on an industrial company, probably the most significant were the five on boards of financial institutions. The most important ones were probably those with First National City Bank and Manufacturers Hanover Trust, where representatives of all three networks sat.

Another facet of the networks is the role they play in the military industrial complex. In 1971 RCA (the NBC parent) was eighth among industrial prime contractors to NASA and 21st among prime contractors to the Defense Department. CBS Incorporated (the parent company) also had many contracts with the Defense Department, the Department of Interior, and with NASA. ABC had no direct, significant relationships with the military.

From the above information it is apparent that the controlling authorities of the three commercial TV networks are not a disinterested group of men who are outside the mainstream of power and influence in the U.S.. To the contrary, they participate directly and indirectly at some of the highest levels of government and corporate power.

2.7.2 PRINT MEDIA

The economic and sociological backgrounds of the people who own the most influential voices of the print media have not been widely studied. However, Dreier (1982), Domhoff (1967), and Dreier and Weinberg (1979) provide significant information.

Domhoff notes that, except for Pittsburgh, there is at least one newspaper owned by a Social Register listee in every city which has such a publication which tabulates their upper class members. Outside of the Social Register cities there are papers owned by such blue blooded families as the Chandlers of Los Angeles, the Hobbys of Houston and the Bingham of Louisville. The most influential upper class newspaper is the New York Times, which, along with the equally aristocratically owned Washington Post, is frequently referred to as the Eastern Liberal Establishment press. Their influence is considerably greater than their circulation numbers alone would indicate, because they are habitually read by governmental and corporate officials. Additionally, they are closely scanned by the news personnel at the TV networks to see what was covered and how it was treated in order to keep the networks' stories within the

bounds enunciated by these two newspapers, particularly the Times (Halberstam 1976; Epstein 1973).

Domhoff also notes that the Knight-Ridder and Scripps-Howard newspaper chains are owned by people who are in the Social Register. Although most newspapers are not owned by members of the upper class, the two major news magazines are--Time and Newsweek. The Time, Inc., and Cowles empires of mixed mass media are owned by members of the upper class through birth, financial interests or marriage. Other magazines with significant upper class ownership or heavy financial support range from the conservative National Review of William Buckley, to the liberal New Republic and the New York Review of Books.

Another way of ascertaining the degree of Ruling Cartel control and influence on the major newspapers is to look at the backgrounds and affiliations of the people on the boards of directors of these companies. By combining the material compiled by Dreier and Weinberg with the information previously presented, we can make some clear conclusions. The 24 largest newspaper companies, whose daily newspapers account for more than half of the circulation of all U.S. papers and which are found in the largest American cities, have a composite total of 300 directors on their boards. The interlocks of these directors tie these newspapers in

Table 1

Newspaper Directors' Participation in Cartel Organizations

Organization	*Papers With Links	Total Links
CFR	11	21
CED	10	13
Bilderbergers/TLC	**6	16
Business Roundtable, Conference Board, Natl. Assn. of Manufacturers, Committee on the Present Danger, Foreign Policy Assn.	7	16
Chamber of Commerce	7	25
Ad Council	8	9
Total		100

*Total number of papers considered is 24

**If the count is based on corporations which have been represented at a Bilderberg meeting or the Trilateral Commission instead of just an individual who was an attendee, the number is 13 instead of 6.

Table 2

Media Participants in Bilderbergers, 1950s and 1960s

	55	57	58	63	64	66	67	68
<u>NY Times</u>		a				acc	c	c
<u>Wash Post</u>							ca*	
<u>Time, Inc.</u>	a*	a*	a*	a*	a*	b	a*	
<u>Newsweek</u>								
<u>Wall St Jrn</u>								
<u>Chrstn Sci Mon</u>		c	c			c		
<u>Atl Constutn</u>		b				b		
<u>NBC (RCA)</u>		a						
<u>CBS</u>		a		a*		a*		
<u>Cowles</u>	a	a				a		
<u>Louisvl Courir</u>	a					a		
<u>Bill Moyers</u>							c	c
<u>John Gunther</u>	c	c						
<u>Denver Post</u>		a						
<u>Natl Rvw</u>								
<u>Forgn Affrs</u>								
<u>Times-Mirror</u>								
<u>Belo Corp.</u>								
Total	4	9	2	2	1	10	5	2

Note: All but eight are also members of Council on Foreign Relations. Five of the eight belong to Rockefeller organizations.

Note: Foreign Affairs is official journal of CFR.

- a: Executive, publisher, director
- b: Editor, managing editor
- c: Reporter, writer, columnist (mainly syndicated columnists)
- *: The person is not primarily occupied in the mass media

Table 3

Media Participants in Bilderbergers in 1970s,
and Participant Totals, 1954-1978

	71	74	75	78	Totals (1954-1978)
<u>NY Times</u>	a*		c		9
<u>Wash Post</u>				c	3
<u>Time, Inc.</u>		b		a	9
<u>Newsweek</u>	a*			c	2
<u>Wall St Jrn</u>				b	1
<u>Chrstn Sci Mon</u>					3
<u>Atl Constitn</u>					2
<u>NBC (RCA)</u>					1
<u>CBS</u>	a*				4
<u>Cowles</u>					3
<u>Louisvl Courir</u>					2
<u>Bill Moyers</u>	c	c	c		5
<u>John Gunther</u>					2
<u>Denver Post</u>					1
<u>Natl Rvw</u>			c		1
<u>Forgn Affrs</u>		b			1
<u>Times-Mirror</u>				a	1
<u>Belo Corp.</u>				a	1
Total	4	3	3	6	51

Note: All but eight are also members of Council on Foreign Relations. Five of the eight belong to Rockefeller organizations.

Note: Foreign Affairs is official journal of CFR.

- a: Executive, publisher, director
- b: Editor, managing editor
- c: Reporter, writer, columnist (mainly syndicated columnists)
- *: The person is not primarily occupied in the mass media

Table 4

Media Participants In Trilateral Commission

	Exec/Pblshr/ Drctr	Rptr/columnist/ writer	Editr/ Mngng Edtr
<u>NY Times</u>	2a,b		
<u>Wash. Post</u>	1b	1a	
<u>Time, Inc.</u>	1a,b 1a		
<u>Wall St. Jrn.</u>	1b		
<u>NBC (RCA)</u>	1b		
<u>CBS</u>	1a 1b,c		
<u>Cowles</u>	1a		
<u>Foreign Policy</u>	1		1a
<u>Field Entpris.</u>	1	1	1
<u>Times-Mirror</u>	1a,b		
<u>Belo Corp.</u>	1a,b		
<u>Media Genrl.</u>	1b		
<u>Total</u>	15	2	2

Note: All media people in TLC are also members of Council on Foreign Relations (CFR), except two, of which one is a member of a Rockefeller organization and the other is in government service.

a Also a Bilderberg member

b Mass Media are not primary pursuit

c Not in CFR, but is member of Rockefeller organization

with the mainstream of the Cartel, not just with the big corporations, but also with the most important political, cultural and educational institutions, including the CFR, CED and Bilderbergers. (See table 1.) These 24 news companies have over 200 direct interlocks with the Fortune 1,300--the 1,000 largest industrials and 50 each of the largest banks, insurers, financial companies, utilities, retailers and transportation companies. There are 38 direct interlocks with the 50 largest banks as well as 45 additional ones with other banking institutions. All but four of the companies are strongly connected with these financial institutions, and these four have one interlock each with a bank.

A closer look at the director relationships shows that some of these newspaper companies are more intimately tied in with the U.S. power structure than some of the others. Field, Minneapolis Star, Washington Post, Dow Jones (publisher of the Wall Street Journal), and New York Times companies are in this category. They have a greater percentage of outside directors than the others (except for the Post whose outside directors compose only one fourth of the board); they have more people with memberships in the

elite political organizations; and are tied in with the greater number of largest institutional investors. Dow Jones and the New York Times companies lead the way in this regard.

However, the Cartel people are found in most of the companies. Some of the interlocks might be of greater significance than others. For instance, on the board of Ford Motor Company sit representatives of the Washington Post, New York Times and the Los Angeles Times. Chemical Bank of New York (a core Rockefeller institution) has two interlocks with Dow Jones and one each with the New York Times and Thomson (one of the largest chains.) The bank previously had directors from the Affiliated and Scripps chains. There are six other companies which have interlocks with two of these 24 newspaper firms.

There are 21 interlocks with the core Cartel financial institutions and several with elite law firms. The interlocking with universities, foundations and think tanks is very extensive, but mostly with the local and state institutions. The elite organizations of this nature are represented in the people who are also intimately interlocked with the other prime Cartel organizations.

It also is of significance to note that nine newspaper companies had twelve interlocks with the Associated Press

and three with United Press International (UPI). One of the companies, Scripps, owned UPI until recently. This, along with the information which shows that the elite newspapers and the TV networks are represented on the board of directors of the AP, indicate that the two wire services also are part of the power system (Dreier and Weinberg 1979; Armstrong 1979; Broadcasting 1976a).

2.7.3 THE MEDIA AND THE POWER STRUCTURE

The participation of mass media members in the three key elite political organizations have been mentioned briefly. The fact that the media have ignored reporting on the TLC, CFR and Bilderbergers indicates either that they have not participated in these groups or that they have participated in them and have not reported and commented on them. But we previously mentioned that people from both the print and electronic media are, in fact, members of these organizations. Therefore, we must look at this more closely (Liberty Lobby [1975]; Spotlight 1979b; Dunsmore 1980; Eringer 1980; Foner 1979; Nicholas 1978a, 1978b; Potts 1978).

First, the Bilderbergers. Tables 1, 2 and 3 show the participation in the organization. Incomplete information

is a problem because twelve years of guest lists--about one-half--have not been revealed or uncovered. No working member of the press is at the highest levels, i.e., the advisory or steering committees, although two such committee members--Gardner Cowles and C.D. Jackson--have been prime officials in Cowles Publications and Time, Inc., respectively. The top officials from the prime Establishment newspapers--New York Times and Washington Post--do attend with regularity, but only on a composite basis. Individuals do not reappear each year as do the most influential men. An average of almost four representatives from the press have attended these meetings, with a minimum of one (once) and a maximum of ten. There has been a press representative at each gathering, with a working member being at nine of the twelve meetings about which information is available.

What has been the participation of the mass media in the Trilateral Commission? (Sklar 1980; Wemple 1977; Skousen [1972]; Sutton and Wood 1978, 1981) As Table 4 shows, we see the same institutions represented and the same power relationships as noted in the Bilderbergers. Almost half of the media TLC participants up to 1979 were also Bilderbergers. Only four of the 21 were working members of the press and only one executive had a primary role in news

gathering.

The study of the media and The Council on Foreign Relations presents revealing phenomena (Lukas 1971; New York Times 1966a). Shoup and Minter (1977) show significant participation in the CFR by members of the Establishment print media, particularly the New York Times. In 1972 three of the ten Times directors and five of nine editorial executives belong to the CFR. Talese's (1969) index shows at least twenty people associated with the Times who belong to the elite organization. Many of these are interlockers with the Bilderbergers and the TLC, including columnists James Reston and Max Frankel and executives and editors such as the Sultzbergers. The Washington Post also participates in the CFR, although not to the extent that the Times does. In 1972, nine Post directors were members including the prime working executives. The Post's sister publication, the news magazine Newsweek, also had a number of connections. Newsweek's rival, Time magazine, was even more heavily interlocked with the CFR. Allen (1971) lists other publications such as Fortune, Life, Look, Los Angeles Times, the New York Post (under its previous owner), Saturday Review, Harpers, and Business Week along with the book publishers McGraw-Hill, Simon and Schuster, and Book of the Month.

Except for ABC the TV networks also are represented in the CFR, and for the first time we see working members of TV network news, such as Daniel Schorr, Marvin Kalb and John Chancellor, as participants in an elite Cartel organization. The legendary Ed Murrow of CBS also was a member. A fascinating insight into media participation in the CFR was made by Murrow when he observed that "they probably want me to do some dirty work for them!" (Kendrick 1969, 135). At the network executive level there were four CFR members in 1972.

The pervasive nature of the CFR in the media can be seen by observing how many of the organization's media participants interlock with the Bilderbergers and the TLC. Of the 44 Bilderberg media participants, all are CFR members but eight, of whom five have other elite connections such as the CED or Brookings Institution. It is unknown if the remaining three are Council members, although they come from institutions or corporations which do have strong CFR connections. Of the 21 Trilateral Commissioners from the media, all are from the CFR except for four, who have other elite connections. The one without such credentials is the Black syndicated columnist Carl Rowan.

From the information in tables 1, 2, 3, and 4, two observations can be made. First, the media are not at the

top levels of power. Second, there is a glaring absence of representatives from the electronic media, the only ones being directors from NBC and CBS who (with the exception of Sarnoff) have no prime management interest or working function in the networks. Third, the reporters who are invited are nationally syndicated columnists--none known for their critical views of the Establishment--and these are mainly from the Times, with lesser participation from the Post and the Christian Science Monitor.

The preceding analysis shows the position of the leading mass media companies' personnel in the national power structure. Some of the outside directors are at or near the highest levels in the Cartel, but the inside directors are at much lower levels. Although the latter are not prime decision makers, they can be considered very important functionaries. The publisher of the New York Times is well aware of the position of his newspaper in U.S. society (Silk and Silk 1980, 92-103). "We are the Establishment. That's why (my friends and business associates) are so surprised when we write against them." Concerning the reporting of business issues, Sulzberger said that "they want to have only the good news reported, and our job is to report also some (emphasis mine) of the bad news as well as the good." David Rockefeller observed, "It has

long been my impression that the Times conceives its objective to be on the side of the people versus business. I don't agree with that prejudice" (Silk and Silk 1980, 95).

What is the function of the core Ruling Cartel organizations in relation to the media, and vice versa? It is the organizations' job to see that the media corporations and key personnel participate in the Cartel's consensus formation. For the media's part, they must censor what is necessary, distort and obfuscate where required and attempt to ensure that the proper responses are made or at least are kept within acceptable limits.

This has been extremely successful so far. A minuscule amount has been printed and next to nothing has been broadcast by the networks--only one brief mention about the TLC by ABC and CBS (Vanderbilt University Library 1981). The key Cartel groups still toil in anonymity as far as the mass of Americans are concerned. It is vitally necessary to our rulers to hide from the American people the reality of the way the country and its international relationships are controlled by a few people in the ruling class and their trusted elite collaborators.

2.7.4 THE MEDIA AND THE CIA

Now that we see the interlocking social, political and economic relationships of the media with the top layers of the Ruling Cartel, it is easy to understand how simple it was for the Establishment print and electronic media to cooperate with the CIA at home and abroad. As was mentioned previously, the top executives had personal, friendly relationships with the heads of the CIA. They all circulated in the same circles. Most were Bilderbergers and CFR members. Having the approval, even the urging of their top leaders, it is also easy to understand how the reporters and columnists could become involved in a special relationship with the CIA, especially those journalists who were fellow members of the elite Cartel organizations. The result is that it is relatively easy to flood the country with CIA disinformation, particularly the CIA has so many media assets around the world and especially when governmental officials and the Establishment press are in on the consensus (conversation with former CIA official John Stockwell and co-editor of Covert Action Information Bulletin, Louis Wolf).

2.8 CONCLUSION

How can we assess the composite phenomenon of the Trilateral Commission, Bilderbergers, Council on Foreign Relations and all the other institutions and people comprising the Ruling Cartel? Does it represent a secret conspiracy? The labelling of power structure studies as merely conspiracy theories is used both in a positive and negative way. A conspiracy theory accusation can be beneficial when critiquing wild claims which are made without adequate empirical evidence and with oversimplification of issues and social phenomena. Such is the case during times of Red-baiting hysteria and witchhunts; when much of the world's ills are attributed to an international Jewish conspiracy; or when the Rockefellers are seen as agents of the Kremlin.

However, the most prevalent use of the term "conspiracy theory" seems to be made by many people in academia and the press to disparage and discourage power structure studies, particularly when these studies fly into the face of cherished myths of pluralism or reveal the true nature of power relationships. Consequently, the efforts of power

structure writers are severely distorted, dismissed out of hand or ignored altogether.

The pluralist writings found in Curry and Brown's Conspiracy, The Fear of Subversion in American History (1972) provide good examples of such distorted treatment. By lumping together many groups and movements, the opinions and streams of thought which are the most bizarre are used to deny legitimacy to the other analyses which are more reasonable and based on more evidence. For instance, the anti-Catholic and anti-Mormon conspiracy writers, the Ku Klux Klan proponents and the Red baiters of the McCarthy era are treated in the same supercilious manner as are the Populist thinkers, the Socialist Party members and the people in the Progressive Movement. In fact, Hitchcock (1972, 239) lumps the McCarthyites and the New Left together as having comparable "spirit" and "character." He is especially offended that New Left people criticized the liberals who ran the Viet Nam War, particularly during the Johnson years.

The authors also disparage groups such as the Populists as being naive and inexperienced, even though the writers acknowledge the validity of the Populists' complaints of the concentration of wealth and power at that time in the financial centers of the U.S. and England. In Nugent's

(1972) chapter on the Populists, for instance, it is stated that if the Populists had been more worldly-wise, they would have seen that the hallmark of Eastern, urban economy was "dogged competition, not class conspiracy" and that

"no amount of educational excursion [of the Populist individuals] would have rid them [of the point of view] that [the capitalists] were united in a way of life, [and had] a common economic viewpoint which left farmers and laborers out of account except as factors of production and, very often, subjects for exploitation."

Nugent then calls Populists' ideas "naive and shot through with simplification." In light of the material presented in this dissertation, and the realities of the monopoly capitalist, corporate world in their time, the Populists seem to have had a clearer, more sophisticated analysis of society than Nugent, although Nugent does acknowledge that the Populists had their views rooted in a "realistic conflict of economic interest."

In addition to disparaging the very real empirical basis of the arguments of groups like the Populists, the pluralist "anti-conspiracy" writers either ignore or place no crucial significance in the great volume of empirical evidence since the turn of the Twentieth Century (particularly from government investigations) which provides bases for power structure studies. Furthermore, the writings of C. Wright Mills, Domhoff and Marx are ignored by

these pluralists in the Conspiracy book.

The effect of this criticism appears to have been the creation of a hypersensitive fear on the part of some power elite and governing class analysts in having the conspiracy epithet hurled at them. Soref (1976), after making his excellent presentation on interlocking directorates, says that "to avoid conspiracy theory," researchers should only assume that "incentives" is the basic factor in class differentiation between inside and outside directors. Mills (1956, 17, 293, 294) wrestles with the subject, but seems uncharacteristically timid in his conclusion. Criticizing the view that history is "an easily located set of villains, or of heroes," he believes that the Power Elite is not conspiratorial. Even though much of its activity is masked by secrecy, "there is nothing hidden about it, although its activities are not publicized;" and "although its decisions are often publicly unknown, ... its mode of operation is manipulative rather than explicit."

Domhoff (1972, 75) does not seem to share the hesitations regarding the conspiracy epithet that Soref and Mills displayed. Domhoff merely states that the word "conspiracy" should be replaced with "consensus" when it comes to analyzing the governing function of the American Ruling Class.

Another reason for the quick application of the epithet "conspiracy theory" may be that much of the writing in the field (particularly since World War II) has been done by right wing authors who lack the proper academic credentials and who do not write in acceptable prose or from an "objective" viewpoint (Von Hoffman 1975). Although some of these right wing authors occasionally make extravagant or seemingly absurd claims or come to conclusions with which other researchers might disagree, the empirical evidence provided by the writers can be valuable and should not be dismissed out of hand.

It is of interest to see what some of the right wing writers have said about the nature of the conspiracy. Sutton and Wood (1978a, 40) state that the fact that the Rockefellers and the Trilateralists exercise immense power does not mean that they are the only powerful people and that they control a conspiracy. That "is really irrelevant. If it is a conspiracy, it is the most open conspiracy in world history. What is important is intention."

Allen (1971, 8, 9), on the other hand, frankly says that there is a conspiracy and uses the word frequently. He believes that the term merely means that historical phenomena are the result of things which happen because they

are planned and because someone causes them to happen, not because they occurred by accident. It is merely a cause and effect view of history. Allen quotes Franklin Roosevelt as saying that "in politics, nothing happens by accident. If it happens, you can bet it was planned that way."

Another conspiracy writer, Skousen (1971, 3) presents the oft-quoted statement of England's Benjamin Disraeli, "The world is governed by very different personages from what is imagined by those who are NOT behind the scenes." Further to the right of Allen, Skousen provides a lengthy review and commentary on Quigley (1966). Although Quigley reveals the secret history and existing nature of the covert power group (basically the internationally powerful bankers), he approves of it, much as Moody did in his The Truth about the Trusts. But Skousen sees the activities of the Rockefellers, et al., as a super-conspiracy which is using the Communists and Socialists as fronts to enslave the world in a totalitarian, socialist dictatorship under their control.

This brings us to the question of the evidence provided in this dissertation. What is the degree of conspiracy in relation to the control by the Ruling Cartel? It depends on your definition of conspiracy and on how you view the activity of the Cartel. In Webster's Third Collegiate

Dictionary (1926) the definition of conspiracy has several facets: "a combination, usually secret, of persons for evil or unlawful ends;" another definition is merely "harmonious action;" and a third is "to concur or to work to an end; to agree."

The activities of the Cartel fall into all three categories. The first definition is the one to which people generally refer when the term "conspiracy" is used. Certainly there is plotting of illegal activity which is carried out in the boardrooms, at elite social clubs and in government, particularly in organizations such as the CIA. Examples of activity which can fall into the more sinister definition of the word conspiracy can be found in the meetings of the Bilderbergers, the Council on Foreign Relations and other Cartel-controlled organizations (including government agencies such as the National Security Council and the CIA), where illegal activity is planned, such as the 1954 overthrow of the Arbenz government in Guatemala, the destruction of the Allende government in Chile, the U.S. invasion of Grenada and the American actions against Nicaragua.

But, the activities of plotters do not necessarily have to be illegal to be considered conspiratorial. Because the Cartel people are the individuals who develop, determine and

carry out policy, who get favorable laws passed and who appoint people who administer the laws in a favorable manner, they can get the label of "legal" attached to their actions.

There always has been covert activity, as exemplified by the framers of the existing U.S. Constitution, stately sitting in sealed secrecy in Philadelphia. The press is not allowed in boardroom discussions; media managers and reporters are not permitted to participate freely in the exclusive Ruling Class social and political institutions; there are many governmental secrets; there are executive sessions of Congress; laws protect certain secret relationships; and corporations, particularly banks, frequently do not cooperate with congressional investigations. Actually, secrecy is standard in ruling the country, particularly in the corporate world. Quigley (1966, 954) states that public exposure of the existence of the "insiders" and their control group is of great concern to the core members of the Establishment. Thus, great efforts are made to bring the Establishment media into the consensus. Therefore, the secrecy of the CFR, TLC and the Bilderbergers is not unexpected. It is merely business as usual for the powerful.

There is almost continuous activity to develop

consensus and to work out agreements on specific matters as well as general policies so that the desired action can be taken harmoniously. Additionally, there are the successful efforts in having key decision makers selected from a pool of people and who have been through the Cartel consensus-making process.

So the basic question is not a matter of conspiracy. Conspiring goes on continuously. Some is covert, some is semi-covert and some is overt.

The basic questions in studying the American power structure are not a matter of conspiracy, but the following:

1. To what degree are key political, economic, communications and cultural institutions, lawmaking and administration, policy formation and decision making controlled and influenced by the American Ruling Class via the Ruling Cartel?
2. How tightly is this control held and how directly is it exercised?
3. What are the varying degrees of consensus within the Ruling Class which can result in differences of opinion and discord within the Cartel itself?
4. What are the nature and impact of struggles of non-Establishment, special interest groups and individuals?

This chapter has provided a description of the institutions and some of the people constituting the American Ruling Cartel. In spite of the many problems which prevent the prime decision makers from running the country and its international relationships as smoothly as they would like, the fact remains that they are still firmly in control, the institutional framework and operation remain intact, and they derive most of the benefits in the form of income and wealth. Struggle as the masses of the people may, they can only use whatever means they may have to influence the controllers. Our rulers do respond eventually, even when they do not like to do so, if sufficient pressure is placed on them.

There are many significant problems which the American ruling class has handled but which still loom large in their memories: the violent labor movement in the nineteenth and twentieth centuries; the Great Depression, which brought near-revolutionary conditions; the civil rights movement with its large number of mass mobilizations, actions and riots; and the Viet Nam War which was brought to an end by public struggle too large to ignore (as well as other factors such as the success of the enemy army, the U.S.

armed forces' increasing ineffectiveness and even resistance to fight further, the economic dislocations at home, and the alienation of U.S. allies.) Now it is the peace movement which is fighting to produce a more dovish response from the Cartel.

Perhaps in response to these phenomena and the interrelated complexities of today's society, the Ruling Cartel has taken a new offensive which is unique in its relative openness, pervasiveness and dynamism. It has captured the central, most powerful financial, industrial, communications, agricultural and transportation institutions of American society, and this process of concentrating is continuing at an accelerated rate. Through a combination of legal and illegal payments to Congressmen and the inclusion of key Congressmen in the CFR, TLC and Bilderbergers, it generally obtains cooperation with the legislative branch. (If it does not always get all it wants, at least nothing deleterious to its major interests is enacted.) It has captured the regulatory agencies. Through its domination of the fiscal institutions, including the Federal Reserve System, it is controlling the economy--as much as it can be controlled. Through its control of election purse strings, it is generally able to cultivate and get elected its chosen candidates, even to the extent of handpicking the men for

the presidency and vice-presidency. It has brought about a cooperative labor leadership by including selected men in the CFR, TLC and Bilderbergers and by controlling their pension funds. Through its control of the CIA, FBI and armed forces, it has a corner on the violence market. Meanwhile, it maintains an accommodation with the Crime Syndicate (The Mafia), and even uses it cooperatively when it desires (Hammer 1975; Rolling Stone 1976). Through its control of the elite, Establishment news media and a combination of repression by the FBI and the Internal Revenue Service and the economic difficulties of sustaining alternative media, it is able to contain the mass dissemination of information and opinions which could threaten its hegemony.

Is there a prime center of power within the ruling class? This is difficult to answer with great clarity. The fact of ruling class centers of power cooperating rather than competing was noted in the early 1900s. Moody, Brandeis and the Pujo Committee observed that the Rockefellers and Morgans should be considered as one group despite occasional financial competitiveness because they were so intertwined and cooperative in basic interests. Later, in the late 1930s and early 1940s one of the TNEC studies used the term "the Rockefeller-Morgan Group."

However, it seems that the Morgan group had the upper hand politically until J.P. Morgan died, leaving no strong family line to carry on (Menshikov 1969). Although his partners continued, the Morgan power waned as they died, with the Morgan institutions falling into the hands of a coalition of various upper class corporate, legal and banking heads. Meanwhile, the Rockefellers were gaining in power as their control over financial institutions increased and as their family and business alliances spread (Knowles 1973). Having a succession of generations to assume the Rockefeller mantle helped greatly in consolidating and perpetuating their power. Although today the "Morgan" group still is significant, particularly in investment and control over various corporations, individuals within the group generally do not fill the key positions either in government or in such powerful political organizations as the TLC and CFR.

As far as other groups are concerned, particularly those which are regional, either they have become an integral part of the system (such as the Mellons or the Boston Group), have been beaten back when they have made a significant challenge to Cartel dominance either as individuals or as groups (such as the Kirby Group, the Hunt brothers, or Saul Steinberg) and recognize and accept their

secondary position in the system, or quietly try to build themselves up to get a bigger share of the pie (such as the Texas financial institutions) (Menshikov 1969; Knowles 1973). But even the Texans have interlocks with the New York banks and their major corporations, and the Texans seem to recognize the Eastern hegemony (Lemann 1983; Grove 1978).

No one can predict what the outcome will be of the situation of the Rockefellers, whose family dominance may come to an end with the passing of David and his family peer group. There seems to be no one in the family who is actively working on the economic side of the structure. Only John D. "Jay" Rockefeller IV (a TLC member and Bilderberger) has assumed a public role, but that is on the political side as governor of West Virginia. No significant power is presented there so far.

But, whatever the future of the Rockefeller family as individuals, their institutions will remain and will continue to be controlled by members of the ruling class. If, following the Morgan to "Morgan" metamorphosis, the Rockefeller group becomes the "Rockefeller" group, the consequences will be much the same so far as the rest of us are concerned. The powerful John J. McCloy was the top man and performing well while David Rockefeller was serving his apprenticeship at Chase-Manhattan.

Regardless of who the top decision makers are, regardless of the range of points of view and approaches within the Cartel, the bases of the capitalist system and the people who benefit the most from it remain intact. At the macro level the intra-ruling class disputes are mostly disagreements as to which group of powerful capitalists will run things. At the micro level it can make a difference of the degree of the economic benefits which will go to the middle class, the extent of the social and economic floor or safety net for the poorer masses and the difference in the degree of direct repression and deprivation of civil liberties and for which groups.

And, finally, it represents, as Domhoff says, the range of opinion difference wherein lies our acceptable, legitimate arena of democracy and for acceptable discourse in the mass media. We will now look at the media in greater detail.