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The corporate rich and the power elite in the twentieth century: how they won, why liberals and labor lost

by G.William Domhoff, New York, Routledge, 2020, 546 pp., $59.95 (softcover), ISBN 978-0-367-25389-9

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BOOK REVIEW

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G. William Domhoff's latest book applies and extends the theoretical framework for the study of power in American politics that he first put forward in 1967 in *Who Rules America?* This book, *The Corporate Rich*, his longest, is based on archival research as well as wide reading in scholarship about American politics, public policy, and political economy. Most of the book consists of in-depth historical studies of key legislation over the past century in three areas of policy that Domhoff thinks are of great importance to the corporate rich: unions and labor policy, social insurance programs, and international trade, each of which is the subject of several detailed chapters. Readers will learn a great deal about the contending forces in the policy battles over these issues since the early twentieth century. At the same time, Domhoff uses case studies to assess contending theoretical perspectives about the nature of power in American society and politics. Influenced by historical sociologist Michael Mann's model of ideological, economic, military, and political (IEMP) networks of power, Domhoff distinguishes his theory from Marxism, which he believes rests on overly rigid understandings of historical change, parliamentary democracy, and class struggle. He states, "the only conceptual agreement with Marxism in this book is that class conflict in the economic sense is a useful conceptual building block for an understanding of the American power structure" (29). He contends that his findings demonstrate the shortcomings of more mainstream social science theories such as interest group pluralism, organizational state theory, and historical institutionalism, "and may add up to a refutation of all three" (499).

One way to understand the building blocks of Domhoff's framework is through examining words used in the book's title and sub-title, as well as several terms explained in the introduction. The "corporate rich" are the owners and managers of large incorporated properties – profit-seeking banks and corporations – that were emerging in the U.S. economy by the early 1900s. The corporate rich use their economic and political power to "dominate" public policies and government structures on key issues. In the past Domhoff has described his position as "class dominance," but in this book he prefers the term "corporate dominance." The leadership group of the corporate rich is the "power elite," who are "in command positions in institutional hierarchies controlled by the corporate rich" (10). Domhoff's use of this term is indebted to, but somewhat different from, its original usage by C. Wright Mills in the 1950s. There are differences within the power elite between corporate moderates and corporate ultra-conservatives, with the moderates prevailing in most cases, according to Domhoff. For much of the twentieth century, the corporate rich and the power elite dealt with two enduring and contending voting coalitions that existed in Congress: a "conservative coalition" of Southern Democrats and most Republicans opposed to labor unions, social benefits, and government regulation of business, and a "spending coalition" of most Democrats, including Southerners depending on the issue, voting for subsidies, tax breaks, and other benefits for their supporters. Corporate dominance was also challenged outside of Congress by a liberal-labor coalition consisting of a mixture of "unions, grassroots environmentalists, social justice groups, consumer groups, and political liberals in general" (11). This alliance is handicapped by having to work within the Democratic Party due to the single-member, simple plurality U.S. election system. Domination by the corporate rich takes place through four network-based processes: lobbying, opinion-shaping, candidate selection, and – of great importance – policy-planning, which involves think tanks, research institutes, policy-discussion groups and other organizations. These processes ensure that the corporate rich and the power elite tend to prevail over the labor-liberal coalition on core class issues.

Turning to the case of labor unions in part 1, Domhoff describes the emergence of unions and workers' political parties during the nineteenth and early twentieth centuries, followed by a close account of the origins of the National Labor Relations Act (NLRA) in 1935 and its aftermath. This New Deal legislation, which was widely opposed by business, would seem to pose a serious problem for corporate dominance theory. While corporate moderates played a significant role in its design, Domhoff describes it as a "unique piece of legislation" and a victory for the liberal-labor alliance that was made possible by a confluence of factors. First, and most important, the exclusion of agricultural and domestic workers from coverage made it possible for moderate and conservative Democrats in Congress to vote for the act. Second, the NLRA was acceptable to the centrists and liberals, including President Roosevelt, who controlled the executive branch. Third, working-class cohesion had grown in the North since the early 1930s, affecting the voting base of the Democratic Party in ways supportive of the bill. Fourth, the NLRA passed because "Roosevelt had entered into a political alliance on this issue with leaders of the industrial segment of the working class, which had gained his attention through the disruptions its activists and leaders were able to generate" (131). But within several years of the initial legislation, the growing opposition of Southern Democrats, whose interests had been accommodated by the NLRA, to "sit-down strikes and interracial organization" led the Southern rich to turn against the liberal-labor alliance and "thereby united the full power elite against the act" (220). In the following decades, business and the conservative coalition fought to prevent further gains for unions and won a major victory with the passage of the Taft-Hatley Act of 1947. By the late 1960s, unions faced serious decline as corporate resistance to labor was intensified by growing international manufacturing competition while liberals and labor were divided over how to react to demands by the civil rights and Black Power movements. Many middle-income whites switched their votes to the Republicans as well.

Part 2 of the book is about how corporate moderates created social insurance programs, and later tried to undermine them. In contrast to business opposition to labor unions, corporate moderates were less opposed to national-level social insurance programs. Here the main dynamic was that corporate moderates "were sometimes amenable to social programs when there was social upheaval or working-class pressures. At that point, they either created social-benefit programs within their policy-planning network or shaped those put forward by the liberal-labor alliance" (227). The main case is a lengthy study of the 1935 Social Security Act, developed by policy-planning institutions tied to corporate moderates, aided by the new liberal-labor alliance, battling political ultraconservatives and Southern plantation owners. "The corporate moderates and their hired experts shaped the general act, but the Southern Democrats carved out the exceptions the plantation owners wanted," Domhoff concludes (286). He describes how the Social Security Act was supplemented in the following decades by a variety of government programs (Medicare, Medicaid, EITC, nutritional assistance, among others) at the same time that the corporate rich worked to limit Social Security itself. For Domhoff, the comparatively "meager" U.S. welfare state is "further evidence for the power of the corporate rich and the power elite through their policy and the conservative coalition in Congress" (366).

Part 3 of *The Corporate Rich* charts the rise the rise of an international economic system from 1939 to 2000, and the key role of corporate moderate policy planning groups such as the Council on Foreign Relations (CFR), the Committee for Economic Development, and the Business Roundtable in developing the policies for its operation. These extend from the CFR's Grand

Area planning during World War II to the passage of the North American Free Trade Agreement in 1993, the approval of American participation in the World Trade Organization in 1994, and the establishment of permanent normal trade relation with China in 2000. Domhoff includes a revealing chapter on how Grand Area strategy led the U.S. to regard Southeast Asia not only as a battleground for the containment of communism, but also as essential for the reconstruction of the international economy and the integration of Japan in line with American interests after World War II. While the Vietnam War was not inevitable or foreordained, America's escalating involvement in Vietnam is placed in the context of corporate moderate global economic strategy. But the significance attached to Southeast Asia by the policy planners changed over time, as the Sino-Soviet split became apparent and as domestic disruption caused by the war intensified. By 1968, the corporate moderates, in the form of LBJ's CFR-heavy "Wise Men" advisors, "thought that de-escalation, negotiation, and eventual withdrawal were the only sensible steps" (442). Still the power of the corporate rich to successfully push for what would be called "globalization" continued in the following decades, to the detriment of "the 85–90 percent of Americans who are not owners, business executives, corporate lobbyists, famous entertainers, or professionals with advanced college degrees" (493).

Domhoff's theoretical perspective, if used flexibly, could strengthen insights from several analytical tendencies in contemporary U.S. political science. "Historical institutionalism" emerged as an influential framework, with attention to the historical development of government institutions, the role of experts, the "path dependence" of public policy, and political "entrepreneurship." However, this school tends to be somewhat weak on understanding the class forces involved in processes of state building. The subject of inequality, and its relationship to American politics, has attracted renewed attention by prominent political scientists, whose research clearly challenges pluralist assumptions and to some extent is informed by arguments and finding about corporate dominance. For example, Martin Gilens and Benjamin Page, in a widely noted 2014 article in *Perspectives on Politics*, find that "average citizens' preferences continue to have essentially zero estimated impact upon policy change, while economic elites are still estimated to have a very large, positive, independent impact." They conclude that while citizens do have access to regular elections and many formal rights, "majorities of the American public actually have little influence over the policies our government adopts ... [W]e believe that if policymaking is dominated by powerful business organizations and a small number of affluent Americans, then America's claims to being a democratic society are seriously threatened." Domhoff's theoretical model provides a way of understanding more clearly the entanglement of corporate power, policy-planning networks, race, class and history that has produced these outcomes, and to the ways in which they continued to shape American politics in the Trump era and now under Biden.

Notes on contributor

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