Elitism in a Democracy

Great power in America is concentrated in a handful of people. A few thousand individuals out of 281 million Americans decide about war and peace, wages and prices, consumption and investment, employment and production, law and justice, taxes and benefits, education and learning, health and welfare, advertising and communication, life and leisure. In all societies—primitive and advanced, totalitarian and democratic, capitalist and socialist—only a few people exercise great power. This is true whether or not such power is exercised in the name of "the people."

Who's Running America? is about those at the top of the institutional structure in America—who they are, how much power they wield, how they came to power, and what they do with it. In a modern, complex industrial society, power is concentrated in large institutions: corporations, banks, insurance companies, media empires, the White House, Congress and the Washington bureaucracy, the prestigious law firms and powerful lobbyists, the large investment houses, the foundations, the universities, and the private policy-planning organizations. The people at the top of these institutions—the presidents and principal officers and directors, the senior partners, the governing trustees, the congressional committee chairpersons, the Cabinet and senior presidential advisers, the Supreme Court Justices—are the objects of our study in this book.

We want to ask: Who occupies the top positions of authority in America? How concentrated or dispersed is power in this nation? How do these institu-

tional leaders attain their positions? What are their backgrounds, attitudes, and goals? What relationships exist among these people of power? How much cohesion or competition characterizes their relationships? Do they agree or disagree on crucial issues confronting the nation? How do they go about making important decisions or undertaking new programs or policies?

THE INEVITABILITY OF ELITES

The elite are the few who have power in society; the masses are the many who do not. We shall call our national leaders "elites" because they possess formal authority over large institutions that shape the lives of all Americans.

America is by no means unique in its concentration of great power in the hands of a few. The universality of elites has been a prominent theme in the works of scholars throughout the ages. The Italian sociologist Vilfredo Pareto put it succinctly: "Every people is governed by an elite, by a chosen element of the population."

Traditional social theorizing about elites views them as essential, functional components of social organization. The necessity of elites derives from the general need for *order* in society. Whenever human beings find themselves living together, they establish a set of ordered relationships so that they can know how others around them will behave. Without ordered behavior, the concept of society itself would be impossible. Among these ordered relationships is the expectation that a few people will make decisions on behalf of the group. Even in primitive societies someone has to decide when the hunt will begin, how it will proceed, and what will be done with the catch.

Nearly two centuries ago Alexander Hamilton defended the existence of the elite by writing:

All communities divide themselves into the few and the many. The first are the rich and well-born, the other the masses of people. The voice of the people has been said to be the voice of God; and however generally this maxim has been quoted and believed, it is not true in fact. The people are turbulent and changing, they seldom judge or determine right.2

The Italian political scientist Gaetano Mosca agreed:

In all societies—from societies that are very underdeveloped and have largely attained the dawnings of civilization, down to the most advanced and powerful societies-two classes of people appear-a class that rules and a class that is ruled. The first class, always the less numerous, performs all of the political functions, monopolizes power, and enjoys the advantages that power brings, whereas the second, the more numerous class, is directed and controlled by the first, in a manner that is now more or less legal, now more or less arbitrary and violent.³

¹ Vilfredo Pareto, Mind and Society (New York: Harcourt Brace Jovanovich, 1935), p. 246.

² Alexander Hamilton, Records of the Federal Convention of 1787.

³ Gaetano Mosca, *The Ruling Class* (New York: McGraw-Hill, 1939), p. 50.

It is the necessity in each society—if it is to be a society, not a rabble—to order the relations of men and their institutional ways of achieving needed ends. . . . Organized power exists—always and everywhere, in societies large or small, primitive or modern—because it performs the necessary function of establishing and maintaining the version of order by which a given society in a given time and place lives.4

Political scientists Harold Lasswell and Daniel Lerner are even more explicit:

The discovery that in all large-scale societies the decisions at any given time are typically in the hands of a small number of people confirms a basic fact: Government is always government by the few, whether in the name of the few, the one, or the many.

Elitism is not a result of inadequate education of the masses, or of poverty, or of capitalism, or of any special problem in society. The necessity for leadership in social organizations applies universally. Robert Michels, who as a student was active in socialist politics in Europe in the early 1900s, concluded reluctantly that elitism was not a product of capitalism. All large organizations—political parties, labor unions, governments—are oligarchies, even radical socialist parties. In Michels's words, "He who says organization says oligarchy." Michels explains his famous "iron law of oligarchy" as a characteristic of any social system.⁶

Thus, the elitist character of American society is not a product of political conspiracy, capitalist exploitation, or any specific malfunction of democracy. All societies are elitist. There cannot be large institutions without great power being concentrated within the hands of the few at the top of these institutions.

THE INSTITUTIONAL BASIS OF POWER

Power is not an attribute of individuals, but of social organizations. Power is the potential for control in society that accompanies certain roles in the social system. This notion reflects Max Weber's classic formulation of the definition of power:

In general, we understand by "power" the chance of a number of men to realize their own will in a communal act even against the resistance of others who are participating in the action.⁷

⁴ Robert Lynd, "Power in American Society," in Problems of Power in American Society, ed. Arthur Kornhauser (Detroit: Wayne State University Press, 1957), pp. 3-4.

⁵ Harold Lasswell and Daniel Lerner, *The Comparative Study of Elites* (Stanford, Calif.: Stanford University Press, 1952), p. 7.

⁶ Robert Michels, Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy (1915) (New York: Free Press, 1962), p. 70.

⁷ Hans Gerth and C. Wright Mill, eds., From Max Weber (New York: Oxford University Press, 1946), p. 180.

Power is simply the capacity or potential of persons in certain roles to make decisions that affect the conduct of others in the social system. Sociologist Robert O. Schultze puts it in these words:

... a few have emphasized that *act as such* rather than the *potential to act* is the crucial aspect of power. It seems far more sociologically sound to accept a Weberian definition which stresses the potential to act. Power may thus be conceived as an inherently group-linked property, an attribute of social statuses rather than of individual persons. . . . Accordingly, power will denote the *capacity* or *potential* of persons *in certain statuses* to set conditions, make decisions, and/or take actions which are determinative for the existence of others within a given social system. ⁸

Thus, elites are people who occupy power roles in society. In a modern, complex society, these roles are institutionalized; the elite are the individuals who occupy positions of authority in large institutions. Authority is the expected and legitimate capacity to direct, manage, and guide programs, policies, and activities of the major institutions of society.

It is true, of course, that not all power is institutionalized. Power can be exercised in transitory and informal groups and in interpersonal interactions. Power is exercised, for example, when a mugger stops a pedestrian on the street and forces him to give up his wallet, or when a political assassin murders a President. But great power is found only in institutional roles. C. Wright Mills, a socialist critic of the structure of power in American society, observed:

No one . . . can be truly powerful unless he has access to the command of major institutions, for it is over these institutional means of power that the truly powerful are, in the first instance, powerful.⁹

Individuals do not become powerful simply because they have particular qualities, valuable skills, burning ambitions, or sparkling personalities. These assets may be helpful in gaining positions of power, but it is the position itself that gives an individual control over the activities of other individuals. This relationship between power and institutional authority in modern society is described by Mills:

If we took the one hundred most powerful men in America, the one hundred wealthiest, and the one hundred most celebrated away from the institutional positions they now occupy, away from their resources of men and women and

⁸ Robert O. Schultze, "The Bifurcation of Power in a Satellite City," in *Community Political Systems*, ed. Morris Janowitz (Glencoe: Free Press, 1961), p. 20.

⁹ C. Wright Mills, *The Power Elite* (New York: Oxford University Press, 1956), p. 9.

money, away from the media of mass communication . . . then they would be powerless and poor and uncelebrated. For power is not of a man. Wealth does not center in the person of the wealthy. Celebrity is not inherent in any personality. To be celebrated, to be wealthy, to have power, requires access to major institutions, for the institutional positions men occupy determine in large part their chances to have and to hold these valued experiences.

Power, then, is an attribute of roles in a social system, not an attribute of individuals. People are powerful when they occupy positions of authority and control in social organizations. Once they occupy these positions, their power is felt as a result not only in their actions but in their failures to act as well. Both have great impact on the behaviors of others. Elites "are in positions to make decisions having major consequences. Whether they do or do not make such decisions is less important than the fact that they do occupy such pivotal positions: Their failure to act, their failure to make a decision, is itself an act that is often of greater consequence than the decisions they do make."¹¹

People in top institutional positions exercise power whether they act overtly to influence particular decisions or not. 12 When the social, economic, and political values of elite groups, or, more importantly, the structures of the institutions themselves, limit the scope of decision-making to only those issues which do not threaten top elites, then power is being exercised. Political scientists Peter Bachrach and Morton S. Baratz refer to this phenomenon as "non-decision-making." A has power over B when he or she succeeds in suppressing issues that might in their resolution be detrimental to A's preferences. In short, the institutional structure of our society, and the people at the top of that structure, encourage the development of some kinds of public issues but prevent other kinds of issues from ever being considered by the American public. Such "non-decision-making" provides still another reason for studying institutional leadership.

POWER AS DECISION-MAKING: THE PLURALIST VIEW

It is our contention, then, that great power is institutionalized—that it derives from roles in social organizations and that individuals who occupy top institutional positions possess power whether they act directly to influence particular decisions or not. But these views-often labeled as "elitist"-are not universally shared among social scientists. We are aware that our institutional approach to power conflicts with the approach of many scholars who believe that power can be viewed only in a decision-making context.

¹⁰ Ibid.

¹¹ Ibid., p. 4.

 $^{^{12}\} Peter\ Bachrach\ and\ Morton\ S.\ Baratz,\ "Decisions\ and\ Non-Decisions,"\ \textit{American Political Science}$ Review, 57 (September 1963), 632-42.

This alternative approach to power—often labeled as "pluralist"—defines power as active participation in decision-making. Persons are said to have power only when they participate directly in particular decisions. Pluralist scholars would object to our presumption that people who occupy institutional positions and who have formal authority over economic, governmental, or social affairs necessarily have power. Pluralists differentiate between the "potential" for power (which is generally associated with top institutional positions) and "actual" power (which assumes active participation in decision-making). Political scientist Robert A. Dahl writes:

Suppose a set of individuals in a political system has the following property: there is a high probability that if they agree on a key political alternative, and if they all act in some specified way, then that alternative will be chosen. We may say of such a group that it has a high *potential* for control. . . . But a *potential* for control is not, except in a peculiarly Hobbesian world, equivalent to *actual* control. ¹³

Pluralists contend that the potential for power is not power itself. Power occurs in individual interactions: "A has power over B to the extent that he can get B to do something that B would not otherwise do." We should not simply assume that power attaches to high office. Top institutional office-holders may or may not exercise power—their "power" depends upon their active participation in particular decisions. They may choose not to participate in certain decisions; their influence may be limited to specific kinds of decisions; they may be constrained by formal and informal checks on their discretion; they may be forced to respond to the demands of individuals or groups within or outside the institutions they lead; they may have little real discretion in their choice among alternative courses of action.

Pluralists would argue that research into institutional leadership can describe at best only the *potential* for control that exists within American society. They would insist that research on national leadership should proceed by careful examination of a series of important national decisions—that the individuals who took an active part in these decisions be identified and a full account of their decision-making behavior be obtained. Political scientist Nelson Polsby, a former student of Robert A. Dahl at Yale, reflects the interests of pluralists in observing specific decisions:

How can one tell, after all, whether or not an actor is powerful unless some sequence of events, competently observed, attests to his power? If these events take place, then the power of the actor is not "potential" but actual. If these events do not occur, then what grounds have we to suppose that the actor is powerful?¹⁵

¹³ Robert A. Dahl, "Critique of the Ruling Elite Model," American Political Science Review, 52 (June 1958), 66 (italics mine).

¹⁴ Robert A. Dahl, "The Concept of Power," Behavioral Science, 2 (1957), 202.

 $^{^{15}}$ Nelson Polsby, $\it Community \, Power \, and \, Political \, Theory \, (New Haven: Yale University Press, 1963), p. 60.$

Pluralism, of course, is more than a definition of power and a method of study—it is an integrated body of theory that seeks to reaffirm the fundamental democratic character of American society. Pluralism arose in response to criticisms of the American political system to the effect that individual participation in a large, complex, bureaucratic society was increasingly difficult. Traditional notions of democracy had stressed individual participation of all citizens in the decisions that shape their own lives. But it was clear to scholars of all persuasions that relatively few individuals in America have any direct impact on national decision-making.

Pluralism developed as an ideology designed to reconcile the ideals of democracy with the *realities* of a large-scale, industrial, technocratic society. Jack L. Walker writes that the "principal aim" of the pluralists "has been to make the theory of democracy more realistic, to bring it into closer correspondence with empirical reality. They are convinced that the classical theory does not account for 'much of the real machinery' by which the system operates."16

Pluralists recognize that an elite few, rather than the masses, rule America and that "it is difficult—nay impossible—to see how it could be otherwise in large political systems."¹⁷ However, they reassert the essentially democratic character of America by arguing that competition between leadership groups protects the individual—that is, countervailing centers of power check each other and guard against abuse of power. Leadership groups are not closed; new groups can be formed and gain access to the political system. The existence of multiple leadership groups in society gives rise to a "polyarchy" leaders who exercise power over some kinds of decisions do not necessarily exercise power over other kinds of decisions. Finally, pluralists acknowledge that public policy may not be majority preference, but they claim it is the rough equilibrium of group influence and, therefore, a reasonable approximation of society's preferences.

IDENTIFYING POSITIONS OF POWER

We are committed in this volume to the study of institutional power. It is not our purpose to assert the superiority of our approach to power in America over the approaches recommended by others. We do not intend to debate the merits of pluralism or elitism as political philosophies. Abstract arguments over conceptualizations, definitions, and method of study already abound in

¹⁶ Jack L. Walker, "A Critique of the Elitist Theory of Democracy," American Political Science Review, 60 (June 1966), 286.

¹⁷ Robert A. Dahl, "Power, Pluralism and Democracy," paper delivered at the Annual Meeting of the American Political Science Association, 1966, p. 3.

the literature on power. Rather, working within an *institutional* paradigm, we intend to present systematic evidence about the concentration of resources in the nation's largest institutions, to find out who occupies top positions in these institutions, to explore interlocking and convergence among these top position-holders, to learn how they rose to their positions, to investigate the extent of their consensus or disagreement over the major issues confronting the nation, to explore the extent of competition and factionalism among various segments of the nation's institutional leadership, and to learn how institutional leadership interacts in national policy-making.

We hope to avoid elaborate theorizing about power, pluralism, and elitism. We propose to present what we believe to be interesting data on national institutional elites and to permit our readers to relate it to their own theories of power.

A great deal has been said about "the power elite," "the ruling class," "the liberal establishment," "the military-industrial complex," "the powers that be," and so on. But even though many of these notions are interesting and insightful, we never really encounter a systematic definition of precisely *who* these people are, how we can identify them, how they came to power, and what they do with their power.

We know that power is elusive and that elites are not easy to identify. Scholars have encountered great difficulty in finding a specific working definition of a national elite—a definition that can be used to actually identify powerful people. However, this is the necessary starting place for any serious inquiry into power in America.

Our first task, therefore, is to develop an operational *definition* of a national elite. We must formulate a definition that is consistent with our theoretical notions about the institutional basis of power and that will enable us to identify, by name and position, those individuals who possess great power in America.

Our institutional elites will be individuals who occupy the top positions in the institutional structure of American society. These are the individuals who possess the formal authority to formulate, direct, and manage programs, policies, and activities of the major corporate, governmental, legal, educational, civic, and cultural institutions in the nation. Our definition of a national elite, then, is consistent with the notion that great power in America resides in large institutions.

For purposes of analysis, we have divided American society into ten sectors: (1) industrial (nonfinancial) corporations, (2) banking, (3) insurance, (4) investments, (5) mass media, (6) law, (7) education, (8) foundations, (9) civic and cultural organizations, and (10) government.

In the corporate sector, our operational definition of the elite is those individuals who occupy formal positions of authority in institutions which control more than half of the nation's total corporate revenues. Our procedure in identifying the largest institutions was to rank corporations by the size of their annual rev-

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enues, and to cumulate these revenues, moving from the top of the rankings down, until at least 50 percent of the nation's total revenues in each sector are included (see Table 2-2). Then we identified by name the presidents, officerdirectors, and directors of these corporations.

In the financial sector, we identified those individuals who controlled the nation's largest banks, insurance companies, and Wall Street investment firms. We ranked these institutions by the size of their assets—banking (Table 3–1), insurance (Table 3-2), and investment firms (Table 3-3)—and identified by name their presidents and directors.

We also included in our definition of the elite those individuals who occupy formal positions of authority in the mass media, the large prestigious New York and Washington law firms, the well-endowed private universities, the major philanthropic foundations, and the most influential civic and cultural organizations. The identification of these institutions involved some subjective judgments. These judgments can be defended, but we recognize that other judgments could be made. In the mass media, we include ownership of five major television networks (ABC, CBS, NBC, Fox, CNN); the New York Times; Time, Inc.; Washington Post-Newsweek; and seven media conglomerates. Because of the great influence of the news media in America's elite structure, we have devoted a special chapter to "The Media Moguls."

Leadership in a variety of sectors is considered under the general heading of "The Civic Establishment." In education, we identify the forty-one colleges and universities with endowment funds totaling \$1 billion or more. These universities control two thirds of all endowment funds in higher education, and they are consistently ranked among the nation's most "prestigious" colleges and universities. Our leadership group includes their presidents and trustees, excluding public universities. Our selection of foundations is based on The Foundation Directory's data on the nation's thirty-eight largest foundations. Each of these foundations, and their trustees/directors, control over \$1 billion in foundation assets. Identifying top positions in the law was an even more subjective task. Our definition of positions of authority in the law includes the senior partners of twenty-nine large and influential New York and Washington law firms. (We also identify Washington's top lobbying firms, but their owners/partners are not included in our operational definition of the nation's elite.) Top positions in civic and cultural affairs were identified by qualitative evaluations of the prestige and influence of various well-known organizations. The civic organizations are the Council on Foreign Relations, the Trilateral Commission, the Committee on Economic Development, the Business Roundtable, and the Brookings Institution. The cultural organizations are the Metropolitan Museum of Art, the Museum of Modern Art, the Smithsonian Institution, the Lincoln Center for the Performing Arts, and the John F. Kennedy Center for the Performing Arts. The members of the governing boards of trustees or directors were included in our definition of institutional leadership.

In the governmental sectors, the operational definition of the elite is

those individuals who occupy formal positions of authority in the major institutions of the national government. Positions of authority in government were defined as the President and Vice-President; secretaries, undersecretaries, and assistant secretaries of all executive departments; senior White House presidential advisers and ambassadors-at-large; congressional committee chairpersons and ranking minority committee members in the House and Senate; House and Senate majority and minority party leaders and whips; Supreme Court Justices; and members of the Federal Reserve Board and the Council of Economic Advisers. We also include both civilian offices and top military commands: secretaries, undersecretaries, and assistant secretaries of the Departments of the Army, Navy, and Air Force; all four-star generals and admirals in the Army, Navy, Air Force, and Marine Corps, including the chairman of the Joint Chiefs of Staff; and the Chiefs of Staff and vice-chiefs of staff of the Army and Air Force, the chief and vice-chief of Naval Operations, and the commanding officers of the major military commands.

Any effort to operationalize a concept as broad as a national institutional elite is bound to generate discussion over the inclusion or exclusion of specific sectors, institutions, or positions. (Why law, but not medicine? Why not law firms in Chicago, Houston, or Atlanta? Why not religious institutions or labor unions? Why not governors or mayors of big cities?) There are no explicit guidelines to *systematic* research on national elites. Our choices involve many subjective judgments. Let us see, however, what we can learn about concentration, specialization, and interlocking using the definitions above; perhaps other researchers can improve upon our attempt to operationalize this elusive notion of a national institutional elite. In the analysis to follow, we will present findings for our aggregate elites, and for specific sectors of these elites.

DIMENSIONS OF AMERICA'S ELITE

Our definition of a national institutional elite resulted in the identification of 7,314 elite positions (Table 1–1).

These top positions, taken collectively, control over half of the nation's industrial assets; over one half of all U.S. banking assets; over three quarters of all insurance assets; and they direct Wall Street's largest investment firms. They control the television networks, the influential news leaders, and the major media conglomerates. They control nearly half of all the assets of private foundations and two thirds of all private university endowments. They direct the nation's largest and best-known New York and Washington law firms as well as the nation's major civic and cultural organizations. They occupy key federal governmental positions in the executive, legislative, and judicial branches.

These aggregate figures—roughly 7,300 positions—are themselves

	Corporate Sectors	Number of Leadership Positions
1.	Industrial corporations (100)	2,143
2.	Banks (50)	1,092
3.	Insurance (50)	611
4.	Investments (15)	<u>479</u>
	Total	4,325
	Public Interest Sectors	
5.	Mass media (18)	220
6.	Law (25)	758
7.	Education (25)	892
8.	Foundations (50)	402
9.	Civic and cultural organizations (12)	433
	Total	2,705
	Governmental Sector	
10.	Legislative, executive, judicial	284
	Total	7,314

important indicators of the concentration of authority and control in American society. Of course, these figures are the direct product of our specific definition of top institutional positions. 18 Yet these aggregate statistics provide us with an explicit definition and quantitative estimate of the size of the national elite in America.

SOME QUESTIONS FOR RESEARCH

Our definition of America's institutional elite provides a starting place for exploring some of the central questions confronting students of power. How concentrated are institutional resources in America? How much concentration exists in industry and finance, in government, in the mass media, in education, in the law, in the foundations, and in civic and cultural affairs? Who are the people at the top of the nation's institutional structure? How did they get there? Did they inherit their positions or work their way up through the

¹⁸ In earlier editions of this volume, using data from 1970–71, we included only 5,416 positions. In recent editions, using data from 1980-81, we added the investment firms and expanded the number of utilities, insurance companies, universities, and foundations. This produced 7,314 positions. Thus, even minor changes in the definition of an elite can produce substantial differences in the overall size of the elite.

ranks of the institutional hierarchy? What are their general attitudes, beliefs, and goals? Do elites in America generally agree about major national goals and the general directions of foreign and domestic policy, and limit their disagreements to the *means* of achieving their goals and the details of policy implementation? Or do leaders disagree over fundamental *ends* and values and the future character of American society?

Are institutional elites in America "interlocked" or "specialized"? That is, is there convergence at the "top" of the institutional structure in America, with the same group of people dominating decision-making in industry, finance, education, government, the mass media, foundations, law, investments, and civic and cultural affairs? Or is there a separate elite in each sector of society with little or no overlap in authority? Are there opportunities to rise to the top of the leadership structure for individuals from both sexes, all classes, races, religions, and ethnic groups, through multiple career paths in different sectors of society? Or are opportunities to acquire key leadership roles generally limited to white, Anglo-Saxon, Protestant, upper-class and upper-middle-class males whose careers are based primarily in industry and finance? Is the nation's institutional leadership recruited primarily from private "name" prep schools and "Ivy League" universities? Do leaders join the same clubs, intermarry, and enjoy the same life styles? Or is there diversity in educational backgrounds, social ties, club memberships, and life styles among the elite?

How much competition and conflict take place among America's institutional elite? Are there clear-cut factions within the nation's leadership struggling for preeminence and power, and if so, what are the underlying sources of this factionalism? Do different segments of the nation's institutional elite accommodate each other in a system of bargaining, negotiation, and compromising based on a widely shared consensus of values?

How do institutional elites make national policy? Are there established institutions and procedures for elite interaction, communication, and consensus-building on national policy questions? Or are such questions decided in a relatively unstructured process of competition, bargaining, and compromise among a large number of diverse individuals and interest groups? Do the "proximate policy-makers"—the President, Congress, the courts—respond to mass opinions, or do they respond primarily to initiatives originating from the elite policy-planning organizations?