Power and Corporate Misalignment

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Power

Power is the kind of concept that political scientists like to call “essentially contested.” That means there isn’t ever going to be one agreed-upon definition to use. For the purposes of this paper, this means we can use a definition of power that is helpful in this context. If there is some other definition or approach that might also be useful, that can be brought in and tested.

I will use a definition and comment from Dr. Martin Luther King, Jr.: “Power is the ability to achieve a purpose. Whether or not it is good or bad depends upon the purpose.” We want to use the idea of power as part of an analysis of social conflicts in the United States, thus power analysis. This kind of power analysis is probably as old as human conflict - “what are the strengths and weaknesses of our opponents, compared to ours.”

Power Structure Analysis

A particular version of power analysis was developed in the 1960s by academics and activists who wanted to understand the role of big corporations in our society. Bill Domhoff helped pioneer this area, termed power structure analysis, in his seminal work, Who Rules America (1968). This led to innumerable studies from leftists in the next two decades, with titles more or less like Who Rules Boston, Who Rules Yale, and so on. All them aimed to explicate how the major corporations were interconnected, how they wielded power, what tensions existed between various subsets of corporations, etc.

For example, in the 1990s, power structure analysis would have looked at the tensions between the insurance sector and manufacturing around proposals for reforming health care. It appeared that companies such as General Motors would benefit greatly from government-provided health insurance, so that GM could get it off of their books. And in fact they and other big manufacturers initially seemed to support the Clinton health care proposals, in the face of fierce opposition from the insurance companies. I.e., there was a split it seemed in the corporate power structure that might allow health insurance reforms to go through. In the event, as we know, the split was resolved in favor of big insurance, with big manufacturing supporting the insurance companies.

For work on corporate misalignment, we need a power structure analysis about the power and the relationships between various sectors of American business: big banks, Wall Street, insurance, big manufacturing, regional corporations, small business, domestic ownership vs. foreign, etc. How are these sectors connected? What are the tensions between them? Could new tensions emerge
that could lead some groups to ally with reformers, and around what kinds of reforms? Who can we talk with? What are their connections to politics, to unions, or other arenas that might provide openings and opportunities for us?

**Dynamics**

A second area of power analysis that could be useful for our work is to understand how corporate power has changed over time - the dynamics of corporate power. A particularly compelling recent book on this topic is *Winner-Take-All-Politics*, by Jacob Hacker and Paul Pierson. The authors trace the growth of corporate power back to the early 1970s, using the extraordinarily influential memorandum that soon-to-be Supreme Court Justice Lewis Powell wrote to the US Chamber of Commerce in 1971. In the Memorandum, Powell talks about the need for every corporation to take the fight for power as seriously as the need to make a profit, and how to wage a coordinated long-term struggle for dominance, in every part of our society, starting with politics, the media, and schools.

We might say that the Powell Memorandum served as the opening shot of neoliberalism, the type of capitalism that has dominated much of the world for the past four decades. Of course, the history and dynamics of corporate power date back to the period of the American Revolution and the British East India Company. For our purposes, the best reference is John Powell and Stephen Menendian’s recent article, *Beyond Public/Private*. The article lays out the interconnections between race, citizenship and corporate power from the 18th Century; it also lays out the evolution of the legal understanding of the corporation -- from being seen as the creation of the state and thus bound to the public purposes agreed to by the state, to the legal doctrine that the corporation is a *natural entity* with only “private” purposes, and with corresponding rights and privileges.

**A Strategy for Corporate Power**

As the Powell Memorandum suggests, at some point big corporations and their allies began to strategize collectively about how to gain more power to create a society that makes the term “business-friendly” look timid. What kind of strategy did big business develop to gain more collective power? I think it is most usefully understood in a framework developed by the British political scientist Stephen Lukes. Lukes was working in tradition of power structure analysis that pre-dated Domhoff; the antecedents are Albert Hunter and Robert Dahl (Who Governs, 1961), who were analyzing power by looking at legislative outcomes.

Lukes argues that important as immediate political outcomes are, they don’t capture all of how power operates. Lukes’ framework is “the three faces of power,” with immediate and observable political struggles being the first face (aspect, or dimension) of power. Following other analysts, he terms the second face of power as the power of political infrastructure to shape what is on and
what is off the political agenda. For example, the corporate political infrastructure has been able largely to keep labor law reform off the agenda since 1948. There has rarely been an overt fight about labor law reform — corporate lobbyists have rarely had to expend much of their political capital to fight it.

Lukes’ third face of power is the power to shape how people understand the world around them – the role of government, the market, race, their own social identities and interests. When Lukes first wrote about power, in Power: A Radical View in 1975, the term radical was used because of the third face, of people’s understandings being intentionally shaped. Today, with the greater recognition of neoliberal ideology, of Fox News, Lukes’ analysis seems almost commonsense if not obvious.

The existence of a conservative-corporate infrastructure is also reasonably obvious (see attachment 1), and we might say that it is that infrastructure that Domhoff and his successors study. What I want to stress here is that the infrastructure has a function, to promote corporate power and a free market ideology. A good example of how it functions is to look at what is on the political agenda now and has been for since 2009: the deficit. One might think that with Wall Street crashing the economy in 2007-8, with taxpayers putting up the money to save the banks, the center of political debate would be about how to fix our financial system, how many Wall Street executives should be in jail, etc.

The deficit is at the heart of the political agenda because for several decades, the corporate-conservative infrastructure has dominated political discourse. They have promoted a meta-narrative based on four interlocking big ideas:

• Government is inefficient and wasteful; it’s intervention in society should be minimized except for the necessary and appropriate functions of military defense and defense of market and property.

• The free market is inherently efficient; competition and choice provide the appropriate and in some sense natural way to judge and reward the winners in social and economic arenas.

• The individual is self-constituted; as Margaret Thatcher famously said, “there is no society, there are individual men and women and there are families.”

• Race matters: some groups are “takers,” whose dependence on government hurts them, as it wastes the resources generated by more productive groups. This dependency and its consequences are reflected in the need for measures of social control over such groups. (Of course “race” is often encoded; these same forces argue that we are in a post-racial society, that it doesn’t really matter, even while they send out signals that use race to undermine support for government.)
These four ideas function together to create a powerful idea of how to understand society. They are tightly articulated together to create something more than the sum of their individual parts. And after forty years of this meta-narrative, the notion that government spending is the problem is common sense.

I should note that I’m using the term meta-narrative, as opposed to narrative, because these four inter-locking concepts appear or are encoded in essentially all of the narratives used by the corporate-conservative infrastructure.

There is a fourth kind of power that maintains the status quo, through it is outside of the framework of most power structure analysis - coercion and force. Big corporations routinely use coercion, from the threat of disciplining an employee, to hiring strikebreakers, to national investment strikes. And those forms of coercion are often reinforced by the coercive powers of the State, from COINTEL to mass incarceration to kettling.

**Power to Realign**

Our task is to develop democratic forms of power that have the capacity to realign the corporate sector. Having described the way in which the corporate-conservative infrastructure built its power, leaving aside coercion, what lessons can we draw about power and strategy?

1) We need some picture of the kind of society that is consistently democratic, including the economy. The current discussion about the “new economy” is a promising step in that direction. But there are many questions that need serious thought: How does the new economy operate, how are jobs created, what role does finance play?

2) We need to understand that, to paraphrase Lewis Powell, power is as important as policy. Many if not most progressive organizations focus heavily on policy wins. And there is a corresponding statement that could be made about unions. In Lukes’ framework, we have been spending too much of our resources on first face of power fights, and not enough on building infrastructure (movement) and narrative (ideology). Further, there has been a tendency among some parts of the progressive community to avoid race and questions of structural racism, because they think that incorporating an analysis and potential remedies makes immediate wins harder. Unfortunately, that avoidance makes achieving our long-term goal essentially impossible.

3) The corporate-conservative infrastructure had a rough picture of what kind of society it wanted, which provided guidance - a compass if you will - for a strategy: privatize (or, corporatize); deregulate; weaken the opposition (unions, the left); and promote a powerful meta-narrative at every opportunity, every campaign, every election — even in ads (freedom = choice).
There is no corresponding progressive infrastructure, in part because building infrastructure is hard - it takes time and resources. But we didn’t build anything comparable to the corporate-conservative infrastructure in part because we didn’t have the strategic conception that “power is as important as profits,” we didn’t have and in fact generally rejected the idea that we needed some kind of ideology or meta-narrative. However, this situation is beginning to change, as more progressive organizations take up the challenge of “movement-building” and developing common narratives.

4) The corporate-conservative infrastructure had a set of strategic pathways and stepping-stones along those pathways that guided their work: privatization, deregulation, elimination of unions, and promotion of their free market ideology (see attachments 2 and 3). We need to develop our version of such pathways.

5) The foundation of democratic, progressive power is people. Can some serious proportion of the American people come to see and to feel that we need a new economy? I believe the answer is yes.
The web is big ideas:
- anti-government
- pro-market
- use race
Deregulation - a structural transformation

Marquette vs. First of Omaha. Usury. 1978
- Break up ATT. 1984
- Railroad Regulatory Reform Act of 1976
- The Public Utilities Regulatory Policy Act. 1978
- Emergency Natural Gas Act, 1977
- Federal Energy Regulatory Commission, Order 888 1996

Airline Deregulation Act. 1978
- Abolish guidelines for non-entertainment programming. 1985
- Motor Carrier Act of 1980
- Ocean Shipping Act of 1984
- Bus Regulatory Reform Act of 1982
- Deregulate cable. 1985-1995

Depository Institutions Deregulation and Monetary Control Act, 1980
- Extending number of TV stations any corporation could own to 12. 1985

Garn-St. Germain Depository Institutions Act, 1982
- Financial Institutions Reform and Recovery Act, 1989
- Surface Freight Deregulation Act of 1986
- Ocean Shipping Reform Act of 1998

FERC order 2000, 1999
- Commodity Futures Modernization Act, 2000
- Riegle-Neal Interstate Banking Act, 1994
- Staggers Rail Act of 1980
- Abolish guidelines for limits to advertising. 1985

Gramm-Leach-Bliley Act, 1999
- Eliminate the Fairness Doctrine. 1987
- Cable, cellular and wireless compete for telephone service, 1996
Privatization - a structural transformation

To the 1% Economy

Attacks on us - a structural transformation

To the 1% Economy