Introduction

It was a balmy, slightly damp evening on June 27, 1936, as nearly a hundred thousand people jammed into the stands and playing surface at Franklin Field in Philadelphia. The huge crowd had gathered in eager anticipation of President Franklin D. Roosevelt's acceptance speech to the Democratic National Convention, which would launch his bid for a second term, and millions more across the country were waiting to listen on the radio. The light rain stopped and the skies cleared only minutes before Roosevelt rode onto the field in his presidential limousine, and then the spotlights that had been sweeping back and forth across the darkened stadium focused on the president as he crossed the covered stage and approached the podium. Basking in the acclaim for having steered many major pieces of reform legislation through Congress in his first term and optimistic about his prospects for re-election with the economy recovering from its low point in March 1933, Roosevelt was in a triumphal mood as he riveted the crowd with one of the most inspirational and defiant speeches in American presidential history.

Pressing home his political advantage, Roosevelt revisited one of the enduring themes of his New Deal, namely the perfidious and selfish nature of the business community. As usual, he was careful to distinguish the rapacious few from the good citizenship of the many. But his speech nonetheless excoriated the "economic royalists" whose power was based upon a "concentration of control over material things." They had tried to create a new despotism "wrapped in the robes of legal sanction," and now they were reaching out for control of the government itself. The political liberties won during the American Revolution might become meaningless, he warned, in the face of a small group that had "almost complete control over other people's property, other people's money, other people's labor—over other people's lives." There now existed a "new industrial dictatorship" that limited opportunity through monopoly and crushed individual initiative in "the cogs of a great machine" in which "privileged enterprise had replaced free enterprise."

The economic royalists complain that "we seek to overthrow the institutions of America," Roosevelt thundered, but "what they really complain of is that we seek to take away their power. Our allegiance to American institutions requires the overthrow of this kind of power." Modern governments, Roosevelt insisted, had "inescapable obligations to their citizens," including the protection of homes and families, the establishment of economic opportunity, and assistance to those in need. The fight against economic tyranny was "a war for the survival of democracy" that would move forward despite business opposition, he promised, because the current generation of Americans had a "rendezvous with destiny" (Roosevelt 1938, pp. 230–236). (For a sense of the crowd at Franklin Field before Roosevelt's speech, a brief excerpt from his speech, and footage of him shortly after the speech ended, see videos 65675036466, 65675036463, and 65675036467 at http://www.criticalpast.com.)

When the ballots were counted that November, Roosevelt had beaten Republican Alfred M. Landon in a landslide. He captured 60.8 percent of the popular vote, won the Electoral College by 523 to 8, and had healthy majorities in the Senate (75-16) and House (331-88). He won 76 percent of lower-income voters but only 42 percent of upper-income voters. More striking, only 18 percent of the business executives who made campaign donations gave anything to Roosevelt, and only a handful of that small minority came from the large financial institutions and industrial corporations that had been the object of Roosevelt's all-out challenge (Webber 2000, pp. 12–15).

And yet, despite all the acrimonious rhetoric and mutual invective between Roosevelt and the economic royalists, some of the richest and most powerful corporate leaders of that era had played a major role in the formulation of the ideas underlying the three most important, controversial, and enduring policies that emerged during the New Deal—the Agricultural Adjustment Act of 1933, the National Labor Relations Act of 1935, and the Social Security Act of 1935. But why would they help draft key elements of the New Deal and then do everything they could to defeat Roosevelt's bid for a second term?

The purpose of this book is to demonstrate that many of the wealthiest and best-organized corporate owners and executives were heavily involved in policy formulation even while opposing the liberal and labor political figures who became increasingly visible and important within the Democratic Party in the first few years of the New Deal. In the process, we seek to demonstrate the superiority of our theory of class dominance, tailored specifically for the United States, over other theoretical perspectives in explaining these three policy initiatives. In particular, we focus our critical attention on three rival theories widely used in sociological and political analyses of the New Deal—historical institutionalism, Marxism, and protest-disruption theory. Although we share some general assumptions and agreements with each of these theories, we show how they are more often wrong than right in their own separate ways when it comes to the key issues concerning the New Deal.

To be more specific, the book describes how Northern corporate moderates, representing some of the largest fortunes and biggest companies of that era, proposed all three of the major policy innovations that today define the New Deal, sometimes in reaction to pressures from the leaders of organized labor or disruptive efforts by grassroots leftist activists. It also explains how Southern Democrats shaped these proposals to fit the needs of plantation capitalists and large agricultural interests throughout the country before they allowed any of them to pass. As for the ultraconservatives in the corporate community, who were most likely the main "economic royalists" that Roosevelt had in mind in his convention speech, they uniformly opposed these New Deal initiatives, but they did not have any impact because there were so few conservative Republicans in Congress.

In sum, corporate moderates proposed, corporate ultraconservatives opposed, and Southern Democrats disposed in a context in which organized labor and the Communist Party were able to apply pressure through work stoppages, strikes, and demonstrations. In addition, urban liberals, concerned with ameliorating the uncertainties of the marketplace and mitigating the worst effects of unfair business and labor practices for ordinary Americans, had an impact on the National Labor Relations Act and Social Security Act as members of the New Deal coalition and as allies of organized labor.

POLICY AND POLITICS

Although corporate moderates originated all three of the policies mentioned earlier, which demonstrates that they continued to control the policy agenda even in the face of a major loss of public confidence in business, they did not do so by themselves. They had the help of the many experts they employed in their foundations, consulting firms, and think tanks. The corporate moderates and the experts, working together within what we show to be a closely knit policy-planning network, had a continuing impact in part because the nascent liberal-labor coalition could provide no workable policy alternatives in the first year or two of the New Deal, and in part because government agencies were understaffed and did not have the ability to generate new policies. The corporate moderates also retained their access to many elected officials because they were among the primary financial backers of their successful campaigns. Although most newly elected officials did not have any firm policy positions, they had a crucial role because they were open to new initiatives; if they had not been elected, it is far less likely that any of the policies we discuss would have been enacted. Politicians also decided on the timing for the introduction of these measures and sometimes provided the popular phraseology in which the policies were debated.

The distinction between policy and politics emphasized in this book is embodied in the person and presidential style of Franklin D. Roosevelt, who is considered by most historians to be the greatest president of the twentieth century. Roosevelt was a consummate politician whose skills have been detailed in many sources. He was a master of timing, synthesis, compromise, phrasing, ambiguity, reassurance, and symbolism. He knew the strengths, weaknesses, and interests of all the groups he had to deal with and was always looking for the compromises that would lead to enduring policy outcomes (Swenson 2002). After running a cautious centrist campaign in 1932, with vague mentions of a "New Deal" but no specifics, he spoke in moving terms at his inauguration about including everyone and balancing the pursuit of wealth with other important values. He told people there was nothing to fear but fear itself and made himself the champion of the common person. He came to use the term *liberal* to characterize his views while at the same time saying that he was no more than a Christian and a Democrat when it came to philosophies. Nonetheless, he only cautiously accepted the main thrusts of modern-day urban liberalism on some issues.

In fact, the distinction between policy and politics is, in the words of one of his biographers, "pure Roosevelt" (Smith 2007, p. 281). He had one set of people for political strategy and another set for policy suggestions. While relations between the two groups were cordial, their roles were strictly differentiated and carefully observed. At the same time, Roosevelt had to carry out a delicate balancing act in obtaining legislation from Congress, even though there were large Democratic majorities in both the House and the Senate. He needed to assuage the powerful Northern conservative leaders in his own party, who were sometimes part of major Wall Street financial networks, while at the same time being sensitive to the special needs of the Southern Democrats, who had played a crucial role in securing the Democratic nomination for him in 1932 and in any case controlled all the key committees he had to deal with in Congress due to the seniority system.

However, the same sources that spell out Roosevelt's virtues as a political leader, often in vivid and enjoyable portraits of how he operated, also suggest that he had no sure grasp of policy details or much interest in them (for one excellent example, see Cohen 2009). For instance, his close advisors were never sure he understood the agricultural subsidy program, and New Deal historian Arthur Schlesinger (1958, p. 38) concludes that Roosevelt "knew little first hand about the problems of grain and cotton surpluses." Another historian, Frank Freidel (1973, pp. 89–90), argues that Roosevelt's "eclecticism" in encouraging the inclusion of different plans within the Agricultural Adjustment Act was due at least in part to the fact that he "had little real understanding of the proposed mechanisms" and that eventually "his ignorance created embarrassment." Still another historian, James E. Sargent (1981, pp. 161–162), uses some of Roosevelt's own statements to show that he "did not understand his complex farm program in detail."

On the issue of old-age social insurance, now popularly known as "social security," he knew he wanted its tax base separate from the usual tax sources, and that both employers and employees should contribute, as advocated by insurance companies and corporate experts, but little more. On the issue of unemployment compensation, the most detailed account of how the policy developed concludes that Roosevelt did not have a good understanding of its key provisions (Nelson 1969). Roosevelt revealed his inability to understand economic policy when he insisted in early 1937 that budget deficits should be eliminated because unemployment was declining and the economy therefore could grow on its own. In combination with an inadvertent tightening of the money supply by the Federal Reserve Board and major cutbacks in government employment programs, the result was a sharp slowdown in the economy and the increase in unemployment that his Keynesian economic advisors had warned him would happen. This economic downturn weakened unions just as they were having some success in organizing unskilled industrial workers. It also contributed to Republicans' gains in the Senate and the House that allowed a conservative voting coalition—defined as a majority of Southern Democrats and Northern Republicans voting together on an issue in opposition to a majority of non-Southern Democrats—to defeat any further reforms (Smith 2007, pp. 395–397).

As we explain in Chapters 2 and 3, the main links between Roosevelt and the policy-planning network during the presidential campaign and in the first months of the New Deal came through his "Brain Trust," a trio of Columbia University professors that he recruited to give him policy advice. In effect, they packaged the alternatives suggested by the corporate moderates and their policy experts into memos that Roosevelt could use in planning his political strategies and crafting his speeches. For the social insurance policies developed in the last six or seven months of 1934, his main liaison was Secretary of Labor Frances Perkins, a longtime advocate of laws governing working conditions, minimum wages, and social insurance stretching back to the Progressive Era. When it came to the formulation of the National Labor Relations Act, Roosevelt kept the issue at an arm's length and had no direct hand in shaping it, or even in working out the strategy for turning it into legislation, until after it had been passed overwhelmingly by the Senate in the spring of 1935.

Although our primary purpose is to demonstrate the scholarly usefulness of our version of a class-domination theory, the book also may be of more general interest because it challenges current conventional wisdom on the origins of the programs it analyzes. For example, the agricultural support system that now costs $15–20 billion each year was not created by farmers, although the approval of agricultural interests—especially Southern agricultural interests—was necessary to pass it. In fact, the basic ideas in the plan were opposed by many farmers outside the South until late 1932 and early 1933; the plan had to be sold to them by the agricultural economists and corporate leaders who perfected it at the instigation of the policy-oriented foundation executive who first proposed it.

As for the Social Security Act, it was not the work of liberals and labor leaders, as currently believed due to the fact that they defend it and conservatives dislike it. Instead, it was created by industrial relations experts who worked for foundations, consulting firms, and think tanks funded by several of the largest corporations of the 1930s, including some of those that also backed the subsidy program for agricultural interests. True enough, the Social Security Act was opposed in testimony before Congress by a wide range of ultraconservative corporate leaders, but their objections on this particular issue primarily reflected their growing animosity toward Roosevelt for some of the New Deal's other policies, particularly in relation to unions and collective bargaining, not substantive objections to the plans for social security created by the moderate conservatives of the corporate world.

Even the National Labor Relations Act, which gave life and hope to trade unions and made them important power actors for the next forty years, was in part the result of a series of institutional innovations in 1933 that emerged from proposals made by the same corporate moderates who fashioned the Social Security Act. However, this case is more complicated than the first two because militant union leaders and Communists created the strikes and work stoppages that started the ball rolling (see, for example, Levine 1988). Then liberal corporate lawyers and law school professors, who were employed temporarily at the National Labor Relations Board between 1934 and late 1935, crafted a new set of regulations based on what had been learned in the last six months of 1933 by an earlier incarnation of the labor board. The revised formulations of the labor board's composition, duties, and powers carried the program several steps beyond what the corporate moderates would accept, causing them to join their ultraconservative colleagues in opposition to legislation for which their earlier ideas had provided legitimacy. Despite this united corporate opposition, the act passed because Southern plantation capitalists deserted the corporate community in a rare act of class disloyalty on a labor issue, which was made possible by the liberal-labor coalition's willingness to exclude agricultural and domestic labor from the provisions of the act.

The fact that we claim there were different outcomes on the three policy struggles suggests that our analysis closely follows the archival record and that our theory does not inevitably lead to the same conclusion for each and every case. Instead, divisions among owners of large income-producing properties—in this case, divisions between Northern corporate owners and Southern plantation owners—can provide openings for significant victories for liberals and organized labor when they are united. But these victories can be reversed—as proved to be the case for the National Labor Relations Act—when the Northern and Southern segments of the ownership class united and the union movement was divided by rivalries between its craft and unskilled segments, rivalries that were intensified in 1937 and 1938 by tensions over the role of Communists in several industrial unions and at the National Labor Relations Board. The result was the Taft-Hartley Act of 1947, which made it much easier for employers to resist unionization (Gross 1981).

A GENERAL PERSPECTIVE ON CLASS DOMINANCE

Our version of class-domination theory starts with the work of sociologists C. Wright Mills (1956, 1962) and Michael Mann (1986) in assuming that there are political, military, and religious bases of power in addition to the economic base that is given primacy in Marxist theory. (Mann [1986, p. 22] uses the term *ideological* to describe the organizations concerned with generating norms, ritual practices, and answers to questions about the meaning and purpose of life, but we prefer the term *religious* because most of these organizations are religious in nature.)

We begin with Mann's view that power, defined as the ability to achieve desired social outcomes, has both collective and distributive dimensions. Collective power, the capacity of a group, class, or nation to be effective and productive, concerns the degree to which a collectivity has the technological resources, organizational forms, and social morale to achieve its general goals. As important as collective power is for societal growth and productivity, our focus in this book is on distributive power, the ability of a group, class, or nation to be successful in conflicts with other groups, classes, or nations on issues of concern to it.

In this view, both collective and distributive power emerge from the same organizational bases, with organizations defined as sets of rules, roles, and routines developed so that a human group can accomplish specific purposes. Although people have a vast array of purposes that have led to a large number of organizations, the historical record shows that only economic, political, military, and religious organizations weigh heavily in terms of generating societal power.

The four organizational bases are conceptualized as "overlapping and intersecting sociospatial networks of power" that have widely varying extensions in physical space at different times in Western history. For example, economic networks were very small in early Western history compared to political and military networks, but political networks, which provide the basis for the state in any society beyond the size of tribes and chiefdoms, were comparatively smaller in the Middle Ages, when economic networks were becoming more extensive and autonomous (Mann 1986, pp. 1, 390–397). Because these networks are ways of attaining human goals, the theory's focus is on the logistics of power, which are constantly changing with the development of new technologies and the emergence of new organizational forms and religious beliefs. Due to the emphasis on social networks, the notion of a "bounded society" or "social system" is abandoned, along with traditional arguments over "levels," "dimensions," and "agency versus structure" (Mann 1986, Chapter 1).

When the level of development reaches a large enough scale within any organization, a permanent division of labor emerges within it that further increases its collective power due to a specialization of function. In addition, it usually leads to a hierarchical distribution of power within the organization because "those who occupy supervisory and coordinating positions have an immense organizational superiority over the others" (Mann 1986, pp. 6–7). As theorists of varying persuasions have noted, those who supervise and coordinate can then turn the organization into a power base for themselves due to the information and material resources they come to control, their ability to reshape the structure of the organization, their power to hire and fire underlings, and their opportunities to make alliances with other organizational leaders. The interorganizational alliances then generate a more general power structure that uses its combined resources to develop barriers that make it difficult for people outside or on the bottom of these organizations to participate in the governance of the society in general. Put in other terms, those who supervise and coordinate end up "at the top"; they become the leadership group, the "power elite," within any historically specific power structure.

As the four main organizational networks become further intertwined, they have even more potential to greatly increase collective power. This is most directly observed historically through the way in which political and military networks, by then closely intertwined in a new institutional form, the state, aided in the development of economic networks. For example, they increased the collective power of economic networks through activities as varied as protecting trade routes and making it possible to employ coerced or slave labor. This point also can be seen in the ways in which religious networks intensify social cohesion and provide the normative values that property owners within economic networks sometimes use to intensify their demands for greater labor productivity from non-owning classes.

However, and very critical in terms of understanding power in nation-states, the mobilization of greater collective power comes to depend on the resolution of prior questions about distributive power within organizations. Who has power over whom has to be settled within and between the four main organizational networks before collective power can be exercised in any sustained way. Given the investment of time, energy, and identity that people put into the organizations they belong to, the battle over distributive power is an ongoing and often deadly one that is front and center in most historical accounts even while collective power is often slowly accumulating in the background.

According to this four-network theory of social power, no one network came first historically or is more basic than the others: each one always has presupposed the existence of the others. It is therefore not possible to reduce power to one primary form, as Bertrand Russell (1938, pp. 10–11) concluded decades ago, and as sociologist Dennis Wrong (1995) confirmed in his analysis of the social science literature nearly sixty years later. In keeping with this conclusion, the four networks are foreshadowed in egalitarian hunting and gathering societies when hunting parties are organized (economic networks, with meat shared equally among all members of the society); when communal gatherings are called in an attempt to defuse interpersonal disputes that threaten to rip apart the whole group (political organization, which is fundamentally about regulating human interactions within a specific territory); when the men band together to do battle with rival groups or clans (military organization); and when rituals of social solidarity and expiation are performed in an attempt to control the anxiety, guilt, and fear of death that have been part of daily existence for most individuals since the dawn of humanity (religious organization).

The fact that all four networks have always existed does not mean that they are of necessity equal in terms of their social power in any given time or place. For a variety of reasons, including logistical and organizational advances in one or another network, different networks have been ascendant in different times and places, as seen, for example, in the military empires that dominated Western civilization for several thousand years after the rise of the first city-states. To add further complexity, one kind of organizational power can be turned into any one of the others. As a consequence of these many contingent outcomes, generalizations from society to society or historical epoch to historical epoch are of limited value (Mann 1986). Even within Western societies, comparative studies are of limited value, so Mann (1986, p. 503) emphasizes that "historical, not comparative, sociology" has been the principal method in his work, and we follow his lead in that regard in this book. Put another way, every country is distinctive enough that fine-grained historical analyses are necessary on the type of policy issues we want to examine here.

Within this general context, Mann (1986, p. 23) defines classes as "groups with differential power over the social organization of the extraction, transformation, distribution, and consumption of the objects of nature." In most of the economic networks that have arisen in the course of world history, and obviously in a capitalist system, there is an "ownership class" that holds legal possession of the entities that do the mining, producing, distributing, and retailing of the goods and services available in the society. However, the ownership class is not inevitably a dominant or ruling class because leaders within the political, military, or religious networks may have greater power. A dominant class such as we think exists in the United States is therefore defined as "an economic class that has successfully monopolized other power sources to dominate a state-centered society at large" (Mann 1986, p. 25). In other words, a dominant economic class is one that has overcome the potential autonomy of the state while at the same time subordinating the military and religious networks. Thus our stress is on the fact that class domination is not inevitable but highly dependent on many historical factors.

Nor is class conflict always the primary reason for social change at all points in Western history. It has been important only at certain periods in history, such as ancient Greece, early Rome, and the capitalist era. Most of the time in most places, the non-owning classes have been too spatially fragmented and without the means to communicate and organize across places to have any sustained impact. Put more generally, people are "embedded" within organizational networks that are controlled by the organizational leaders, which leaves the vast majority, the non-owners who work in fields and factories, with little room to maneuver (Mann 1986, p. 7).

For several reasons, then, many of the major conflicts that lead to social change have been among the leaders of the four main power networks, with state officials, military leaders, or religious leaders taking the dominant role until the gradual growth and extension of economic networks in the past several hundred years made it possible for property owners to rise in importance. The "arms race," for example, has been a motor of social change in Western society since the fourteenth century, and major wars between nation-states have reshaped Western civilization for the past several hundred years. We therefore place importance on politics in and of itself in present-day societies, both as an arena in which the struggles over power take place and as a means of satisfying ideological and material interests.

Although leaders within economic networks have become major power actors in many countries in recent centuries, we think they have been extremely powerful in the United States since its inception for a number of reasons that are made more apparent by very generalized historical comparisons with European countries. First, the absence of a feudal economic elite based in the exploitation of peasant agricultural production meant that the newly forming American capitalist class had no economic rivals that it had to fend off or assimilate, a dramatic contrast with the situation facing the nascent capitalist classes in several large European countries, which did not replace landlords as the main political force until the twentieth century (Guttsman 1969; Richard Hamilton 1991; Mayer 1981).

Second, the pre-revolutionary history of the United States as a set of separate colonial territories outside the context of the European multistate system led to a federal form of government easily dominated by local and regional economic elites because many government functions were located at the state and local levels. Even when the Founding Fathers, overwhelmingly members of the economic elite of their era, created a more centralized government in 1789, potentially powerful government leaders were circumscribed by the well-known system of checks and balances, and were further hampered by the fact that they could not play off one strong economic class against another in an attempt to gain autonomy from the merchant, industrial, and plantation capitalists.

Third, the absence of any dangerous rival states on American borders, along with the protection the British navy provided against continental European states throughout most of the nineteenth century, meant that the country did not have a large standing army until World War II and thereafter. The relatively small armies that played a large role historically in taking territory from Native Americans and Mexico were never big enough to be major rivals to economic elites, although a few famous generals did become presidents. By the time the United States developed into a world military power, civilian traditions of military control were well established.

Finally, the United States does not have one established church, such as existed in most European countries at one time, which means that there is no large-scale ideology network that can rival corporate leaders for power. That is, the potential power of churches is limited by the separation of church and state, which reflects both the weak nature of the church network at the time of the Constitutional Convention and the Founders' own secular tendencies. We agree that Protestant churches had a big role in shaping American morality and culture, but we also note that their constant splintering into new denominations, and then further schisms within the dominations, has limited them as a source of distributive social power.

This quick overview of what gives the United States its particular distinctiveness from a power-network point of view, which in our opinion justifies Mann's (1986) emphasis on historically oriented studies such as this one, is supplemented by another historically rare factor, an electoral system that leads inexorably to two political parties for two reasons (Rae 1971; Rosenstone, Behr, and Lazarus 1996). First, the election of senators and representatives from specific states and districts that require only a plurality of the vote, not a majority, called a single-member-district plurality system, has led to two-party systems in most countries where it is utilized, although strong ethnic or regional third parties sometimes persist (Lipset and Marks 2000). Second, the election of a president is in essence a strong version of the single-member-district plurality system, with the country as a whole serving as the only district. Due to the great power of the presidency, especially since the beginning of the twentieth century, the pull toward two parties that exists in any single-member-district electoral system is even stronger in the United States. As a result of these two factors, a vote for a candidate from a leftist or rightist third party is tantamount to a vote for the voter's least favored candidate on the other side of the political fence. Groups with at least some views in common therefore attempt to form the largest possible pre-electoral coalitions even though numerous policy preferences may have to be jettisoned or trimmed back.

A two-party system, or any form of a party system, for that matter, was neither foreseen nor desired by the Founding Fathers (Hofstadter 1969). However, the slightly differing interests of the Southern plantation capitalists and Northern industrial and banking interests soon led to two rival parties, the Democratic Republicans and the Federalists, which then searched for allies with somewhat similar interests. For the Southerners, this meant a land-merchant-banking faction in New York that opposed Federalist bank plans, Irish merchants who disliked the Federalists for their English origins and sympathies, and shipping and merchant businesses with ties to the South (Hammond 1957, Chapter 5, Young 1967, Chapter 10; Goodman 1964). For the Federalists, this meant Northern farmers eager for industrialization to increase their urban markets (Genovese 1965, p. 162). We develop these points in relation to the Democrats in Chapter 1; see Domhoff (1990, pp. 235–246) for a summary of the early history of the two-party system.

Moreover, as we also demonstrate in Chapter 1, American economic networks became even more powerful with the rise of corporations in the second half of the nineteenth century, and by the early twentieth century the owners and managers of these corporations, along with the owners of plantations and agribusinesses, had the necessary economic and political connections among themselves to create a constantly evolving policy-planning network at the national level. This nonprofit organizational network, consisting of foundations, think tanks, and discussion groups, helped the owners of these large income-producing properties in reaching some degree of consensus on the new policy issues that suddenly faced them in the

1930s. Cohesion, consensus seeking, and open and direct involvement in government policymaking are therefore our watchwords when it comes to understanding the power of the corporate rich—the core of the ownership class from the 1870s onward—during the New Deal.

More generally, we demonstrate in this book that the ownership class wins far more often than it loses on the issues of concern to it—everything from building and shaping government institutions to obtaining the subsidies some industries need. These successes add up to class dominance in an ongoing class conflict over a wide range of familiar issues. Class conflict as we conceive of it starts with grievances, strikes, and demonstrations and sometimes leads to bargaining over hourly wages, the length and intensity of the working day, and working conditions. It occasionally broadens to include policy battles over the way in which the labor process is controlled and organized and over the degree to which government will regulate business on a wide range of issues. Only rarely does it widen to include the issues that are raised by socialists, such as control over investment in new plant and equipment and the degree to which enterprises are to be privately or publicly owned.

With these comments on our general theory of class dominance in the United States as a backdrop, we can present a brief synopsis of our explanations for why moderate conservatives in the corporate community reacted as they did to the three major policy issues generated by the Great Depression. In the case of the Agricultural Adjustment Act, its main policy provisions created harmony within the ownership class by providing financial subsidies for agricultural interests without causing the tariff battles over manufactured goods that would follow from many farmers' desire to sell surplus production overseas at a discount. Attempts by agricultural workers to take advantage of this act, with the help of Communist and Socialist party organizers, were easily defeated, so the problem of class conflict did not arise in the process of implementing the act.

As for the National Labor Relations Act, corporate moderates suggested an early version of the act in a vain attempt to reduce strikes by convincing workers to join corporate-sponsored employee representation plans or to reach bargains with employers through a handful of small craft unions. But they then abandoned those goals when experience soon showed that craft workers and industrial workers were more united than in the past and more willing to join independent unions, which greatly increased the possibility of class conflict and the development of an independent union movement by corporate employees.

In the case of the Social Security Act, on the other hand, corporate executives had been working on ways to retire superannuated workers on private pensions for over a decade preceding the New Deal in order to improve productivity and efficiency. However, they slowly came to see in the 1930s that this policy could be carried out more effectively—and less expensively—through a government program that would at the same time deal with the fact that many of the private pension funds were in danger of failing due to the depth of the depression.

HISTORICAL INSTITUTIONALISM AND THE NEW DEAL

Historical institutionalism, like all of the several variants of institutionalist theory, starts with a very general definition of an institution as the norms and customs, whether formal or informal, that shape social relationships. In other words, institutions are patterned and repeated ways of doing things that are widely accepted within the society. Historical institutionalists stress that larger and more formal institutions develop in a step-by-step way in response to the specific issues that confront them, which means that institutional arrangements are different from issue to issue, place to place, and time to time.

However, the wide range of possible institutional arrangements does not mean that such arrangements are easily changed. To the contrary, historical institutionalists strongly emphasize that each policy decision influences and places limits on what can take place at a later time. Policymaking becomes "path dependent" in the sense that it continues in directions that provide positive feedback based on the first steps that were taken. As organizations develop vested interests, institutional pathways become even more self-reinforcing.

Historical institutionalists also join other institutionalists in emphasizing that institutions develop in relation to each other and take each other's actions and likely reactions into account when they contemplate any changes in their own strategies for stability or expansion. Drawing on the new institutionalism within organizational sociology, historical institutionalists utilize the concept of "institutional fields," which are networks of institutions that recognize each other as working on similar issues, even if they disagree strongly among themselves (see, for example, Powell and DiMaggio 1991). The net result is an institutional framework that further shapes and constrains the options for policy responses to new developments.

The fact that institutions develop in distinct ways and are embedded in institutional fields means that societies usually change very slowly and reluctantly. Institutional leaders build on previous policy decisions when they think about creating new policies. The emphasis on precedent and custom gives rise to institutional inertia, which is the product of both formal rules and informal understandings. The need for legitimacy for new policy options also contributes to institutional inertia. Given all this, it takes extraordinary upheavals, such as wars or depressions, or highly creative social movements such as the Civil Rights Movement, to significantly change the ways in which institutions operate and relate to each other.

For us, these ideas can explain much of the daily routine in a stable social order once power relations are fully established. However, we think they fall far short of a fully satisfactory theory because they are not encased within a larger and more dynamic theory that analyzes the driving forces that make every institutional arrangement first and foremost a power structure. As organizational theorist Charles Perrow (2002, p. 19) notes, institutional theory "de-emphasizes power and conflict" and instead "emphasizes routines, imitation, unreflective responses, custom and normative practices, and convergence of organizational forms." One goal of this book is to show that our theory provides the larger and more dynamic framework that is needed. What historical institutionalists sometimes explain in terms of commonsense concepts such as norms, paths, and inertia, we see more often as a stalemate—perhaps temporary—in the constant jockeying for dominance among rival power networks.

Perhaps the most distinctive feature of historical institutionalism is its emphasis on the potential autonomy of "the state," a concept that encompasses the formal and generally recognized political institutions of a large-scale society (Skocpol 1979, 1980). *State* is a term that can have many varied and subtle meanings, but for purposes of this book it will be used interchangeably with the more familiar general term *government* so that we can be sure we are being clear when we mean the state level of American government (such as Arkansas or Ohio) as compared to the more abstract concept of "the state" or "the government" as a general governing and administrative apparatus whose unique and indispensable function is regulating the myriad activities that occur within its territory. More generally, historical institutionalists see states as "crucial causal forces in politics" whose leaders are "potentially key players in political outcomes given their functions and mandate to carry out state policy" (Amenta 2005, p. 101).

When it comes to the New Deal, historical institutionalists have four main contentions, all of which relate to their belief that the American government is in general far more independent of other societal forces than any alternative theorists realize. First, government officials were independent and important in creating the new policies we discuss in this book. Second, government officials built new state institutions—for example, departments and agencies—that gave government more "capacity," which in turn gave government officials more independence and autonomy. Put in terms of one of the historical institutionalists' key phrases, state officials were "state-builders." Third, many independent private-sector experts and consultants are important in understanding power during the New Deal because they had new ideas for solving the problems the government faced and they often helped government officials enhance their institutional capacity. Fourth, the leaders of the capitalist class—a term we use interchangeably with *ownership class* in this book—were not very important when it came to policymaking during the New Deal. Business suffered a loss of power following the Great Depression, which led to a change in the balance of forces in relation to other societal groups and government. Furthermore, the owners and managers of corporations were too narrowly focused on their own particular business concerns due to the pressures of market competition, did not have the breadth of vision to formulate general policies, often disagreed among themselves, and in any event did not have the institutional capacity to generate policy alternatives or the clout with government officials that is often attributed to them by "society-oriented" theorists (see Manza 2000, pp. 305–307, for a concise statement of historical institutionalists' main concerns relating to the New Deal).

Although the non-Marxian power analysts who stress the large role business plays in American society always have agreed that governments are potentially autonomous (see, for example, Domhoff 1967; Mills 1956; Mann 1993), we come to nearly the opposite conclusion in the case of the United States even though some of the disagreements are of course a matter of degree. To begin with, on the basis of our analysis in the previous section of the long-standing nature of business dominance in the United States, we doubt the historical institutionalist claim that large financial institutions and corporations quickly lost power in the face of the Great Depression due to the public's loss of confidence in business. Instead, we demonstrate that corporate groping for ways to cope with the consequences of an unexpected economic catastrophe of huge proportions, along with disagreements between the Northern and Southern segments of the ownership class on labor issues, account for the outcomes during the New Deal that are stressed by historical institutionalists.

Due to the existence of the policy-planning network discussed in the previous section, we disagree that the main nongovernment experts involved in policymaking during the New Deal were independent in the way that historical institutionalists claim. We agree that experts were important because they introduced new ideas that mattered, and that many experts were independent of either the corporate community or the government. However, most of the experts who influenced public policy on the key issues we discuss in this book were employees of the corporate moderates in a policy-planning network that grew gradually over the first three decades of the twentieth century, with its main organizations fully developed and in place shortly before the New Deal began. Here we are referring to foundations such as the

Carnegie Corporation and the Rockefeller Foundation; think tanks such as The Brookings Institution, the National Bureau for Economic Research, the Social Science Research Council, and Industrial Relations Counselors, Inc.; and discussion groups such as the National Industrial Conference Board and committees of the National Association of Manufacturers and the Chamber of Commerce of the United States (now called the U.S. Chamber of Commerce, the name we use in this book for simplicity's sake). Historical institutionalists deny that the foundations and think tanks in this network are as closely linked to the corporate rich as we think they are, so the evidence we present throughout the book for our claims on this issue is especially important in a comparison of our views with theirs (see, for example, Amenta 1998; Hacker 2002; Hacker and Pierson 2002; Orloff 1993).

We also show, in disagreement with the historical institutionalists, that the state-building before and during the New Deal was carried out in large part by the corporate moderates with the help of their policy-planning network, as first seen in the twentieth century with the formation of the Federal Trade Commission (Kolko 1963; Weinstein 1968, Chapter 3) and the Bureau of the Budget (now called the Office of Management and Budget to reflect its expanded powers) (Domhoff 1970, p. 180; Kahn 1997). The importance of this corporate-financed policy-planning network in shaping the American government will be demonstrated once again in this book. In fact, the creation of the Agricultural Adjustment Administration and the Social Security Administration can be fairly characterized as state-building by the capitalist class and the policy-planning network rather than as state-building by government officials.

Contrary to historical institutionalists, we also argue that most elected officials were not independent of the moderate conservatives and ultraconservatives in the corporate community, who provided the lion's share of their financial support in the twentieth century, including the New Deal era (Alexander 1992; Heard 1960; Overacker 1932, 1933; Webber 2000). In fact, it was not until 1936 that organized labor and liberal governmental appointees provided an appreciable amount of money to the Democratic Party (Webber 2000, pp. 107–126; Overacker 1937, pp. 489–490).

Finally, we raise questions about the reputed independence of the American federal government due to the fact that most of the appointed officials in government agencies come from corporations and the policy-planning network, once again including the New Deal era (Burch 1980, 1981a, 1981b; Mintz 1975; Salzman and Domhoff 1980). This point holds very strongly for the Agricultural Adjustment Administration and the Social Security Administration, but the National Labor Relations Board provides a major exception from 1935 to 1939 (Gross 1974, 1981).