

**Domhoff, W. G. (2006). *Who rules America? Power and politics in the year***

**2006, 3<sup>rd</sup> Edition. Mountain View, CA: Mayfield Publishing. (pp. 71 – 123).**

### **Chapter 3**

#### **The Corporate Community and the Upper Class**

This chapter has three main points: all three relate to claims made by pluralists in rejecting a class-dominance theory. First, it shows there is a nationwide social upper class in the United States that has its own exclusive social institutions and is based in the ownership of great wealth. Second, it demonstrates that this upper class is closely intertwined with the corporate community. Third, it argues that the social cohesion that develops among members' of the upper class is another basis for the creation of policy agreements within the policy-formation network.

The demonstration of an upper class that is tightly interconnected with the corporate community is relevant because it contradicts the idea that there has been a separation between corporate ownership and control in the United States. According to that view, there is on the one hand a wealthy but powerless upper class that is a mere "status group," and on the other a "managerial class" that has power independent of wealthy owners by virtue of its expertise in running corporations. Due to this division between high-society owners and well-trained independent managers, pluralists say it no longer makes sense to think in terms of a dominant class whose general interest in profits transcends the fate of any one corporation or business sector. They therefore prefer to think of corporations as one type of "interest group."

Contrary to this pluralist view, the evidence in this chapter shows that (1) members of the upper class own almost half of all privately held stock, (2) many large stockholding families in the upper class continue to be involved in the direction of major corporations through family offices, investment partnerships, and holding companies, (3) members of the upper class are disproportionately represented on the boards of large corporations, which is evidence for upper-class power on the "Who governs?" indicator, and (4) the professional managers of middle-level origins are assimilated into the upper class both socially and economically and share the values of upper-class owners. In addition to refuting the pluralist claim about a managerial revolution, this chapter shows that the corporate rich are drawn together by bonds of social cohesion as well as their common economic interests. This social cohesion is based in the two types of relationships found in a membership network: common membership in specific social institutions and friendships based on social interactions within those institutions. Research on small groups in laboratory settings by social psychologists suggests that social cohesion is greatest when (1) the social groups are seen to be exclusive and of high status, and (2) the interactions take place in relaxed and informal settings.<sup>1</sup> This chapter shows that many of the social institutions of the upper class fit these specifications very well. From the viewpoint of social psychology, the people who make up the upper class can be seen as members of numerous small groups that meet at private schools, social clubs, retreats, resorts, and social gatherings.

Social cohesion is important from a class-dominance perspective because the most socially cohesive groups are the ones that do best in arriving at consensus when dealing with a problem. The members are proud of their identification with the group and come to trust each other through their friendly interactions, so they are more likely to listen to each other and seek common ground.<sup>2</sup> If these findings can be generalized beyond the social psychology laboratory, as seems very likely, then social bonding can be seen as another reason why the corporate rich are cohesive enough to dominate the rest of society despite their small numbers.

The more extravagant social activities of the upper class—the expensive parties, the trips to spas and vacation spots all over the world, the involvement with exotic entertainers—are often viewed by pluralists as superfluous trivialities best left to society page writers. However, there is reason to believe that these activities play a role both in solidifying the upper class and in maintaining the class structure. Within the upper class itself, these occasions provide an opportunity for members to show that they are similar to one another and superior to the average citizen.

As political scientist Gabriel Almond concluded in his study of the New York upper class and its involvement in city politics: "The elaborate private life of the plutocracy serves in considerable measure to separate them out in their own consciousness as a superior, more refined element."<sup>3</sup> Even more relevant, the values on which the class system is based are conveyed to the rest of the population in this conspicuous consumption. Such activities make clear that there is a gulf between members of the upper class and ordinary citizens, reminding everyone of the hierarchical nature of the society. Social extravaganzas bring home to everyone that there are great rewards for success, helping to stir up the personal envy that can be a goad to competitive striving.

In sociological terms, the upper class comes to serve as a "reference group." Sociologist Harold Hodges, in a discussion of his findings concerning social classes in the suburban areas south of San Francisco, expresses the power of the upper class as a reference group in the following way: "Numerically insignificant. . . the upper class is nonetheless highly influential as a 'reference group': a membership to which many aspire and which infinitely more consciously or unconsciously imitate."<sup>4</sup> Exhibiting high social status, in other words, is a way of exercising power. This "status power" operates by creating respect, envy, and deference in others.

The social institutions discussed in this chapter are important in one other way. They provide what are called "indicators" of upper-class standing. These indicators are useful starting points in determining the involvement of members of the upper class in the corporate community, the policy-formation network, and politics. These indicators are not perfect, for reasons explained throughout the chapter, but they are satisfactory for large-scale studies in which the various sources of error tend to cancel each other out.

In effect, the chapter is based on a membership network analysis that seeks to determine the degree of overlap between (1) the social institutions thought to make up the upper class, and (2) the corporate community and the upper class. The *hypothetical* membership matrix presented in table 3.1 demonstrates the general nature of the findings in this chapter. Note that the social institutions are not "perfectly connected and that some members of the upper class are not part of the corporate community. Nor are all corporate executives originally part of the upper class. The executives not from the upper class are the kinds of leaders focused on by pluralists. The gradual assimilation of these rising executives into the upper class is explained later in the chapter.

Before turning to the social institutions of the upper class, and the involvement of leaders of the corporate community in them, it is necessary to explain the several meanings of the term *social class*.

### **The Idea of Social Class**

Most Americans do not like the idea that there are social classes. Classes imply that people have relatively fixed stations in life. They fly in the face of beliefs about equality of opportunity and seem to ignore the evidence of upward social mobility. Even more, Americans tend to deny that social classes are based in wealth and occupational roles but then belie that denial through a fascination with rags-to-riches stories and the trappings of wealth.

American dislike for the idea of class is deeply rooted in the country's colonial and revolutionary history. Because it was a rapidly expanding frontier country with no feudal aristocracy, colonial America seemed very different from other countries to its new inhabitants, most of whom wanted to escape the fixed stations that were their fate in Europe. The sense of difference was heightened by the need for solidarity among all classes in the nationalistic war for freedom from England. Revolutionary leaders from the higher classes had to concede greater freedom and equality for common people to gain their support. Historian Robert Palmer states the situation succinctly: "Leaders who did not fight for equality accepted it in order to win."<sup>5</sup>

Although large differences in wealth, income, and lifestyle already existed in revolutionary America, particularly in port cities and the South, these well-understood inequalities were usually explained away or downplayed by members of the middle classes as well as by the merchants, plantation owners, and lawyers who were at the top of the social ladder. As a detailed historical study of diaries, letters, newspapers, and other documents of the period demonstrates, Americans

instead emphasized and took pride in the fact that "class distinctions were minor in comparison with Europe." They recognized that there were rich and poor, but they preferred to think of their country "as one of equality and proudly pointed to such features as the large middle class, the absence of beggars, the comfortable circumstances of most people, and the limitless opportunities for those who worked hard and saved their money."<sup>6</sup> The fact that nearly 20 percent of the population was held in slavery, and that 100,000 Native Americans lived in the western areas of the colonies, was not part of this self-definition. It is clear, however, that the free white majority also defined itself in terms of the potentially dangerous slaves on the one hand and the warlike "savages" on the other, leading to a concern with guns and a level of violence that remain prominent features of American society.

Even members of the upper class preferred this more democratic class system to what had existed for many centuries in Europe. To emphasize this point, Palmer begins his two-volume work on the age of the democratic revolution in North America and Europe with a letter written from Europe in 1788 by a young adult member of a prominent American upper-class family. After noting his disgust with the hereditary titles and pomp of the European class system, and with the obsequiousness of the lower classes, the young man stated his conviction that "a certain degree of equality is essential to human bliss." He then went on to argue that the greatness of the United States was that it had provided this degree of equality "without destroying the necessary subordination."<sup>7</sup> As if to make sure the limits of his argument were clear, he underlined the words *a certain degree of equality*.

Two hundred years later, in response to sociologists who wanted to know what social class meant to Americans, a representative sample of the citizenry in Boston and Kansas City expressed ideas similar to those of the first Americans. Although most people were keenly aware of differences in social standing and judged status levels primarily in terms of income, occupations, and education (but especially income), they emphasized the openness of the system and the opportunity for advancement. They also argued that a person's social standing was in good part determined by such individual qualities as initiative and the motivation to work hard. Moreover, many of them felt that the importance of class was declining. This belief was partly due to their conviction that people of all ethnic and religious backgrounds were being treated with greater respect and decency whatever their occupational and educational levels, but even more to what they saw as material evidence for social advancement in the occupations and salaries of their families and friends. In the words of sociologists, social mobility and a formal system of equality in all areas of political and social life make class a relatively unimportant idea for Americans. People are very aware of basic economic and educational differences, and they can size up social standing fairly well from such outward signs as speech patterns, mannerisms, and style of dress, but the existence of social classes is nonetheless passed over as quickly as possible.<sup>8</sup>

People of the highest social status share the general distaste for "talking about social class in an open and direct way. In a classic study of social classes in New Haven, Connecticut, a person in the top category in terms of neighborhood residence and educational background seemed startled when asked about her class level. After regaining her composure, she replied: "One does not speak of classes; they are felt."<sup>9</sup> In the study of Boston and Kansas City residents, an upper-class Bostonian said: "Of course social class exists—it influences your thinking." Then she added: "Maybe you shouldn't use the word 'class' for it, though—it's really a niche that each of us fits into."<sup>10</sup> As part of a study of thirty-eight upper-class women in a large Midwestern city, sociologist Susan Ostrander bluntly asked her informants at the end of the interview if they were members of the upper class. The answers she received had the same flavor of hesitation and denial:

I hate [the term] upper class. It's so non-upper class to use it. I just call it "all of us," those of us who are wellborn.

I hate to use the word "class." We're responsible, fortunate people, old families, the people who have something.

We're not supposed to have layers. I'm embarrassed to admit to you that we do, and that I feel superior at my social level. I like being part of the upper crust.<sup>11</sup>

Social scientists end up with just about the same understanding of social class as do typical Americans, but they begin with a distinction between "status groups," people who share common lifestyles, and "economic classes," people with a common economic position, such as "business owner" or "employee." They also define "class" to include the relationship between economic classes as well as specific class categories. For purposes of this book, the crucial issue is whether the highest status group is also an economic class, thereby making it possible to speak of a "social upper class" sharing common economic interests as well as a similar lifestyle.

In one of the first empirical investigations of social class in America, a study of caste and class in a Southern city in the 1930s, the sociological researchers defined a social class as:

The largest group of people whose members have intimate access to one another. A class is composed of families and social cliques. The interrelationships between these families and cliques, in such informal activities as visiting, dances, receptions, teas, and larger informal affairs, constitute the structure of the social class. A person is a member of the social class with which most of his or her participations, of this intimate kind, occur.<sup>12</sup>

Similar definitions are provided by researchers from other disciplines. One social psychology textbook defines a social class as "a division of a society, made up of persons possessing certain common social characteristics which are taken to qualify them for intimate equal-status relations with one another, and which restrict their interaction with members of other social classes."<sup>13</sup>

Political scientist Robert Dahl defines equal "social standing" in terms of

the extent to which members of that circle would be willing—disregarding personal and idiosyncratic factors—to accord the conventional privileges of social intercourse and acceptance among equals; marks of social acceptability include willingness to dine together, to mingle freely in intimate social events, to accept membership in the same clubs, to use forms of courtesy considered appropriate among social equals, to intermarry, and soon.<sup>14</sup>

A definition of social class based on various types of social interactions also is used by Marxian social scientists, even though their primary emphasis is on the relational dimension of the concept. Economist Paul Sweezy, raised in an upper-class family, concludes that classes are "obstinate facts and not mere logical categories" and that "the fundamental unit of class membership is the family and not the individual." He closes by saying: "A social class, then, is made up of freely intermarrying families."<sup>15</sup>

As these definitions from different viewpoints show, there is general agreement that there are social classes in America in the sense of "status groups" with in-group activities and common social values. The problem for power analysts begins with the question of whether the top social class is also an "economic class" based in the ownership and control of large income-producing properties.

### **The Institutional Infrastructure**

If there is an American upper class, it must exist not merely as a collection of families who feel comfortable with each other and tend to exclude outsiders from their social activities. It must exist as a set of interrelated social institutions. That is, there must be patterned ways of organizing the lives of its members from infancy to old age that create a relatively unique style of life, and there must be mechanisms for socializing both the younger generation and new adult members who have risen from lower social levels. If the class is a reality, the names and faces may change somewhat over the years, but the social institutions that underlie the upper class must persist with remarkably little change over several generations. This emphasis on the institutionalized nature of the upper class, which reflects a long-standing empirical tradition in studies of it, is compatible with the theoretical focus of the "new institutionalists" within sociology and political science.<sup>16</sup>

Four different types of empirical studies establish the existence of an interrelated set of social institutions, organizations, and social activities. They are historical case studies, quantitative

studies of biographical directories, open-ended surveys of knowledgeable observers, and interview studies with members of the upper-middle and upper classes.

The first and most detailed historical study of the upper class was carried out by sociologist E. Digby Baltzell. A member of the upper class himself, Baltzell drew together all previous historical and anecdotal data on the subject and then turned his attention to the historical development of the upper class in Philadelphia. He was able to demonstrate in this way that the people of highest status and greatest wealth gradually created a set of exclusive neighborhoods, expensive private schools, restricted social clubs, and such unique social occasions as debutante balls and fox hunts.<sup>17</sup> Building from his Philadelphia materials, Baltzell was able to show that in the late nineteenth and early twentieth centuries, members of the city's upper class began to frequent the same resorts as the people of highest status in other Eastern cities. They sent their children to boarding schools in New England and Virginia that catered to the wealthy from other cities across the country, and they joined the social clubs of their counterparts in other cities.

Baltzell also found that they were listed in great numbers in an exclusive intercity address and telephone book called the *Social Register*, symbolizing the interconnectedness of the families in many different cities. Founded in 1887, *Social Registers* existed for thirteen major cities and contained approximately 65,000 families from the 1950s to 1976, when they were consolidated into one large volume because of declining interest on the part of upper-class listees. Since that time, the *Social Register* has been pared back to the point where it includes only about 30,000 families, mostly of long-standing wealth on the East Coast. It is still very useful for some purposes, but it is now too narrow to be used as an indicator of upper-class standing.<sup>18</sup>

In effect, Baltzell showed the relationships among these institutions and activities by demonstrating that the same few people created and belonged to all of them. To test and extend his findings, I did the same kind of study in an ahistorical and quantitative way with information on school attendance and club membership from 3,000 randomly selected *Who's Who in America* biographies, along with listings in the *Social Register*. The memberships and affiliations were analyzed with a statistical technique known as *contingency analysis*. This technique provides a way to uncover relationships between two or more affiliations by determining whether their appearance together is greater than would be expected by chance.<sup>19</sup> The findings of this study fully supported Baltzell's claim that a relationship exists among listing in the *Social Register*, attendance at prep schools, and membership in one or more of several social clubs.

A very different method—using newspaper editors as informants—provided further support for these findings and also greatly extended the list of clubs and schools. For this study, I sent a questionnaire to editors of women's pages and society pages at newspapers in the 317 cities with a chapter of the Junior League, an exclusive women's service organization. It was used as a starting point because it is one of the few nationwide organizations known to have a great many upper-class members. In essence, the questionnaire asked if there was a set of high-status schools and clubs in the city and if their members were also members of the Junior League or listed in the *Social Register*. In all, 128 questionnaires were returned. Some had very little information, but most were quite informative. In twelve cases, replies were received from two different newspapers in a city, and in all but one instance there was complete agreement. The replies of these well-placed observers also produced strong agreement with the findings of Baltzell's historical study and my contingency analysis.<sup>20</sup>

Intensive interviews with a cross-section of citizens provide the fourth way of establishing the existence of upper-class institutions. The most detailed study of this type was conducted in Kansas City. The study concerned people's perceptions of the social ladder as a whole, from top to bottom, but it is the top level that is of relevance here. Although most people in Kansas City could point to the existence of exclusive neighborhoods in suggesting that there was a class of "blue bloods" or "big rich," members of the upper-middle class and the upper class itself demonstrated that clubs and other social institutions as well as neighborhoods gave the class an institutional existence.<sup>21</sup>

The schools and clubs discovered by these and related investigations are listed in Appendix 1 because they have been used as indicators of upper-class standing in past studies. The *Social Register* and other directories are listed as well but are now utilized primarily for historical

investigations. These indicators are criteria by which it can be determined in a general way how many people in a given group, organization, or agency are members of the upper class. Such information is useful when the "Who sits?" indicator of power is being employed.

As noted in the first chapter, no indicators in the social sciences are perfect, and these are no exception. As Baltzell emphasizes, constructing any set of indicators involves simplifications. Indicators must be seen as "only a convenient tool which is constructed to approximate" the concept being studied.<sup>22</sup> They are subject to two different kinds of errors that tend to cancel each other out in group data.

"False positives" are those people who qualify as members of the upper class according to the indicators even though further investigation would show that they are not really members. Scholarship students at private secondary schools are one example of a false positive. Honorary and performing members of social clubs, who usually are members of the middle class, are another important type of false positive. "False negatives" are people who do not seem to meet any of the criteria of upper-class standing but are in fact members of the upper class. Such people probably are much more prevalent than false positives because researchers are dependent on published biographical sources and newspapers that may or may not include the necessary information on the person's schools and clubs.

Private schools are especially underreported. Prominent political figures of the past such as Governor Averell Harriman of New York, Governor Adlai Stevenson of Illinois, President John F. Kennedy, and Mayor John V. Lindsay of New York never listed their private secondary schools in *Who's Who in America*, for example, and President George Bush removed his from the 1980-1981 edition when he became vice president. More generally, a study of 168 Hotchkiss alumni listed in *Who's Who in America* found that 37 percent did not list their graduation from that prestigious boarding school.<sup>23</sup> Similar findings are reported in a study of corporate officers and directors listed in *Who's Who in America: Of 177 executives and directors on the alumni lists of eleven top prep schools, 55 percent did not list their school affiliation.<sup>24</sup>*

Membership in social clubs may also go unreported in *Who's Who in America*. I found that neither President Reagan nor President Bush ever listed membership in the prominent Bohemian Club of San Francisco (discussed later in the chapter). But they are not the only ones who omitted this information. Of the 326 Bohemians listed in *Who's Who in America* for 1980-1981, 29 percent did not include this affiliation.

There are other problems that produce false negatives. Social registers and social directories exist for only a relative handful of cities, and there are some people who choose not to be included in those directories. Also, a substantial number of people prefer to keep their children close to home in small private schools that are little known and hardly ever listed in standard biographical sources. In a few exclusive neighborhoods, the suburban high schools are considered quite adequate for upper-class children, and only more subtle cues, such as debutante parties, separate the upper-middle from the upper class. Finally, some upper-class people belong only to specialized clubs for fox hunting or horse showing, which are not uncovered in statistical attempts to establish upper-class indicators.

None of these points casts any doubt on the usefulness of the indicators, however. They show only that the indicators must be used with caution. Moreover, these points all raise interesting empirical questions deserving of systematic studies. Why are scholarship students sought by some private schools, and are such students likely to become part of the upper class? Why aren't private schools and clubs listed in biographical sources by some members of the upper class? Why are some middle-class people taken into upper-class clubs? Why do some upper-class people decline to be listed in a social directory? Merely to ask these questions is to suggest the complex social and psychological reality that lies beneath this seemingly dry catalogue of upper-class indicators. More generally, the information included or excluded in a social register or biographical directory is a "presentation of self" that social psychologist Richard Zweigenhaft has shown to be highly revealing concerning religious, ethnic, and class identifications.<sup>25</sup>

These indicators are the beginning, not the end, of sociological studies of the upper class. They could be expanded greatly by a computerized analysis of all the major biographical sources using

the statistical technique of contingency analysis. They could be made even more accurate by assigning weights to each indicator through factor analysis or discriminant analysis. Until a mathematical sociologist develops a deep interest in research on power, however, they are more than adequate for most studies of the upper class.

### **Prepping for Power**

From infancy through young adulthood, members of the upper class receive a distinctive education. This education begins early in life in preschools that frequently are attached to a neighborhood church of high social status. Schooling continues during the elementary years at a local private school called a day school. During the adolescent years the student may remain at day school, but there is a strong chance that at least one or two years will be spent away from home at a boarding school in a quiet rural setting. Higher education will take place at one of a small number of heavily endowed private colleges and universities. Large and well-known Ivy League schools in the East and Stanford in the West head the list, followed by smaller Ivy League schools in the East and a handful of other small private schools in other parts of the country. Although some upper-class children may attend public high school if they live in a secluded suburban setting, or go to a state university if there is one of great esteem and tradition in their home state, the system of formal schooling is so insulated that many upper-class students never see the inside of a public school in all their years of education.

This separate educational system is important evidence for the distinctiveness of the mentality and life-style that exists within the upper class because schools play a large role in transmitting the class structure to their students. Surveying and summarizing a great many studies on schools in general, sociologist Randall Collins concludes: "Schools primarily teach vocabulary and inflection, styles of dress, aesthetic tastes, values and manners."<sup>26</sup> His statement takes on greater significance for studies of the upper class when it is added that only 1 percent of American teenagers attend independent private high schools of an upper-class nature.<sup>27</sup>

The training of upper-class children is not restricted to the formal school setting, however. Special classes, and even tutors, are a regular part of their extracurricular education. This informal education usually begins with dancing classes in the elementary years, which are seen as important for learning proper manners and the social graces. Tutoring in a foreign language may begin in the elementary years, and there are often lessons in horseback riding and music as well. The teen years find the children of the upper class in summer camps or on special travel tours, broadening their perspectives and polishing their social skills.

The linchpins in the upper-class educational system are the dozens of boarding schools founded in the last half of the nineteenth and the early part of the twentieth centuries. Baltzell concludes that these schools became "surrogate families" that played a major role "in creating an upper-class subculture on almost a national scale in America."<sup>28</sup> The role of boarding schools in providing connections to other upper-class social institutions is also important. As one informant explained to Ostrander in her interview study of upper-class women: "Where I went to boarding school, there were girls from all over the country, so I know people from all over. It's helpful when you move to a new city and want to get invited into the local social club."<sup>29</sup>

It is within these few hundred schools that are consciously modeled after their older and more austere British counterparts that a distinctive style of life is inculcated through such traditions as the initiatory hazing of beginning students, the wearing of school blazers or ties, compulsory attendance at chapel services, and participation in esoteric sports such as squash and crew. Even a different terminology is adopted to distinguish these schools from public schools. The principal is a headmaster or rector, the teachers are sometimes called masters, and the students are in forms, not grades. Great emphasis is placed on the building of "character." The role of the school in preparing the future leaders of America is emphasized through the speeches of the headmaster and the frequent mention of successful alumni. Thus, boarding schools are in many ways the kind of highly effective socializing agent that sociologist Erving Goffman calls "total institutions," isolating their members from the outside world and providing them with a set of routines and

traditions that encompass most of their waking hours.<sup>30</sup> The end result is a feeling of separateness and superiority that comes from having survived a rigorous education. As a retired business leader told one of my research assistants: "At school we were made to feel somewhat better [than other people] because of our class. That existed, and I've always disliked it intensely. Unfortunately, I'm afraid some of these things rub off on one."<sup>31</sup>

Almost all graduates of private secondary schools go on to college, and almost all do so at prestigious universities. Graduates of the New England boarding schools, for example, historically found themselves at one of four large Ivy League universities: Harvard, Yale, Princeton, and Columbia. However, that situation changed somewhat after World War II as the boarding schools grew and provided more scholarships. An analysis of admission patterns for graduates of fourteen prestigious boarding schools between 1953 and 1967 demonstrated this shift by showing that the percentage of their graduates attending Harvard, Yale, or Princeton gradually declined over those years from 52 to 25 percent. Information on the same fourteen schools for the years 1969 to 1979 showed that the figure had bottomed out at 13 percent in 1973, 1975, and 1979, with some schools showing very little change from the late 1960s and others dropping even more dramatically.<sup>32</sup> Now many upper-class students attend a select handful of smaller private liberal arts colleges, most of which are in the East, but there are a few in the South and West as well.

Graduates of private schools outside of New England most frequently attend a prominent state university in their area, but a significant minority go to Eastern Ivy League and top private universities in other parts of the country. For example, the Gate School, a boarding school near Santa Barbara, California, is modeled after its New England counterparts and draws most of its students from California and other Western states. In the four years between 1993 and 1996, 35 percent of the 245 graduates went to one of fifteen prestigious Eastern schools, with Middlebury (12), Harvard (10), and Brown (7) topping the list. The other leading destinations for Gate graduates were the University of California (27), Stanford (9), University of Colorado (9), Georgetown (8), Duke (7), Vanderbilt (6), and University of Chicago (5). Or, to take another example, St. John's in Houston is a lavishly endowed day school built in the Gothic architecture typical of many universities. From 1992 through 1996, 22 percent of its 585 graduates went to the fifteen Eastern schools used in the Gate analysis, with Princeton (27), the University of Pennsylvania (15), Cornell (13), Harvard (12), and Yale (12) the most frequent destinations. As might be expected, the most graduates attended the University of Texas (105), Rice (49), Vanderbilt (33), and Stanford (15) were high on the list. Few graduates of either Gate or St. John's went to non-prestigious state schools.<sup>33</sup>

A majority of private school graduates pursue careers in business, finance, or corporate law. For example, a classification of the occupations of a sample of the graduates of four private schools—St. Mark's, Groton, Hotchkiss, and Andover—showed that the most frequent occupation for all but the Andover graduates was some facet of finance and banking. Others became presidents of medium-size businesses or were partners in large corporate law firms. A small handful went to work as executives for major national corporations.<sup>34</sup>

The business-oriented preoccupations of upper-class men is demonstrated in greater detail in a study of the careers of all those who graduated from Hotchkiss between 1940 and 1950. Using the school's alumni files, one researcher followed the careers of 228 graduates from their date of graduation until 1970. Fifty-six percent of the sample were either bankers or business executives, with 80 of the 91 businessmen serving as president, vice president, or partner in their firms. Another 10 percent of the sample were lawyers, mostly as partners in large firms closely affiliated with the business community. Outside the world of business, the most frequent occupations of the remaining one-third of the Hotchkiss graduates studied were physician (7 percent), engineer (6 percent), and public official (3 percent).<sup>35</sup>

Although finance, business, and law are the most typical occupations of upper-class males, there is no absence of physicians, architects, museum officials, and other professional occupations. This fact is demonstrated most systematically in Baltzell's study of Philadelphia: 39 percent of the Philadelphia architects and physicians listed in *Who's Who* for the early 1940s were also listed in the *Social Register*, as were 35 percent of the museum officials. These figures are



close to the 51 percent for lawyers and the 42 percent for businessmen, although they are far below the 75 percent for bankers—clearly the most prestigious profession in Philadelphia at that time.<sup>36</sup>

The involvement of private school graduates on boards of directors is demonstrated in my detailed study of all alumni over the age of 45 in 1980 from one of the most prestigious Eastern boarding schools, St. Paul's. Using *Poor's Register of Corporations, Directors and Executives* and *Who's Who in America*, it showed that 303 of these several thousand men were serving as officers or directors in corporations in general and that 102 were directors of ninety-seven corporations in the Fortune 800. Their involvement was especially great in the financial sector. Most striking of all, 21 graduates of St. Paul's were either officers or directors at J. P. Morgan Bank, one of the five largest banks in the country. This finding suggests that the alumni of particular schools may tend to cluster at specific banks or corporations.

### **A Better Chance**

As noted in the discussion of upper-class indicators and "false positives" in the previous section, private schools sometimes include scholarship students in their programs. The largest and most extensive of these programs, called A Better Chance, shows how private schools can be used to assimilate low-income minorities into the upper class in times of social turmoil. Founded in 1963 as a reaction to the Civil Rights Movement, the program, known as ABC, has graduated nearly 11,000 minority-group teenagers from 100 prestigious private schools and a few select public schools, about 70 percent of whom are African-Americans from Northern ghettos and impoverished rural areas of the South. The program is based primarily on scholarship money from the corporate and individual charitable foundations (discussed in Chapter 4), but in its first few years it had government money as well.<sup>37</sup>

Virtually all ABC graduates have gone on to a higher education; Harvard, Dartmouth, Tufts, and the University of Pennsylvania were the most popular universities for the students who participated during the first twenty years of the program. Lengthy interviews with thirty-eight early graduates by Zweigenhaft, along with information from written sources, suggest that most graduates of the program have done extremely well—although there are, of course, a small percentage of failures, as there are among any group of private school or university graduates. Many of those studied by Zweigenhaft are now moving into senior positions in corporations, banks, and corporate law firms, and even more work in a wide range of professions. The highest ranking graduate of the program to date is Deval Patrick, a corporate lawyer from Boston, who served as Assistant Attorney General for Civil Rights in the first Clinton Administration, but the most famous ABC graduate is singer and songwriter Tracy Chapman, who sings about revolution and is not likely to join the power elite.<sup>38</sup>

The way in which such programs are viewed depends at least in part on a person's political orientation. For Baltzell, who favored the class system because of the opportunities and incentives he thought it provides, programs like ABC are useful because they prepare a broader range of talented people of all racial and ethnic backgrounds for possible leadership roles. For Sweezy, also raised in the upper class and educated at Exeter and Harvard, but a Marxist, such programs are to be deplored as "recruiters for the ruling class, sucking upwards the ablest elements of the lower classes and thus performing the double function of infusing new brains into the ruling class and weakening the potential leadership of the working class."<sup>39</sup>

From kindergarten through college, then, schooling is very different for members of the upper class and it teaches them to be distinctive in many ways. In a country where education is highly valued and nearly everyone attends public schools, this private system benefits primarily members of the upper class and provides one of the foundations for the old-boy and old-girl networks that will be with them throughout their lives.

## Social Clubs

Just as private schools are a pervasive feature in the lives of upper-class children, so, too, are private social clubs a major point of orientation in the lives of upper-class adults. These clubs also play a role in differentiating members of the upper class from other members of society. According to Baltzell, "the club serves to place the adult members of society and their families within the social hierarchy." He quotes with approval the suggestion by historian Crane Brinton that the club "may perhaps be regarded as taking the place of those extensions of the family, such as the clan and the brotherhood, which have disappeared from advanced societies."<sup>40</sup> Conclusions similar to Baltzell's resulted from an interview study in Kansas City: "Ultimately, say upper-class Kansas Citians, social standing in their world reduces to one issue: where does an individual or family rank on the scale of private club memberships and informal cliques?"<sup>41</sup>

The clubs of the upper class are many and varied, ranging from family-oriented country clubs and downtown men's and women's clubs to highly specialized clubs for yacht owners, gardening enthusiasts, and fox hunters. Many families have memberships in several different types of clubs, but the days when most of the men by themselves were in a half dozen or more clubs faded before World War II. Downtown men's clubs originally were places for having lunch and dinner, and occasionally for attending an evening performance or a weekend party. But as upper-class families deserted the city for large suburban estates, a new kind of club, the country club, gradually took over some of these functions. The downtown club became almost entirely a luncheon club, a site to hold meetings, or a place to relax on a free afternoon. The country club, by contrast, became a haven for all members of the family. It offered social and sporting activities ranging from dances, parties, and banquets to golf, swimming, and tennis. Special group dinners were often arranged for all members on Thursday night—the traditional maid's night off across the United States.

Sporting activities are the basis for most of the specialized clubs of the upper class. The most visible are the yachting and sailing clubs, followed by the clubs for lawn tennis or squash. The most exotic are the several dozen fox hunting clubs. They have their primary strongholds in rolling countrysides from southern Pennsylvania down into Virginia, but they exist in other parts of the country as well. Riding to hounds in scarlet jackets and black boots, members of the upper class sustain over 130 hunts under the banner of the Masters of Fox Hounds Association. The intricate rituals and grand feasts accompanying the event, including the Blessing of the Hounds by an Episcopal bishop in the Eastern hunts, go back to the eighteenth century in the United States.<sup>42</sup>

Initiation fees, annual dues, and expenses vary from a few thousand dollars in downtown clubs to tens of thousands of dollars in some country clubs, but money is not the primary barrier in gaining membership to a club. Each club has a very rigorous screening process before accepting new members. Most require nomination by one or more active members, letters of recommendation from three to six members, and interviews with at least some members of the membership committee. Names of prospective members are sometimes posted in the clubhouse, so all members have an opportunity to make their feelings known to the membership committee. Negative votes by two or three members of what is typically a ten- to twenty-person committee often are enough to deny admission to the candidate. The carefulness with which new members are selected extends to a guarding of club membership lists, which are usually available only to club members. Older membership lists are sometimes given to libraries by members or their surviving spouses, but for most clubs there are no membership lists in the public domain.

Not every club member is an enthusiastic participant in the life of the club. Some belong out of tradition or a feeling of social necessity. One woman told Ostrander the following about her country club: "We don't feel we should withdraw our support even though we don't go much." Others mentioned a feeling of social pressure: "I've only been to [the club] once this year. I'm really a loner, but I feel I have to go and be pleasant even though I don't want to." Another volunteered: "I think half the members go because they like it and half because they think it's a social necessity."<sup>43</sup>

People of the upper class often belong to clubs in several cities, creating a nationwide pattern of overlapping memberships. These overlaps provide evidence for social cohesion within the upper class. An indication of the nature and extent of this overlapping is revealed by sociologist Philip

Bonacich's study of membership lists for twenty clubs in several major cities across the country, including the Links in New York, the Century Association in New York, the Duquesne in Pittsburgh, the Chicago in Chicago, the Pacific Union in San Francisco, and the California in Los Angeles. Using his own original clustering technique based on Boolean algebra, his study revealed there was sufficient overlap among eighteen of the twenty clubs to form three regional groupings and a fourth group that provided a bridge between the two largest regional groups. The several dozen men who were in three or more of the clubs—most of them very wealthy people who also sat on several corporate boards—were especially important in creating the overall pattern. At the same time, the fact that these clubs often have from 1,000 to 2,000 members makes the percentage of overlap within this small number of clubs relatively small, ranging from as high as 20 to 30 percent between clubs in the same city to as low as 1 or 2 percent in clubs at opposite ends of the country.<sup>44</sup>

The overlap of this club network with corporate boards of directors provides evidence for the intertwining of the upper class and corporate community. In one study, the club memberships of the chairs and outside directors of the twenty largest industrial corporations were counted. The overlaps with upper-class clubs in general were ubiquitous, but the concentration of directors in a few clubs was especially notable. At least one director from twelve of the twenty corporations was a member of the Links Club, which Baltzell calls "the New York rendezvous of the national corporate establishment."<sup>45</sup> Seven of General Electric's directors were members, as were four from Chrysler, four from Westinghouse, three from IBM, and two from U.S. Steel. In addition to the Links, several other clubs had directors from four or more corporations. A study I did using membership lists from eleven prestigious clubs in different parts of the country confirmed and extended these findings. A majority of the top twenty-five corporations in every major sector of the economy had directors in at least one of these clubs, and several had many more. For example, all of the twenty-five largest industrials had one or more directors in these eleven clubs. The Links in New York, with seventy-nine connections to twenty-one industrial corporations, had the most.

### **The Bohemian Grove As a Microcosm**

The Bohemian Club is the most unusual and widely known club of the upper class. Its annual two-week retreat seventy-five miles north of San Francisco brings together members of the upper class, corporate leaders, celebrities, and government officials for relaxation and entertainment. They are joined by several hundred "associate" members, who pay lower dues in exchange for producing plays, skits, artwork, and other forms of entertainment. Fifty to 100 professors and university administrators, most of them from Stanford University and campuses of the University of California, are also included in the associate category. The encampment provides the best possible insight into the role of clubs in uniting the corporate community and the upper class. It is a microcosm of the world of the corporate rich.<sup>46</sup>

The 2,700-acre pristine forest setting called the Bohemian Grove was purchased by the club in the 1890s after twenty years of holding the retreat in rented quarters. Bohemians and their guests number anywhere from 1,500 to 2,500 for the three weekends in the encampment, which is always held during the last two weeks in July. However, there may be as few as 400 men in residence in the middle of the week because most return to their homes and jobs after the weekends. During their stay the campers are treated to plays, symphonies, concerts, lectures, and political commentaries by entertainers, musicians, scholars, corporate executives, and government officials. They also trapshoot, canoe, swim, drop by the Grove art gallery, and take guided tours into the outer fringe of the mountain forest. But a stay at the Bohemian Grove is mostly a time for relaxation and drinking in the modest lodges, bunkhouses, and even teepees that fit unobtrusively into the landscape along the two or three dirt roads that join the few "developed" acres within the Grove. It is like a summer camp for the power elite and their entertainers.

The men gather in little camps of from ten to thirty members during their stay—although the camps for associate members are often larger. Each of the approximately 120 camps has its own pet name, such as Sons of Toil, Cave Man, Mandalay, Toyland, Owl's Nest, Hill Billies, and

Parsonage. A group of men from Los Angeles named their camp Lost Angels, and the men in the Bohemian chorus call their camp Aviary. Some camps are noted for special drinking parties, brunches, or luncheons to which they invite members from other camps. The camps are a fraternity system within the larger fraternity.

There are many traditional events during the encampment, including plays called the High Jinx and the Low Jinx. The most memorable event, however, is an elaborate ceremonial ritual called the Cremation of Care, which is held the first Saturday night. It takes place at the base of the forty-foot Owl Shrine constructed out of poured concrete and made even more resplendent by the mottled forest mosses that cover much of it. The Owl Shrine is only one of many owl symbols and insignias to be found in the Grove and the downtown clubhouse. The owl was adopted early in the club's history as its mascot, or totem animal. According to the club's librarian—who is also a historian at a large university—the event "incorporates druidical ceremonies, elements of medieval Christian liturgy, sequences directly inspired by the Book of Common Prayer, traces of Shakespearean drama and the seventeenth-century masque, and late nineteenth-century American lodge rites."<sup>47</sup> Bohemians are proud that the ceremony had been carried out 125 consecutive years as of 1997.

The opening ceremony is called the Cremation of Care because it involves the burning of an effigy named Dull Care, who symbolizes the burdens and responsibilities that these busy Bohemians now wish to shed temporarily. More than 250 Bohemians take part in the ceremony as priests, elders, acolytes, shore patrols, brazier bearers, boatmen, and woodland voices. After many flowery speeches and a long conversation with Dull Care, the high priest lights the fire with the flame from the Lamp of Fellowship, located on the "Altar of Bohemia" at the base of the shrine. The ceremony, which has the same initiatory functions as those of any fraternal or tribal group, ends with fireworks, shouting, and the playing of "There'll Be a Hot Time in the Old Town Tonight." The attempt to create a sense of cohesion and in-group solidarity among the assembled is complete. The laughter, drinking, and storytelling can now begin.<sup>48</sup>

But the retreat sometimes provides an occasion for more than fun and merriment. Although business is rarely discussed except in an informal way in groups of two or three, the retreat provides members with an opportunity to introduce their friends to politicians and hear formal noontime speeches (called Lakeside Talks because they take place across the lake from the Owl Shrine) from political candidates. Every Republican president of the twentieth century has been a member or guest at the Bohemian Grove. President Herbert Hoover (1929-1933) was the first Republican president to be a member, which gave him the honor of giving the final Lakeside Talk from the 1930s until his death in 1964. He was a member of Cave Man Camp, as was President Nixon. President Ford is in Mandalay, President Reagan in Owl's Nest, and President Bush in Hill Billies.

In 1995, House Speaker Newt Gingrich delivered the Lakeside Talk on the middle Saturday of the encampment and President Bush gave it on the final Saturday. The featured Saturday speakers in 1996 were the Republican governor of California and a former Republican secretary of state. Perhaps the most striking change in the Lakeside Talks in the 1990s is the absence of any leading Democrats. Although a Democratic president has never been a member of the club, cabinet members from the Kennedy, Johnson, and Carter Administrations were prominent guests and Lakeside speakers in the past.<sup>49</sup>

An exhaustive analysis of the members and guests at the Bohemian Grove in 1970 and 1980 demonstrates the way in which one club intertwines the upper class with the entire corporate community. In 1970, 29 percent of the top 800 corporations had at least one officer or director at the Bohemian Grove festivities; in 1980, the figure was 30 percent. As might be expected, the overlap was especially great among the largest corporations, with twenty-three of the top twenty-five industrials represented in 1970, fifteen of twenty-five in 1980. Twenty of the twenty-five largest banks had at least one officer or director in attendance in both 1970 and 1980. Other business sectors were represented somewhat less.<sup>50</sup>

An even more intensive study by sociologist Peter Phillips, which includes participant-observation and interviews as well as membership network analysis, extends the sociological

understanding of the Bohemian Grove into the 1990s. Using a list of 1,144 corporations— well beyond the 800 used in the studies for 1970 and 1980—Phillips nonetheless found that 24 percent of these companies had at least one director who was a member or guest in 1993. For the top 100 corporations outside of California, the figure was 42 percent, compared to 64 percent in 1971.<sup>51</sup> The companies with three or more directors who were members of the Bohemian Club in 1991 are listed in table 3.2.

As the case of the Bohemian Grove and its theatrical performances rather dramatically illustrates, there seems to be a great deal of truth to the earlier-cited suggestion by Crane Brinton that clubs may function within the upper class the way that the clan or brotherhood does in tribal societies. With their restrictive membership policies, initiatory rituals, private ceremonials, and great emphasis on tradition, clubs carry on the heritage of primitive secret societies. They create among their members an attitude of prideful exclusiveness that contributes greatly to an in-group feeling and a sense of fraternity within the upper class.

In concluding this discussion of the Bohemian Club and its retreat as one small example of the intersection of the upper class and corporate community, it needs to be stressed that the Bohemian Grove is not a place of power. No conspiracies are hatched there, nor anywhere else. Instead, it is a place where powerful people relax, make new acquaintances, and enjoy themselves. It is primarily a place of social bonding. The main sociological function of the Bohemian Club and other clubs is stated by sociologist Thomas Powell, based on his own interview study of members in upper-class clubs:

The clubs are a repository of the values held by the upper-level prestige groups in the community and are a means by which these values are transferred to the business environment. The clubs are places in which the beliefs, problems, and values of the industrial organization are discussed and related to the other elements in the larger community. Clubs, therefore, are not only effective vehicles of informal communication, but also valuable centers where views are presented, ideas are modified, and new ideas emerge. Those in the interview sample were appreciative of this asset; in addition, they considered the club as a valuable place to combine social and business contacts.<sup>52</sup>

### **The Female Half of the Upper Class**

During the late nineteenth and early twentieth centuries, women of the upper class carved out their own distinct roles within the context of male domination in business, finance, and law. They went to separate private schools, founded their own social clubs, and belonged to their own volunteer associations. As young women and party goers, they set the fashions for society. As older women and activists, they took charge of the nonprofit social welfare and cultural institutions of the society, serving as fund-raisers, philanthropists, and directors in a manner parallel to what their male counterparts did in business and politics. To prepare themselves for their leadership roles, in 1901 they created the Junior League to provide internships, role models, mutual support, and training in the management of meetings.

Due to the general social changes of the 1960s—and in particular the revival of the feminist movement—the socialization of wealthy young women has changed somewhat in recent decades. Many private schools are now coeducational. Their women graduates are encouraged to go to major four-year colleges rather than finishing schools. Women of the upper class are more likely to have careers; there are already two or three examples of women who have risen to the top of their family's business. They are also more likely to serve on corporate boards. Still, due to its emphasis on tradition, there may be even less gender equality in the upper class than there is in the professional stratum; it is not clear how much more equality will be attained.

The female half of the upper class has been studied by several sociologists. Their work provides an important window into the upper class and class consciousness in general as well as a portrait of the socialization of wellborn women. But before focusing on their work, it is worthwhile to examine one unique institution of the upper class that has not changed very much in its long history—the debutante party that announces a young woman's coming of age and eligibility for

marriage. It contains general lessons on class consciousness and the difficulties of maintaining traditional socializing institutions in a time of social unrest.

### **The Debutante Season**

The debutante season is a series of parties, teas, and dances that culminates in one or more grand balls. It announces the arrival of young women of the upper class into adult society with the utmost of formality and elegance. These highly expensive rituals—in which great attention is lavished on every detail of the food, decorations, and entertainment—have a long history in the upper class. They made their first appearance in Philadelphia in 1748 and Charleston, South Carolina, in 1762, and they vary only slightly from city to city across the country. They are a central focus of the Christmas social season just about everywhere, but in some cities debutante balls are held in the spring as well.

Dozens of people are involved in planning the private parties that most debutantes have before the grand ball. Parents, with the help of upper-class women who work as social secretaries and social consultants, spend many hours with dress designers, caterers, florists, decorators, bandleaders, and champagne importers, deciding on just the right motif for their daughter's coming out. Most parties probably cost between \$25,000 and \$75,000, but sometimes the occasion is so extraordinary that it draws newspaper attention. Henry Ford II spent \$250,000 on a debutante party for one of his daughters, hiring a Paris designer to redo the Country Club of Detroit in an eighteenth-century chateau motif and flying in 2 million magnolia boughs from Mississippi to cover the walls of the corridor leading to the reception room. A Texas oil and real estate family chartered a commercial jet airliner for a party that began in Dallas and ended with an all-night visit to the clubs in the French Quarter of New Orleans.<sup>53</sup>

The debutante balls themselves are usually sponsored by local social clubs. Sometimes there is an organization whose primary purpose is the selection of debutantes and the staging of the ball, such as the Saint Cecelia Society in Charleston, South Carolina, or the Allegro Club in Houston, Texas. Adding to the solemnity of the occasion, the selection of the season's debutantes is often made by the most prominent upper-class males in the city, often through such secret societies as the Veiled Prophet in St. Louis or the Mardi Gras krewes in New Orleans.

Proceeds from the balls are usually given to a prominent local charity sponsored by members of the upper class. "Doing something for charity makes the participants feel better about spending," explains Mrs. Stephen Van Rensselaer Strong, a social press agent in New York and herself a member of the upper class.<sup>54</sup> It also makes at least part of the expense of the occasion tax deductible.

Evidence for the great traditional importance attached to the debut is to be found in the comments Ostrander received from women who thought the whole process unimportant but made their daughters go through it anyhow: "I think it's passe, and I don't care about it, but it's just something that's done," explained one woman. Another commented: "Her father wanted her to do it. We do have a family image to maintain. It was important to the grandparents, and I felt it was an obligation to her family to do it." When people begin to talk about doing something out of tradition or to uphold an image, Ostrander suggests, then the unspoken rules that dictate class-oriented behavior are being revealed through ritual behavior.<sup>55</sup>

Despite the great importance placed on the debut by upper-class parents, the debutante season came into considerable disfavor among young women as the social upheavals of the late 1960s and early 1970s reached their climax. This decline reveals that the reproduction of the upper class as a social class is an effort that must be made with each new generation. Although enough young women participated to keep the tradition alive, a significant minority refused to participate, which led to the cancellation of some balls and the curtailment of many others. Stories appeared on the women's pages across the country telling of debutantes who thought the whole process was "silly" or that the money should be given to a good cause. By 1973, however, the situation began to change again, and by the mid-1970s things were back to normal.<sup>56</sup>

The decline of the debutante season and its subsequent resurgence in times of domestic

tranquility reveal very clearly that one of its latent functions is to help perpetuate the upper class from generation to generation. When the underlying values of the class were questioned by a few of its younger members, the institution went into decline. Attitudes toward such social institutions as the debutante ball are one indicator of whether adult members of the upper class have succeeded in insulating their children from the rest of society.

### **The Role of Volunteer**

The most informative and intimate look at the adult lives of traditional upper-class women is provided in three different interview and observation studies, one on the East Coast, one in the Midwest, and one on the West Coast. They reveal the women to be both powerful and subservient, playing decision-making roles in numerous cultural and civic organizations but also accepting traditional roles at home vis-a-vis their husbands and children. By asking the women to describe a typical day and to explain which activities were most important to them, sociologists Arlene Daniels, Margot McLeod, and Susan Ostrander found that the role of community volunteer is a central preoccupation of upper-class women, having significance as a family tradition and as an opportunity to fulfill an obligation to the community. One elderly woman involved for several decades in both the arts and human services told Ostrander: "If you're privileged, you have a certain responsibility. This was part of my upbringing; it's a tradition, a pattern of life that my brothers and sisters do too."<sup>57</sup>

This volunteer role is institutionalized in the training programs and activities of a variety of service organizations, especially the Junior League, which is meant for women between 20 and 40 years of age, including some upwardly mobile professional women. "Voluntarism is crucial and the Junior League is the quintessence of volunteer work," said one woman. "Everything the League does improves the situation but doesn't rock the boat. It fits into existing institutions."<sup>58</sup>

Quite unexpectedly, Ostrander found that many of the women serving as volunteers, fund-raisers, and board members for charitable and civic organizations viewed their work as a protection of the American way of life against the further encroachment of government into areas of social welfare. Some even saw themselves as bulwarks against socialism. "There must always be people to do volunteer work," one said. "If you have a society where no one is willing, then you may as well have communism where it's all done by the government." Another commented: "It would mean that the government would take over, and it would all be regimented. If there are no volunteers, we would live in a completely managed society which is quite the opposite to our history of freedom." Another equated government support with socialism: "You'd have to go into government funds. That's socialism. The more we can keep independent and under private control, the better it is."<sup>59</sup>

Despite this emphasis on volunteer work, the women placed high value on family life. They arranged their schedules to be home when children came home from school (thirty of the thirty-eight in Ostrander's study had three or more children), and they emphasized that their primary concern was to provide a good home for their husbands. Several wanted to have greater decision-making power over their inherited wealth, but almost all wanted to take on the traditional roles of wife and mother, at least until their children were grown.

In recent years, thanks to the pressures on corporations from the women's movement, upper-class women have expanded their roles to include corporate directorships. A study of women in the corporate community by former sociologist Beth Ghiloni, now a corporate executive, found that 26 percent of all women directors had upper-class backgrounds, a figure very similar to overall findings for samples of predominantly male directors. The figure was even higher, about 71 percent, for the one-fifth of directors who described themselves as volunteers before joining corporate boards. Many of these women told Ghiloni that their contacts with male corporate leaders on the boards of women's colleges and cultural organizations led to their selection as corporate directors.<sup>60</sup>

Women of the upper class are in a paradoxical position. They are subordinate to male members of their class, but they nonetheless exercise important class power in some institutional arenas. They may or may not be fully satisfied with their ambiguous power status, but they bring an

upper-class, antigovernment perspective to their exercise of power. There is thus class solidarity between men and women toward the rest of society. Commenting on the complex role of upper-class women, feminist scholar Catherine Stimson draws the following stark picture: "First they must do to class what gender has done to their work—render it invisible. Next, they must maintain the same class structure they have struggled to veil."<sup>61</sup>

### Marriage and Family Continuity

The institution of marriage is as important in the upper class as it is in any level of American society, and it does not differ greatly from other levels in its patterns and rituals. Only the exclusive site of the occasion and the lavishness of the reception distinguish upper-class marriages. The prevailing wisdom within the upper class is that children should marry someone of their own social class. The women interviewed by Ostrander, for example, felt that marriage was difficult enough without differences in "interests" and "background," which seemed to be the code words for class in discussions of marriage. Marriages outside the class were seen as likely to end in divorce.<sup>62</sup>

The original purpose of the debutante season was to introduce the highly sheltered young women of the upper class to eligible marriage partners. It was an attempt to corral what Baltzell calls "the democratic whims of romantic love," which "often play havoc with class solidarity."<sup>63</sup> But the day when the debut could play such a role was long past, even by the 1940s. The function of directing romantic love into acceptable channels was taken over by fraternities and sororities, singles-only clubs, and exclusive summer resorts.

However, in spite of parental concerns and institutionalized efforts to provide proper marriage partners, some upper-class people marry members of the upper-middle and middle classes. Although there are no completely satisfactory studies, and none that are very recent, what information is available suggests that members of the upper class are no more likely to marry within their class than people of other social levels. The most frequently cited evidence on upper-class marriage patterns appears as part of biographical studies of prominent families. Though these studies demonstrate that a great many marriages take place within the class—and often between scions of very large fortunes—they also show that some marriages are to sons and daughters of middle-class professionals and managers. No systematic conclusions can be drawn from these examples.

Wedding announcements that appear in major newspapers provide another source of evidence on this question. In a study covering prominent wedding stories on the society pages on Sundays in June for two different years one decade apart, it was found that 70 percent of the grooms and 84 percent of the brides had attended a private secondary school. Two-thirds of the weddings involved at least one participant who was listed in the *Social Register*, with both bride and groom listed in the *Social Register* in 24 percent of the cases.<sup>64</sup> However, those who marry far below their station may be less likely to have wedding announcements prominently displayed, so such studies must be interpreted with caution.

A study that used the *Social Register* as its starting point may be indicative of rates of intermarriage within the upper class, but it is very limited in its scope and therefore can only be considered suggestive. It began with a compilation of all the marriages listed in the Philadelphia *Social Register* for 1940 and 1960. Since the decision to list these announcements may be a voluntary one, a check of the marriage announcements in the *Philadelphia Bulletin* for those years was made to see if there were any marriages involving listees in the *Social Register* that had not been included, but none was found. One in every three marriages for 1940 and one in five for 1961 involved partners who were both listed in the *Social Register*. When private-school attendance and social club membership as well as the *Social Register* were used as evidence for upper-class standing, the rate of intermarriage averaged 50 percent for the two years. This figure is very similar to that for other social levels.<sup>65</sup>

The general picture for social class and marriage in the United States is suggested in a statistical study of neighborhoods and marriage patterns in the San Francisco area. Its results are very similar to those of the Philadelphia study using the *Social Register*. Of eighty grooms



randomly selected from the highest-level neighborhoods, court records showed that 51 percent married brides of a comparable level. The rest married women from middle-level neighborhoods; only one or two married women from lower-level residential areas. Conversely, 63 percent of eighty-one grooms from the lowest-level neighborhoods married women from comparable areas, with under 3 percent having brides from even the lower end of the group of top neighborhoods. Completing the picture, most of the eighty-two men from middle-level areas married women from the same types of neighborhoods, but about 10 percent married into higher-level neighborhoods. Patterns of intermarriage, then, suggest both stability and some upward mobility through marriage into the upper class.<sup>66</sup>

Turning now to the continuity of the upper class, there is evidence that it is very great from generation to generation. This finding conflicts with the oft-repeated folk wisdom that there is a large turnover at the top of the American social ladder. Once in the upper class, families tend to stay there even as they are joined in each generation by new families and by middle-class brides and grooms who marry into their families. One study demonstrating this point began with a list of twelve families who were among the top wealthholders in Detroit for 1860, 1892, and 1902. After demonstrating their high social standing as well as their wealth, it traced their Detroit-based descendants to 1970. Nine of the twelve families still had members in the Detroit upper class; members from six families were directors of top corporations in the city. The study cast light on some of the reasons why the continuity is not even greater. One of the top wealthholders of 1860 had only one child, who in turn had no children. Another family dropped out of sight after the six children of the original 1860 wealthholders only child went to court to divide the dwindling estate of \$250,000 into six equal parts. A third family persisted into a fourth generation of four great-granddaughters, all of whom married outside of Detroit.<sup>67</sup>

Comprehensive evidence on the issue of continuity is presented in a study of iron and steel manufacturers of the late nineteenth century. Using a directory of iron and steel manufacturing plants for the years 1874 to 1901 to identify 696 steel manufacturers in six Midwestern cities, historian John Ingham studied their social origins as well as traced their descendants into the mid-twentieth century. Seventy percent of the men in the sample were the sons of well-to-do businesspeople and another 13 percent were the sons of professional men. Only 10 percent were the sons of blue-collar workers, and only 6 percent the sons of farmers. Although there are some variations from city to city, these overall findings are very similar to those of earlier studies on the social origins of nineteenth-century business leaders. Tracing the families of the steel executives into the twentieth century, Ingham determined that most were listed in the *Social Register*, were members of the most exclusive social clubs, lived in expensive neighborhoods, and sent their children to Ivy League universities. He concludes that "there has been more continuity than change among the business elites and upper classes in America," and he contrasts his results with the claims made by several generations of impressionistic historians that there has been a decline of aristocracy, the rise of a new plutocracy, or a passing of the old order.<sup>68</sup>

A study of listings in the *Social Register* for 1940, 1977, and 1995 demonstrates the continuing presence of families descended from the largest fortunes of the nineteenth and early twentieth centuries. Using a list of eighty-seven families from Gustavus Myers' *History of the Great American Fortunes* and sixty-six from Ferdinand Lundberg's *America's Sixty Families*, sociologist David Broad found that 92 percent of the Myers families were still represented in 1977, with the figure falling only to 87 percent in 1995. In similar fashion, 88 percent of the Lundberg families were represented in 1977 and 83 percent in 1995. Broad also found that the men in over half of these families signaled their connection to the founder of the fortune by putting IV, V, or VI after their names. Almost half had the last name of their wealthy mothers as their first name, once again demonstrating the families' concern with continuity.<sup>69</sup> It seems likely, then, that the American upper class is a mixture of old and new members. There is both continuity and social mobility, with the newer members being assimilated into the life-style of the class through participation in the schools, clubs, and other social institutions described in this chapter. There may be some tensions between those newly arrived and those of established status—as novelists and journalists love to point out—but what they have in common soon outweighs their differences.<sup>70</sup>

## Upward Mobilty: Horatio Alger and the Forbes 400

Americans always have believed that anyone can rise from rags to riches if they try hard enough, but in fact a rise from the bottom to the top is very rare and often a matter of luck—being at the right place at the right time. In the late nineteenth century, a wealthy upper-class Bostonian with a Harvard education, Horatio Alger, became a best-selling author by writing short fictional books about young boys who had gone from penniless adversity to great wealth, and in real life the commentators of the day pointed to three or four actual examples. Subsequent research showed that most of the business leaders of that era did not fit the Horatio Alger myth. As one historian noted, Horatio Alger stories "have always been more conspicuous in American history books than in the American business elite."<sup>71</sup>

Since 1982 the Horatio Alger story line has been taken up by *Forbes*, a business magazine that each year publishes a list of the allegedly 400 richest Americans. "Forget old money," says the article that introduces the 1996 list. "Forget silver spoons. Great fortunes are being created almost monthly in the U.S. today by young entrepreneurs who hadn't a dime when we created this list 14 years ago."<sup>72</sup> Thomas Dye, using the *Forbes* lists as his starting place, stresses the same point with almost equal enthusiasm:

Today over half of America's top wealth-holders are self-made single-generation tycoons. On the lists of billionaires and centimillionaires, the names of self-made men and women outnumber heirs to family fortunes, and first- and second-generation immigrants abound. Moreover, in every successive list of top wealth-holders over the decades there are as many dropouts and newcomers as holdovers.<sup>73</sup>

But the Horatio Alger story is no less rare today than it was in the 1890s. A study of all those on the *Forbes* lists for 1995 and 1996 showed that at least 56 percent came from millionaire families and that another 14 percent came from the top 10 percent of the income ladder.<sup>74</sup> But even these figures are probably an underestimate because it is so difficult to obtain accurate information on family origins from those who want to obscure their pasts. Even those in the upwardly mobile 30 percent often had excellent educations or other advantages. As for the immigrants, they too sometimes came from wealthy families; contrary to the stereotype, not all immigrants to the United States arrive poor, at least not anymore.<sup>75</sup>

For example, consider the social background of Wayne Huizenga, owner of the professional football, baseball, and hockey teams in Miami, estimated to be worth \$1.4 billion in 1996 through the creation of, first, Waste Management Company, and then Blockbuster Video. As *Current Biography* puts it: "The hero of a real-life Horatio Alger story, in his early twenties, Huizenga worked as a garbage-truck driver."<sup>76</sup> But he was born in a Chicago suburb, graduated from a private high school, and had a grandfather who owned a garbage-collection business in Chicago. His father was a real estate investor. True, Huizenga did start his own garbage company in southern Florida after not showing much aptitude for school, but he also merged it with companies in Chicago that were successors to his grandfather's firm, one of which was headed by a cousin by marriage. This is enterprising behavior, but it is not a Horatio Alger saga.

*Forbes* also talks about several people on its list as college drop-outs, but people who leave a prestigious institution like Harvard or Stanford to pursue a new opportunity in which timing is everything hardly fit the definition of a "college dropout." For example, William Gates, the richest person in the United States in 1996 with \$18.5 billion, a graduate of Lakeside School, the top prep school in Seattle, left Harvard early to found Microsoft before someone beat him to what was the next step in the development of personal computers. His father is a corporate lawyer with one of the largest firms in Seattle.

Contrary to *Forbes* and Dye, most upward social mobility in the United States involves relatively small changes for those who are above the lowest 20 percent and below the top 5 percent. In a typical example, the grandfather is a blue-collar worker, the father has a good white-collar job based on a B.A. degree, and one or two of the father's children are lawyers or physicians, but most of the father's grandchildren are white-collar workers.<sup>77</sup>

## Dropouts, Failures, and Change Agents

Not all men and women of the upper class fit the usual molds. A few are dropouts, failures, and even critics of the upper class. These exceptions, when they come to public attention, are sometimes used by pluralists to claim that the upper class is not cohesive enough to be a ruling class. True, some members of the upper class do become playboys and party givers who draw faded European royalty and entertainers into their worldwide social life, but even they can be of some use by providing leisure settings for working members of the upper class. Others turn to a bohemian life-style with an interest in music or writing that takes them away from their old haunts.

With a few long-standing exceptions, however, the anecdotal evidence also suggests that many of the young jet-setters and dropouts return to more familiar pathways. A daughter of upper-class Bostonians, for example, emerged as a celebrity in the early 1940s because she became a dancer in the Ziegfeld Follies and then ran off to Mexico, where she posed in the nude for a portrait by Diego Rivera. By 1947, when she dropped from media attention, she had settled back into the upper class as the wife of a wealthy New Yorker, raising horses and dogs, tending several houses, and gaining attention in the 1970s for her beautiful gardens.<sup>78</sup>

Numerous anecdotal examples also show that some members of the upper class even lead lives of failure, despite all the opportunities available to them. Although members of the upper class are trained for leadership and given every opportunity to develop feelings of self-confidence, there are some who fail in school, become involved with drugs and alcohol, or become mentally disturbed—at least in part because there are negative psychological aspects to an upper-class upbringing.<sup>79</sup> Once again, however, this cannot be seen as evidence for a lack of cohesion in the upper class, for there are bound to be some problems for individuals in any group.

There are even a few members of the upper class who abandon its institutions and values to become part of the liberal-labor coalition or leftists. They participate actively in liberal or leftist causes as well as lend financial support. Several liberal and socialist magazines of the past and present, including *The Nation* and *Mother Jones*, have been supported by such people. Some of the most visible recent examples of this tendency work through a national network of fifteen change-oriented foundations called the Funding Exchange. These foundations gave away about \$50 million between their founding in the 1970s and the early 1990s. They receive money from wealthy individuals and then donate it to feminist, environmentalist, low-income, and minority-group activists. They also set up discussion groups for college-age members of the upper class who are working through issues relating to their class backgrounds and thinking about providing money for liberal causes. In the case of the Haymarket Foundation, studied in depth by Ostrander, the committee that makes the donations—which amount to about \$400,000 per year—is composed primarily of activists from groups that have been supported by the foundation. Ostrander concludes that this approach provides a way to overcome the usual power relations between donors and recipients and thereby helps to create a potentially egalitarian movement.<sup>80</sup>

The fact that upper-class families produce some liberal and leftist activists is one reason why social psychologists believe it is counterproductive for the leaders of social movements to talk in terms of class categories in seeking adherents, pitting the "greedy ruling class" against the victimized but heroic "working class." Such a strategy makes the assimilation of upper-class liberals and leftists more difficult because an emphasis on class origins heightens the differences among members of the movement, rather than reducing them. It relies on stereotypes and creates "out-groups," which sometimes compounds the problem by creating self-fulfilling negative outcomes. For this reason, most social psychologists favor the approach taken by Martin Luther King, Jr., and the Civil Rights Movement because it emphasizes (1) shared values and (2) "redemption" through the conversion to new beliefs. They point out that people can never rid themselves of the categories they are born into—such as those of race and class—but they can change their values and their practices, which is the actual goal sought by a democratic social movement.<sup>81</sup> The Haymarket Foundation change agents are evidence that a focus on shared values and redemption can be useful in bringing about social change.

## Wealth and Power: Who Benefits?

It is obvious that members of the upper class must have large amounts of wealth and income if they can afford the tuition at private schools, the fees at country clubs, and the very high expenses of an elegant social life. Exactly how much they have, however, is a difficult matter to determine because the Internal Revenue Service does not release information on individuals and most people are not willing to volunteer details on this subject.

Direct questions about a person's money are frowned on in America, even in the upper class. One young member of the upper class in Boston told an interviewer: "Money was never talked about. I still don't know how much the family is worth. I have no idea."<sup>82</sup> Nor are the adult members of the upper class likely to talk about their wealth or the distribution of wealth in general. After presenting figures on the wealth distribution, an upper-class society writer notes that "I have never heard a dinner conversation in which figures such as these have been discussed."<sup>83</sup> Instead, she reports, any conversation concerning money is more likely to concern the outrageous starting salaries of bus drivers, police officers, and other working people. Even people with millions of dollars are likely to deny they are rich if they are asked directly. This reaction is in part genuine, for they always know someone else who has much more money and makes them feel poor by comparison. This phenomenon is well-known to social psychologists from studies of other social comparisons: There is always someone who is more knowledgeable, more talented, or richer, and that is what people often focus on.

In considering the distribution of wealth and income in the United States, it must be stressed that they are two separate issues. Wealth distribution has to do with the concentration of ownership of marketable assets, which may include tangible things such as land, machinery, and animals, and intangibles such as stocks, bonds, and copyrights, but also insurance policies, houses, cars, and furniture.<sup>84</sup> Income distribution, on the other hand, has to do with the percentage of wages, dividends, interest, and rents paid out each year to individuals or families at various income levels. In theory, those who own a great deal may or may not have high incomes—depending on the returns they receive from their wealth—but in reality, those at the very top of the wealth distribution also tend to have the highest incomes, mostly from dividends and interest.

For purposes of testing a class-domination theory of power, the most important focus of wealth and income studies is on the highest levels of wealth distribution and the percentage of overall income that is derived from that wealth. Numerous studies show that wealth distribution is extremely concentrated and that it has been very stable over the course of the twentieth century, although there was a temporary decline in wealth concentration in the 1970s (in good part due to a decline in stock prices). By the late 1980s, however, wealth distribution was as concentrated as it had been in 1929, when the top 1 percent had 36.3 percent of all wealth. The percentage of yearly income received by the highest 1 percent of wealthholders also remained constant within the context of some mild fluctuations. In 1958, for example, the top 1.5 percent of wealthholders received 13 percent of yearly income; in 1992, the top 1 percent received 15.7 percent.<sup>85</sup> Table 3.3 presents figures for 1983, 1989, and 1992 for net worth, financial wealth, and income for the wealthiest 1 percent, the next 19 percent, and the bottom 80 percent.

None of the studies on wealth and income distributions include the names of individuals. This means studies have to be done to demonstrate that people of wealth and high income are in fact members of the upper class. The most detailed study of this kind is Baltzell's historical work on Philadelphia, which showed that the wealthiest people are also those who send their children to private schools, live in exclusive neighborhoods, and are listed in the *Social Register*. On the national level, Baltzell reported that nine of the ten wealthiest financiers at the turn of the century had descendants in the *Social Register*, that over 75 percent of the wealthy families in Lundberg's *America's Sixty Families* had descendants in the *Social Register*, and that eighty-seven of the wealthy men in Myers' *History of the Great American Fortunes* also had descendants in those volumes.<sup>86</sup> Supplementing these findings, sociologist C. Wright Mills found that at least one-half of the ninety richest men of 1900 had descendants in the *Social Register*, and my study of ninety corporate directors worth \$ 10 million or more in 1960 found that 74 percent met criteria of upper-

class membership.<sup>87</sup> However, the question "Who benefits?" has attracted little further research because the answer seems so obvious to most people.

There are newly rich people who are not yet assimilated into the upper class, and there are highly paid professionals, entertainers, and athletes who for a few years make more in a year than many members of the upper class. However, for the most part it is safe to conclude that the people of greatest wealth and highest income are part of—or are becoming part of—the upper class.

Without a doubt, then, the .5 to 1 percent of the population that makes up the upper class is also the .5 to 1 percent who owned 45.6 percent of the financial wealth in 1992. In terms of the "Who benefits?" indicator of power, the upper class is far and away the most powerful group in society.

### **The Upper Class and Corporate Control**

Although wealth distribution is a strong indication that the upper class has great power in the United States, it does not follow that members of the upper class control corporations: It may be, as pluralists claim, that members of the upper class simply enjoy the dividends paid by their stocks. To show that members of the upper class have power within the corporate community, it is necessary to look at other types of information, but it is nonetheless noteworthy as a starting point that corporate stock ownership is even more concentrated than net worth or financial wealth. Throughout the twentieth century, between 50 percent and 76 percent of all privately held corporate stock has been owned by the top 1 percent of stockholders, who are surely members of the upper class according to the research findings presented in the previous section. In 1992, as stated at the start of the first chapter, the top 1 percent owned 49.6 percent of all privately held corporate stock.

It is also worth noting that not all corporations issue stock that is open to purchase by the general public. There are several hundred very large privately held companies that provide a good starting point for a demonstration of direct involvement by owners in major corporations. Several dozen of these corporations would have been in the *Fortune 500* in the mid-1990s if their assets had been part of the public record. Ninety-two of them are large enough to provide their owners with sufficient wealth to be listed in the *Forbes 400*.<sup>88</sup> Table 3.4 lists several widely known companies that are privately owned.

### **Family Ownership**

Information presented in the previous chapter shows that not very many companies ever were completely owned by just one family, but family ownership has been the focus of most investigations of corporate control nonetheless. Although these investigations usually rely on public records that are not ideal for research purposes, they provide a good starting point.

Three different studies present detailed evidence on the extent of family involvement in the largest American corporations. The first, by political scientist Philip Burch, used both official documents and the informal—but often more informative—findings of the business press as its sources of information. Burch concluded that 40 percent of the top 300 industrials were probably under family control, using the usual cutoff point of 5 percent of the stock as his criterion.<sup>89</sup> Analyzing the official records that became available in the 1970s, a team of researchers at Corporate Data Exchange provided detailed information on the major owners of most of the top 500 industrials for 1980, showing that significant individual and family ownership continues to exist for all but the very largest of corporations.<sup>90</sup> One individual or family was a top stockholder, with at least 5 percent of the stock, in 44 percent of the 423 profiled corporations not controlled by other corporations or foreign interests. In another 7 percent, from two to four families held at least 5 percent of the stock and had representation on the board of directors. The figures were much lower among the 50 largest, however, where only 17 percent of the 47 companies included in the study showed evidence of major family involvement. The findings on the small percentage of the very largest industrials under individual or family control concur with those in a third study, that by economist Edward S. Herman for the 200 largest corporations among all nonfinancial corporations

for 1974—1975.<sup>91</sup> Of the 104 companies common to the two studies, I determined that there were only four disagreements in classifying the nature of their control structure, and some of those may be due to changes in ownership patterns between 1974 and 1980.

These results can be supplemented with more recent information on the ways in which members of the upper class work through family offices, holding companies (a company created only to own stock in operating companies), and investment partnerships in maintaining great influence in the corporate community. In particular, the use of holding companies and investment partnerships in the takeover and merger movement of the late 1980s shows that no company thought to be firmly under the control of management is safe from the greater powers of ownership.

### **The Family Office**

A family office is an informal entity through which members of a family or group of families agree to pool some of their resources in order to hire people to provide them with advice on investments, charitable giving, and even political donations in some cases. Family offices often handle all financial transactions and legal matters as well. Their relevance here is in terms of their potential for maintaining control of corporations founded by an earlier generation of the family. Such offices contradict the belief that corporate control is necessarily lost due to the inheritance of stock by a large number of descendants.

Journalist Shelby White, one of the few people to inquire about family offices at any length, writes that "to a large extent, the wealthy families of America have managed their money by setting up private offices, which then take care of family finances from cradle to grave: activating trusts, dispensing allowances to the younger generations, helping obtain divorces for older family members, and ultimately, managing their estates." However, her strongest emphasis is on the office as a cohesive force in keeping the family a significant economic unit:

But most of all, family offices have served as a unifying force, keeping the money intact as the families have moved out of the entrepreneurial, risk-taking businesses that formed the basis of the wealth. Without a central office, the fortune would lose its power as it was dispersed over generations. Though each member of a family might be worth several million dollars, it is the collective use of the money that gives the offices the leverage to buy companies, create tax shelters and invest in oil drilling, real estate and the myriad of other ventures favored by the very rich.<sup>92</sup>

It is likely that there are at least several hundred family offices across the country, but no reliable estimate is available.

The most detailed account of a family office is provided by sociologist Marvin Dunn in his study of the Weyerhaeuser family of Saint Paul, Minnesota, and Tacoma, Washington, whose great wealth is concentrated in the lumber industry. By assembling a family genealogy chart that covered five generations, and then interviewing several members of the family, Dunn determined that a family office called Fiduciary Counselors, Inc. (FCI), aids the family in maintaining a central role in two major corporations. By demonstrating that there are several Weyerhaeusers on the boards of these companies who were not known to be Weyerhaeusers by previous investigators, and by aggregating the stock holdings that are managed out of the family office, Dunn shows that Potlatch—thought to be no longer dominated by the Weyerhaeusers—continues to be under the family's control. Table 3.5 presents the corporate directorships for leading members of the Weyerhaeuser family in 1996.

Fiduciary Counselors, Inc., also housed the offices of two Weyerhaeuser holding companies used to make investments for family members as a group and to own shares in new companies established by them. Although the primary focus of the Weyerhaeuser family office is economic matters, the office serves other functions as well. It keeps the books for fifteen different charitable foundations of varying sizes and purposes through which family members give money, and it coordinates political donations by family members all over the country to both candidates and political action committees.<sup>93</sup>

## **Holding Companies**

Holding companies can serve the economic functions of a family office if the family is still small and tight-knit. They have the advantage of being incorporated entities that can buy and sell stock in their own names. Because they are privately held, they need report only to tax authorities on their activities. The role of a family holding company can be seen in the case of the Lindner family of Cincinnati, which uses a financial holding company, American Financial Corporation, to control relatively small banks, savings and loans, and insurance companies and to take large ownership positions in a variety of other companies. In 1980, the family was among the top five stockholders in six of the largest 500 industrials through purchases by this company.<sup>94</sup>

The second richest person in the United States in 1996, Warren Buffett, worth \$ 15 billion and the scion of third-generation wealth, operates through a holding company, Berkshire Hathaway. Along with his partners, he sits on the boards of several of the companies in which he invests. Table 3.6 lists the corporate directorships held by Buffett and his partners.<sup>95</sup>

## **Investment Partnerships**

Some wealthy individuals and families use a slightly different financial arrangement, an investment partnership, which gives them more flexibility than the corporate form. Kohlberg, Kravis, Roberts, usually known as KKR, has been the most visible example since the 1980s because it has been involved in many corporate takeovers. The lead partner, Henry Kravis (who is sometimes listed as a self-made person because it is not generally known that his father was worth tens of millions of dollars), sits on seven corporate boards, including Safeway Stores and Duracell International—all companies that he and his partners acquired in quick succession after 1986. His cousin and partner, George Roberts, joins him on six of those boards. There can be little doubt about who controls these companies, or about the control of any other companies where investment partnerships or holding companies have representatives on the board of directors. The takeovers by KKR and similar partnerships show that corporations allegedly controlled by their managers can be acquired by groups of rich investors, unless they are resisted by a rival group of owners.<sup>96</sup>

These findings on the importance of family ownership, family offices, holding companies, and investment partnerships in large corporations suggest that a significant number of large corporations continue to be controlled by major owners. However, the very largest corporations in several sectors of the economy show no large ownership stake by individuals or families—whether through family offices, holding companies, or other devices. Their largest owners, in blocks of a few percent, are pension funds, bank trust departments, investment companies, and mutual funds. Moreover, interview studies suggest that these fiduciary institutions very rarely take any role in influencing the management of the corporations in which they invest.<sup>97</sup> Upper-class involvement in these corporations is manifested through the presence of upper-class leaders on boards of directors, a point demonstrated earlier in this chapter and again in the next subsection.

While it may seem surprising at first glance that members of the upper class are least involved at the executive level in the very largest corporations, the reasons lie in issues of power and status and have nothing to do with education or expertise. Members of the upper class usually are not interested in a career that means years of working their way up a corporate bureaucracy when there is no incentive for them to do so. They prefer to work in finance, corporate law, or their own family businesses, where they have greater autonomy and more opportunities to exercise power.

With the many ways in which members of the upper class can exert control within the corporate community clearly established, it is now possible to consider the role of upwardly mobile corporate executives.

## **The Assimilation of Rising Executives**

As noted at the outset of the chapter, the middle-level origins of many corporate executives are used by pluralists as part of their argument that ownership and control are separated in the large corporations. Not only is stock ownership allegedly dispersed, with no one family owning a controlling interest, but the leadership is provided by middle-class experts whose primary concern

is supposedly not with profits, but with balancing the demands of workers, consumers, and owners. In this view, professional managers are a group distinct from upper-class owners and directors in social origins, skills, and motivations. Contrary to this claim, the evidence presented in this section shows, first, that more executives have high-level origins than is usually realized and, second, that the rising executives are assimilated into the upper class and come to share its values, thereby cementing the relationship between the upper class and the corporate community rather than severing it. The aspirations of professional managers for themselves and for their offspring lead them into the upper class in behavior, values, and style of life, not away from it.

There have been many studies of the class origins of top corporate executives. They most frequently focus on the occupation of the executive's father. These studies show, as Useem suggests in a detailed synthesis, that "between 40 percent and 70 percent of all large corporation directors and managers were raised in business families, which comprised only a tiny fraction of families of that era." One of the studies he cites compared business leaders at thirty-year intervals over the century and found that the percentage whose fathers were businessmen remained constant at 65 percent.<sup>98</sup> In one of the most extensive studies of corporate directors ever undertaken, Dye considered parental occupation, listing in the *Social Register*, and attendance at a prestigious private school to estimate that 30 percent of several thousand directors came from the upper class (the top 1 percent). Approximately 59 percent came from the middle class, which comprises about 21 percent of the population by Dye's definition, and only 3 percent came from the remaining 78 percent of the population (8 percent of the sample was not classifiable).<sup>99</sup>

Very similar backgrounds are found for Latino and Asian-American members of corporate boards. In the case of Latinos, those who are wealthy are most often Cuban-Americans who brought their wealth to the United States when they left Cuba because of Fidel Castro's revolutionary takeover in 1959. Many other well-to-do Latinos on corporate boards come from wealthy or well-educated families in Spain, Puerto Rico, Mexico, or South American countries, although some are the children of upwardly mobile immigrants. Among Asian-Americans, it is Chinese-Americans from the upper class in pre-Communist China who provide a large minority of Asian-American corporate directors. As for Japanese-Americans, they are usually third-generation Americans who are the grandsons and granddaughters of immigrants who began as the owners of small farms or small businesses. For the most part, Japanese-American directors acquired good educations and worked their way up the corporate ladder. As noted in chapter 2, Latino and Asian-American directors often have intermarried with Euro-Americans and are being assimilated into the upper class.<sup>100</sup> The situation is somewhat different for African-Americans on corporate boards. Although they have excellent educational credentials, they are less likely to be from families of wealth. They come to corporate boards from businesses and organizations outside the corporate community. There is little evidence that they are being assimilated into the upper class. On the basis of these and other findings, Zweigenhaft and I conclude in *Diversity in the Power Elite* that at bottom *white* is the term for the in-group in the United States. Its definition is expanding to include children of immigrants of all racial backgrounds, but not African-Americans, who continue to face subtle forms of stereotyping and racism based on their status as members of a subordinated, nonimmigrant minority group.<sup>101</sup>

Whatever the social origins of corporate executives, most are educated and trained in a small number of private universities and business schools. Useem summarizes the results of several studies by concluding that "approximately one-third of those who oversee the nation's largest firms attended Harvard, Yale, or Princeton, and two-thirds studied at one of the twelve most heavily endowed schools."<sup>102</sup> It is in these schools that people of middle-class origins receive their introduction to the values of the upper class and the corporate community, mingling for the first time with men and women of the upper class to some extent, and sometimes with upper-class teachers and administrators who serve as role models. This modeling continues in the graduate schools of business that many attend before joining the corporation. Minority group members who are not from wealthy families show the same educational patterns as other upwardly mobile corporate executives.

The conformist atmosphere within the corporations intensifies this socialization into upper-class



styles and values. As sociologist Rosabeth Kanter explains in her study of managers and secretaries in a large East Coast corporation, the great uncertainty and latitude for decision making in positions at the top of complex organizations creates a situation in which trust among leaders is absolutely essential. That need for trust is what creates a pressure toward social conformity:

It is the uncertainty quotient in managerial work, as it has come to be defined in the large modern corporations, that causes management to become so socially restricting; to develop tight inner circles excluding social strangers; to keep control in the hands of socially homogeneous peers; to stress conformity and insist upon a diffuse, unbounded loyalty; and to prefer ease of communication and thus social certainty over the strains of dealing with people who are "different."<sup>103</sup>

In this kind of an atmosphere, it quickly becomes apparent to new managers that they must demonstrate their loyalty to senior management by working extra hours, tailoring their appearance to that of their superiors, and attempting to conform in their attitudes and behavior. They come to believe that they have to be part of the "old-boy network" to succeed in the company. Although there are competence criteria for the promotion of managers, they are vague enough or hard enough to apply that most managers become convinced that social factors are critical as well.

Executives who are successful in winning acceptance into the inner circle of their home corporations are invited by their superiors to join social institutions that assimilate them into the upper class. The first invitations are often to charitable and cultural organizations, where they serve as fund-raisers and as organizers of special events. The wives of rising executives, whose social acceptability is thought to be a factor in managers' careers, experience their first extensive involvement with members of the upper class through these same organizations. Also, the social clubs discussed earlier in the chapter are important socializing agents for the rising executive.

The role played by clubs in assimilating rising executives can be seen in my additions to a study of corporate presidents by political scientist Andrew Hacker, who found that the typical president for one of the 100 largest industrial firms in 1958 was born in a middle-class home.<sup>104</sup> Hacker stresses the average socioeconomic origins of these executives in order to criticize class-domination theory and support institutional elite theory, but my analysis showed that 70 percent of these executives had become members of one or more upper-class clubs by the time he studied them.

Upwardly mobile executives also become part of the upper class through the educational careers of their children. As the children go to day schools and boarding schools, the executives take part in evening and weekend events for parents, participate in fund-raising activities, and sometimes become directors or trustees in their own right. The fact that the children of successful managers become involved in upper-class institutions can also be seen in their patterns of college attendance. This is demonstrated very clearly in the 1958 study of executives by Hacker. Whereas only 29 percent of the corporate presidents went to Ivy League colleges, 70 percent of their sons and daughters did so.<sup>105</sup>

Rising executives are assimilated economically at the same time they are assimilated socially. One of the most important of these assimilatory mechanisms is the stock option, an arrangement by which the executive is allowed to buy company stock at any time within a future time period at the price of the stock when the option is granted. If the price of the stock rises, the executive purchases it at the original low price, often with the help of a low-interest or interest-free loan from the corporation. He or she then may sell the stock at the market value, realizing a large capital gain that was taxed at a maximum rate of 28 percent until 1997, when the rate dropped to 18 to 20 percent as part of a tax reform package.<sup>106</sup> Stock-purchasing plans, in conjunction with salaries and bonuses in the millions of dollars, allow some top executives to earn thousands of times more than the average wage earner each year. These high levels of remuneration enable upwardly mobile corporate leaders to become multimillionaires in their own right, and important leaders within the corporate community.

The assimilation of professional executives into the upper class also can be seen in the emphasis they put on profits—the most important of ownership objectives. This point is

demonstrated most directly in the performance of the corporations they manage. Several studies comparing owner-controlled companies with companies run by professional managers uncover no differences in profitability.<sup>107</sup>

No studies have asked American executives directly about the emphasis they put on profits as compared with other objectives, but a survey of professional managers in Great Britain, where the corporate structure is very similar, determined that profit was their highest priority.<sup>108</sup> For the United States, the question has been approached by studying the content of speeches by managers of owner-controlled and management-controlled firms. Drawing on a compendium called *Vital Speeches*, sociologist Maynard Seider found that executives from management-controlled firms were no more likely to give speeches emphasizing the social responsibility of corporations than those from owner-controlled companies. Nor were there differences in their attitudes toward government regulation, government spending, or labor relations. Instead, as noted in the first chapter, the content of the speeches tended to differ by business sector. Executives whose companies dealt directly with the general public were more likely to speak in terms of a social responsibility ethic than those selling machinery and services to other companies.<sup>109</sup>

By all accounts, then, the presence of upwardly mobile executives does not contradict the notion that the upper class and the corporate community are closely related. In terms of their wealth, their social contacts, and their values, successful managers become part of the upper class and leaders in the power elite as they rise in the corporate hierarchy.

## Conclusion

This chapter establishes the existence of a social upper class that is nationwide in scope through private schools, clubs, summer resorts, retreats, and other social institutions, all of which transcend the presence or absence of any given person or family. Families can rise and fall in the class structure, but the institutions of the upper class persist. This upper class makes up from .5 to 1 percent of the population, a rough estimate based on the number of students attending independent private schools, the number of listings in past *Social Registers* for several cities, and detailed interview studies in Kansas City and Boston.<sup>110</sup> The disproportionate share of wealth and income controlled by members of the upper class is evidence for a class-domination theory in terms of the "Who benefits?" indicator of power.

Not everyone in this nationwide upper class knows everyone else, but everybody knows somebody who knows someone in other areas of the country—thanks to a common school experience, a summer at the same resort, or membership in the same social club. With the social institutions described in this chapter as the undergirding, the upper class at any given historical moment consists of a complex network of overlapping social circles knit together by the members they have in common and by the numerous signs of equal social status that emerge from a similar life-style. Viewed from the standpoint of social psychology, the upper class is made up of innumerable face-to-face small groups that are constantly changing in their composition as people move from one social setting to another.

Involvement in these institutions usually instills a class consciousness that includes feelings of superiority, pride, and justified privilege. Deep down, most members of the upper class think they are better than other people and therefore fully deserving of their station in life—an attitude that is very useful in managing employees, even though it is sometimes psychologically debilitating. This class consciousness is ultimately based in the societywide categories of owners and nonowners, but it is reinforced by the shared social identities and interpersonal ties created by participation in social institutions of the upper class.

Above and beyond these specific points, the chapter provides another reason why it makes sense to talk about class domination rather than interest groups: The upper class is based in the ownership and control of profit-producing investments in stocks, bonds, and real estate. In other words, the nationwide upper class rooted in the corporate community is a capitalist class as well as a social class. Its members are not simply concerned with the interests of one corporation or business sector, but with such matters as the investment climate, the rate of profit, and the overall

political climate. With the exception of those who have joined the liberal-labor coalition or a leftist movement, members of the upper class have a conservative outlook on economic issues in general. They transcend the interest-group level in their thinking and actions.

The class consciousness generated by economic concerns and an upper-class social existence is strengthened and nuanced within the policy-formation network discussed in the next chapter. The organizations in that network help the corporate rich to work toward consensus on policy matters in which the potential for misunderstanding and disagreement are great despite the commonalities stressed in this chapter. Human beings are often distrustful or egotistical, and there can be disagreements among corporations for a variety of reasons. Developing a common policy outlook is not automatic for the corporate rich.

## ENDNOTES

1. Dorwin Cartwright and Alvin Zander, *Group Dynamics* (New York: Harper and Row, 1960), pp. 74-82; Albert J. Lott and Bernice E. Lott, "Group Cohesiveness as Interpersonal Attraction," *Psychological Bulletin*, 64 (1965): 259-309; Michael Argyle, *Social Interaction* (Chicago: Aldine Publishing Company, 1969), pp. 220-223; Michael Hogg, *The Social Psychology of Group Cohesiveness* (New York: New York University Press, 1992).

2. Cartwright and Zander, op. cit., p. 89; Lott and Lott, op. cit., pp. 291-296.

3. Gabriel Almond, "Plutocracy and Politics in New York City," Ph.D. Dissertation, University of Chicago, 1941, p. 108.

4. Harold M. Hodges, Jr., "Peninsula People: Social Stratification in a Metropolitan Complex," in *Education and Society*, ed. Warren Kallenbach and Harold M. Hodges, Jr. (Columbus, OH: Merrill, 1963), p. 414.

5. Robert R. Palmer, *The Age of the Democratic Revolution*, vol. 1 (Princeton, NJ: Princeton University Press, 1959), p. 203.

6. Jackson Turner Main, *The Social Structure of Revolutionary America* (Princeton, NJ: Princeton University Press, 1965), pp. 239, 284.

7. Palmer, op. cit., p. 3.

8. Richard P. Coleman and Lee Rainwater, *Social Standing in America* (New York: Basic Books, 1978).

9. August B. Hollingshead and Frederick C. Redlich, *Social Class and Mental Illness: A Community Study* (New York: Wiley, 1958), p. 69.

10. Coleman and Rainwater, op. cit., p. 25.

11. Susan Ostrander, "Upper-Class Women: Class Consciousness as Conduct and Meaning," in *Power Structure Research*, ed. G. William Domhoff (Beverly Hills, CA: Sage Publications, 1980), pp. 78-79.

12. Allison Davis, Burleigh B. Gardner, and Mary R. Gardner, *Deep South* (Chicago: University of Chicago Press, 1941), p. 59 n.

13. David Krech, Richard S. Crutchfield, and Egerton L. Ballachy, *The Individual in Society* (New York: McGraw-Hill, 1962), p. 338.

14. Robert A. Dahl, *Who Governs?* (New Haven, CT: Yale University Press, 1961), p. 229.

15. Paul M. Sweezy, "The American Ruling Class," *The Present as History*, ed. Paul Sweezy (New York: Monthly Review Press, 1953), pp. 123-124. For a Marxian critique of the mainstream views on social class, see Charles H. Anderson, *The Political Economy of Social Class* (Englewood Cliffs, NJ: Prentice-Hall, 1974). For a superlative explication and quantitative demonstration of the utility of the Marxian view, along with a critique of rival views, see Erik Olin Wright, *Class Counts: Comparative Studies in Class Analysis* (New York: Cambridge University Press, 1998).

16. Walter Powell and Paul DiMaggio, eds., *The New Institutionalism in Organizational Analysis* (Chicago: University of Chicago Press, 1991). The emphasis on habits, customs, and culture in "the new institutionalism" is useful in understanding social systems, but the power dynamics that create and sustain institutions are often lost from view by the authors in the Powell and DiMaggio book. For an excellent critique of these authors that gives the right weight to class and power within an institutional framework, see the chapter in the book by Roger Friedland and Robert Alford, "Bringing Society Back In: Symbols, Practices, and Institutional Contradictions," pp. 232-263.

17. E. Digby Baltzell, *Philadelphia Gentlemen: The Making of a National Upper Class* (Glencoe, IL: Free Press, 1958).

18. Brad Edmonson, "Sampling the Upper Crust," *American Demographics*, 12 (1990): 47-48, reports that there are 32,500 people listed in the *Social Register*, 23 percent in New York, 13 percent in Philadelphia,

and 8 percent in Boston. The new *Social Register Observer*, published twice a year, contains useful information on social gatherings, along with biographical information in marriage announcements and obituaries. The *Social Register* received a small flurry of publicity in 1996 when its owner, Steve Forbes, Jr., ran for the presidential nomination in the Republican primaries. His wife, Sabrina Beekman Forbes, is related to the founders of the Social Register Association. See James Perry, "Steve Forbes Is Keeping Tight-Lipped on Family Tie to Blue-Blood Bible," *Wall Street Journal*, January 26, 1996: B12; Joanne Kaufman, "Married Maidens and Dilatory Domiciles," *Wall Street Journal*, May 7, 1996: A16. For a detailed account of the *Social Register* until 1976, see G. William Domhoff, *Who Rules America Now?* (New York: Simon and Schuster, 1983), pp. 20-24.

19. G. William Domhoff, *The Higher Circles* (New York: Random House, 1970), pp. 11-13.

20. *Ibid.*, pp. 14-16.

21. Richard P. Coleman and Bernice L. Neugarten, *Social Status in the City* (San Francisco: Jossey-Bass, 1971), chapters 2 and 6.

22. Baltzell, *op. cit.*, p. 44.

23. Domhoff, *Higher Circles*, p. 31.

24. Michael Useem, personal communication, September 26, 1979.

25. Richard L. Zweigenhaft and G. William Domhoff, *Jews in the Protestant Establishment* (New York: Praeger, 1982), pp. 94-98. Zweigenhaft has also studied the autobiographical entries in 25-year reunion books at prestigious colleges and universities. See, for example, Richard L. Zweigenhaft, "Accumulation of Cultural and Social Capital: The Differing College Careers of Prep School and Public School Graduates," *Sociological Spectrum*, 13 (1993): 365-376; "Prep School and Public School Graduates of Harvard: A Longitudinal Study of the Accumulation of Social and Cultural Capital," *Journal of Higher Education*, 64 (1993): 211-225; and "The Application of Cultural and Social Capital: A Study of the 25th Year Reunion Entries of Prep Schools and Public School Graduates of Yale College," *Higher Education*, 23 (1992): 311-320. For a precursor of Zweigenhaft's approach, see C. Luther Fry, "The Religious Affiliations of American Leaders," *Scientific Monthly*, 36 (1933): 241-249.

26. Randall Collins, "Functional and Conflict Theories of Educational Stratification," *American Sociological Review*, 36 (1971): 1010.

27. "Private Schools Search for a New Role," *National Observer*, August 26, 1968: 5. For an excellent account of major boarding schools, see Peter Cookson and Caroline Hodge Persell, *Preparing for Power: America's Elite Boarding Schools* (New York: Basic Books, 1985).

28. Baltzell, *op. cit.*, p. 339.

29. Susan Ostrander, *Women of the Upper Class* (Philadelphia: Temple University Press, 1984), p. 85.

30. Erving Goffman, *Asylums* (Chicago: Aldine, 1961).

31. Interview conducted for G. William Domhoff by research assistant Deborah Samuels, February 1975; see also Gary Tamkins, "Being Special: A Study of the Upper Class," Ph.D. Dissertation, Northwestern University, 1974.

32. Michael Gordon, "Changing Patterns of Prep School Placements," *Pacific Sociological Review*, vol. 12, no. 1 (Spring 1969): 23-26.

33. These figures were obtained from the Admissions Offices at Gate and St. John's.

34. Steven Levine, "The Rise of the American Boarding Schools," Senior Honors Thesis, Harvard University, 1975, pp. 128-130.

35. Christopher F. Armstrong, "Privilege and Productivity: The Cases of Two Private Schools and Their Graduates," Ph.D. Dissertation, University of Pennsylvania, 1974, pp. 162-163. (The second school in Armstrong's study was Putney, a much newer, smaller, and more liberal school in Vermont.)

36. Baltzell, *op. cit.*, pp. 51-65.

37. Richard L. Zweigenhaft and G. William Domhoff, "Sophisticated Conservatives and the Integration of Prep Schools," *Research in Social Policy*, 5 (1997): 223-240.

38. Richard L. Zweigenhaft and G. William Domhoff, *Blacks in the White Establishment? A Study of Race and Class in America* (New Haven, CT: Yale University Press, 1991).

39. E. Digby Baltzell, *The Protestant Establishment* (New York: Random House, 1964), p. 344; Paul Sweezy, *Power Elite or Ruling Class?* (New York: Monthly Review Press, 1956), Pamphlet Series, No. 13, p. 29.

40. Baltzell, *Philadelphia Gentlemen*, *op. cit.*, p. 373.

41. Coleman and Rainwater, *op. cit.*, p. 144.

42. Sophy Burnham, *The Landed Gentry* (New York: G. P. Putnam's Sons, 1978).

43. Ostrander, *Women of the Upper Class*, *op. cit.*, p. 104.

44. Philip Bonacich and G. William Domhoff, "Latent Classes and Group Membership," *Social Networks*, 3 (1981). The analysis also includes policy groups of the kind that are discussed in chapter 4.
45. G. William Domhoff, *Who Rules America?* (Englewood Cliffs, NJ: Prentice-Hall, 1967), p. 26; E. Digby Baltzell, *The Protestant Establishment*, op. cit., p. 371.
46. G. William Domhoff, *The Bohemian Grove and Other Retreats* (New York: Harper and Row, 1974); G. William Domhoff, "Politics among the Redwoods," *The Progressive* (January 1981): 32-36.
47. *Bohemian Grove 1994: Midsummer Encampment* (San Francisco: Bohemian Club, 1994), p. 19.
48. Domhoff, *The Bohemian Grove and Other Retreats*, op. cit., pp. 1-7 for the details of the Cremation of Care Ceremony.
49. Kevin Wehr, "The Power Elite at the Bohemian Grove: Has Anything Changed in the 1990s?," *Critical Sociology*, 20 (1994): 121-124.
50. Domhoff, *Who Rules America Now?*, op. cit., p. 70.
51. Peter Phillips, "A Relative Advantage: Sociology of the San Francisco Bohemian Club," Ph.D. Dissertation, University of California, Davis, 1994, pp. 77-79, 82.
52. Thomas Powell, *Race, Religion, and the Promotion of the American Executive* (Columbus: Ohio State University Press, 1969), p. 50.
53. Gay Pauley, "Coming-Out Party: It's Back in Style," *Los Angeles Times* (March 13, 1977): section 4, p. 22; "Debs Put Party on Jet," *San Francisco Chronicle* (December 18, 1965): 2.
54. Pauley, "Coming-Out Party," op. cit.
55. Ostrander, "Upper-Class Women: Class Consciousness as Conduct and Meaning," op. cit., pp. 93-94; Ostrander, *Women of the Upper Class*, op. cit., pp. 89-90.
56. "The Debut Tradition: A Subjective View of What It's All About," *New Orleans Times-Picayune* (August 29, 1976): section 4, p. 13; Tia Gidnick, "On Being 18 in '78: Deb Balls Back in Fashion," *Los Angeles Times* (November 24, 1978): part 4, p. 1; Virginia Lee Warren, "Many Young Socialites Want Simpler Debutante Party, or None," *New York Times* (July 2, 1972): 34; Mary Lou Loper, "The Society Ball: Tradition in an Era of Change," *Los Angeles Times* (October 28, 1973): part 4, p. 1.
57. Ostrander, *Women of the Upper Class*, op. cit., pp. 128-129. For three other fine accounts of the volunteer work of upper-class women, see Arlene Daniels, *Invisible Careers* (Chicago: University of Chicago Press, 1988); Margot MacLeod, "Influential Women Volunteers" (paper presented to the meetings of the American Sociological Association, San Antonio, August 1984); and Margot MacLeod, "Older Generation, Younger Generation: Transition in Women Volunteers' Lives" (unpublished manuscript, 1987). For women's involvement in philanthropy and on the boards of nonprofit organizations, see Teresa Odendahl, *Charity Begins at Home: Generosity and Self-Interest among the Philanthropic Elite* (New York: Basic Books, 1990), and Teresa Odendahl and Michael O'Neill, eds., *Women and Power in the Nonprofit Sector* (San Francisco: Jossey-Bass, 1994). For in-depth interviews of both women and men philanthropists, see Francie Ostrower, *Why the Wealthy Give: The Culture of Elite Philanthropy* (Princeton, NJ: Princeton University Press, 1995).
58. Ostrander, *Women of the Upper Class*, pp. 113, 115.
59. Ostrander, "Upper-Class Women," op. cit., p. 84; Ostrander, *Women of the Upper Class*, pp. 132-137.
60. Beth Ghiloni, "New Women of Power," Ph.D. Dissertation/University of California, Santa Cruz, 1986, pp. 122, 159.
61. Daniels, op. cit., p. x.
62. Ostrander, *Women of the Upper Class*, pp. 85-88.
63. Baltzell, *Philadelphia Gentlemen*, p. 26.
64. Paul M. Blumberg and P. W. Paul, "Continuities and Discontinuities in Upper-Class Marriages," *Journal of Marriage and the Family*, vol. 37, no. 1 (February 1975): 63-77; David L. Hatch and Mary A. Hatch, "Criteria of Social Status as Derived from Marriage Announcements in the New York Times," *American Sociological Review*, 12 (August 1947): 396-403.
65. Lawrence Rosen and Robert R. Bell, "Mate Selection in the Upper Class," *Sociological Quarterly*, 7 (Spring 1966): 157-166.1 supplemented the original study by adding the information on schools and clubs.
66. Robert C. Tryon, "Identification of Social Areas by Cluster Analysis: A General Method with an Application to the San Francisco Bay Area," *University of California Publications in Psychology*, 8 (1955); Robert C. Tryon, "Predicting Group Differences in Cluster Analysis: The Social Areas Problem," *Multivariate Behavioral Research*, 2 (1967): 453-475.
67. T. D. Schuby, "Class Power, Kinship, and Social Cohesion: A Case Study of a Local Elite," *Sociological Focus*, 8, no. 3 (August 1975): 243-255; Donald Davis, "The Price of Conspicuous Production: The Detroit Elite and the Automobile Industry, 1900-1933," *Journal of Social History*, 16 (1982): 21-46.
68. John Ingham, *The Iron Barons* (Westport, CT: Greenwood Press, 1978), pp. 230-231. For the

continuity of a more general sample of wealthy families, see Michael Alien, *The Founding Fortunes* (New York: Truman Talley Books, 1987).

69. David D. Broad, "The Social Register: Directory of America's Upper Class," *Sociological Spectrum*, 16 (1996): 173-181; David Broad, "The Social Register and the Endurance of Upper-Class Values" (paper presented to the annual meetings of the Southern Sociological Society, Atlanta, April 6, 1995).

70. For further evidence of the assimilation of new members into the upper class, see the study of the social affiliations and attitudes of the successful Jewish business owners who become part of the upper class by Zweigenhaft and Domhoff, *Jews in the Protestant Establishment*, op. cit.

71. William Miller, "American Historians and the Business *Elite*," *Journal of Economic History*, 9 (1949): 184-208. The quote appears on page 208.

72. Ann Marsh, "Meet the Class of 1996," *Forbes* (October 14, 1996): 100.

73. Thomas Dye, *Who's Running America?*, 6th ed. (Englewood Cliffs, NJ: Prentice-Hall, 1995), p. 51.

74. *Born on Third Base: The Sources of Wealth of the 1996 Forbes 400* (Boston: United for a Fair Economy, 1997); Chuck Collins, "Horatio Alger: Where Are You?," *Dollars and Cents* (January/February 1997): 9.

75. Richard Zweigenhaft and G. William Domhoff, *Diversity in the Power Elite* (New Haven, CT: Yale University Press, 1998).

76. "Wayne Huizenga," *Current Biography* (New York: H. H. Wilson, 1995): 260-265. The quote appears on page 260.

77. Harold Kerbo, *Social Stratification and Inequality*, 3rd ed. (New York: McGraw Hill, 1996), p. 348; Gary Solon, "Intergenerational Income Mobility in the United States," *American Economic Review*, 82 (1992): 393-409; Keith Bradsher, "America's Opportunity Gap," *New York Times* (June 4, 1995): E4.

78. Sally Quinn, "C. Z. Guest: The Rich Fight Back," *Post* (May 1, 1977): M-1; Cleveland Amory, *The Proper Bostonians* (New York: Dutton, 1947), p. 347.

79. For insights into the negative aspects of growing up wealthy, see Joanie Bronfman, "The Experience of Inherited Wealth: A Social-Psychological Perspective," Ph.D. Dissertation, Brandeis University, 1987. See also Louis Crosier, ed., *Casualties of Privilege* (Washington, DC: Avocus Publishing, 1991).

80. Susan Ostrander, *Money for Change* (Philadelphia: Temple University Press, 1995). See also Christopher Mogil and Anne Slepian, *We Gave Away a Fortune: Stories of People Who Have Devoted Themselves and Their Wealth to Peace, Justice, and a Healthy Environment* (Philadelphia: New Society Publishers, 1992).

81. These principles of social change are drawn from the work of a number of social psychologists. For a series of articles applying most of them to grassroots organizing, see the special issue of *the Journal of Social Issues*, 52 (1996). See especially Laura Woliver, "Mobilizing and Sustaining Grassroots Dissent," pp. 139-151, and the synthesis of several key points in Anthony Pratkanis and Marlene Turner, "Persuasion and Democracy: Strategies for Increasing Deliberative Participation and Enacting Social Change," pp. 187-205.

For an inspired and inspiring application of social psychology principles to the way in which Branch Rickey and Jackie Robinson broke the color barrier in major league baseball in 1947, see Anthony Pratkanis and Marlene Turner, "Nine Principles of Successful Affirmative Action: Mr. Branch Rickey and Mr. Jackie Robinson and the Integration of Baseball," *Nine: A Journal of Baseball History and Social Policy Perspectives*, 3 (1994): 36-65. See especially the discussions of the social psychology of nonviolent resistance (pp. 46-50) and redemption (pp. 54-55).

It should be stressed, however, that none of these authors is attempting to apply these principles at the societal level to which I am extrapolating them. The best social psychologist for large-scale social change remains Martin Luther King, Jr.

82. Tamkins, "Being Special," op. cit., p. 60.

83. Burnham, op. cit., p. 205.

84. Robert Lampman, *The Share of Top Wealth-Holders in National Wealth* (Princeton, NJ: Princeton University Press, 1962), p. 2. For thorough discussions of wealth and income in the past, see Gabriel Kolko, *Wealth and Power in America* (New York: Praeger, 1962); Jonathan Turner and Charles Starnes, *Inequality: Privilege and Poverty in America* (Santa Monica, CA: Goodyear Publishing, 1976).

85. James Smith, "An Estimate of the Income of the Very Rich," *Papers in Quantitative Economics* (Lawrence: University of Kansas Press, 1968); Edward Wolff, *Top Heavy* (New York: Twentieth Century Fund, 1996).

86. Baltzell, *Philadelphia Gentlemen*, op. cit., pp. 36-40.

87. C. Wright Mills, *The Power Elite* (New York: Oxford University Press, 1956), p. 117; Domhoff, *Who Rules America?*, op. cit., p. 47.

88. "The Private 500," *Forbes* (Dec. 2, 1996): 155.

89. Philip Burch, *The Managerial Revolution Reassessed* (Lexington, MA: Heath, 1972), pp. 29-30, 70.
90. Stephen Albrecht and Michael Locker, eds., *CDE Stock Ownership Directory: Fortune 500* (New York: Corporate Data Exchange, 1981).
91. Edward Herman, *Corporate Control, Corporate Power* (New York: Cambridge University Press, 1981), pp. 54-65, Appendix A.
92. Shelby White, "Cradle to Grave: Family Offices Manage Money for the Very Rich," *Barren's* (March 20, 1978): 9.
93. Marvin Dunn, "The Family Office: Coordinating Mechanism of the Ruling Class," in G. William Domhoff, ed., *Power Structure Research* (Beverly Hills, CA: Sage Publications, 1980).
94. "American Financial Moves into the Big Time," *Business Week* (March 3, 1973): 72; Albrecht and Locker, op. cit., p. 208.
95. Roger Lowenstein, *Buffett: The Making of an American Capitalist* (New York: Random House, 1995).
96. Sarah Bartlett, *The Money Machine* (New York: Warner Books, 1991). For accounts of the takeover movement, see Connie Bruck, *The Predators' Ball* (New York: Simon and Schuster, 1988); James B. Stewart, *Den of Thieves* (New York: Simon and Schuster, 1991); and Mary Zey, *Banking on Fraud: Drexel, Junk Bonds, and Buyouts* (New York: Aldine de Gruyter, 1993).
97. Edward S. Herman, *Conflicts of Interest: Commercial Bank Trust Departments* (New York: Twentieth Century Fund, 1975); Herman, *Corporate Control, Corporate Power*, op. cit., chapter 4.
98. Michael Useem, "Corporations and the Corporate Elite," *Annual Review of Sociology*, 6 (1980): 64; Michael Useem and Jerome Karabel, "Pathways to Corporate Management," *American Sociological Review*, 51 (1986): 184-200.
99. Thomas Dye, *Who's Running America?* (Englewood Cliffs, NJ: Prentice-Hall, 1976), pp. 151-152. Dye leaves out the details of his findings in the latest edition (1995) of this book, which is why it is not cited here.
100. Zweigenhaft and Domhoff, *Diversity in the Power Elite*, op. cit.
101. Ibid., chapter 8; Zweigenhaft and Domhoff, *Blacks in the White Establishment?*, op. cit., chapter 7.
102. Useem, "Corporations and the Corporate Elite," op. cit., p. 57.
103. Rosabeth Kanter, *Men and Women of the Corporation* (New York: Basic Books, 1977), p. 49. For a detailed statement of this argument, see Nancy DiTomaso, "Organizational Analysis and Power Structure Research," in *Power Structure Research*, ed. G. William Domhoff (Beverly Hills, CA: Sage Publications, 1980), pp. 255-268.
104. Andrew Hacker, "The Elected and the Anointed: Two American Elites," *American Political Science Review*, 55 (1961): 539-549.
105. Ibid., pp. 541, 544.
106. Capital gains are the profits made from the sale of assets such as stocks, bonds, and real estate. They were taxed at a rate of 39 percent in the years when the top rate on large incomes was well over 50 percent, then cut to 28 percent in 1978 and 20 percent in 1981, but raised to 28 percent in 1986.
107. Useem, "Corporations and the Corporate Elite," pp. 50-51.
108. Ibid., p. 49.
109. Maynard S. Seider, "Corporate Ownership, Control, and Ideology: Support for Behavioral Similarity," *Sociology and Social Research*, 62 (October 1977): 113-128.
110. Coleman and Rainwater, op. cit., p. 148. For the conclusion that "Capital S Society" in the United States includes "probably no more than four-tenths of one percent in large cities, and even a smaller proportion in smaller communities," see Coleman and Neugarten, op. cit., p. 270.