

# Who Made American Foreign Policy 1945-1963?

by G. William Domhoff

## *Introduction*

In this essay we will attempt to demonstrate that American foreign policy during the postwar era was initiated, planned, and carried out by the richest, most powerful, and most international-minded owners and managers of major corporations and financial institutions. None of the factors that are often of importance on domestic issues—Congress, labor, public opinion—had anything but an occasional and minor effect on foreign policy. If there is one “issue-area” that is truly and solely the domain of a power elite grounded in an American upper class of corporate rich, it is foreign policy.

In preparation for an empirical demonstration of these assertions, it is necessary to provide a general framework. In *Who Rules America?* I presented the evidence for the existence in the United States of a social upper class of rich businessmen and their descendants.<sup>1</sup> This social class of business aristocrats, which is nationwide in its scope, gradually came into existence in the last part of the nineteenth century. Based upon fabulous corporate wealth, it is knit together by exclusive private schools, Ivy League colleges, expensive summer resorts, sedate gentlemen’s clubs, and a variety of other social institutions too numerous to mention here. From the point of view of research on the control of foreign policy, the most important outcome of this investigation of the social upper class was a set of criteria for identifying its members. The most useful of these were a listing in any edition of the *Social Register* except for that of Washington, D.C. (which automatically lists important government figures regard-

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I wish to thank my undergraduate research assistant, Mark Goldowitz, for his help in gathering and organizing much of the material for this paper.

less of social background); attendance at the most prestigious of the private schools (e.g., St. Paul's, Choate, Groton, Middlesex); and membership in the most elite of the city clubs for men (e.g., the California Club of Los Angeles, the Pacific Union of San Francisco, the Knickerbocker of New York, the Somerset of Boston, the Rittenhouse of Philadelphia). Using these criteria, along with four minor ones that were less useful, it was possible to show that members of this privileged class control major businesses, large charitable foundations, and leading opinion-forming associations. For example, to present one small part of the evidence, 62 percent of all directors of the largest fifteen banks were members of the upper class, as were 54 percent of the outside directors of the top twenty industrial corporations and 53 percent of all directors of the leading fifteen transportation companies.<sup>2</sup> In the case of charitable foundations, twelve of the thirteen with assets over \$100 million in the early 1960's were controlled by this same small group.<sup>3</sup> It is not possible to repeat all of the evidence, but suffice it to say that there were several thousand men, a great many of whom were members of the social upper class, who interlocked and overlapped in most of the major non-governmental institutions of American society.

This group of interlocking overlappers make up what C. Wright Mills called the "power elite."<sup>4</sup> We have borrowed this term from Mills, but redefined it in such a way as to make it more suitable for an analysis based upon socioeconomic classes. Whereas Mills defined the power elite as those who hold command posts in the major institutions of American society, we define the power elite as active, working members of the upper class and high-level employees in institutions controlled by members of the upper class. Thus, for example, the presidents of U.S. Steel and the Rockefeller Foundation are members of the power elite whether they are members of the upper class or not because both of those institutions are controlled by members of that small social group. While this conception of the power elite is formally different from Mills' definition, it leads empirically to identifying the same persons he did as a power elite. Again to take only a quick example, the military, which is one

arm of Mills' power elite, is controlled by the corporate rich through their control of the Department of Defense and through non-governmental army, navy, and air force associations which are financed and directed by corporate executives and their companies.\*<sup>5</sup>

Building on the aforementioned criteria of upper-class membership and redefinition of the power elite, *Who Rules America?* presented evidence which suggests that the power elite control the most important agencies and departments of the federal government. In particular, the departments most concerned with foreign policy—State, Defense, Treasury—were outposts of the power elite, invariably run by representatives of the biggest and most internationally oriented corporations.<sup>7</sup> However, the book did not go into detail on foreign policy or any other issue-area because the primary goal of that book was to show which institutions, as opposed to issues, are dominated by the power elite. While the issue-area of foreign policy is basically controlled by State, Defense, Treasury, and certain private associations noted in *Who Rules America?*, it is possible and worthwhile to go into greater detail on it. There are two reasons for such an undertaking.

First, if it is true, as many would now argue, that foreign policy issues determine the framework within which all types of policy-making take place, and if the power elite tend to dominate this issue-area, then it follows that the power elite rule America, even if they do not involve themselves or fight for their optimum outcome on every domestic, state, and local issue. Mills put the case very well: "If it is too much to say that, for many of the elite, domestic politics have become important mainly as ways of retaining power at home in order to exert abroad the power of the national establishment, surely it is true that domestic decisions

\* "Corporate rich," "corporate elite," and "power elite" are roughly synonymous terms. The corporate rich or corporate elite are the core of the power elite which is the operating arm of the social upper class. In turn, this social upper class can be called a "governing class" or "ruling class." It also should be added that the oft-heard phrase "establishment" has about the same meaning as "power elite."<sup>6</sup>

in virtually all areas of life are increasingly justified by, if not made with, close reference to the dangers and opportunities abroad."<sup>8</sup> Second, such a study is able to answer in considerable detail the charge that those claiming control by the corporate rich do not show the specific mechanisms by which this supposed control is accomplished. In the case of foreign policy, at least, we have found such a determination very straightforward.

To begin at the beginning, foreign-policy-making takes place within an "environment" or setting: the international community of nations, American public opinion, the mass media, political interest groups, agencies of the Executive branch, and committees of the Congress. However, as we hope to show, the effect of some of these is rarely felt and is often used as an excuse or rationalization (e.g., public opinion), while others are usually by-passed (e.g., Congress). Furthermore, it is possible to be much more concrete in spelling out the immediate context within which decision-makers function. In general, the most important institutions in foreign policy decision-making are large corporations, closely related charitable foundations, two or three discussion and research associations financed by these corporations and foundations, the National Security Council of the federal government, and special committees appointed by the President. To be sure, this is only the most important core, for there are several other private and university-affiliated research and opinion-molding organizations, not to mention several other agencies of the federal government.

#### *The Council on Foreign Relations*

To give empirical flesh to all these generalizations, there is no better starting point than the Council on Foreign Relations (CFR). It is the key "middle term," so to speak, between the large corporations on the one hand and the federal government on the other. By studying its connections in both directions, we will be able to establish the first link in the specific mechanisms by which the corporate rich formulate and transfer their wishes into government policy. While it would be hard to underestimate

the importance of this organization in understanding the overall framework for American foreign policy, we do not want to over-emphasize it, and we will see that there are other links between big business and big government.

The Council on Foreign Relations is a non-partisan research and discussion group dedicated to informing citizens about world affairs and creating an interest in international relations. Despite its reputed prominence and the fact that it was founded in 1921, most information on it comes from its own publications: a fifteen-year history, a twenty-five-year history, and annual reports. One of the few who has written on it, Washington journalist Joseph Kraft, noted in 1958 that it was mentioned only five times in *Time* magazine in the period 1953-1958.<sup>9</sup> We can go one step further and say that there has never been any research paper on it in any scholarly journal indexed in the *Social Science and Humanities Index*. While this is surprising, there are several ways to establish CFR's importance. They include testimony by journalists and scholars, the acknowledged pre-eminence of its journal (*Foreign Affairs*), the nature of its financial backing, the composition of its leadership and membership, and the presence of its members in federal government positions.

To begin with expert testimony, Kraft called CFR a "school for statesmen" which "comes close to being an organ of what C. Wright Mills has called the Power Elite—a group of men, similar in interest and outlook, shaping events from invulnerable positions behind the scenes."<sup>10</sup> Douglass Cater, a journalist who served on the staff of President Lyndon B. Johnson, has noted that "a diligent scholar would do well to delve into the role of the purely unofficial Council on Foreign Relations in the care and breeding of an incipient American Establishment."<sup>11</sup> The *New York Times* called it "a testing ground for new ideas, with enough political and financial power to bring the ideas to the attention of the policy-makers in Washington."<sup>12</sup> Political scientist Lester Milbrath noted that "the Council on Foreign Relations, while not financed by government, works so closely with it that it is difficult to distinguish Council actions stimulated by government from autonomous actions."<sup>13</sup>

Empirically speaking, such "reputational" evidence is the least important of our ammunition. Far more important is CFR's financing and leadership. Aside from membership dues, dividends from invested gifts and bequests, and profits from the sale of *Foreign Affairs*, the most important sources of income are leading corporations and major foundations. In 1957-1958, for example, Chase Manhattan, Continental Can, Ford Motor, Bankers Trust, Cities Service, Gulf, Otis Elevator, General Motors Overseas Operations, Brown Brothers, Harriman, and International General Electric were paying from \$1,000 to \$10,000 per year for the "corporation service," depending upon the size of the company and its interest in international affairs.\* More generally, in 1960-1961, eighty-four large corporations and financial institutions contributed 12 percent (\$112,200) of CFR's total income. As to the foundations, the major contributors over the years have been the Rockefeller Foundation and the Carnegie Corporation, with the Ford Foundation joining in with a large grant in the 1950's. According to Kraft, a \$2.5 million grant in the early 1950's from the Ford, Rockefeller, and Carnegie foundations made the council "the most important single private agency conducting research in foreign affairs."<sup>15</sup> In 1960-1961, foundation money accounted for 25 percent of CFR income.

The foundations which support CFR are in turn directed by men from Bechtel Construction, Chase Manhattan, Cummins Engine, Corning Glass, Kimberly-Clark, Monsanto Chemical, and dozens of other corporations. And, to complete the circle, most foundation directors are members of CFR. In the early 1960's, Dan Smoot found that 12 of 20 Rockefeller Foundation trustees, 10 of 15 Ford Foundation trustees, and 10 of 14 Carnegie Corporation trustees were members of CFR.<sup>16</sup> Nor is this interlocking recent: in 1922, for example, CFR honorary president

\* The benefits of subscribing to this corporation service are as follows: free consultation with all members of the CFR staff, subscriptions to *Foreign Affairs* for leading officers of the corporation, the use of the council's excellent library (which is second to none in its field), and the right to nominate one "promising young executive" to participate in seminars which the council conducts each fall and spring for the benefit of the corporations.<sup>14</sup>

Elihu Root was president of the Carnegie Corporation, while John W. Davis, the corporation lawyer who ran for President on the Democratic ticket in 1924, was a trustee of both the Carnegie Corporation and CFR.

A consideration of the leadership and membership of CFR are equally conclusive in establishing its relationship to the power elite. Its founders included two lawyers and two Wall Street bankers.<sup>17</sup> The single permanent official at its outset, Hamilton Fish Armstrong, and the first editor of *Foreign Affairs*, Archibald Coolidge, were both from well-known upper-class families. Nor has anything changed since the early 1920's, with 14 of the 22 recent or current directors as of the early 1960's being listed in the *Social Register*. Among the most prominent of the recent directors highly visible in the corporate elite are Frank Altschul, Elliott V. Bell, Thomas K. Finletter (one-time Secretary of the Air Force), Devereux C. Josephs, John J. McCloy, David Rockefeller, and Adlai E. Stevenson.

The CFR limits itself to 700 New York area residents and 700 non-New York residents (no women or foreigners are allowed to join). As of the mid-sixties, 46 percent of the resident members and 49 percent of the non-resident members were listed in the *Social Register*.<sup>18</sup> The council's only other formal associates are the Committees on Foreign Relations that have been formed in about thirty cities across the country. These committees come together at dinners and other occasions to hear speakers (mostly supplied by CFR) and exchange ideas. The committee program has been financed since 1938 by the Carnegie Corporation.<sup>19</sup> We were able to locate information on 509 committee members from 29 cities ranging in size and importance from Philadelphia, Detroit, and Atlanta to Albuquerque, Boise, and Little Rock. A significant minority (41 percent) were corporate executives and bankers. Twenty-one percent were lawyers, almost half of whom (44 percent) were also corporate directors. Thus, a small majority (51 percent) were directly involved in business enterprises. Another significant group consisted of educators (22 percent), most of whom were college presidents, political scientists, economists, and deans. Seven percent of those studied were editors or

publishers, while the remainder were small numbers of government officials, politicians, church leaders, physicians, accountants, and museum directors.\*

Turning to the all-important question of government involvement, the presence of CFR members in government has been attested to by Kraft, Cater, Smoot, CFR histories, and the *New York Times*, but the point is made most authoritatively by John J. McCloy—Wall Street lawyer, former chairman of Chase Manhattan, trustee of the Ford Foundation, director of CFR, and a government appointee in a variety of roles since the early 1940's: "Whenever we needed a man," said McCloy in explaining the presence of CFR members in the modern defense establishment that fought World War II, "we thumbed through the roll of Council members and put through a call to New York."<sup>20</sup> According to Kraft, "When John McCloy went to Bonn as U.S. High Commissioner, he took with him a staff composed almost exclusively of men who had interested themselves in German affairs at the Council."<sup>21</sup> CFR members were also prominent in the U.S. delegation to the founding of the United Nations, and several dozen have held high posts in postwar administrations. One *Annual Report* noted the following in an obituary notice:

Mr. Dulles was a member of the Council almost from the start. He wrote an article on "The Allied Debts" for the first issue of *Foreign Affairs* and six more articles thereafter, including two while Secretary of State. He participated in numerous study and discussion groups over the years and spoke often at Council afternoon meetings and dinners, twice as Secretary of State.<sup>22</sup>

Now that we have located CFR in sociological space as an institution of the corporate rich, we are in a position to see what it does and how effective it is in shaping foreign policy. As to what CFR does, in addition to serving as a talent pool and training ground for government service, it is a tax-exempt, non-partisan organization which sponsors education, discussion, and research on all aspects of foreign affairs. As part of its educational effort, it brings before its exclusive membership leading

\* My thanks to Sue Brenn, an undergraduate research assistant, for gathering the information on CFR committee members for the early 1960's.

scholars and government officials from all nations to make off-the-record speeches and to answer questions from members. And, as Kraft notes, this not only "educates" the members, but it gives them a chance to "size up" important leaders with whom they will have to deal.<sup>23</sup> Also under the heading of education, CFR publishes *Foreign Affairs*, by far the most important journal in its field, and three annual surveys—*Political Handbook of the World*, *The United States in World Affairs*, and *Documents on American Foreign Relations*.

Despite the importance of speeches and publications, we think the most important aspect of the CFR program is its special discussion and study groups, which bring together about twenty-five businessmen, government officials, military men, and scholars for detailed discussions of specific topics in the area of foreign affairs. Discussion groups explore problems in a general way, trying to define issues and alternatives, and often lead to a study group. Study groups revolve around the work of a council research fellow (financed by Carnegie, Ford, and Rockefeller) or a staff member. This group leader usually presents monthly papers which are discussed and criticized by the rest of the group. The goal of such study groups is a detailed statement of the problem by the scholar leading the discussion. In 1957-1958, for example, the council published six books which grew out of study groups. Perhaps the most famous of these was written by Henry Kissinger, then a bright young Harvard product who was asked by CFR to head a study group. His *Nuclear Weapons and Foreign Policy* was "a best-seller which has been closely read in the highest Administration circles and foreign offices abroad."<sup>24</sup> As for his study group, it included "two former chairmen of the Atomic Energy Commission, a Nobel Prize winner in physics, two former civilian secretaries in the Defense Department, and representatives just below the highest level from the State Department, the Central Intelligence Agency, and the three armed services."<sup>25</sup> When economist Percy Bidwell of the CFR staff led a discussion of foreign tariffs, an issue which will be discussed later in this

\* A perusal of any CFR annual report will show that a foreign official visiting in New York who is anyone at all will be speaking or meeting with the council.

paper, the study group included ten corporate representatives, ten economists, two communications experts from MIT's Center for International Studies, a minor Defense Department official, and a foreign service officer.<sup>26</sup>

It is within these discussion and study groups, where privacy is the rule so that members are encouraged to speak freely, that members of the power elite study and plan how best to attain American objectives in world affairs. It is here that they discuss alternatives and hash out differences, far from the limelight of official government and mass media. As the *New York Times* says of these "unpublicized luncheons" and "closed seminars": "Except for its annual public Elihu Root Lectures, the Council's talks and seminars are strictly off the record. An indiscretion can be grounds for termination or suspension of membership. . . ."<sup>27</sup> Such discussions also help to reduce the effect of political changes. In Kraft's words: ". . . the Council plays a special part in helping to bridge the gap between the two parties, affording unofficially a measure of continuity when the guard changes in Washington."<sup>28</sup>

Given the privacy of its discussions (it is quite open about everything else), can we know the relationship between CFR and government policy? Can we go beyond the fact that CFR conducts research and discussions and that its members hold responsible positions in the federal government? It is not only secrecy which makes this question hard to answer; there is also the problem that CFR as an organization does not take a partisan stand. To answer such a question satisfactorily would require a large number of studies of various decisions and their outcomes,

\* Critics of a power elite theory often call it "conspiratorial," which is the academic equivalent of ending a discussion by yelling Communist. It is difficult to lay this charge to rest once and for all because these critics really mean something much broader than the dictionary definition of conspiracy. All right, then, if "conspiracy" means that these men are aware of their interests, know each other personally, meet together privately and off the record, and try to hammer out a consensus on how to anticipate or react to events and issues, then there is some conspiring that goes on in CFR, not to mention in the Committee for Economic Development, the Business Council, the National Security Council, and the Central Intelligence Agency.

including an understanding of who initiated, supported, and opposed various proposals.<sup>29</sup> In lieu of such studies, which are almost impossible under even the best of circumstances, several suggestive examples will have to suffice, along with the general testimony of Kraft ("It has been the seat of some basic government decisions, has set the context for many more") and the *New York Times* ("Discussion groups, scholarly papers, and studies sponsored by the Council laid the groundwork for the Marshall Plan for European recovery, set American policy guidelines for the North Atlantic Treaty Organization, and currently are evolving a long-range analysis of American attitudes toward China").<sup>30</sup> More concretely, Kraft claims that CFR action was responsible for putting Greenland out of bounds for the Nazis, for shaping the United Nations charter, and for softening the American position on German postwar reparations, among others. One of the most impressive pieces of evidence is that four CFR planning groups set up in 1939 with aid from the Rockefeller Foundation, were taken (along with most of their personnel) into the State Department in 1942 "as the nub of its Advisory Committee on Postwar Planning Problems."<sup>31</sup> And it was supposedly a special CFR briefing session in early 1947 that convinced Undersecretary of State Robert Lovett of Brown Brothers, Harriman that "it would be our principal task at State to awaken the nation to the dangers of Communist aggression."<sup>32</sup>

In summarizing CFR and its role, despite the fact that it is an organization "most Americans have never heard of,"<sup>33</sup> we think we have clearly established by a variety of means that it is a key connection between the federal government and the owners and managers of the country's largest corporations. If it is not all-embracing in its importance, it is certainly a considerable understatement to speak of CFR members and members of similar power elite associations, as one scholar does, as "external bureaucrats" who supply the government with information, perspectives, and manpower.<sup>34</sup> In our view, what knowledge we have of CFR suggests that through it the corporate rich formulate general guidelines for American foreign policy and provide the personnel to carry out this policy. But we also know that the

evidence we have presented is not enough for those scholars who prefer to analyze actual decisions. Then too, skeptics can point out that CFR has no "policy" (other than the all-important policy of international involvement, as opposed to isolationism, for which it is called "Communist" and "un-American" by older-fashioned, nationalistic critics). Furthermore, skeptics can say that CFR's members have other institution and association affiliations that may be more important in determining their outlook. For all of these reasons, we will let the case for CFR rest at this point, noting the presence of its directors and members only in passing, and instead emphasizing the direct corporate connections of important decision-makers.\*

#### *Other Links*

The Council on Foreign Relations is by no means the only middle term between the corporations and the federal government in the issue-area of foreign policy. There are many others, perhaps the most important of which are the Committee for Economic Development, the RAND Corporation, and a handful of research institutes affiliated with elite universities. Turning to the first of these, the Committee for Economic Development (CED) is a tax-exempt research organization which is in many ways the counterpart on economic policy to the Council on Foreign Relations. While its concentration on monetary and economic problems makes it more prominent on issues involving Treasury and Commerce, it has on several occasions played a major role in shaping foreign policy.<sup>36</sup> Organized in the early

\* It should be noted that Kraft is among the skeptics. Despite all the comments we have quoted from him on the power of CFR, he concludes that "even that cock will not fight" as far as calling CFR part of any power elite. This is because CFR has assumed "semi-official duties only in emergencies," because it "has never accepted government financial support," and because its recommendations "have subsequently all stood test at the polls or in Congress." Furthermore, there are "divergent views" within the council, and such an organization is necessary because issues are too complicated for the ordinary citizen, who is all wrapped up in his private life. Kraft's concluding sentence seems to be a challenge to those who might criticize—he quotes Voltaire asking, "What have you got that's better?"<sup>35</sup>

1940's to prepare for postwar reconversion to a civilian economy, CED's original leaders were financier Jesse Jones, then Secretary of Commerce, and millionaires Paul Hoffman and William Benton. These three men brought together corporation executives and bankers with outstanding economists for weekend study sessions which were intensified versions of the CFR study groups. Out of these sessions have come the guidelines for American economic policy in the postwar era, including some of the provisions of the Employment Act of 1946, the stabilized budget concept, long-range fiscal and monetary policy, and certain aspects of the Marshall Plan. Perhaps the most impressive evidence for CED prominence in foreign policy is that its corporate elite members and hired economists were the men who moved into the government to administer the Marshall Plan. That CED head Paul Hoffman of Studebaker and the Ford Foundation became administrator of the Marshall Plan is only the surface of the iceberg.

The relationship of CED to the corporations really does not need to be established, for membership is expressly limited to businessmen and implicitly to representatives of the biggest and most important corporations in the country. Among its original and most active members have been Ralph Flanders, the Vermont toolmaker and Boston banker; Thomas B. McCabe, head of Scott Paper Company; Clarence Francis of General Foods; Marion B. Folsom of Eastman Kodak; William L. Clayton of Clayton, Anderson; William L. Batt of SKF Industries; Charles E. Wilson of General Electric; Eric A. Johnston of the Brown-Johnston Company; Chester C. Davis of the Federal Reserve Bank of St. Louis; and S. Bayard Colgate of Colgate-Palmolive-Peet. As with CFR, many CED members have become officials in the federal government: 38 of the trustees during CED's first fifteen years held elected or appointed positions.<sup>37</sup> Flanders and Benton became senators, McCabe became head of the Federal Reserve Bank under President Truman, and Folsom, Clayton, William C. Foster, and Wayne C. Taylor held important posts in major departments. As of the early 1960's, 48 of 190 CED trustees were at the same time members of CFR.

Perhaps the best-known of the power elite's large research

organizations is the RAND Corporation, a name which is an abbreviation of "Research AND Development." It has been credited with many technical innovations and operational suggestions.<sup>38</sup> Started after the war with government research contracts and Ford Foundation money to "think" for the air force, RAND has since expanded its staff and facilities to provide this service for the entire federal government. Its 500-man professional staff is well paid and well educated (150 have Ph.D.'s) because RAND was purposely set up as a non-governmental agency so that civil service rules and salary scales could be avoided in order to attract the finest talent money could buy. It is governed by a board of trustees which is dominated by representatives of the corporate rich. In 1963, when RAND published a report on its first fifteen years, the board included executives from CBS, Hewlett-Packard, Owens-Corning Fiberglass International, Monsanto Chemical, and New England Electric System, as well as the president of one of the Carnegie foundations, a leading official in the Council on Foreign Relations, the former vice-president of the Carnegie Corporation (then president of Cornell), and the presidents of MIT and Rice universities.<sup>39</sup> Seven of the seventeen trustees were members of CFR and of fifteen former trustees, seven were leading figures in the corporate world (the rest were university administrators or physicists). The most important of these former trustees was H. Rowan Gaither, a West Coast attorney and Ford Foundation trustee who was one of RAND's key organizers. His legacy is seen in two of the 1963 trustees who are not with one of the companies listed above: Frederick Anderson is a partner in the investment firm of Draper, Gaither, and Anderson; Edwin E. Huddleson, Jr., is a partner in the law firm of Cooley, Crowley, Gaither, Godward, Castro, and Huddleson.

In addition to CFR, CED, and RAND there are many other associations and research organizations controlled by members of the power elite. About 300 study centers consult for the Defense

\* The president of RAND since its inception, F. R. Collbohm, is a former vice-president of Douglas Aircraft.

Department alone.<sup>40</sup> But instead of trying to outline any more specific links, we want to turn to a more general, less direct link between the corporate rich and the federal government, the world of academic scholarship. As we have seen in the case of CFR, CED, and RAND, corporate leaders are not adverse to seeking advice from professional researchers, a fact which has led to claims that "experts" control the country. Without emphasizing the direct power of these scholars, for they are often ignored and seldom have decision-making roles, we can add that the power elite pay for their training and encourage them by monetary inducements to study certain questions rather than others. This is accomplished, first, by the general framework created at major universities through financing and through service on boards of trustees.<sup>42</sup> Second, it is accomplished by foundation grants which encourage research on specific questions. Thus, Rockefeller, Carnegie, and Ford money are responsible in one way or another for almost all American research on non-Western areas.<sup>43</sup> While many of these grants are to universities for scholarships and to individuals for specific research projects, the foundations also provide money for institutes affiliated with universities. For example, Ford and Carnegie money finance a Russian Research Center at Harvard, Rockefeller money finances a Russian Research Center at Columbia. Consider the situation on the specific topic of military affairs:

Between 1950 and 1960, Harvard, Princeton, Columbia, Chicago, Pennsylvania, MIT, and Johns Hopkins all opened special institutes for the study of defense problems. . . . Ford (\$214,800 for Harvard's Defense Studies Center) and Carnegie (\$141,000 for Chicago's Center for the Study of American Foreign Policy and Military Policy) rained down funds. Books by the dozen (fifteen in nine years from Princeton alone) rolled out.<sup>44</sup>

\*Many of these organizations are discussed in Arthur Herzog's *The War-Peace Establishment*, although not all the organizations noted in his book are outposts of the power elite. Herzog also testifies to the importance of CFR without discussing it: ". . . a private but highly influential circle that comes close to being the foreign policy establishment of the U.S."<sup>45</sup>



The interrelationship of corporate-controlled foundations, think factories, and university research institutes can be demonstrated by studying the prefaces to leading books in the field of foreign affairs. For example, Gabriel A. Almond of the very prominent Princeton Center of International Studies (publisher of *World Affairs*, which is second only to CFR's *Foreign Affairs* in this field) offers thanks to the Carnegie Corporation for the funds which made possible his study, *The Appeals of Communism*. Carnegie also supplied the funds for *The Civic Culture: Political Attitudes and Democracy in Five Nations*, co-authored by Almond and Sidney Verba. Thomas C. Schelling of the Center for International Affairs at Harvard wrote *The Strategy of Conflict* during a year-long stay at the RAND Corporation, while Herman Kahn did most of the research for *On Thermonuclear War*, published by the Princeton center, while at the RAND Corporation. Lucian Pye's *Aspects of Political Development* was written while at the MIT Center for International Studies, with the help of Carnegie money. Walt W. Rostow of the MIT center, a leading adviser to Democratic Presidents during the 1960's, wrote his "non-communist manifesto," *Stages of Economic Growth*; during a "reflective year" grant provided by the Carnegie Corporation.\* Harry Eckstein edited *Internal War* for the Princeton center with the help of Carnegie funds; an earlier version of Eckstein's own contribution to that book, "On the Etiology of Internal Wars," was published in *Social Science and National Security*, a book which had government circulation only.†

\* It is now known that this center received CIA funds as well as foundation grants during the 1950's. Its director, Max Millikan, who was also head of the World Peace Foundation during the 1950's, had served as an assistant director of the CIA in Washington.<sup>46</sup>

† According to one source, it is "standard procedure at MIT and elsewhere" to publish two versions, "one classified for circulation within the intelligence community, the other 'sanitized' for public consumption."<sup>45</sup> While we do not believe for a minute that the power elite tell these scholars what to say, it should be clear that members of the power elite see no reason to discontinue their support of such efforts. The whole thing has been explained by political scientist David Easton: "A deeper social reason

Up to this point we have approached our question from one direction only. That is, we started with various non-governmental institutions known to be involved in foreign affairs and showed through studies of their financing, membership, and leadership that they are controlled by the corporate rich. We then presented evidence as to the importance of these arms of the power elite in determining government policy. As impressive as the evidence from this approach is, it is not sufficient in and of itself. It is also necessary to start from the other direction, the important institutions and agencies within the government that are concerned with foreign policy, and work back to their ties with the corporate elite. It is to this task that we turn in this section. Our goal is to complete the framework within which specific foreign policy events must be analyzed. As with non-government institutions, there are too many government units to analyze them all in any detail. Fortunately, as on the non-government side, there are some that are more important than others. These include the State Department and the Defense Department, and one that stands above all others, the National Security Council (NSC), which was created in 1947 as the top policy-making unit of the federal government.

#### *The National Security Council*

The NSC was developed by the corporate rich, after much debate among the armed services and their various protagonists

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for the failure of political science to transcend its limitations . . . lies in the proximity of political research to social forces that determine social policy. . . . Entrenched power groups in society, those who have a firm hold on a particular pattern of distribution of social goods, material and spiritual, have a special reason to look askance at this probing into the nature and source of their social positions and activities. They are prone to stimulate research of a kind that does not inquire into the fundamentals of the existing arrangement of things."<sup>47</sup> Or, as noted in a preliminary report of an American Political Science Association committee on professional standards, ". . . problems arise not so much because a scholar is told by his sponsors what to write but rather because a scholar may, wittingly or unwittingly, condition his manuscript to the assumed or divined values of his financial sponsors."<sup>48</sup>

in Congress, on the basis of experience in attempting to coordinate departments and military units during World War II. It is strictly an advisory group, headed by the President and now including as statutory members the Vice-President, the Secretary of State, the Secretary of Defense, and the director of the Office of Civil and Defense Mobilization. However, "the President can also ask other key aides to take part in Council deliberations."<sup>49</sup> As statutory advisers it has the director of the Central Intelligence Agency and the chairman of the Joint Chiefs of Staff. The machinery of the NSC is very flexible and has been used in different ways by different Presidents. President Eisenhower, for example, enlarged and formalized the NSC, giving it many powers traditionally thought of as belonging to departments. President Kennedy dismantled much of this machinery, cut its size to a minimum, met with it less frequently, and gave more responsibility for carrying out NSC decisions to the departments. However different Presidents may use it, the NSC is a key foreign policy organ of the U.S. government.\*

Before studying the personnel of the NSC, it is instructive to summarize briefly a detailed case study on how the National Security Act was formulated.<sup>50</sup> Such an account demonstrates the importance of specially appointed "outsiders" in shaping government policy. In this case, the key outsider was investment banker Ferdinand Eberstadt, a former partner in the finance house of Dillon, Read who had gone on to start his own investment house. Eberstadt was asked to come up with a plan to satisfy all sides in the argument over how to reorganize the national defense establishment. The appointment came from the Secretary of the Navy, James Forrestal, a former president of Dillon, Read and a good friend of Eberstadt's. Eberstadt in turn talked informally with other financiers, including Bernard Baruch, developing the report which was the basis for the agreement which finally led to the National Security Act.<sup>51</sup> The final form of the act was determined by a compromise between the differences of

\* For details on the NSC and its use by various Presidents, see the testimony by members of the power elite and scholars in *The National Security Council: Jackson Subcommittee Papers on Policy-Making at the Presidential Level* (New York: Frederick Praeger, 1965).

Forrestal and Secretary of War Robert Patterson, a Wall Street lawyer who had gone into government service early in the 1940's as a special assistant to Secretary of War Henry L. Stimson. Along with military leaders Lauris Norstad, Forrest Sherman, and Arthur Radford, the important figures in bringing about the compromise between Forrestal and Patterson were three very prominent members of the corporate elite, Robert Lovett, John J. McCloy, and Stuart Symington.<sup>52</sup>

Who are the men who sit on the National Security Council? We partially answered this question in *Who Rules America?* by showing that the heads of State, Defense, and Treasury during the postwar years have almost without exception been members of the power elite. (Although not a statutory member, the Secretary of the Treasury has been asked by all three administrations under consideration to sit on the NSC.) For example, Robert Lovett of Brown Brothers, Harriman served as Secretary of Defense, as did Charles Erwin Wilson of General Motors, Neil McElroy of Proctor and Gamble, Artemus Gates of Morgan Guaranty Trust, and Robert McNamara of Ford Motor. Treasurers have included John Snyder of the First National Bank of St. Louis, George Humphrey of Hanna Mining, Robert Anderson of the W. T. Waggoner oil estate and the Federal Reserve Bank of Dallas, and Douglas Dillon of Dillon, Read; heads of State included John Foster Dulles of Sullivan and Cromwell, Dean Rusk of the Rockefeller Foundation, Dean Acheson of Covington and Burling, General George C. Marshall, and Boston aristocrat Christian Herter. We can now be more specific by looking at the composi-

\* The National Security Act provided for the coordination of the entire defense establishment. In addition to the National Security Council, it also established the Secretary of Defense, the Central Intelligence Agency, and the National Security Resources Board (now reorganized as the Office of Civil and Defense Mobilization). It was a weak act which left the Secretary of Defense in a very tenuous position. Later amendments strengthened his control over the three services (and removed their heads from the NSC) and gave him a larger staff. The amendments also strengthened the control of the Joint Chiefs of Staff over operational military units. With these and other slight modifications, the National Security Act and the National Security Council remain at the heart of the U.S. system for foreign and defense policy.

tion of the NSC when it was studied by journalists during the Truman, Eisenhower, and Kennedy administrations.

When John Fischer of *Harper's Magazine* wrote of "Mr. Truman's Politburo" as "the most powerful and least publicized of all government agencies," it included, in addition to Acheson, Marshall, and Snyder, the following corporate rich: Averell Harriman of Brown Brothers, Harriman, Charles Edward Wilson of General Electric, and Stuart Symington of Emerson Electric.<sup>53</sup> The secretary of the NSC was a big businessman from St. Louis, Sidney Souers. His assistant was James Lay, a former employee of utilities companies whom Souers had met during World War II. Others present for NSC meetings were Alben Barkley, Vice-President, General Walter Bedell Smith, director of the CIA, and General Omar Bradley, chairman of the Joint Chiefs of Staff.\*

When *U.S. News and World Report* ran a story in 1956 on "How Ike Makes the Big Decisions,"<sup>55</sup> the following were regularly a part of the NSC, in addition to Dulles, Humphrey, and Charles Erwin Wilson:

Richard Nixon, Vice-President, who was selected and financed for a political career by top corporate executives in Southern California.<sup>56</sup>

Arthur S. Flemming, a lawyer who was formerly president of Ohio Wesleyan University.

Percival Brundage, a partner in Price, Waterhouse & Company.

Allan Dulles, a former partner in the large corporate law firm of Sullivan and Cromwell.

Lewis Strauss, investment banker and personal financial adviser to the Rockefellers.

William H. Jackson, a lawyer who managed the investment firm of John Hay Whitney, as well as sitting on the board of Great Northern Paper and Bankers Trust.

\* If Fischer is right, the NSC was especially important under Truman: "Mr. Truman has delegated his authority in foreign affairs to the uttermost limit that the Constitution permits. From the day he took office, he apparently recognized his own shortcomings in this field, and he has leaned heavily—sometimes almost pathetically—on the judgment of his 'experts.'"<sup>54</sup>

Dillon Anderson, a Houston corporation lawyer who was the President's Special Assistant for National Security Affairs.<sup>57</sup>

Harold Stassen, former governor of Minnesota and former president of the University of Pennsylvania.

Admiral Arthur W. Radford, chairman of the Joint Chiefs of Staff.

Managing the NSC for President Kennedy was aristocrat McGeorge Bundy, who played a leading role in foreign affairs throughout the 1960's until he left government service to become president of the Ford Foundation. His staff included Walt Rostow of the MIT Center for International Studies, Harvard economist Carl Kaysen, Michael Forrestal (son of the former president of Dillon, Read), and Robert Komer (a government official). The following were members of the NSC Executive Committee which met regularly over a period of two weeks to determine American reaction during the Cuban missile crisis of 1962:<sup>58</sup>

Lyndon Johnson, Vice-President, representative of Texas oil interests.<sup>59</sup>

Dean Rusk, formerly president of the Rockefeller Foundation.

Robert McNamara, formerly president of Ford Motors.

Robert F. Kennedy, a multimillionaire from Boston.

Douglas Dillon, a former president of Dillon, Read.

Roswell Gilpatric, a corporation lawyer from New York.

McGeorge Bundy, a Boston aristocrat who was formerly a dean at Harvard.

Adlai Stevenson, a corporation lawyer from Chicago.

John McCone, a multimillionaire industrialist from Los Angeles.

Dean Acheson, a corporation lawyer and former Secretary of State.

Robert Lovett, an investment banker with Brown Brothers, Harriman.

General Maxwell Taylor, a Presidential adviser at the time, and former chairman of the Mexican Light and Power Company, Ltd.

Major General Marshall S. Carter, Deputy Director of the CIA.

George Ball, a Washington corporation lawyer, later to become a partner in Lehman Brothers.

Edwin M. Martin, a State Department official specializing in Latin America.

Llewellyn Thompson, a foreign service officer.

Theodore C. Sorensen, Presidential speechwriter and adviser.

### *Special Government Committees*

It is important to look at one other "institution" of the federal government which is essential in understanding how the corporate rich are involved in foreign policy. These are the special commissions, "blue ribbon" citizen committees, and "task forces" appointed by the President to make recommendations on specific problems:

Despite the extensive government apparatus for policy-making on problems of national security, the American President in the post-war period has, from time to time, appointed groups of private citizens to investigate particular problems and report to the National Security Council. Some of these groups have performed their task without the public's ever becoming aware of their existence; others have in one way or another come to public attention. Among the latter are those which have become known under the names of their chairman: Finletter, Gray, Paley, Sarnoff, Gaither, Draper, Boechenstein, and Killian.<sup>60</sup>

These committees are almost without exception headed by members of the corporate rich and staffed by the employees and scholars of the foundations, associations, and institutes outlined in previous sections. For example, among the eight committee heads mentioned in the previous quotation, seven are corporate executives and the eighth is the chairman of MIT. All are affiliated with the Council on Foreign Relations, three with the Committee for Economic Development. We believe it is by means of these committees that the policy recommendations of the power elite's non-government groups are given official sanction: they become the "reports" of the specially appointed committees.

The circuit between corporations (and their foundations and associations) and the government is thus completed.

Two such committees, the Gaither Committee and the Clay Committee, have been studied in detail by social scientists. The Gaither Committee was appointed in the late 1950's by President Eisenhower to reconsider American military preparedness. H. Rowan Gaither, its head, is the aforementioned attorney and Ford Foundation official who was instrumental in organizing the RAND Corporation. Other members of the corporate elite on the eleven-man committee were Robert C. Sprague, William C. Foster, and William Webster (also a trustee of RAND). Two other prominent members were James A. Perkins, a vice-president of the Carnegie Corporation at the time, and scientist Jerome Weisner, who became a "wealthy man" as one of the owners of the Rockefeller-financed ITEK Corporation.<sup>61</sup> Other members were James Baxter, a college president; Robert Calkins, an economist who had been a CED consultant before becoming head of The Brookings Institution (yet another research organization founded, financed, and directed by the corporate rich); John Corson, research director for the Cooperative League of America; Robert C. Prim, a mathematician who directed research for Bell Telephone; and Hector Skifter, a radio engineer who was a consultant for the Department of Defense. Six of the eleven are members of CFR.

Much of the detail work of the Gaither Committee was assigned to a technical staff drawn from the military and from various non-government institutes, including RAND and the Institute for Defense Analysis. The committee also had an advisory panel of corporate and military leaders. The final report, highly critical of the emphasis on nuclear weapons and the de-emphasis of conventional ground forces, was discussed at a special meeting of the NSC on November 7, 1957. Over forty people attended, including financiers Robert Lovett and John J. McCloy, who predicted that the business community would support the President if he requested increased spending for defense.<sup>62</sup> President Eisenhower was hesitant, but it is interesting that the Kennedy Administration adopted an approach much like that advocated by the Gaither Report. Among President Ken-

nedey's appointees who had been on the Gaither Committee or its advisory panel were arms control chief Foster, disarmament negotiator McCloy, and science adviser Weisner.\*

Equally impressive was the composition and effect of the Clay Committee, selected by President Kennedy to reconsider U.S. foreign aid policy. In addition to Lucius Clay, a retired army general who sat on the boards of a half-dozen major corporations, the committee consisted of financier Robert Anderson, financier Robert Lovett, banker Eugene Black, corporation lawyer Herman Phleger, corporate leader L. F. McCollum, college president Clifford Hardin, economist Edward S. Mason (a member of CFR, a consultant to CED), physician Howard A. Rusk (no relation to Dean Rusk), and labor leader George Meany. All but Lovett, Rusk, and Meany are in CFR. With Meany dissenting, the committee suggested large cuts and other changes in foreign aid. Although the cuts were apparently more than President Kennedy expected, "In an aid message to the Congress President Kennedy deferentially referred to the Clay Report seven times, setting forth in detail how the new aid program was based on the application of standards 'affirmed by the Clay Committee.'"<sup>66</sup>

### *The Military and Foreign Policy*

Up to this point, we have presented what could be termed "positive" evidence for control of foreign policy by the power elite, first from the direction of prestigious non-government institutions, then from the direction of the government institutions most involved in foreign policy. We now want to approach the problem from another angle, by considering the possible power of other groups. This gives us a chance to use the detailed

\* The military stance of the 1960's may also derive from the report of a special Rockefeller-financed panel on international security of the late 1950's, said to be very similar to the still-secret Gaither Report.<sup>63</sup> In any case, there were four people who participated in the Gaither Committee work who also helped with the Rockefeller report.<sup>64</sup> More generally, the first three of six Rockefeller-financed panels (*Prospect for America*) were directly concerned with foreign affairs. Members of those three panels who became part of the Kennedy Administration were A. A. Berle, Jr., Chester Bowles, Harlan Cleveland, Roswell Gilpatric, and Dean Rusk.<sup>65</sup>

research of a great many social scientists, the upshot of which is that there is really no other candidate that can be claimed to have any great effect on the making of foreign policy.

The military is often put forth as a key determiner of policy, particularly when it involves military spending or military action. David Riesman, for example, wrote that military men "control defense and, in part, foreign policy."<sup>67</sup> If this view has not been laid to rest by the sociological study of the *Professional Soldier* by Morris Janowitz, which concluded that the military does not have any significant effect on foreign policy, then it has been by the case studies coming out of the Institute of War and Peace at Columbia University, particularly a study entitled *The Common Defense* by Samuel P. Huntington. Summarizing his own work and that of his colleagues on several postwar defense decisions they analyzed in detail, Huntington concludes that:

Perhaps more striking is the relatively unimportant role which they played in proposing changes in policy. In no case did they effectively prevent major new policies and in no case did they effectively prevent changes in old ones . . . more than anything else, one is struck by the tendency of the military to embrace the broad policy *status quo*. . . . General Landon was much more ready to accept existing policy than the State Department members of the NSC-68 drafting group . . . even in the New Look the initiative for a new strategy and its principal ideas came as much from the President, Humphrey, and Dulles as from Radford. . . . A year later it was the civilian Gaither Committee, not the Joint Chiefs, which challenged existing policy and succeeded in producing minor changes in it. The initiative in military policy rested with the civilian executives; the decision on military policy with the President.<sup>68</sup>

It is difficult to go beyond Huntington's emphatic and unequivocal conclusion, but we might say that the key civilians in each case were members of the corporate rich. We have already seen this in the Gaither Report; here we will only add brief comments on the all-important National Security Council document NSC-68, formulated shortly before the Korean War. This position paper, calling for a general rearmament, was, according to Huntington, the U.S. reaction to the first Soviet nuclear test and the Communist takeover in China.<sup>69</sup> The initiative for the

study came from corporation executive Sidney Souers, NSC secretary at the time, and corporation lawyer Dean Acheson, Secretary of State. The chairman of the study was Paul Nitze, head of the State Department's Policy Planning Staff. Nitze, who was later to play an important role in the Kennedy Administration, was a partner in Dillon, Read, which had already contributed Forrestal, Eberstadt, and William H. Draper to the postwar effort, and was later to contribute Douglas Dillon, first as Ambassador to France, then as Undersecretary of State and Secretary of Treasury.\*

In short, if the United States in the postwar era has adopted what Mills called a military definition of reality, it is because this was chosen by leading members of the corporate rich on the basis of their understanding of national goals and international events, not because it was somehow foisted on them by the military men they interact with at high-level military "colleges," promote and retire within the Department of Defense, and hire into large corporations upon retirement.

#### *Congress and Foreign Policy*

Although Congress is involved in foreign affairs through certain Constitutional powers and through its final authority for financial appropriations, it is seldom offered as a significant factor in making foreign policy. Nevertheless, the possibility must be considered. One political scientist concerned with Congress, James A. Robinson, concludes that "Congress's influence in foreign policy is primarily (and increasingly) one of legitimating and amending policies initiated by the executive to deal with problems usually identified by the executive."<sup>70</sup> Lewis A. Dexter summarizes a great many interviews on Capitol Hill by reporting that no one he talked to ever claimed that Congress had any role in formulating defense policy, while Roger Hilsman and H. Field Haviland, Jr. both conclude that superior information and other resources give the Executive the initiative over the

\* Only Brown Brothers, Harriman among finance houses comes close to this performance, contributing Lovett, Harriman, and Senator Prescott Bush of Connecticut.

legislators.<sup>71</sup> Further, it seems that Congress has given up some of its determinative powers on foreign matters: with the enactment of the Reciprocal Trade Act in the 1930's, it turned over much of its power on tariffs; in the postwar era it has by and large lost its right to declare war.

In a summary of the role of Congress in sixteen postwar foreign policy issues that have been the object of case studies, Robinson is able to find only one initiated by Congress and three where Congress had "major influence." The one clear case where a member of Congress was both an initiator and the major influence was the Monroney Resolution; but this was merely "a simple Senate resolution suggesting that the Administration study the possibility of proposing to other governments the establishment of an international development association as an affiliate of the World Bank."<sup>72</sup>

The interpretation of the other two cases of "major influence" is open to question. As to the less important of the two, Congress is said to have had major influence on the Vandenberg Resolution of 1948, which "provided the legitimation for the origins of United States participation in the development of the North Atlantic Treaty."<sup>73</sup> However, the idea was initiated by Secretary of State Marshall and Undersecretary of State Lovett, and it was written by Lovett and Vandenberg in close collaboration. Robinson considers Vandenberg to be the "predominant influence" because he suggested that several Senate-initiated concerns about the United Nations be included in the resolution.

The most important issue on which Congress supposedly had a major influence was the problem of whether or not to aid the French at Dien Bien Phu in 1954. According to the conventional account, Secretary of State Dulles was urging President Eisenhower to provide the French with air support, as was the chairman of the Joint Chiefs of Staff, Admiral Arthur W. Radford. To prepare for this possibility, Eisenhower asked Dulles and Radford to call together eight key Congressional leaders for the purpose of discussing a joint resolution on the part of Congress which would express support for the action. When the Congressmen learned that the British were reluctant to join such a venture and that other military advisers were opposed, they conditioned

their support on British acceptance of the plan and certain concessions by the French. Dulles then tried to bring the British and French into the agreement, but in the end had to acquiesce in their plan to negotiate a truce and divide the country. This conventional summary of the decision-making process is then interpreted as an example of Congressional veto power, often with a reference to Chalmers Roberts' account in *The Reporter*.<sup>74</sup>

Surprisingly enough, a close reading of Roberts' article leads to quite a different conclusion, for he states unequivocally that the pivotal role was played by the National Security Council. His account, based upon confidential talks with insiders and never questioned as to its reliability, tells how the crucial decision was reached long before Congressional leaders were finally approached:

It is my understanding, although I cannot produce the top-secret NSC paper to prove it, that some time between Ely's arrival on March 20 [with the news that the French could not hold out much longer] and the Dulles-Radford approach to the Congressional leaders on April 3, the NSC had taken a firm position that the United States could not afford the loss of Indo-China to the Communists, and that if it were necessary to prevent that loss, the United States would intervene in the war—*provided* the intervention was an allied venture and *provided* the French would give Indo-China a real grant of independence so as to eliminate the colonialism issue. The decision may have been taken at the March 25 meeting. It is also my understanding that this NSC paper has on it the approving initials D.D.E.\*<sup>75</sup>

Roberts goes on to say that Dulles then made a speech in New York on March 29 calling for a "united action" of the major powers. Roberts implies that it is neither surprising nor particularly obstructive that the legislators should repeat this demand:

The newspapers were still full of reactions to this speech when the Congressional leaders, at the April 3 secret meeting with Dulles and Radford, insisted that Dulles should line up allies for "united action" before trying to get a joint resolution of Congress that would commit the nation to war.<sup>76</sup>

\*Even the italics are Roberts's.

As it turned out, Dulles could not get the British and French to go along with the American plan. They already had other plans, and the French continued to be as obstinate as they had been during the previous five years about granting any of the concessions to Vietnam that the U.S. had been demanding as completely necessary. (The French feared an "American take-over" and wanted to keep trade and cultural influence in the area if they lost the war.<sup>77</sup>) The one question that thus remains is whether or not Congress could have shown independent power by refusing to grant the President's request to take part in a "united action." "This point," says Chalmers Roberts, "is worth a final word":

On returning from Geneva in mid-May, I asked that question of numerous senators and representatives. Their replies made clear that Congress would, in the end, have done what Eisenhower asked, provided he had asked for it forcefully and explained the facts and their relation to the national interest of the United States.<sup>78</sup>

In short, on the basis of Roberts's account there is not the slightest reason to believe that Congress had anything to do with the U.S. decision to refrain from bombing Dien Bien Phu. The important decision was made in the National Security Council and would not have been resisted by Congress. What the outcome actually suggests is the limitations of American power over the British and French, along with the reluctance of a majority of the leading decision-makers within the NSC to risk involvement in a major war in Asia at that time.<sup>79</sup>

If Congress exercises no decision-making power in the area of foreign policy, it does seem to have the power to harass certain initiatives by the Executive branch because of its control of the purse strings. However, even this seeming veto power melts away or is neutralized when the power elite make a concerted effort. Two rather nice examples demonstrate this, the first concerning tariff policy, the second concerning aid policy. In the first case, leading members of the power elite during the 1950's were advocating further reductions in tariffs, as they had been doing for some time. They had gone through the usual procedures: a special commission to study the matter (headed by

former Inland Steel executive Clarence Randall) and a special committee of private individuals to influence opinion (the Committee for a National Trade Policy, headed by John Coleman of Burroughs Manufacturing, Charles Taft, Harry Bullis of General Mills, John J. McCloy of Chase Manhattan, and corporation lawyer George Ball).<sup>80</sup> Congress resisted their plans, and they received much less than they asked throughout the 1950's. Behind this Congressional reluctance, however, were powerful business interests—in short, there was a conflict within the power elite. President Kennedy moved to remedy the situation when he took office. First, he appointed George Ball of the Committee for a National Trade Policy as Undersecretary of State for Economic Affairs, making him “the man who was personally responsible for the conduct of the nation's foreign economic policy.”<sup>80</sup> Second, to help with his Trade Expansion Act, Kennedy appointed as his special aide Howard C. Petersen, president of the Fidelity-Philadelphia Trust and the head of a CED committee on tariff policy.<sup>81</sup> As he had done previously as a CED spokesman, Petersen, along with others, met with leaders of the aggrieved industries, primarily chemicals and textiles, and offered them special concessions. These maneuvers and changes “cut the protectionist coalition to shreds.”<sup>82</sup> The bill passed Congress: “It was the indirect effect of the administration's approach to and conversion of the textile lobby and to numerous other businessmen that indirectly affected Congress.”<sup>83</sup>

The second example is more complex. When fully elaborated, it shows both disagreement within the power elite and the lengths to which members of the power elite must go before having their way with a Congress that has many delaying powers. To put it as briefly as possible, and ignoring members of the power elite within Congress (they are few), many members of Congress in the mid-1950's were increasingly restive about the foreign aid program. Several wished to reassess the entire program, but since they were almost totally lacking in the expertise

\* At least two staff members of the Randall Commission were at the same time in the CFR study group on tariffs mentioned earlier.

to conduct the necessary inquiry, several reports were undertaken by a variety of “independent” research organizations. According to a scholarly account by H. Field Haviland, Jr. of The Brookings Institution, the most important of these reports was done by Max Milliken and Walt Rostow of the Center for International Studies at MIT.<sup>84</sup> This organization, as we have already pointed out, was supported by both the CIA and by major foundations, and is thus sponsored by the same group of men who are heavily represented in the Executive branch. Haviland also claims that “the other reports were in harmony with the Milliken-Rostow thesis.”<sup>85</sup> This is perhaps to be expected. They were done by, among others, The Brookings Institution and the National Planning Association (in 1958 the latter had ten of its forty-three directors in common with CFR, eight with CED\*).

Despite the relative unanimity of the reports, there was still resistance within Congress. Once again, however, it is likely that this reflected an ongoing struggle within the power elite, who are by no means unanimous on the amount and conditions for granting foreign aid. As in the case of tariffs, this Congressional veto power (which amounts to reducing aid requests) would, we believe, diminish if the power elite could make up its collective mind. The disagreement in this instance manifested itself in terms of two reports by corporate elite groups. The first, by yet another specially appointed Presidential committee, was known as the Fairless Report after its chairman, Benjamin Fairless of U.S. Steel. The second report was by an official government agency called the International Development Advisory Board, created in 1950 as “the chief public advisory group associated with the economic assistance program.”<sup>86</sup> Its head at that time was corporate leader Eric Johnston, one of CED's founders and a former president of the U.S. Chamber of Commerce. The differences in the two reports reflect a long-standing disagreement within the corporate elite that has been sketched out very nicely by political scientists David McLelland and Charles Wood-

\* Four NPA officers were in both CFR and CED. Of twenty-one of the forty-three NPA directors directly involved in the business world, six were leading labor leaders, and two were farm representatives.



house.<sup>87</sup> Sitting on the more conservative committee along with Fairless and labor leader John L. Lewis were five prominent members of the power elite:

Colgate W. Darden, Jr., married to the daughter of Irénée duPont, president of the University of Virginia, and a director of DuPont, U.S. Rubber, and the Life Insurance Company of Virginia.

Richard R. Deupree, chairman of the board of Proctor and Gamble.

Whitelaw Reid, chairman of the board of the *New York Herald Tribune*.

Walter Bedell Smith, vice-chairman of the board of American Machine and Foundry Company, former military officer, and former director of the CIA.

Jesse W. Tapp, chairman of the board of the Bank of America.

The second corporate group was more diversified sociologically. In addition to Johnston and five other corporate leaders, it included two college deans, two labor union leaders, one farm organization representative, a member of the U.S. Committee for UNICEF, and the president of Virginia State College.

After tracing the 1957 aid bill through the conflict over these two reports and the usual nightmarish tangle within Congress, Haviland concludes his case study as follows:

... this case study highlights the conclusion that, despite the powerful "veto" function of the Congress, as well as the stimulating effect of the special legislative studies, the executive branch had the advantage of the initiative, supported by tremendous staff and intelligence resources. Behind the facade of the "administration position," however, were important and continuing differences within and among the principal departments and agencies concerned, usually related to vested institutional interests and closely tied parallel differences within the Congress and the general public.<sup>\*88</sup>

\* The reference to differences within the government concerns, among other things, the fact that Eisenhower appointed a fiscal conservative, George Humphrey of Hanna Mining, to head Treasury, and an isolationist, John Hollister of the Taft law firm in Cincinnati, to head the International Cooperative Administration.<sup>89</sup>

If Congress is not a mere rubber stamp that jumps every time the power elite in and around the Executive branch snaps its fingers, it is for all its complaining, delaying, and threatening a rather impotent body when compared with the Executive branch, which can get its way with Congress on foreign affairs any time it wants with patience,<sup>90</sup> tact,<sup>91</sup> research,<sup>92</sup> and vigorous leadership by the President.<sup>93</sup> And when Congress seems most resistant, a closer look often reveals disagreement within the power elite.

### *Public Opinion and Foreign Policy*

Public opinion used to be considered by some scholars as an important factor in determining foreign policy, but studies over the past decade have by and large failed to support this hypothesis. Today it is usually put forth by journalists caught up in the rush of day-to-day events and by politicians wishing to cater to the voters or disguise their real motives. The most comprehensive overall schema on this problem is provided by James N. Rosenau in his *Public Opinion and Foreign Policy*.<sup>94</sup> On the basis of empirical research by himself and others, he divides the population into three groups: the mass public, the attentive public, and the opinion leaders. The overwhelming majority of the people are in the first group. They are seldom aware of foreign policy issues, read little about them, get what opinions they have from the mass media, and react emotionally to slogans and crises. The second group, making up at best a few percent of the population, are slightly better educated than the mass public, have a little more money, and read more on foreign affairs. They tend to acquire their opinions from the "quality media" such as the *New York Times*, *Harper's Magazine*, and *The Reporter*.<sup>95</sup> On the few occasions they have been studied in any detail, it is found they are businessmen, lawyers, and professional people,<sup>96</sup> and, as we will see, they are the people who join discussion groups and associations concerned with foreign policy. They actually provide the "public" which the opinion-leaders use as their sounding board. The third group, opinion-leaders, are those who shape public opinion. In theory, according

to Rosenau, opinion-leaders may or may not be the same persons who are decision-makers. He concludes, however, that on foreign policy the opinion-leaders tend to be the same persons who are the decision-makers within the federal government.<sup>97</sup> In short, at least on the issue of foreign policy, the power elite is also a major factor in shaping public opinion.

Huntington comes to similar conclusions from decision-making analyses of military and defense policies. He finds the public-opinion-poll evidence against any determinative force by public opinion so "overwhelming" that "even a wide margin of error would not invalidate the conclusions drawn from them."<sup>98</sup> Reviewing this evidence, he finds that public opinion was never important, was often in conflict with what the Administration was doing, and often changed after the Administration took its action. By juxtaposing quotes from corporate leaders with opinion poll data, he shows that claims of responding to popular demand can be no more than an illusion or rationalization. In 1953, when Budget Director Joseph Dodge of The Detroit Bank said there would be cuts in military expenditures to "meet public demand," a Gallup poll found only 19 percent of the people thought the U.S. was spending too much for defense.<sup>99</sup> In early 1957, shortly after Defense Chief Charles Wilson of General Motors said that "the people in the country are in no mood to spend more dollars," a Gallup poll showed that only 9 percent thought defense spending should be cut. Sixty percent thought it should stay about the same and 22 percent thought it ought to be increased.<sup>100</sup>

On the basis of the work by Rosenau, Huntington, and others, it is possible to suggest that public opinion is actually shaped by the foreign policy pursued by the power elite rather than the other way around. This may not be the case with domestic policy, where people have their own observations and personal contacts to aid their understanding, but it is the reality in foreign affairs, where people have to rely on what the power elite tells them through the Executive branch, foreign policy discussion associations, and the mass media. By far the most important factor in this is the attitude of the President, who, as we have noted briefly in this chapter and showed in greater detail in *Who*

*Rules America?*, surrounds himself with members of the power elite as department heads, advisers, diplomats, and special emissaries.<sup>101</sup> As political scientist Aaron Wildavsky notes,<sup>102</sup> most people are willing to follow the President on foreign policy, and Samuel Lubell has documented this in interviews with a great many people at the time the Russian sputnik was launched:

. . . especially striking was how closely the public's reactions corresponded to the explanatory "line" which was coming from the White House. . . . In talking about sputnik, most people tended to paraphrase what Eisenhower himself had said. . . . In no community did I find any tendency on the part of the public to look for leadership to anyone else—to their newspapers, or radio commentators, to Congressmen, or to men of science. Nor, with some exception, could people be said to be in advance of the President, or to be demanding more action than he was.<sup>103</sup>

Another political scientist, Elmer Cornwell, provides further evidence of the President's importance in shaping public opinion.<sup>104</sup>

It used to be thought that public opinion was powerful because the public would seek revenge at the polls, thus making the elected officials responsible to its whims and demands. However, studies show that revenge voting over a single issue is seldom the case<sup>105</sup> and that politicians are aware of this fact.<sup>106</sup> The important thing is the overall relationship of the politician to his constituents. In the case of the Presidency, this is doubly true. Nor does the evidence support the idea that government officials are sometimes so cowed by public opinion that they will fear to take action in the future on unpopular issues that have caused discontent in the past. This theory was popular following the Korean War with those who feared that public wrath over the drawn-out, indecisive nature of that war would inhibit an American President from undertaking similar actions in the future.<sup>107</sup>

The most important foreign policy issue of recent years supposedly affected by public opinion concerned the decision of whether or not to support the French in Vietnam in 1954. According to the argument put forth, for example, by both Herbert

Aptheker and Richard Rovere in criticizing Mills for downgrading the power of the masses, the public prohibited this intervention by frightening the Congressmen who had returned to the grass roots between sessions of the Congress.<sup>108</sup> This in turn caused the Congressmen to "veto" the request for permission to give air support to the French. We have discussed this decision in terms of the misinterpretation of the role of Congress. Here it is only necessary to add that polls at this time showed a majority of the public willing to go along with the contemplated action in Vietnam:

Asked in May and September of 1953 and again in April of 1954 whether the American Air Force should be used if necessary to prevent Communists taking over all of Indochina, from 52 to 60 percent agreed that it should. In all three of the polls, a larger percentage still, that is from 59 to 65 percent, favored sending American troops, with always about a third of the sample opposed to either alternative.<sup>109</sup>

The Presidency and the Executive branch in general are not the only means by which the power elite influences public opinion on foreign policy. It also does so through certain associations and through the creation of special citizens' committees designed to influence opinion on a single issue. The most important associations are the oft-noted Council on Foreign Relations, the Foreign Policy Association, and the National Advertising Council. As shown in *Who Rules America?*, these three are tightly interlocked.<sup>110</sup> Most FPA directors are CFR members as well as business leaders, while the corporation-financed NAC has representatives from CFR, FPA, and CED among its directors. Except for its publications, CFR works primarily with opinion within the elite. It is the FPA which deals with public opinion within the attentive public. This group sponsors World Affairs Councils, discussion groups, and speakers. The FPA is "non-partisan," but the important fact remains, as Rosenau notes, that an organization such as FPA "establishes the width, depth, and direction of the channel" of communication.<sup>111</sup> And, as Bernard C. Cohen concludes in a study of groups such as FPA (which summarizes

evidence showing that the members are better educated and have higher incomes than the general population), they seldom seriously discuss political policies at all, let alone alternative policies. They tend to keep discussions apolitical, emphasizing the social, economic, cultural, and historical aspects of foreign affairs. They also provide a great deal of positive information on the nature and role of the United Nations, which has gotten them a bad name in some circles.<sup>112</sup>

The National Advertising Council is probably less important than the CFR and FPA. It merely places corporate-financed advertising in the mass media. These advertisements advocate general propositions such as "support the United Nations" or "give money to Radio Free Europe." These communications may have a "sleeper effect" or create general ideological acceptance of international involvement, but such effects are difficult to measure or prove. Perhaps what we should say in the case of the NAC is that the power elite utilizes all avenues to reach the general public.

As noted, the power elite also tries to influence public opinion through the formation of publicity committees composed of prominent private citizens. The origins of one such committee have been studied in considerable detail by James N. Rosenau in *National Leadership and Foreign Policy*.<sup>113</sup> In early 1958, President Eisenhower asked corporate executive Eric Johnston, founder of CED and a former president of the U.S. Chamber of Commerce, to head a special White House meeting to convey information to the public on foreign policy aspects of national security.<sup>114</sup> Johnston and his staff invited over 1,000 corporate, organization, community, and labor leaders to this one-day conference of meetings and speeches. Out of the meetings came a new citizens' committee, the Committee for International Economic Growth (CIEG), charged with the responsibility of carrying the conference's message to the entire populace. Its original members, in addition to Johnston, were General (and corporate director) Lucius Clay, Milton Eisenhower (president of Johns Hopkins), Barney Balaban (a motion-picture theater owner and president of Paramount Pictures), General Alfred Gruenther,

Mrs. Eleanor Roosevelt, Mrs. Helen R. Reid (her husband was a wealthy businessman, her sons are Whitelaw and Ogden Reid), and George Meany (labor leader).\*

There are numerous other such committees, but none have been studied in any detail. One of the most important helped convince the country of the need for the Marshall Plan:

When the Committee for the Marshall Plan was formed, Stimson [Wall Street lawyer, CFR director, former Secretary of State and Secretary of War] agreed to serve as national chairman. Former Secretary of War Robert P. Patterson became chairman of an executive committee. . . . The executive committee included Dean Acheson (then in private life), Winthrop W. Aldrich, James B. Carey, David Dubinsky, Herbert H. Lehman, Philip Reed, and Herbert Bayard Swope.† Its membership consisted of more than three hundred prominent citizens in different parts of the country. . . . Regional committees were promptly organized, the cooperation of national organizations enlisted, and relevant publications given wide circulation. The Committee promoted broad news and editorial coverage in metropolitan newspapers, set up a speakers' bureau, and employed a news agency which arranged for press releases, a special mat service for small town and country newspapers, and national and local radio broadcasts.<sup>116</sup>

Within certain limits, then, there is every reason to believe that the power elite is relatively successful in shaping public

\* Rosenau also sent an eight-page, 71-item questionnaire to 1,067 conference participants. He received a return of 61 percent, a much greater return than is usually expected from mailed questionnaires. From all evidence the returns are a representative sample of the participants, although Rosenau takes pains to make no special claims for them. Reluctant to generalize, and immediately emphasizing the diversity of the total group, he does summarize his findings by saying that "the national leader is a middle-aged, white, Protestant, upper-class male from the Eastern seaboard, who has had extensive education and who is likely to be a businessman while at the same time holding a variety of unremunerated posts in outside organizations."<sup>115</sup>

† Winthrop Aldrich is a banker and an uncle of the Rockefeller brothers; James B. Carey is a labor leader; Herbert Lehman was of the Lehman Brothers investment firm; Philip Reed is an executive with General Electric; Herbert Bayard Swope is a former New York newspaper editor and the brother of a former president of General Electric; and David Dubinsky is a labor leader.

opinion on foreign policy through its control of the Executive branch, through organizations such as CFR and FPA, and through special committees such as CIEG and the Committee for the Marshall Plan. As Gabriel Almond concludes in *The American People and Foreign Policy*, "one might almost say 'who mobilizes elites, mobilizes the public.'"<sup>117</sup>

### Conclusion

In this paper we have shown who dominates the all-important issue-area of foreign policy, namely, a power elite which is rooted in the dividends and salaries of large corporations and financial institutions. We have done this in two different ways, one positive, one negative. The positive way was to present criteria for membership in a power elite that is the operating arm of the national upper class and then show that the key persons and institutions in and out of government who determine foreign policy are part of this power elite. The negative way was a process of elimination. We summarized evidence which suggests that other possible candidates for control of foreign policy—the military, Congress, public opinion—are of very minor importance for this issue-area, although they may be important on other issues.

In addition to showing *who* made foreign policy, we have shown *how* they do it—through participation in key government positions, through serving on specially appointed committees and task forces, and through financing and leading major non-government policy-planning, opinion-forming, and opinion-disseminating organizations.

It is also important to note what has not been demonstrated. We have not proved that the power elite act only or primarily in terms of the interests of the corporations which are their ultimate base of power. We have not shown *why* they do what they do. However, it is certainly possible to make the beginnings of a case on this on the basis of the economists' assumption that people tend to act in their self-interest, and the psychologists' and sociologists' finding that people perceive and interpret the world in terms of their individual upbringing, cultural background, and occu-

pational roles. We would consider the following facts significant: The power elite are by and large part of an upper class of corporate rich which owns an overwhelming amount of corporate stock and has a set of educational and social institutions that are distinctive to this small group. Most of the power elite's members also receive non-dividend income and other "higher emoluments" from the corporations and their closely related charitable foundations. When these considerations are put alongside the very great importance of overseas operations to the health of many large American businesses, it is really hard to believe that we don't know why the corporate rich are so concerned with these matters.\*

## Notes

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2. *Ibid.*, pp. 53-55.
3. *Ibid.*, p. 65.
4. C. Wright Mills, *The Power Elite* (New York: Oxford University Press, 1956); for a discussion of the "interlocking overlappers" see Richard Rovere's review of *The Power Elite* under that title, as reprinted in his *The American Establishment* (New York: Harcourt, Brace & World, 1962).
5. Domhoff, *Who Rules America?*, Chap. 5.
6. *Ibid.*, p. 8, quoting E. Digby Baltzell's *The Protestant Establishment* (New York: Random House, 1964), p. 8.
7. *Ibid.*, Chap. 4, and later in this essay.
8. Mills, *The Power Elite*, p. 186.

\* "Thus, of the 500 largest corporations, 386 had notable foreign operations. A score or two of the large companies have a third or more of their total assets abroad; some eighty of these firms derived 25 percent or more of their sales and earnings from overseas. Sales of foreign-based U.S. manufacturing firms have increased more than five times since 1950. In 1965, it has been conservatively estimated, earnings on foreign investments amounted to more than 20 percent of after-tax profits of domestic non-financial corporations."<sup>118</sup>

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10. *Ibid.*, pp. 64, 68.
11. Douglass Cater, *Power in Washington* (New York: Random House, 1964), p. 247.
12. *New York Times*, May 15, 1966, "Experts on Policy Looking to Youth," section one, p. 34.
13. Lester Milbrath, "Interest Groups and Foreign Policy," in James N. Rosenau, ed., *Domestic Sources of Foreign Policy* (New York: The Free Press, 1967), p. 247.
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15. Kraft, "School for Statesmen," p. 68.
16. Dan Smoot, *The Invisible Government* (Dallas, 1962), pp. 168-171.
17. Kraft, "School for Statesmen," p. 65.
18. John F. Whitney, Jr., "The Council on Foreign Relations, Inc.," January 1968, a paper for Professor Hoyt B. Ballard's graduate seminar in government at Texas A & I University.
19. Smoot, *The Invisible Government*, p. 21.
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21. *Ibid.*, p. 68.
22. *Annual Report of the Council on Foreign Relations, 1958-1959*, p. 4.
23. Kraft, "School for Statesmen," p. 66.
24. *Ibid.*
25. *Ibid.*
26. Percy W. Bidwell, *What the Tariff Means to American Industries*, published for the Council on Foreign Relations by Harpers Bros. (New York, 1956).
27. *New York Times*, May 15, 1966, p. 34.
28. Kraft, "School for Statesmen," p. 68.
29. Robert A. Dahl, *Who Governs?* (New Haven: Yale University Press, 1961), pp. 66, 331.
30. Kraft, "School for Statesmen," p. 64; *New York Times*, May 15, 1966, section one, p. 34.
31. Kraft, "School for Statesmen," p. 67. Much of Kraft's information on CFR involvement in specific issues is drawn from CFR's self-published twenty-five-year history. It contains further details and information on other issues as well. See *The Council on Foreign Relations, A Record of Twenty-five Years* (New York, 1947).
32. Quoted in Kraft, "School for Statesmen," p. 68.

33. *Ibid.*, p. 64.
34. Chadwick F. Alger, "The External Bureaucracy in United States Foreign Affairs," *Administration Science Quarterly*, June 1962.
35. Kraft, "School for Statesmen," p. 68.
36. Karl Schriftgeisser, *Business Comes of Age* (New York: Harper & Row, 1960); and David Eakins, "The Development of Corporate Liberal Policy Research, 1885-1965," (Ph.D. diss., University of Wisconsin, 1966).
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44. Joseph Kraft, "The Military Schoolmen," in *Profiles in Power*, p. 52.
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