

Thoughts on the  
**American System**

with emphasis on the contradiction between  
the national ruling class and city rulers

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## THOUGHTS ON THE AMERICAN SYSTEM

A change of administration usually provides useful insights into the nature and mode of functioning of the U.S. social order, and in this respect the accession to power of the Nixon regime is no exception.

First of all, we can see from Nixon's cabinet appointments how monopoly capitalism tends to rely increasingly for its top functionaries and administrators on men whose chief training and experience have been either in managing and manipulating capital in its most abstract forms or in servicing the system as a whole. In the former category we include bankers and corporation lawyers, in the latter university professors. The Nixon cabinet—counting as members the director of the budget bureau and the presidential assistants in the fields of national security and urban affairs—contains two Wall Street lawyers, three bankers, and four professors, altogether nine out of the total of fifteen. Of the remaining six, four rose to the top as businessmen and only two as politicians. What appear likely to be the four key policy-making positions—Attorney General and the Secretaries of State, Defense, and Treasury—are occupied by two lawyers, one politician, and one banker. On the whole, the “generalists,” in the sense of those whose main concern has been the system as a whole rather than specific interests within the system, appear to be firmly in the saddle. And this both reflects and is in accord with the nature of an economy that is increasingly dominated by a few hundred giant multinational corporations which need a government to serve their common interests both at home and abroad much more than they need a

government which favors some sectors of the economy or regions of the country at the expense of others.

Secondly, the composition of the Nixon cabinet clearly shows up the artificiality of the theory, expounded by C. Wright Mills,\* that there are separate business and political "domains" each with its own "elite." The very fact that sixty percent of the cabinet members have essentially business backgrounds is in conflict with the theory of a separate political domain. Furthermore, most of this substantial majority have had extensive previous governmental experience. The new Secretary of the Treasury, Chairman of the biggest bank in Chicago, started off as an official of the Federal Reserve System; the new Secretary of State, a Wall Street lawyer, served as Attorney General under Eisenhower; three of four businessmen appointed to lesser cabinet posts have been state governors; and so on.

It is of course true that there are corporate and government bureaucracies between which there may be, *on the whole*, relatively little mobility; and in this sense one can speak of separate business and political domains. But at the top levels, men move back and forth between the two with the greatest of ease, so that it is not possible to speak of separate "elites" generated within the two domains. Many, perhaps even most, top positions in politics are filled by people who made it in business. And people who make it in politics usually find many lucrative jobs in business open to them (Nixon himself is a good example of this: in 1962 he temporarily abandoned a political career for the senior partnership in one of the big Wall Street law firms). What we find at the top, in other words, is a small ruling *class* whose members either themselves occupy the positions of power or select and hence control those who do. And these members and their positions are essentially interchangeable.

While we are on the subject of elites, there is another aspect of C. Wright Mills's theory which is in need of re-examination in the light of the experience of the last few years. In his schema there are not just two domains with their elites but three—corporate, political, and military. At the time Mills's book ap-

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\* In *The Power Elite*, New York, 1956.

peared (1956), we had no hesitation in rejecting the idea for the military as well as for the corporate and political.\* In the long sweep of American history, the constitutional principle of civilian control over the military had never been successfully challenged. What this principle means of course is that the military, like the police, is an instrument of the ruling class and not an independent center of power: its job is to do what it is told to, leaving policy-making to the representatives of the bourgeoisie. The showdown between President Truman and General MacArthur over the limits and aims of the Korean War showed that the principle of civilian control had survived the Second World War, the beginnings of the Cold War, and the Korean War. But this same incident also revealed a powerful tendency within the military to assert itself as a policy-making center. And there is no question that the massive military buildup of the Kennedy-Johnson era plus the increasing U.S. involvement in the Vietnamese War have greatly strengthened the hand of the military. The question is whether this process has gone so far that the military is now in a position to enforce its will on the civilian leadership with respect to matters which the military regards as its own particular concern. If the answer is yes, it would follow that Mills's theory of a military elite sharing power has validity, regardless of whether we accept or reject the notion of separate corporate and political elites. For there is no doubt that there is such a thing as a military domain in Mills's sense, or that it does select and train its own leadership: making it in business or politics does not provide a ticket of admission to the Top Brass.\*\*

The composition of the Nixon administration does not provide any convincing clues to the answer to this question. It is certainly interesting that for the first time since its creation immediately after the Second World War, the Department of De-

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\* See Paul M. Sweezy, "Power Elite or Ruling Class?," MR, September, 1956, esp. pp. 144-146.

\*\* It is true, however, that retiring generals and admirals are much in demand for leading corporate and political positions. This one-way mobility into the top echelon of the civilian ruling class works against the military's acquiring its own specific values and ambitions.

fense has been put in charge of a politician. Since Truman's administration, this post has been held by the president or board chairman of the following corporations: General Motors, Proctor and Gamble, Morgan Guaranty Trust, and Ford. In other words, the Department of Defense has normally been in charge of a top executive of one of the country's biggest corporations, the kind of person who could presumably most effectively enforce civilian control on the military. The fact that Nixon has chosen as his Secretary of Defense a small-town Middle Western politician with notoriously hawkish views,\* suggests an intention to give the military its head.

But this is not the only possible hypothesis. It might also be reasoned that the U.S. ruling class has decided to put an end to the war in Vietnam and that this decision can be made more palatable to hawks, both in and out of the Pentagon, if one of their own is given major responsibility for implementing it and coping with its consequences.\*\* This line of reasoning of course assumes that real power is entirely in civilian hands.

What makes it so difficult to establish the truth here is the fact that there is in any case such a wide area of agreement between the leadership of the giant corporations and the military elite. Both *want* a huge war machine, but the former *needs* it even more than the latter. This need is based on both international and domestic considerations. The defense of the U.S. empire, alias the "free world," is quite literally a life-and-death matter for a large number of the biggest corporations; and for the entire ruling class massive (and growing) government spending on the war machine is the only acceptable form of surplus utilization on the scale required to keep the U.S. economy from

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\* For a thumb-nail sketch of Laird's ideas on U.S. global strategy, see *I. F. Stone's Weekly*, December 30, 1968.

\*\* Writing of French withdrawal from Algeria, Maxime Rodinson comments: "As usually happens, the capitulation to Algerian nationalism, so wounding to the national pride and so harmful to the interests of a large number of Frenchmen, could only be made acceptable by a right-wing government, or at least one which could not be accused of sacrificing the nation to some universalist ideology. This was the historic role of Charles de Gaulle. . . ." *Israel and the Arabs*, London, 1968, p. 137. (An American edition of Rodinson's book is scheduled to be published in New York on January 23rd.)

sinking back into the kind of stagnation and mass unemployment which characterized the years of the Great Depression. It follows that the mere fact that the military gets practically everything it asks for in no way proves that it is an independent power center. The ruling class built the war machine up from the low point to which it was reduced by the hasty demobilization right after the Second World War, to serve its own global purposes and not to please the generals and admirals. The question whether, in the process, the generals and admirals have acquired real power in their own right is therefore not one which can be answered according to any simple criteria of size and rate of growth of the war machine.

A real test may come over the issue of ending the Vietnam War. If, as seems to be widely assumed, the ruling class is now ready to write Vietnam off, it may well meet bitter resistance from the military, determined to hang on at the cost of endless fighting and possibly even of war with China. In this way a power struggle might be precipitated, the outcome of which would decide whether or not the traditional American principle of civilian control over the military is still in operation.

Whether this will actually happen, however, is another question. What is at issue is not whether the ruling class *wants* to end the Vietnam War (of course it does), but whether it is now ready to do so on the only terms which can bring peace to that country. These terms have long been well known to those who are not blinded by class interests and ideology: complete withdrawal of U.S. armed forces from Vietnam. This of course implies the end of the Saigon puppet regime and the takeover of power in all of South Vietnam by the National Liberation Front (and its allies) which is already in control of most of the countryside. What evidence is there that the U.S. ruling class has reconciled itself to this prospect?

If there is any such evidence, we frankly do not know what it is. The actual course of events has proved that Johnson's withdrawal from the presidential race and subsequent opening of negotiations with Hanoi together constituted an extremely effective method of undermining and disorienting the domestic

anti-war movement. It seems only reasonable, therefore, to assume that this, rather than peace, was the intended purpose. And of course Nixon is not going to abandon such a well-tested tactic: it seems that Americans by and large are willing to tolerate and perhaps even support the war if it is accompanied by sufficiently well advertised "peace" talks.\* Meanwhile, all the pronouncements we have run across emanating from what may be called "responsible" ruling-class quarters continue to take it for granted that South Vietnam, with or without the present Saigon regime, will remain a U.S. client state after the war is over. This is true even of statements, like the well publicized one by McGeorge Bundy a couple of months ago, which appear to be most emphatic on the overriding need to end the war. The U.S. ruling class, it seems, simply has not absorbed the lesson of the last fifteen years, that it is impossible to establish a viable neo-colony in South Vietnam.

This does not mean, to be sure, that the lesson never will be learned or, even if it isn't, that U.S. forces will remain in Vietnam forever. But "never" and "forever" are not very precise terms and certainly do not rule out a long period of maneuvering by the United States to find a way to impose its will on Vietnam. Already we are being bombarded once again with optimistic stories, coming from both Saigon and Washington, about how well the war is going, how many villages and districts have been pacified, how rapidly the morale of the Saigon troops is rising and that of the NLF falling, and so on *ad nauseam*. What seems to be happening in fact is that U.S. and puppet forces are withdrawing more and more into fortified bases and urban enclaves (the latter increasingly infiltrated by enemy cadres), while the NLF-held countryside is subjected to stepped-up B-52 bombing. If this is correct, it means that the U.S. is actually adopting, without acknowledging it, the so-called enclave strategy which

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\* From the point of view of strengthening the anti-war movement in the United States, the best thing that could happen would be for the Vietnamese to pack up and leave the Paris talks, telling the U.S. delegation to let them know when Washington is ready for serious negotiations. That the Vietnamese do not do this is due to the fact that they have more important aims than strengthening the U.S. anti-war movement, chief of which is to hasten the disintegration of what is left of the Saigon regime.

has been advocated in the last few years by such men as Generals Gavin and Ridgway, Messrs. Kennan and Galbraith, and Senators Fulbright and McGovern.

How long this will go on is a question no one can answer. Presumably it *can* go on for a long time yet: even Wilfred Burchett, the leading English-speaking reporter and analyst of Vietnamese victories, does not assert, in his writings in the *Guardian* and his new book *Vietnam Will Win!*, that the Vietnamese are in a position literally to throw the U.S. forces out of Vietnam. They will leave Vietnam only when a decision is taken in Washington to pull them out. And what combination of pressures—from new “Tet offensives” in South Vietnam, from military explosions in other parts of the world, from renewed international monetary crises, from rising urban rebellions at home, from a revived anti-war movement inside the United States—will convince the U.S. ruling class that the Vietnam game is not worth the candle, this too is a question no one can answer. If and when the time does arrive, the next problem facing the ruling class may be to try to persuade its own military to go along.

If that happens we shall at any rate have a real test of the theory that the military has become an independent power center in U.S. society.

Let us now turn to another aspect of the American system, the internal power structure. In matters of international and military policy there is no doubt that all power is in the hands of the federal government and, within the federal government, increasingly in the hands of the executive branch. (We say “increasingly,” but “exclusively” might be more accurate: it is hard to cite an instance in recent years in which the Senate or the Congress as a whole has had a visible influence in shaping foreign or military policies.) In domestic affairs the situation is different and much more complicated.

To begin with, we must bear in mind that the governmental structure of the United States makes a sharp distinction between the federal government on the one hand and the state and local governments on the other. While the distribution of functions

among the different levels cannot be precisely defined, and indeed is subject to continuous dispute and recurring judicial determination, nevertheless each level does have a large area of responsibility in which it makes and carries out policy in relative independence of the others. The dangers inherent in this system are obvious: unless the same interests hold power at all three levels, discordant or even contradictory policies may be adopted, resulting in serious impairment of the functioning of the system as a whole.

How is it in the United States today: do the same interests hold power at all three levels? (It is worth noting in passing that in most of the other advanced capitalist countries this problem does not arise since the central government directly controls the regional and local governments.) In a very general sense, yes: large property-owners or their representatives hold power at all three levels. They are all therefore interested in maintaining the system and in maximizing U.S. power and wealth vis-à-vis the rest of the world. This explains why, on matters of foreign and military policy, there is normally general agreement among the various sections of the ruling class: the corporate rich in control of the central government pursue their collective interests with the enthusiastic support of their lesser colleagues in the regions and localities.

When it comes to the state and local governments, however, things are not so simple. The headquarters of the economically dominant giant corporations are concentrated in New York and a few other major cities, and the political activities of their top leaders are for the most part concerned with national and international affairs: typically, they play little or no role in state and local politics. Further down the corporate ladder there is a tremendous amount of mobility of both the job and the geographical varieties. The college or university graduate who goes to work for one of the multinational giants can expect to be shifted around from one branch or plant to another, nationally and even internationally, not once but repeatedly in the course of his corporate career. The result is that he never settles in any community long enough to put down roots; he never gains the intimate first-hand acquaintance with local people and problems

without which it is impossible to be politically effective. Of course the giants can and do achieve a measure of political influence at state and local levels through spending money, directly in some cases but more often through their officials, in support of particular politicians or political machines. If they were the only sources of big money for these purposes, they could doubtless achieve outright control of state and local governments. But this is very far from being the case. In every community of any size there are rich, and often very rich, men and women whose primary source of income is ownership of property which is situated and controlled right where they live—family businesses, construction companies, local banks, above all real estate. These people can well afford their own politicians and political machines, and of course it is important to them for a thousand and one reasons to control the governments which are closest to their operations. Given the fact that their local experience and connections are vastly superior to those of the absentee corporate owners and managers, it is not surprising that they pretty well monopolize power at the state and local levels.

We thus have a situation in which the corporate giants control the federal government, and locally based vested interests control the state and local governments. Throughout most of the period when this arrangement has been in operation—i.e. since the rise of Big Business in the last decades of the 19th century—it has worked reasonably well for the power-wielders at both levels. The giants, in fact, have for the most part been happy to chase after the profits offered by expanding national and international markets without having to worry about running everything down below. But in recent years inner conflicts and contradictions have been developing which greatly complicate the growing general crisis of U.S. monopoly capitalism.

To understand this one must recall some of the major features of the capital accumulation process in the present phase of U.S. economic development. The greater profitability of the corporate giants provides them with the wherewithal to grow more rapidly than the smaller and more competitive sectors of the economy (this is what Marx called the concentration of capital), and their huge financial resources give them the lever-

age to engineer an uninterrupted series of mergers (Marx's centralization of capital). Technologically, this increasingly dominant monopolistic sector of the economy is highly dynamic, with a strong bias toward more and more sophisticated, capital-intensive methods of production. The big monopolies, in their search for profitable markets, make available to other sectors of the economy advanced mechanical, electronic, chemical, and other sophisticated devices which in turn revolutionize these sectors' methods of production. In this way, for example, U.S. agriculture has been rapidly mechanized (and chemicalized); and hand labor of the "ditch-digging" type has been virtually eliminated from the construction industry.

These trends and tendencies, together with related developments in such fields as transportation and communication, have had a profound impact on the location of economic activity, the nature of the labor process, and the composition of the work force. Some production centers—particularly in the South, Southwest, and Far West—have burgeoned. The countryside has been drastically depopulated, with displaced farm workers crowding into the cities. Inside the metropolitan areas population has moved steadily out from the city centers to an ever widening periphery, leaving the bottom income groups in decaying slum areas which also tend to expand outward with the increase of population and the growth of the metropolitan area. These slum dwellers in turn are made up of a hereditary lumpenproletariat plus the steadily swelling ranks of rejects from the high-technology economy: migrants from the countryside and technologically unemployed and/or unemployable in the industrial and service sectors. When you add the historically conditioned facts that a large proportion of the central-city low-income stratum is made up of ghettoized blacks (on a nation-wide scale) and Puerto Ricans and Mexican-Americans (in certain regions), and that these are the sectors of the U.S. population which are being awakened and stirred into action by the world-wide anti-imperialist revolution of the 20th century—when you add all this up, you have the ingredients of the two great interlocked crises which are widely recognized as threatening to tear apart the very fabric of U.S. society—the crisis of the cities and the

crisis of race relations.

From a narrowly economic point of view these dramatic developments are of little concern to the corporate giants. They have not suffered in any discernible way from the trials and tribulations of the cities: corporate profits after taxes rose from \$26.7 billion in 1960 to \$48.1 billion in 1967, an average annual increase of more than 10 percent a year. The multinationals have been spreading their tentacles around the globe as never before. Furthermore, the big corporations don't operate in the slums (most of their executives have probably never even been in a slum), nor do they need the kind of unskilled low-paid labor which is available there. The truth is that for corporations which operate on the national and international levels, the problems of the impoverished inner cities are economically irrelevant.

The same cannot be said politically, however. Anything that threatens to disrupt the whole social order, as the urban and race crises unquestionably do, is very much a matter of concern to the corporate giants and the national ruling class which they nurture: they need an environment of civic peace and stability in which to carry on their profitable economic activities. But the question is: what can they do to secure and protect such an environment? And here we meet again what has by now clearly become a major contradiction of the American system.

The big corporations and the national ruling class do not control the state and local governments.\* Most of what would be necessary to make serious improvements in the cities and to ameliorate racial conflict and rebelliousness within the cities would have to be done at the metropolitan level. Those local property owners who do control the state and local governments, unlike the big corporations, have an enormous stake in the slums and ghettos (as markets, high-yield real estate, sources of cheap

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\* The entrance into state politics of men like Governor Nelson Rockefeller of New York and his brother Governor Winthrop Rockefeller of Arkansas may indicate that the national ruling class is trying to take over key positions at the lower levels. The effectiveness of this strategy is doubtful, however. Even a governor or mayor can accomplish little against the vested interests which control state legislatures, city councils, and state and local bureaucracies.

labor for marginal businesses and domestic workers, etc.) and have absolutely no intention to sacrifice what are to them vital interests for the sake of creating an environment favorable to the operations of the big corporations and the national ruling class. What is at issue here is very clearly indicated by Hans Blumenfeld, one of the world's leading authorities in the field of urban planning. Writing in an article entitled "The Modern Metropolis" (*Scientific American*, September, 1965), Blumenfeld draws the following conclusion:

Any plan that seeks to control the growth of the metropolis rather than leaving it to the play of market forces will require the setting up of new forms of control. Because it inevitably entails transfers of value from one piece of land to another, planning of any sort is bound to come into conflict with the existing vested interests of landowners and municipalities. It is obvious, therefore, that the implementation of rational regional planning would call for: (1) the creation of an overall metropolitan government for the metropolis, (2) public ownership of all or most of the land that is to be developed, (3) tax revenues sufficient to enable the metropolitan government to acquire the land and carry out the public works required for its development, (4) a national housing policy that would eliminate segregation by providing people at all income levels with freedom of choice in the location of their dwellings.

In terms of current American political folklore these are radical measures. Each of them, however, has been carried out in varying forms and to a varying degree by more than one European nation within the framework of democratic capitalism.

The reason European capitalist nations have been able to carry out such programs is simply that their ruling classes, which are responsible for their national systems as a whole, are in control of regional and local governments. The U.S. ruling class, on the other hand, is saddled with a governmental structure which confers power at the regional and local levels on particularistic interests which have no responsibility for the system as a whole.

In these circumstances urban development will continue to be governed by market forces and to generate conflicts—the current one over New York City's educational system is a good example—which, from the point of view of U.S. monopoly capi-

talism as a national and international system of making profits and accumulating capital, are totally irrational and destructive.

The national ruling class is obviously extremely reluctant to meet this problem head-on, fearing that any wholesale attack on local vested interests (political as well as economic) would set off even more destructive and dangerous conflicts. So it temporizes, trying to bribe and cajole local power-holders through such devices as federal departments of urban affairs and transportation, Ford Foundations, university institutes of city planning, and the like. The results, as should by now be obvious, have been and will continue to be minimal.

Sooner or later it seems inevitable that more drastic measures will be tried: the problem itself is bound to get steadily worse. But what these measures may be it is now impossible to foresee.

(January 12, 1969)