

40 Years Ago This Week: The Blueprint for Corporate Rule

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Forty years ago this week, Justice Lewis F. Powell, Jr., an attorney from Richmond, Virginia, drafted a [confidential memorandum](#) for the U.S. Chamber of Commerce that described a strategy for the corporate takeover of the dominant public institutions of American society.

Powell and his friend Eugene Sydnor, then-chairman of the Chamber's education committee, believed the Chamber had to transform itself from a passive business group into a powerful political force capable of taking on what Powell described as a major ongoing "attack on the American free enterprise system."

An astute observer of the business community and broader social trends, Powell was a former president of the American Bar Association and a board member of tobacco giant Philip Morris and other companies. In his memo, he detailed a series of possible "avenues of action" that the Chamber and the broader business community should take in response to fierce criticism in the media, campus-based protests, and new consumer and environmental laws.

Environmental awareness and pressure on corporate polluters had reached a new peak in the months before the Powell memo was written. In January 1970, President Nixon signed the National Environmental Policy Act, which formally recognized the environment's importance by establishing the White House Council on Environmental Quality. Massive Earth Day events took place all over the country just a few months later and by early July, Nixon signed an executive order that created the Environmental Protection Agency (EPA). Tough new amendments to the Clean Air Act followed in December 1970 and by April 1971, EPA announced the first air pollution standards. Lead paint was soon regulated for the first time, and the awareness of the impacts of pesticides and other pollutants -- made famous by Rachel Carson in her 1962 book, *Silent Spring* -- was recognized when DDT was finally banned for agricultural use in 1972.

The overall tone of Powell's memo reflected a widespread sense of crisis among elites in the business and political communities. "No thoughtful person can question that the American economic system is under broad attack," he suggested, adding that the attacks were not coming just from a few "extremists of the left," but also - and most alarmingly -- from "perfectly respectable elements of society," including leading intellectuals, the media, and politicians.

To meet the challenge, business leaders would have to first recognize the severity of the crisis, and begin marshaling their resources to influence prominent institutions of public opinion and political power -- especially the universities, the media and the courts. The memo emphasized the importance of education, values, and movement-building. Corporations had to reshape the political debate, organize speakers' bureaus and keep television programs under "constant surveillance." Most importantly, business needed to recognize that political power must be "assiduously cultivated; and that when necessary, it must be used aggressively and with determination - without embarrassment and without the reluctance which has been so characteristic of American business."

Powell emphasized the importance of strengthening institutions like the U.S. Chamber -- which represented the interests of the broader business community, and therefore key to creating a united front. While individual corporations could represent their interests more aggressively, the responsibility of conducting an enduring campaign would necessarily fall upon the Chamber and allied foundations. Since business executives had "little stomach for hard-nosed contest with their critics" and "little skill in effective intellectual and philosophical debate," it was important to create new think tanks, legal foundations, front groups and other organizations. The ability to align such groups into a united front would only come about through "careful long-range planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and united organizations."

Before he was appointed by Richard Nixon to the U.S. Supreme Court Powell circulated his call for a business crusade not only to the Chamber, but also to executives at corporations including General Motors. The memo did not become available to the public until after Powell's confirmation to the Court, when it was leaked to Jack Anderson, a syndicated columnist and investigative reporter, who cited it as reason to doubt Powell's legal objectivity.

[Anderson's report](#) spread business leaders' interest in the memo even further. Soon thereafter, the Chamber's board of directors formed a task force of 40 business executives (from U.S. Steel, GE, ABC, GM, CBS, 3M, Phillips Petroleum, Amway and numerous other companies) to review Powell's memo and draft a list of specific proposals to "improve understanding of business and the private enterprise system," which the board adopted on November 8, 1973.

In her 2009 book, *Invisible Hands*, historian Kim Phillips-Fein describes how "many who read the memo cited it afterward as inspiration for their political choices." In fact, Powell's Memo is widely credited for having helped catalyze a new business activist movement, with numerous [conservative family and corporate foundations](#) (e.g. Coors, Olin, Bradley, Scaife, Koch and others) thereafter creating and sustaining powerful new voices to help push the corporate agenda, including the Business Roundtable (1972), the American Legislative Exchange Council (ALEC - 1973), Heritage Foundation (1973), the Cato Institute (1977), the Manhattan Institute (1978), Citizens for a Sound Economy (1984 - now Americans for Prosperity), Accuracy in Academe (1985), and others.

Because it signaled the beginning of a major shift in American business culture, political power and law, the Powell memo essentially marks the beginning of the business community's multi-decade collective takeover of the most important institutions of public opinion and democratic decision-making. At the very least, it is the first place where this broad agenda was compiled in one document.

That shift continues today, with corporate influence over policy and politics reaching unprecedented new dimensions. The decades-long drive to rethink legal doctrines and ultimately strike down the edifice of campaign finance laws - breaking radical new ground with the Roberts Court's decision in [Citizens United v. the Federal Election Commission](#) - continues apace.

Although many new voices have emerged in the 40 years since it circulated Powell's memo, the U.S. Chamber has expanded its leadership position within the corporate power movement, leading dozens of judicial, legislative and regulatory fights each year. Measured in terms of money spent, the Chamber is by far the most powerful lobby in Washington, DC, [spending \\$770.6 million since 1998](#), over three times the amount spent by General Electric, the second-largest spender. At the same time, the Chamber has reinforced its lobbying power by becoming one of the largest conduits of election-related ["independent expenditures,"](#) spending over \$32.8 million on Federal elections in 2010. The Chamber sponsors the Institute for Legal Reform, which has spearheaded the campaign for tort "reform," making it more difficult for average people who have been injured, assaulted, or harmed to sue the responsible corporations. Along with well over a dozen legal foundations, the Chamber has also helped shape the powerful "business civil liberties" movement that has been a driving force behind the Citizens United decision and other judicial actions that have handcuffed regulators and prevented Congress from putting common-sense checks on corporate power.