

**DEPARTMENT OF POLITICAL SCIENCE
AND
INTERNATIONAL RELATIONS
Posc 150**

WHO GOVERNS: STATE AND CAPITALISM

I. CONTENTS:

- A. Who governs: theories of power in the United States
- B. The relationship between “government and business.”

II. WHO GOVERNS:

- A. We turn now to the question of who governs the United States.
- B. Theories:
 - 1. Representative democracy
 - 2. *Pluralism.
 - i. Basic assumptions:
 - 1) Participatory democracy not possible.
 - 2) Moreover, participatory democracy may not be desirable
 - 3) Power “flows” from resources.
 - 4) Resources are scattered throughout society.
 - 5) Different individuals but mainly groups mobilize resources for specific political objectives.
 - 6) The system is “open.”
 - 7) No groups dominates policy making.
 - 8) Groups check and balance one another
 - 9) Judge a system not by equality of power but by the opportunity to obtain and wield power.
 - a) That is, how easy it is to get into the arena.
 - ii. In short, people do not govern directly or even indirectly. They are spectators. Political in the United States and other democracies is wielded mainly by many groups, sometimes called “elites.” Since some kinds of resources are available to nearly everyone, many, many groups exert power. This situation involves competition and countervailing power. The scope of groups’ influence is limited to specific issues. Groups and the “system as a whole are open.” “The democratic creed”: various elites play by well established rules of the game. Mobilization of resources is what makes America approximately democratic.
 - 3. Power elite:
 - i. *Most of the “*important*” decisions are made by a group with these characteristics:
 - 1) small (perhaps 5 to 10 thousand).
 - 2) strong economic interests.
 - 3) unified “world view”

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- ii. ✳Means of exercising authority and wielding power.
 - iii. ○Control of “command posts” of society, the main political, economic, cultural, information, corporate, media, and research institutions in America.
 - 1) Note these are not just political institutions.
 - iv. ○Exchange of personnel (leaders) between state and private sectors
 - 1) Overlapping memberships and “revolving doors.”
 - 2) The importance of access.
 - v. The middle levels of power
 - 1) Congress, state and local governments, "everyday" politicians lobbyists, journalists.
 - 2) ✳These people often work on a predetermined or set agenda
 - 3) They accept the world view more or less unquestioningly and work within its confines.
 - 4) They mainly deal with “branch and twig” decisions.
 - a) These decisions may implement trunk decisions or involve “minor” distributive or regulative matters.
 - 5) They spend considerable time and energy on symbolic or expressive politics.
 - vi. ○Constituency interests limits their freedom of action in some areas.
 - 1) Pluralism describes decision making at this level.
 - vii. On occasion, however, the middle level politicians by design or accident do make or greatly influence the making of what I call trunk decisions.
 - viii. The Masses
 - 1) The middle, working, lower, and under (lumpen proletariat) classes.
 - 2) The masses are, as pluralists agree, mostly spectators at the game of politics.
 - 3) They are manipulated by as much as they control government.
 - a) I think a case can be made that a number of fundamental policies, broadly defined, have been sold to the public.

III. SOME GENERALIZATIONS ABOUT THE STATE AND CAPITALISM:

- A. ✳(This is a major point) Many analysts feel it is a mistake to think of government (the state) and the capitalist economic system as totally separate entities that frequently fight with one another.
 - 1. What we have in the United States is not pluralist democracy, but **capitalist liberal democracy.**

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- i. Liberal democracy:
 - 1) Political rights are preeminent.
 - 2) ○ Rights extend to bodies such as corporations.
 - ii. ○ Capitalism
 - 1) Semi-market place.
 - a) Economic activities run from fully competitive to fully monopolistic.
 - 2) Core versus periphery sectors.
 - 3) Vertical and horizontal integration.
 - 4) Managerial class(es) versus owners.
 - 5) Cross-national ownership, management, capital flows (investments)
 - 6) Decisions have national and economic consequences.
- B. *Capitalism is not self-sustaining
- 1. It needs supports that must be supplied by coercive external forces, namely states.
 - i. See the Tragedy of Commons argument.
 - ii. ✓ Support for airlines.
- C. *Consequently, the two—the state and capitalism—cannot be separated.
- 1. Thought experiment: imagine 21st century capitalism with 18th century size and style government.
 - i. Could it—the capitalist system—exist?
 - 2. Another thought experiment: Suppose you wanted to reform fundamentally government. Wouldn't you have to remake entirely the economic **and** political systems?
 - i. It wouldn't be enough simply to “take over” the present government.

IV. NEXT TIME:

- A. Specification of state-capitalist connections
- B. Case study: Social Security.
- C. Reading:
 - 1. Read for general understanding.
 - 2. *Required:* Power elite and pluralism under “Who Governs” in Cyber Reserve Room.
 - 3. *Required:* “Ending Corporate Welfare as We Know It,” by Stephen Moore and Dean Stansel, the Cato Institute, a libertarian-conservative research institution. The article can be accessed through the class web site in the Cyber reserve Room or directly by going to <http://www.cato.org/pubs/pas/pa225.html>.
 - 4. *Suggested:* “Testimony of Ralph Nader Before the Committee on the Budget, U.S. House of Representatives, June 30, 1999. (This is Ralph Nader, progressive presidential candidate in 2000 who has so angered Democrats.) Available through the class web site in the Cyber reserve

5. Room or directly by going to <http://www.nader.org/releases/63099.html>.
Suggested: “Return on Investment: The Hidden Story of Soft Money, Corporate Welfare and the 1997 Budget & Tax Deal,” a report from Common Cause, a citizen advocacy group. Available in the Cyber Reserve Room or at
http://www.commoncause.org/issue_agenda/corporate_welfare.htm