

See pp 4-5 re McCloy.

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Introduction by KPFA announcer: The speaker is G. William Donhoff of the U.C. faculty at Santa Cruz, and author of "Who Rules America?" and "C. Wright Mills and the Power Elite." His talk was part of the series on War and Political Repression, a topic of a Commission of Inquiry, sponsored by the Stop the Draft Week Committee and held in Pauley Ballroom, Berkeley, Jan 16, 17, 18, 1969. Mr. Donhoff's talk deals with the foreign policy establishment, and how and why the power elite makes foreign policy.

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I will try to show that the power elite makes foreign policy in this country and I will tell you exactly how they do it, and at the close I will say a word or two about why they do what they do, which is very easy to know if you know how they do it.

I define the power elite as the operating arm of the American upper class. It is the group of people that keeps 2/10ths of one per cent of the American people owning 22 per cent of all American wealth that's privately held, and 65 to 70 per cent of all corporate wealth... The point is, very simply .. that the people that have wealth in this country are very small; the rest of us have education, expertise, our reasonable and sensible judgment and our good name, and we can last about three weeks without our salary. Which explains a good deal about why everybody keeps their place in the system; anybody that doesn't is an individualist, a martyr and suffers from an overly developed super-ego. And if you understand Lenny Bruce, he said very simply, if you want to be a man in this system, you sell out; anything less than that is a little crazy if it's not part of a movement...

Not all members of this privileged upper class, this ruling class, are involved in ruling; I talk to many every day that don't have the slightest idea how the system runs. But the fact is that some few very important members of this class are involved in running the system, and they do so in conjunction with carefully selected employees. And they are the ones that make the big decisions. They are the ones that head this country in certain directions... These decisions are made by moderate, pragmatic, smart (given the system) men with the absolutely best academic advice that can be bought. I'm not trying to say they're geniuses; I'm just trying to say that they're every bit as smart as we are and .. everything

that we can figure out, these men have figured out. And this is the difference, then. We'll meet members of the ruling class that don't know up from down, but you'll also meet members of the ruling class that are very, very sophisticated about this system. And I'm going to tell you how they get sophisticated. And I'm going to do it particularly in terms, of course, of foreign policy...

Very simply, what happens on foreign policy is that they - meaning the power elite - work through certain intermediary organizations which are financed by their corporations and foundations, and by foundations you almost always mean Ford, Rockefeller and Carnegie. Most important of these foundations, these intermediary organizations, are essentially three: first, the Council on Foreign Relations, second, the Committee for Economic Development, and third .. the Brookings Institution...

Now, who are these groups? First of all, very simply, they are the big rich, the corporate leaders and their academic advisers. That is the personnel of these groups.

What do they do? Very simply, they get together in various ways and discuss how best to deal with their problems. Now sometimes this involves luncheon meetings in New York where speakers are brought in, where everybody important that goes to New York always goes by the Council on Foreign Relations. But most important, this involves groups, discussion groups of 20 to 25 men. And these groups get together to discuss a question: Russia, China, nuclear policy.

Who is in these groups? Well, they're led by maybe four or five or six academics, the finest you can buy .. and then you'll find in the group various big corporate leaders, and they will discuss a given question. One of my friends who served as an informant for me as well as my more academic understanding of this explained a group from the early fifties. He was in a group on sort of the revolutionary potential in Russia. And in this group was J.J. McCloy of Chase Manhattan, Ford and many other pursuits, Devereaux Josephs of the Morgan empire, Dean Rusk who was then just a petty sort, and Averell Harriman. I was stunned when he told me this because it's almost textbook, in terms of our paranoia, who was there. There were other business men there, there was a representative from the State Department, and then there was a representative from the CIA, Robert Amory Cleveland Amory's not-so-funny brother... With the help of various people from Columbia and Harvard and so on, they discussed what the chances were for a little change in Russia... Now that's where it happens... Everybody has a little piece of the action, a little piece of the system. Kiplinger ran one of these study groups in the late fifties: same sort of personnel, CIA, State Department, big corporate leaders, and they discussed nuclear weapons, and a rather impressive sort of book [that?] came out of it.  
[then?]

Is this all a conspiracy?... The important thing is .. that these are consensus-seeking organizations. It's in these organizations that the leaders of the ruling class, the power elite, meet and discuss and become sophisticated. They're consensus-seeking, they're not conspiratorial, they'll send you their annual report... Conspiracy is a word that ties up with paranoid, which many political scientists learned about in their introductory abnormal psych course. And everybody knows paranoids see plots and so on and so forth, and it's a wonderful thing to pin on a guy to call him a paranoid, call him conspiratorial and that's the end of the argument... Of course it's not a conspiracy in that sense; these people do it in the open and they'll send you their book. The main thing is that why you don't know about this organization is that nobody cares. The American people, most of them, are getting theirs; as long as they're getting theirs they're not going to look very hard.

The second organization I'll just mention very quickly is the Committee for Economic Development, formed about 1942 by people that were essentially scared that there would be a postwar depression. They began discussing with carefully selected economists, they learned about the system. Seven of the eight top people in the Marshall Plan came directly from the Committee for Economic Development. [Donhoff discusses extension of CED into Alliance for Progress, etc.] You'd never know from reading Raymond Bauer and Isola de Sola Pool in their book on American business and public policy, which is about lowering tariffs, free trade - you would never know they were in a Council on Foreign Relations study group which talked about this whole thing; you read their book and it's just sort of a miracle that the business community is suddenly no longer isolationist. You wouldn't know that the Committee for Economic Development, the Council on Foreign Relations, had been pushing this whole change for thirty years.

Where do these people get academic expertise, where do they get so clever about the system? Well, they first of all get them from scholars at certain institutes. First of all, I would say, at Harvard, M.I.T., Columbia and Princeton, and a few strays in the hinterland, such as at Berkeley... [These academics] then go and perform for the Council on Foreign Relations or for the Committee for Economic Development or for sundry other groups that I could mention. These scholars are secondly housed at the Rand Corporation, where people are lured with very high salaries and often given half their time free to do whatever they want... A third group .. where academics are housed .. is the Brookings Institution. They (the corporate rich) not only discuss there but they also house a great many academics there.

These scholars are so close to the power elite that they cannot see it. They are in many ways almost part of it... Now how does all this stuff get into the

government? Basically, what I've told you - and what I can support to the point of boredom - is that the same rather small group of people sit on certain foundations, run certain foundations, go to the Council on Foreign Relations, .. run the universities, and the best one guy here, if I had to pick a guy, is Bill Roth, who is one of the trustees of the Regents. He is a member of the Committee for Economic Development, he runs Matson Lines, he sits on foundations, he's the guy that negotiates the Kennedy Round, and he's the guy who when he comes to Santa Cruz campus that shows up at the debate. You've got to get to the left of him, not Reagan, if you're ever going to do anything, because he's pretty cool.

Well, the point is this. The way the stuff gets into the government is through special commissions and task forces, first of all. They set up a commission on raw materials; they set up a commission on the budget; they set up a commission on the Alliance for Progress. But - the key thing is this: who are the men on these commissions? They are the same men who have already discussed the question on the Council on Foreign Relations. Of the men on the key commissions of the fifties, five of the six guys were from the CFR and the sixth guy was from the CED. The same academics that have already discussed in the CFR discussion group now discuss it and make it a government report. So if a pluralist wants to study how policy is made all he has to do is get the reports of the Committee for Economic Development and Council on Foreign Relations, compare with these various commissions. Compare with what the Rockefeller Commission and Point Four Commission [?] - compare with what they have been saying in CFR for a lot of years. Compare the new budgeting system with what the CED has been pushing through several different of its commissions and programs for several years. That's how they get [it?] into the government and you can watch it move, paper by paper. The whole country is loaded with mimeographed handouts; read the CFR and CED stuff and compare it with the reports that are made to the National Security Council and to various government departments.

Of course, they secondly get into the government because they are the guys that are appointed to the government. Theodore White, in one of his Making of the President, tells about the fact that the list of names, of 80 names that were handed to Kennedy for possible appointments to State Department positions, 60 or 65 or something like that were from the Council on Foreign Relations. This is another function of the Council on Foreign Relations. This is where you learn about how to be a good government employe. This is where the other cats learn whether the guy's cool or not... The point is, that this is where you learn who's got some sense, who's really cool; this is where Averell Harriman and J.J. McCloy and Devereaux Josephs come to be seen by the rest of the guys as as somebody that they want to trust on policy. That's why J.J. McCloy is on

every commission and committee including the assassination commission. When J.J. McCloy is on it, it's a clear sign to the clowns in the hinterland that it's all right, because he has thought through it even though they haven't, or at least his advisers have told him. So you see J.J.'s name and you say, O.K., must be all right, we can send them a few bucks. It's just incredible, because obviously he couldn't sit on all - be there for all the commissions that he's on, and the guy that wrote one of the books on the assassination pointed out that most of the commission wasn't there very often.

Well. So these people are appointed then to the government, the Bundys, the Kissingers and so on and so forth. That, my friends, is a closed circuit; that is the way foreign policy is made. The only input into that system is what the hell is happening overseas. Very little input from Americans - only when things really, really get heated up. And on that point, even the pluralists admit this, and they admit in this country there is a foreign policy elite; never, of course, tying this foreign policy elite to the corporations. If you want to read the latest pathetic example of this, you read a book by Arnold Rose called "The Power Structure" which has two grand pages on foreign policy and manages to say that foreign policy is made by an elite, that the Council on Foreign Relations which [?] has nothing to do with the business community which is out of it, and he then cites the Chamber of Commerce. That's about where most pluralists are with the business community, with the U.S. Chamber of Commerce and National Association of Manufacturers. And they're about forty years out of date, which is about where the U.S. Chamber of Commerce is when it gets up against these moderate elements within its own family. Even the pluralists admit that public opinion has virtually no effect on foreign policy, that the foreign policy elite manipulates public opinion on foreign policy as much as it is shaped by it...

Finally, a word on why they do what they do, because I know they do it. Just read the history of the Council on Foreign Relations, just read Schriftgeiser's [spelling?] two books on the Committee for Economic Development, just read their reports, and you will know why they do what they do, you will know what concerns them, what bugs them. And the first point is an old one, they need markets and they've known this for a long time. Only a few people knew it at first, from the turn of the century, but by the late thirties, early forties, there was getting to be a terribly strong consensus on this. And so, from the National Planning Association on the left to the Brookings Institution, to the Committee for Economic Development, to the Twentieth-Century Fund which is headed by the multimillionaire Berle, on over to the Council on Foreign Relations - they all understood that they had to get overseas. In the words of Dean Acheson, we either find some more markets or we're going to have regimentation here at home. We're

not going to be able to produce enough products and we're going to have to change the whole American system, we can't be free and flexible and so on any more. This is what you learn in these particular reports. Oh, you learn about raw materials and other minor aspects of this. And I would point out that if you would read [the] histories [of these organizations] very carefully, what you would learn that would be sort of stunning is, that all of this really happened then long before the dirty Red menace really loomed in a really serious fashion in '45 and '46 when the Cold War supposedly all began and so on and so forth. Which then brings up the whole interesting question of the Daniel Bell thesis about how all American foreign policy is this defensive response to the Red menace.

Well, in conclusion then, what I am saying is that why they do this is that they need what they call overseas trade. I guess that other people have another word for it, and they call it imperialism.

[End.]