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The rise of corporate conservatism has played a crucial role in reshaping American politics. "Big business indeed worked successfully from the mid-1970s on to support policies it deemed in its interests: cutting tax rates on profits and investment income, defeating labor law reform, preventing the creation of a consumer protection agency; limiting the growth of government domestic spending, and promoting deregulation of specific industries." (130) This chapter examines the causes of the corporate mobilization, the mechanisms through which it has influenced politics and policy, and the implications of these developments for existing theories of the state.

Why Big Business Mobilized

In the simplest terms, big business mobilized politically in response to a severe and long-lasting slowdown in economic growth. By some measures, the rate of growth in the late 1970s was less than one-third of the average rate from 1948 to 1966. As other countries recovered from World War II and grew at a rapid pace, the U.S. lost its former position of dominance in world trade and investment.

Domestically, the arrangements that had once led to social peace and economic prosperity were becoming increasingly difficult to maintain. Those arrangements had included a limited "capital-labor accord" that reduced conflict over labor relations in the biggest companies, and government activism both in managing the business cycle and in providing a set of social welfare programs. From a business perspective, these policies were creating a dangerous sense of popular entitlement that led to a growing demand for wage increases, government benefits, and regulation, while the ability to finance such demands was stagnating in the 1970s. In short, a whole set of social arrangements had ceased to work, both economically and politically.

Interviews with top corporate executives in the 1970s revealed a sense of political impotence and a belief that the American political system was out of their control. The new style of regulation, on issues such as environmental protection, health and safety, product liability, and affirmative action, felt more intrusive and threatening to the businessmen than earlier regulatory measures. High taxes and expanding income maintenance programs led them to fear that a rising tide of entitlements was engulfing the nation. Some darkly wondered whether we could still "afford" democracy. In more practical terms, many realized that they had failed to communicate a pro-business point of view to the media, universities, and many politicians. As one executive said, "We have been successful in selling products, but not ourselves." The corporate political mobilization was a response to these problems.

What Big Business Did

The business mobilization included lobbying, electoral activism, and extensive support for conservative advocacy efforts. In contrast to fragmented earlier efforts that had defended the particular interests of individual businesses or industries, the new mobilization was a unified, hegemonic effort that successfully asserted the interests and perspectives of business as a whole.

The new hegemonic style was visible in lobbying with the rise of the Business Roundtable. Founded in 1972-73, it was originally a merger of three smaller business groups concerned with combating unions and maintaining international competitiveness. Membership in the Business Roundtable was restricted to CEOs of major corporations, 160 of whom had joined by 1975. Using CEOs rather than paid lobbyists to lobby members of Congress, the Roundtable played a major role on many issues of broad interest to business. It successfully opposed a consumer protection agency, labor law reform, and new antitrust legislation, while supporting corporate tax cuts and energy deregulation.

In the electoral arena, the campaign finance reform laws of the early 1970s limited individual contributions to candidates, which had the perverse effect of encouraging the growth of political action committees (PACs) to coordinate smaller donations. In the early 1970s there were twice as many labor PACs as corporate and trade association PACs, and their total contributions were roughly equal. By the early 1980s business PACs outnumbered labor PACs by more than four to one, and outspent them by more than two to one.

Business changed not only the amount it spent on elections, but also the way it spent its money. Until the mid-1970s business campaign contributions had been pragmatic, typically directed to entrenched incumbents of either party who held positions that affected the interests of individual companies. By the end of the 1970s business leaders, including the head of the Business Roundtable, were urging a redirection of contributions to probusiness candidates. In House races, incumbent Republicans were heavily favored by business throughout this period, receiving 20 times as much as their opponents in 1976 and 1980. Incumbent Democrats, on the other hand, received four times as much as their challengers in 1972, twice as much in 1976, and actually less than their opponents in 1980.

Businesses of course differed in their contribution strategies. In 1980 Coors Industries gave only 4 percent of its campaign contributions to incumbents, largely following the lead of conservative ideological PACs; McDonnell Douglas gave 93 percent of its money to incumbents, largely to those who were not supported by conservative PACs. Attempts to explain variation in business support for conservatism, in terms of size, export orientation, geographical location or other factors, have been unsuccessful: location in the Sun Belt makes a company only slightly more likely to back conservative candidates, while most other proposed explanatory variables have no relationship to corporate conservatism. Despite variation in corporate philosophies, however, in any particular race it is usually clear who is the pro-business candidate. One candidate received more than two-thirds of all business donations in more than 90 percent of all contested congressional races in 1980; in most of those races, one candidate received more than 90 percent of the corporate money.

Business also stepped up advocacy advertising, ranging from support for Milton Friedman's public television series to Mobil Oil's regular advertising of its corporate opinions in major newspapers. Hundreds of millions of dollars were being spent annually on advocacy advertising by the late 1970s; one estimate suggested that advocacy accounted for one-third of the ad budgets of major corporate advertisers at the time. Union Carbide commissioned a public opinion poll, and stretched its results somewhat in a series of ads claiming that the American people endorsed the company's strategy of pursuing economic growth by cutting government spending, regulation and business taxation.

Perhaps most important was business funding of new or vastly expanded conservative think tanks and research organizations. The American Enterprise Institute, the Hoover Institution at Stanford University, the Heritage Foundation, and other institutions provided well-funded opportunities for conservative intellectuals to write and publicize their views. These initiatives were launched by the most actively conservative corporations and foundations, such as Coors Industries and the Mellon-Scaife, Olin, and Smith Richardson foundations. They soon gained access to broader corporate support; Chase Manhattan Bank, Dow Chemical, Mobil Corporation and others were major backers of the Heritage Foundation in the 1980s. Through this new institutional network, formerly obscure conservative writers became able to influence public opinion and, in many cases, gained influential positions in government under the Reagan administration.

Implications for Theories of the State

The political mobilization of big business challenges most of the leading theories of the state. Pluralist theories argue that capitalists are not a ruling class, and that business has limited political power for several reasons: there is a diversity of autonomous potential bases for power in American society; the source of power is said to be shifting from money and property to technology and communications; and business has such heterogeneous interests that it has very low potential for political unity. This theory might have seemed appropriate in the 1970s, to businessmen who then felt powerless, or to others observing them. Yet it remains only partly convincing because it cannot explain where business suddenly found the capacity to mobilize in such an effective and hegemonic manner. Nor can it explain earlier episodes in American history when business also played a powerful political role.

Marxist and other radical theories portray capitalists as a ruling class. There are two different images of how this class rules: structuralist theories, in which capitalist authority is passive because the institutional structures of society embody basic class interests; and instrumentalist theories, in which capitalists are an active ruling class that can and does exercise its authority. Structuralist theories fail to explain why the corporate political mobilization was either necessary or possible. In this respect, instrumentalist theories have advantages over either pluralism or structuralism; instrumentalists at least believe that capitalists have the political power to do what they obviously did. Yet instrumentalists cannot easily explain why big business felt so powerless in the 1970s. Neither instrumentalism nor structuralism can explain why business chose a conservative, antistatist political strategy as opposed to advocating an activist, corporate-dominated state.

In pursuit of a better theory, two assumptions are fundamental. “First, different government policies are best for capitalist interests at different historical moments. Second, capitalists have demonstrated a substantial capacity for hegemonic action, but the degree to which that capacity has been realized has depended on the nature of those policies.” (161) Passive support for a Keynesian welfare state may have been appropriate for business interests in the 1950s and 1960s; when conditions changed in the 1970s, corporate support for liberalism fell away quickly.

Liberalism in general involves compromises and trade-offs for business, and is never likely to be embraced as wholeheartedly as conservatism. It is thus to be expected that there is less corporate political mobilization in liberal eras, and more mobilization of other groups that benefit from liberalism. In contrast, when conditions call for conservative policies, broad-based capitalist mobilization is both required and encouraged. The capacity of business to organize itself and to influence American politics is much greater than implied by pluralism, but more variable and subject to historical contingency than implied by the notion of a ruling class.