THE BLOODLESS COUP:
CORPORATIONS AND THE RICH BUY THEIR
WAY TO CONTROL

Political power is necessary (and) such power must be assiduously cultivated; and ...
...when necessary, it must be used aggressively and with determination -- without
embarrassment and without ...reluctance.

Lewis F. Powell, Jr.
Richmond, Virginia
Aug. 23, 1971

In the summer of 1971, a relatively little known Richmond, Virginia lawyer wrote a
memorandum that would alter history. It set in motion a series of events that would culminate in
a tectonic shift in American policies and attitudes. In the near term, these events would enable
the Republican Party to place itself in a position of political dominance and to exercise that
power on behalf of its benefactors, the wealthy and, most especially, the corporations that they
own and control. Whether that state of affairs is irrevocable is yet to be seen, but it seems likely.

The Southern Strategy had delivered a powerful weapon to the Republican Party, but the
battle for control of the nation’s destiny would have been more of a see-saw struggle without the
Powell Manifesto. It opened the floodgates of money from corporations and the rich, which then
entered campaigns, colleges and universities, gave birth to of hundreds of so-called “free-
enterprise,” “free-market,” and “free-trade” think tanks, generally saturating the entire political
landscape of America. Using some of that money, Republican strategists reached out to religious
fundamentalists—not just Protestants, but Catholics, Jews, Mormons and every other stripe of
worshiper whose devotion could be collected by appeals to rock ribbed “values.” That effort will
be examined in a separate chapter. In addition, one of the first of the “think tanks,” the Heritage
Foundation, proved to be such a powerful tool that it was widely replicated, not only with more
that 400 national groups, but with innumerable local and state corporate fronts as well. This, too,
will be examined in a later chapter.

The memorandum is often referred to by those who know of it—and that is a surprisingly
small number given its far reaching impacts—as the “Powell Manifesto.” It was written by Lewis
F. Powell, Jr., who would be nominated to the U.S. Supreme Court by Richard Nixon two
months later. The memo, which is attached to this chapter, is a masterful and insightful
commentary and, most importantly, a comprehensive set of recommendations, a roadmap to
power, if you will. Amazingly, even though it was sent to every member of the U.S. Chamber of
Commerce, which was about 100,000 at the time, and was discussed in the columns of political
commentator, some would say muckraker, Jack Anderson, it remains largely unknown, to not
only the general public, but also among those active in politics and public policy.
Labeled “Confidential,” with a subject line that seemed to scream out at readers “ATTACK ON AMERICAN FREE ENTERPRISE SYSTEM” Powell’s memo compellingly described a political system that, from a business perspective, was under assault. He laid it all out, clearly and convincingly, diagnosing not only the disease, but prescribing the cure, thus providing U.S. businesses with something they had long lacked: a common strategy for dealing with social adversaries.

Warning that "the American economic system is under broad attack," Powell argued that the "enterprise system tolerates, if not participates in, its own destruction." He advocated "a broadly based combination of education and political action." There were many details, but the important message was easy to see: American corporations, open your checkbooks. And they did, with a vengeance.

Businesses and their owners began to spend money like there was no tomorrow. They created new corporate vice presidents in charge of government relations. They launched hard advertising campaigns, and soft ones as well. They opened offices in Washington, and staffed them with people who understood not just government but Congress—especially Congress. They hired former congressmen and senators, former Congressional staff, lawyers from the Department of Justice, the Internal Revenue Service, the Federal Trade Commission, the Federal Communications Commission. They gave them big salaries, wood paneled offices, car allowances and expense accounts. In short, they began to seize control of the nation.

By 1980, the number of trade associations based in the capital stood at 2,300, up 250 percent from a decade earlier. Some 500 companies had Washington offices. The Chamber of Commerce boasted 200,000 individual and institutional members and a budget of over $60 million a year. According to an article in *Harvard Business Review*, business lobby activities at the end of the 1970s accounted for the employment of 92,500 people in the Washington area, about 7 percent of the capital area's total labor force, including military personnel.

The Business Roundtable, considered by many to be the most potent lobbying force in the nation, was created in 1972, almost certainly in part because of the manifesto. Composed of the chief executives of over 140 Fortune 500 companies, it represented in the words of one scholar a “new, more activist “ political structure. It was, and continues to this day to be “a corporate elite.”

By the end of the decade, corporations had unified and had not only adopted the tactics of organized labor and the advocates of environmental and consumer protection whom they reviled, but improved on them. Chief among the practices adopted by corporations was the creation of political action committees (PACs), through which money is channeled to candidates for office. PACs had been pioneered by organized labor and legalized by Congress in the Federal Election Campaign Act (FECA) of 1971, which despite the name did not actually become law until Feb. 7, 1972. For the record, that was a bit more than five months after the Powell Manifesto was distributed to Chamber of Commerce members.
For 60 years before FECA, it had been illegal for corporations to contribute to campaigns for the Presidency, House or Senate. Some corporations did so, of course, but it was done illegally so the chance of being caught and jailed was always there, which was at least a bit of a deterrent. Then, in an act of monumental stupidity, labor unions agreed to the lifting this ban, thus allowing corporations not only to form PACs, but to also provide offices, supplies, staff and administrative support out of business funds. The number of corporate PACs grew madly.

In 1974, the pro-labor PACs numbered 201, compared to 89 sponsored by corporations. But by 1978, the number of union PACs had risen by only 19, to 217. Corporate PACs, in contrast, stood at 784, with 500 or so trade associations of other business oriented PACs. In 2007, the disparities were even greater, with 1,586 corporate PACs, 273 representing labor and 926 trade. In addition, new forms of political action committees had appeared: so-called “non-connected,” or independent PACs not officially affiliated with another entity, also known as “527” organizations named after the section of the United States tax code, 26 U.S.C. § 527, that authorizes them. In 2005-06, corporate PACs handed out $93.7 million, while labor donated $38.1 million.

But PACs were by no means the only way for money to enter the political system, because executives could contribute their own money as well. So, too, could their wives and children, partners in law firms, their wives and children, plus customers and suppliers, as well as their wives and children. Don’t laugh. It did and does happen.

In 1968, candidates for the U.S. Senate and House of Representatives reported spending $8.5 million on their campaigns. In 1972 that figure jumped to $88.9 million, a sum that pales in comparison to the estimated total spending in 2004 of $1.272 billion.

Before the Powell Manifesto, corporations seldom asked employees, shareholders, customers and others with whom they were connected to lobby, contribute money or encourage other to do so. Between 1975 and 1979, however, the number of such grassroots campaigns increased 61 percent.

Powell was particularly bitter that business was paying “hundreds of millions of dollars to the media for advertisements (but only) some fraction ... supports the system.” He urged a massive program to “inform and enlighten” Americans, saying, “If American business devoted only 10% of its total annual advertising budget to this overall purpose, it would be a statesman-like expenditure.”

In 1973, Mobil Oil began a practice (which continues today, even though the company has morphed into ExxonMobil) of printing its own editorial every Thursday in The New York Times’ op-ed page. These “advertorials,” which blend conventional advertising with an opinion

---

a Mobil’s first advertorial on the Op-Ed page of The Times was on Oct. 19, 1970, in the midst of the energy crisis. Lauding public transit, it urged people to use it, much to the dismay of other oil companies. After a trial period of irregular but frequent placements, Mobil decided in mid-1971 to sponsor advertorials on the Op-Ed page every Thursday. The first appeared on January 13, 1972, and stated: “In common with many other institutions, we must
piece, often so they appear to be legitimate, neutral analyses, are now found regularly in major newspapers and magazines on a wide range of subjects. Increasingly the ExxonMobil advertorials focus on the environment, and particularly global warming, accounting for 25 of 52 advertorials in the year 2000, for example.\textsuperscript{10}

Full-page newspaper advertisements are commonplace today in \textit{The New York Times} and \textit{The Washington Post}, as are as television and radio blitzes. They’re not cheap: a full page of the \textit{Times} costs $181,692.\textsuperscript{11} That’s a fortune to ordinary Americans, but chump change to ExxonMobil, the world’s most profitable corporation, which made a profit of $1,200 every second in 2007.\textsuperscript{12}

Networks were established to rear young people in devotion to the free enterprise, the “free-market” system, and free trade (all of which turned out to be anything but free). The strategy was to create believers in the early years of their education; shepherd them through high school and college; supervise them on an assembly line that placed them in their first jobs; then moved them to progressively higher levels of visibility, responsibility and, most importantly, authority. Toward this end, corporations established uni versity and other centers, chairs, foundations, institutes, and projects by the dozens. They all had a common source of money, corporations and the rich; and, a common message: “free enterprise” and “the market” were the solution, and government of any sort, at every level, was the problem and had to be brought under control.

\textbf{Rivers of Fire and the Santa Barbara Blowout}

The irony of Powell’s complaints and those of businesses at the time is that what they were objecting to were democracy and its products. Powell singled out for his most scathing--venomous would not be too strong a word--attacks, new laws to protect the environment and others to shield consumers. For readers with little or no memory of the times, there were reasons for those laws.

In the 1960s, some rivers were so polluted that they literally caught fire. In 1969, for example, firefighters battled a blaze of Ohio's Cuyahoga River –not a fire \textit{on} the river, but \textit{of} the river itself. It was one of nine since 1868.\textsuperscript{12} One of the Great Lakes, Erie, was known as the "Dead Sea of North America."\textsuperscript{13} Massive fish kills were almost an everyday occurrence.\textsuperscript{18}

Congress passed the Clean Water Act in 1972, then strengthened it in 1977, and today Lake Erie is clean and the Cuyahoga River is no longer the incendiary sewer of the dark days. Thanks to wastewater treatment improvements by industry--mandated by federal law for industries and much of it paid for with federal tax dollars for cities and towns--the river meets

\textsuperscript{10}strive both to understand the world in which we live and to be understood…. We must be understood – as we are, not as our predecessors were – if we are to be able to operate effectively as a private business. This is why we periodically discuss in this space some of our thoughts, our concerns, our beliefs, our practices.” Clyde Brown, “Lobbying the Readership of the Elite Press: Mobil Oil's Advertorial Campaign on the Op-Ed Page of The New York Times, 1985-2000,” 2003 Annual Meeting of the American Political Science Association, Aug. 28-31, 2003.
nearly all chemical water quality standards. Bike trails hug its banks. Fish kills are now a rare occurrence.

Wildlife was disappearing. The popular pesticide DDT caused the shells of wild bird eggs to thin and break, reducing the ability of brown pelicans, bald eagles and other birds to reproduce. Both species and many more were tottering at the brink of extinction.

DDT was banned and Congress adopted the Endangered Species Act in 1973 to protect plants and animals threatened with extinction. Today, the brown pelican and bald eagle have recovered.

Air pollution was palpable. Breathing in a typical American city was painful and dangerous. It was not uncommon to encounter smog so thick that visibility was reduced to one block. Fed up, about 20 million Americans rallied at various spots through the nation for the first Earth Day. (And, in another sign of the times, the Federal Bureau of Investigation spied on them.)

Congress passed the Clean Air Act in 1970, requiring cars, trucks, power plants, factories and other sources of air pollution to clean up. Today air pollution levels remain dangerous in some areas of the nation, especially California and Texas, but despite immense economic growth that would have worsened air pollution immeasurably, today’s air is breathable in almost all places and times.

A series of high profile investigations and discoveries made it clear that consumers were intentionally being placed at risk of death and serious injury by products. Consumer advocate Ralph Nader asserted in his 1965 book *Unsafe at Any Speed: The Designed-In Dangers of the American Automobile* that when rounding curves, General Motors’ popular Corvair model would careen out of control and crash, and that GM knew this. The company’s response, amazingly, was to hire private investigators to smear Nader.

Before *Unsafe at Any Speed*, car dashboards were usually made of metal, increasing the chances of serious head injury. Protruding plastic or metal control knobs could penetrate eyes or even skulls, causing blindness or death. Seat belts were virtually unknown. The only versions available were harness belts like those in airplane cockpits, which had to be bolted to floorboards. In low speed crashes, steering wheels were like lances driven into the chest, and at higher speeds, doors would spring open allowing occupants to be hurled hundreds of feet. In short, cars were death traps, and they had been intentionally designed that way.

Congress enacted a series of laws in the 1960s and 70s to improve vehicle safety. Today, drivers and passengers can sustain a high speed collision and often walk away uninjured.

On the afternoon of Jan. 29, 1969, an environmental nightmare began in Santa Barbara, California. A Union Oil Co. platform six miles off the coast blew out, creating an 800 square mile oil slick in some of America’s most pristine waters. Oil workers had drilled a well 3,500 feet below the ocean floor. Riggers began to retrieve the pipe in order to replace a drill bit when the "mud" used to maintain pressure became dangerously low. A natural gas blowout occurred.
An initial attempt to cap the hole was successful but led to a tremendous buildup of pressure. The expanding mass created five breaks in an east-west fault on the ocean floor, releasing oil and gas from deep beneath the earth.

For eleven days, oil workers struggled to cap the rupture. During that time, 200,000 gallons of crude oil bubbled to the surface and was spread into a 800 square mile slick by winds and swells. Incoming tides brought the thick tar to beaches from Rincon Point to Goleta, marring 35 miles of coastline. Beaches with off-shore kelp forests were spared the worst as kelp fronds kept most of the tar from coming ashore. The slick also moved south, tarring Anacapa Island's Frenchy's Cove and beaches on Santa Cruz, Santa Rosa and San Miguel Islands.¹⁵

Congress prohibited drilling in environmentally sensitive areas and mandatory spill clean-up requirements were imposed on oil and other companies. Today, oil spills comparable to Santa Barbara are a rarity in the United States.

Congress passed and a Republican president, Richard M. Nixon, signed into law a wide range of statutes to protect workers and consumers, reduce on-the-job accidents, save the lives of miners trapped by cave ins, compensate miners and other workers crippled by coal and dust, safeguard pensions, assure airline safety—the list goes on and on. But in each and every instance, the laws were enacted because they were made necessary by the action or inaction of corporations that valued profit over protection.

The late 1960s and early 1970s were admittedly a deeply troubling period in American history. In Viet Nam, the world’s most powerful and well equipped military was being bested in combat by a rag tag lot of tiny men clad in thin black pajamas and crude sandals cut from used tires, with strips of rubber inner tube for thongs. A president, John Kennedy, had been assassinated a few years earlier, and there was widespread belief that it been the product of a conspiracy—perhaps murdered by a contract killer hired by Cuba's communist dictator Fidel Castro. Then, a Presidential aspirant, Kennedy's brother Robert, was killed in a hotel hallway. The murder was caught on film, and shown, time and again, rekindling suspicion that America, and certainly the Kennedys, were the target of some malevolent force.

The revered civil rights leader and Nobel laureate Martin Luther King, Jr. died from another assassin's bullet, provoking riots. Cities across the country were literally on fire as blacks smashed plate glass windows, looting stores of televisions, music systems and anything else that could be carried off. From the Capitol dome, smoke could be seeing rising only a few blocks away, flames leaping into the sky.

Draft-exempt college students throughout the nation were marching against the war in Viet Nam, seizing campus buildings and barricading themselves for days. With long dingy hair and frayed ragged clothing, the students spouted communist rhetoric and advocated public fornication—advice that some took. They formed violent organizations with strange names—the Symbionese Liberation Army and the Student Non-violent Coordinating Committee, pronounced snick like the sudden opening a switchblade knife.
At Kent State in Ohio students protesting the war were gunned down by nervous National Guardsmen, and other were clubbed by uniformed police in Chicago. Veterans returning from Viet Nam burned their uniforms, while draft-age students torched their Selective Service cards and young women seeking equal rights set their bras aflame.

For American business, the bad news didn't end there. Executives had become accustomed to fat profits and year-end bonuses since the onset of war in 1941. The war was followed by a period of American industrial dominance so great that for a time nine of every ten cars manufactured in the world was made in the USA.

Starting in the late 1960s, U.S. businesses fell on hard times. The auto companies, accustomed to having the world's largest car market to themselves, suddenly found themselves losing sales to peppy, inexpensive imports from the other side of both oceans. Steelmakers that had smugly distributed profits as dividends and bonuses instead modernizing found themselves unable to compete with the sheets and ingots cast in Japanese and German mills. An American economy so robust that it seemed to be an unstoppable juggernaut started going south. Interest rates soared, as did wages and prices. Richard Nixon—a Republican for God's sake—imposed wage and price controls, straight-jacketing businesses and unions alike.

In this Mad Hatter world, Powell's memo burst onto the scene through with a brilliance like a searing flare from the sun, a fire in the night, illuminating the path.

Unlike those they sought to oust, the Powell Manifesto and its corporate adherents had no interest in taking political control of America by persuading a majority of voters to their cause. That might happen eventually, but in the meantime corporations “should not postpone more direct political action, while awaiting the gradual change in public opinion.” The voters of America were to be given no voice in what was to happen.

“There should not be the slightest hesitation,” Powell cautioned “to press vigorously in all political arenas for support of the enterprise system. Nor should there be reluctance to penalize politically those who oppose it.” The future Supreme Court jurist was counseling the hardest kind of hard ball—all because voters wanted cleaner air and water, oil free beaches, and cars that were safe to drive—or least not intentionally designed to kill and maim. He and the corporate executives who read the manifesto wanted a completely laissez faire system in which they could do precisely as they wished, damn the consequences. They got it, and still have it.

IMPLEMENTATION OF THE MANIFESTO: THE DELAWARE EXPERIENCE

Under the guidance of the Powell Manifesto, U.S. corporations, their managers and owners overcame tensions—between manufacturers and service companies, Frostbelt versus Sunbelt, defense as compared to non-defense, for example—to establish cohesion. Not merely cohesion in terms of policies, but in lobbying, funding and virtually every other endeavor as well.

To appreciate the level of effort dedicated to implementing the manifesto, it is necessary to go through it almost line-by-line, because that is clearly what those who read it did.
Corporations and the rich addressed every single item in the manifesto, some in multiple ways. Unfortunately, attempting such a line-by-line review here would put readers to sleep. So, conceding at the outset that this is an incomplete examination, we shall merely take some samples.

It is difficult to adequately express the enormity of the change that was wrought by implementation of the Powell Manifesto. Before it, lobbying was small scale and decentralized. Afterward, it was like an onslaught from a well-drilled battle force. I can speak from personal experience. When some of the landmark environmental laws such as the Clean Air Act were adopted in 1970, I was press secretary and legislative assistant for Rep. William V. Roth, Jr. of Delaware. When we heard from constituents, the letters or telephone calls were almost wholly from individuals expressing their personal views. To the extent that organized groups expressed an opinion, it was likely to be the Garden Club (yes, literally the Garden Club) or the League of Women Voters. These hardly qualified as the “Communists, New Leftists and other revolutionaries” that Powell decried.

Of course, there were occasional organized campaigns, but these were fairly obvious because they would consist, for example, of post cards all bearing the same message. But most communication was spontaneous, and occasionally angry, such as the time the U.S. Army chose the first Earth Day to make room for its own recreational facilities by bulldozing the Cape Henlopen Dune, the largest sand dune between Cape May, New Jersey and Cape Hatteras, North Carolina. The “Great Dune,” as it was called, was a source of considerable local pride, so the Army’s actions triggered one of the largest demonstrations the state had seen, excepting those pressing for civil rights legislation.

But no buildings were seized or set afire. No demonstrators ran naked through the streets. No rocks or bottles were hurled at police or the military. No weapons were fired. It hardly seemed a “broad, shotgun attack on the system,” in Powell’s words.

Delaware is such a small state that the letters we received each day were few in number—a heavy day would be twenty or so, compared to 10,000 for a senator from New York. Because of the small number it was quite easy to distinguish between constituents who wrote us at their own initiative and those who were caused to do so by “outside extremists,” to steal a term from Powell. In 1970, there were virtually no letters stimulated by corporate pleas; by 1976 they constituted a vast majority of the correspondence.

When amendments to the Clean Air Act were taken up in 1976, Roth, by then a senator, and his staff (mostly me, but his offices in Wilmington, Dover and Sussex County were also lobbied) were besieged by business lobbyists of every sort, ranging from those of the Chamber of Commerce and others at the national level, to local representatives of national corporations, such as the Chrysler and General Motors lobbyists for their assembly plants in Newark, Delaware. The bulk of our letters were either clearly form-written, such as printed postcards, or handwritten versions of messages that had been dictated.
This was just the beginning. Two years later, I was hired by the senior Republican on the U.S. Senate Committee on Environment and Public Works, Sen. Robert T. Stafford of Vermont, to work as a committee lawyer. By the time I left the Senate staff many years later, I was schooled in virtually all of the nation’s environmental laws.

With each passing year, it became increasingly difficult to not only enact new laws to protect against emerging threats, but to preserve the gains of the past. During the Ronald Reagan era, we watched helplessly as huge chunks of protective measures were carved from the flesh of our laws, hard won legislative victories disappearing into nothingness. Increasingly, the focus of Congress, the president and those who worked for him was in “deregulating,” which would supposedly free the market to adopt cost effective solutions. Today, Americans are reaping the bitter harvest of the seeds sown then.

Congress managed to enact the Superfund law in 1980, a vastly better law than all but a few understand, but that happened only days before Ronald Reagan’s accession to the presidency, and it has since been eviscerated. In 1986, requirements that industries disclose the volume of poisons they were setting loose into the environment, called Community Right to Know and the Toxic Release Inventory, were added to Superfund. Thankfully, they are largely self-executing, so they continue to function. Then, CFCs, the chemicals that destroy the stratospheric ozone layer that shields us from the sun’s nuclear radiation, were banned –but only the worst of them and then only after too many years of waiting.

That was the end. Yes, new laws have since been placed on the books, but they are weak and ineffectual. Claims to the contrary are simply untrue. The old laws are increasingly ignored with impunity. New threats, or those that have only recently been revealed as dangers, such as mercury in fish, continue, unaddressed and unabated. The greatest of these threats, global warming, has been not merely ignored, but trivialized. Solutions have been proposed–so-called emissions trading, for example–but experience demonstrates that such an approach will worsen, not improve, matters. As a result, now, faced by the greatest threat ever posed to human survival, America is unable to act because its hands have been bound.
APPENDIX

The Powell Manifesto: The Original Text of the Powell Attack Memo

ATTACK ON
AMERICAN FREE ENTERPRISE SYSTEM

BACKGROUND -
The Powell Memorandum: When National Chamber Director Eugene B. Sydnor, Jr., became chairman of our Education Committee, he discussed with his neighbor and long-time friend, Lewis F. Powell, Richmond attorney, ways to provide the public a more balanced view of the country's economic system.

At Mr. Sydnor's request, Mr. Powell, based on his broad experience as chairman of the Richmond City School Board, as well as the Virginia State Board of Education prepared a memorandum in which he incorporated a number of possible approaches. The memorandum covered a broad range of educational and other activities for study and consideration by the National Chamber.

The memorandum was dated August 23, 1971, two months before Mr. Powell was nominated to become a member justice of the Supreme Court of the United States. It has been under study and evaluation by Chamber officers and staff members. Several of its approaches have been put into practice. Others would require substantial new resources to carry out.

Recently, Jack Anderson, the syndicated columnist, wrote several columns discussing the memorandum. Mr. Anderson obtained a copy of the memorandum without the knowledge or permission of the National Chamber. Anyone reading the Powell memorandum will easily conclude that it objectively and fairly deals with a very real problem facing the free enterprise system.

To give all members of the National Chamber an opportunity to read the memorandum and to allow each to evaluate all the points raised, WASHINGTON REPORT presents the document in its entirety.

Confidential Memorandum:
Attack of American Free Enterprise System
DATE: August 23, 1971
TO: Mr. Eugene B. Sydnor, Jr., Chairman, Education Committee, U.S. Chamber of Commerce
FROM: Lewis F. Powell, Jr.

This memorandum is submitted at your request as a basis for the discussion on August 24 with Mr. Booth (executive vice president) and others at the U.S. Chamber of Commerce. The purpose is to identify the problem, and suggest possible avenues of action for further consideration.

Dimensions of the Attack
No thoughtful person can question that the American economic system is under broad attack.1 This varies in scope, intensity, in the techniques employed, and in the level of visibility.
There always have been some who opposed the American system, and preferred socialism or some form of statism (communism or fascism). Also, there always have been critics of the system, whose criticism has been wholesome and constructive so long as the objective was to improve rather than to subvert or destroy.

But what now concerns us is quite new in the history of America. We are not dealing with sporadic or isolated attacks from a relatively few extremists or even from the minority socialist cadre. Rather, the assault on the enterprise system is broadly based and consistently pursued. It is gaining momentum and converts.

Sources of the Attack
The sources are varied and diffused. They include, not unexpectedly, the Communists, New Leftists and other revolutionaries who would destroy the entire system, both political and economic. These extremists of the left are far more numerous, better financed, and increasingly are more welcomed and encouraged by other elements of society, than ever before in our history. But they remain a small minority, and are not yet the principal cause for concern.

The most disquieting voices joining the chorus of criticism come from perfectly respectable elements of society: from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians. In most of these groups the movement against the system is participated in only by minorities. Yet, these often are the most articulate, the most vocal, the most prolific in their writing and speaking.

Moreover, much of the media—for varying motives and in varying degrees—either voluntarily accords unique publicity to these "attackers," or at least allows them to exploit the media for their purposes. This is especially true of television, which now plays such a predominant role in shaping the thinking, attitudes and emotions of our people.

One of the bewildering paradoxes of our time is the extent to which the enterprise system tolerates, if not participates in, its own destruction.

The campuses from which much of the criticism emanates are supported by (I) tax funds generated largely from American business, and (ii) contributions from capital funds controlled or generated by American business. The boards of trustees of our universities overwhelmingly are composed of men and women who are leaders in the system.

Most of the media, including the national TV systems, are owned and theoretically controlled by corporations which depend upon profits, and the enterprise system to survive.

Tone of the Attack
This memorandum is not the place to document in detail the tone, character, or intensity of the attack. The following quotations will suffice to give one a general idea:

William Kunstler, warmly welcomed on campuses and listed in a recent student poll as the "American lawyer most admired," incites audiences as follows:
"You must learn to fight in the streets, to revolt, to shoot guns. We will learn to do all of the things that property owners fear."2 The New Leftists who heed Kunstler's advice increasingly are beginning to act -- not just against military recruiting offices and manufacturers of munitions, but against a variety of businesses: "Since February, 1970, branches (of Bank of America) have been attacked 39 times, 22 times with explosive devices and 17 times with fire bombs or by arsonists."3 Although New Leftist spokesmen are succeeding in radicalizing thousands of the young, the greater cause for concern is the hostility of respectable liberals and social reformers. It is the sum total of their views and influence which could indeed fatally weaken or destroy the system.

A chilling description of what is being taught on many of our campuses was written by Stewart Alsop:

"Yale, like every other major college, is graduating scores of bright young men who are practitioners of 'the politics of despair.' These young men despise the American political and economic system . . . (their) minds seem to be wholly closed. They live, not by rational discussion, but by mindless slogans."4 A recent poll of students on 12 representative campuses reported that: "Almost half the students favored socialization of basic U.S. industries."5

A visiting professor from England at Rockford College gave a series of lectures entitled "The Ideological War Against Western Society," in which he documents the extent to which members of the intellectual community are waging ideological warfare against the enterprise system and the values of western society. In a foreword to these lectures, famed Dr. Milton Friedman of Chicago warned: "It (is) crystal clear that the foundations of our free society are under wide-ranging and powerful attack -- not by Communist or any other conspiracy but by misguided individuals parroting one another and unwittingly serving ends they would never intentionally promote."6

Perhaps the single most effective antagonist of American business is Ralph Nader, who -- thanks largely to the media -- has become a legend in his own time and an idol of millions of Americans. A recent article in Fortune speaks of Nader as follows: "The passion that rules in him -- and he is a passionate man -- is aimed at smashing utterly the target of his hatred, which is corporate power. He thinks, and says quite bluntly, that a great many corporate executives belong in prison -- for defrauding the consumer with shoddy merchandise, poisoning the food supply with chemical additives, and willfully manufacturing unsafe products that will maim or kill the buyer. He emphasizes that he is not talking just about 'fly-by-night hucksters' but the top management of blue chip business."7

A frontal assault was made on our government, our system of justice, and the free enterprise system by Yale Professor Charles Reich in his widely publicized book: "The Greening of America," published last winter.

The foregoing references illustrate the broad, shotgun attack on the system itself. There are countless examples of rifle shots which undermine confidence and confuse the public. Favorite current targets are proposals for tax incentives through changes in depreciation rates and
investment credits. These are usually described in the media as "tax breaks," "loop holes" or "tax benefits" for the benefit of business. * As viewed by a columnist in the Post, such tax measures would benefit "only the rich, the owners of big companies."8

It is dismaying that many politicians make the same argument that tax measures of this kind benefit only "business," without benefit to "the poor." The fact that this is either political demagoguery or economic illiteracy is of slight comfort. This setting of the "rich" against the "poor," of business against the people, is the cheapest and most dangerous kind of politics.

The Apathy and Default of Business
What has been the response of business to this massive assault upon its fundamental economics, upon its philosophy, upon its right to continue to manage its own affairs, and indeed upon its integrity?

The painfully sad truth is that business, including the boards of directors' and the top executives of corporations great and small and business organizations at all levels, often have responded -- if at all -- by appeasement, ineptitude and ignoring the problem. There are, of course, many exceptions to this sweeping generalization. But the net effect of such response as has been made is scarcely visible.

In all fairness, it must be recognized that businessmen have not been trained or equipped to conduct guerrilla warfare with those who propagandize against the system, seeking insidiously and constantly to sabotage it. The traditional role of business executives has been to manage, to produce, to sell, to create jobs, to make profits, to improve the standard of living, to be community leaders, to serve on charitable and educational boards, and generally to be good citizens. They have performed these tasks very well indeed.

But they have shown little stomach for hard-nose contest with their critics, and little skill in effective intellectual and philosophical debate.

A column recently carried by the Wall Street Journal was entitled: "Memo to GM: Why Not Fight Back?"9 Although addressed to GM by name, the article was a warning to all American business. Columnist St. John said:

"General Motors, like American business in general, is 'plainly in trouble' because intellectual bromides have been substituted for a sound intellectual exposition of its point of view." Mr. St. John then commented on the tendency of business leaders to compromise with and appease critics. He cited the concessions which Nader wins from management, and spoke of "the fallacious view many businessmen take toward their critics." He drew a parallel to the mistaken tactics of many college administrators: "College administrators learned too late that such appeasement serves to destroy free speech, academic freedom and genuine scholarship. One campus radical demand was conceded by university heads only to be followed by a fresh crop which soon escalated to what amounted to a demand for outright surrender."
One need not agree entirely with Mr. St. John's analysis. But most observers of the American scene will agree that the essence of his message is sound. American business "plainly in trouble"; the response to the wide range of critics has been ineffective, and has included appeasement; the time has come -- indeed, it is long overdue -- for the wisdom, ingenuity and resources of American business to be marshalled against those who would destroy it.

Responsibility of Business Executives
What specifically should be done? The first essential -- a prerequisite to any effective action -- is for businessmen to confront this problem as a primary responsibility of corporate management.

The overriding first need is for businessmen to recognize that the ultimate issue may be survival - - survival of what we call the free enterprise system, and all that this means for the strength and prosperity of America and the freedom of our people.

The day is long past when the chief executive officer of a major corporation discharges his responsibility by maintaining a satisfactory growth of profits, with due regard to the corporation's public and social responsibilities. If our system is to survive, top management must be equally concerned with protecting and preserving the system itself. This involves far more than an increased emphasis on "public relations" or "governmental affairs" -- two areas in which corporations long have invested substantial sums.

A significant first step by individual corporations could well be the designation of an executive vice president (ranking with other executive VP's) whose responsibility is to counter-on the broadest front-the attack on the enterprise system. The public relations department could be one of the foundations assigned to this executive, but his responsibilities should encompass some of the types of activities referred to subsequently in this memorandum. His budget and staff should be adequate to the task. Possible Role of the Chamber of Commerce

But independent and uncoordinated activity by individual corporations, as important as this is, will not be sufficient. Strength lies in organization, in 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 national organizations.

Moreover, there is the quite understandable reluctance on the part of any one corporation to get too far out in front and to make itself too visible a target.

The role of the National Chamber of Commerce is therefore vital. Other national organizations (especially those of various industrial and commercial groups) should join in the effort, but no other organizations appear to be as well situated as the Chamber. It enjoys a strategic position, with a fine reputation and a broad base of support. Also -- and this is of immeasurable merit -- there are hundreds of local Chambers of Commerce which can play a vital supportive role.

It hardly need be said that before embarking upon any program, the Chamber should study and analyze possible courses of action and activities, weighing risks against probable effectiveness
and feasibility of each. Considerations of cost, the assurance of financial and other support from members, adequacy of staffing and similar problems will all require the most thoughtful consideration.

The Campus
The assault on the enterprise system was not mounted in a few months. It has gradually evolved over the past two decades, barely perceptible in its origins and benefiting (sic) from a gradualism that provoked little awareness much less any real reaction.

Although origins, sources and causes are complex and interrelated, and obviously difficult to identify without careful qualification, there is reason to believe that the campus is the single most dynamic source. The social science faculties usually include members who are unsympathetic to the enterprise system. They may range from a Herbert Marcuse, Marxist faculty member at the University of California at San Diego, and convinced socialists, to the ambivalent liberal critic who finds more to condemn than to commend. Such faculty members need not be in a majority. They are often personally attractive and magnetic; they are stimulating teachers, and their controversy attracts student following; they are prolific writers and lecturers; they author many of the textbooks, and they exert enormous influence -- far out of proportion to their numbers -- on their colleagues and in the academic world.

Social science faculties (the political scientist, economist, sociologist and many of the historians) tend to be liberally oriented, even when leftists are not present. This is not a criticism per se, as the need for liberal thought is essential to a balanced viewpoint. The difficulty is that "balance" is conspicuous by its absence on many campuses, with relatively few members being of conservatives or moderate persuasion and even the relatively few often being less articulate and aggressive than their crusading colleagues.

This situation extending back many years and with the imbalance gradually worsening, has had an enormous impact on millions of young American students. In an article in Barron's Weekly, seeking an answer to why so many young people are disaffected even to the point of being revolutionaries, it was said: "Because they were taught that way."10 Or, as noted by columnist Stewart Alsop, writing about his alma mater: "Yale, like every other major college, is graduating scores' of bright young men ... who despise the American political and economic system."

As these "bright young men," from campuses across the country, seek opportunities to change a system which they have been taught to distrust -- if not, indeed "despise" -- they seek employment in the centers of the real power and influence in our country, namely: (i) with the news media, especially television; (ii) in government, as "staffers" and consultants at various levels; (iii) in elective politics; (iv) as lecturers and writers, and (v) on the faculties at various levels of education.

Many do enter the enterprise system -- in business and the professions -- and for the most part they quickly discover the fallacies of what they have been taught. But those who eschew the mainstream of the system often remain in key positions of influence where they mold public opinion and often shape governmental action. In many instances, these "intellectuals" end up in
regulatory agencies or governmental departments with large authority over the business system they do not believe in.

If the foregoing analysis is approximately sound, a priority task of business -- and organizations such as the Chamber -- is to address the campus origin of this hostility. Few things are more sanctified in American life than academic freedom. It would be fatal to attack this as a principle. But if academic freedom is to retain the qualities of "openness," "fairness" and "balance" -- which are essential to its intellectual significance -- there is a great opportunity for constructive action. The thrust of such action must be to restore the qualities just mentioned to the academic communities.

What Can Be Done About the Campus
The ultimate responsibility for intellectual integrity on the campus must remain on the administrations and faculties of our colleges and universities. But organizations such as the Chamber can assist and activate constructive change in many ways, including the following:

Staff of Scholars
The Chamber should consider establishing a staff of highly qualified scholars in the social sciences who do believe in the system. It should include several of national reputation whose authorship would be widely respected -- even when disagreed with.

Staff of Speakers
There also should be a staff of speakers of the highest competency. These might include the scholars, and certainly those who speak for the Chamber would have to articulate the product of the scholars.

Speaker's Bureau
In addition to full-time staff personnel, the Chamber should have a Speaker's Bureau which should include the ablest and most effective advocates from the top echelons of American business.

Evaluation of Textbooks
The staff of scholars (or preferably a panel of independent scholars) should evaluate social science textbooks, especially in economics, political science and sociology. This should be a continuing program.

The objective of such evaluation should be oriented toward restoring the balance essential to genuine academic freedom. This would include assurance of fair and factual treatment of our system of government and our enterprise system, its accomplishments, its basic relationship to individual rights and freedoms, and comparisons with the systems of socialism, fascism and communism. Most of the existing textbooks have some sort of comparisons, but many are superficial, biased and unfair.

We have seen the civil rights movement insist on re-writing many of the textbooks in our universities and schools. The labor unions likewise insist that textbooks be fair to the viewpoints
of organized labor. Other interested citizens groups have not hesitated to review, analyze and criticize textbooks and teaching materials. In a democratic society, this can be a constructive process and should be regarded as an aid to genuine academic freedom and not as an intrusion upon it.

If the authors, publishers and users of textbooks know that they will be subjected -- honestly, fairly and thoroughly -- to review and critique by eminent scholars who believe in the American system, a return to a more rational balance can be expected.

Equal Time on the Campus
The Chamber should insist upon equal time on the college speaking circuit. The FBI publishes each year a list of speeches made on college campuses by avowed Communists. The number in 1970 exceeded 100. There were, of course, many hundreds of appearances by leftists and ultra liberals who urge the types of viewpoints indicated earlier in this memorandum. There was no corresponding representation of American business, or indeed by individuals or organizations who appeared in support of the American system of government and business.

Every campus has its formal and informal groups which invite speakers. Each law school does the same thing. Many universities and colleges officially sponsor lecture and speaking programs. We all know the inadequacy of the representation of business in the programs.

It will be said that few invitations would be extended to Chamber speakers.11 This undoubtedly would be true unless the Chamber aggressively insisted upon the right to be heard -- in effect, insisted upon "equal time." University administrators and the great majority of student groups and committees would not welcome being put in the position publicly of refusing a forum to diverse views, indeed, this is the classic excuse for allowing Communists to speak.

The two essential ingredients are (I) to have attractive, articulate and well-informed speakers; and (ii) to exert whatever degree of pressure -- publicly and privately -- may be necessary to assure opportunities to speak. The objective always must be to inform and enlighten, and not merely to propagandize.

Balancing of Faculties
Perhaps the most fundamental problem is the imbalance of many faculties. Correcting this is indeed a long-range and difficult project. Yet, it should be undertaken as a part of an overall program. This would mean the urging of the need for faculty balance upon university administrators and boards of trustees.

The methods to be employed require careful thought, and the obvious pitfalls must be avoided. Improper pressure would be counterproductive. But the basic concepts of balance, fairness and truth are difficult to resist, if properly presented to boards of trustees, by writing and speaking, and by appeals to alumni associations and groups.
This is a long road and not one for the fainthearted. But if pursued with integrity and conviction it could lead to a strengthening of both academic freedom on the campus and of the values which have made America the most productive of all societies.

Graduate Schools of Business
The Chamber should enjoy a particular rapport with the increasingly influential graduate schools of business. Much that has been suggested above applies to such schools.

Should not the Chamber also request specific courses in such schools dealing with the entire scope of the problem addressed by this memorandum? This is now essential training for the executives of the future.

Secondary Education
While the first priority should be at the college level, the trends mentioned above are increasingly evidenced in the high schools. Action programs, tailored to the high schools and similar to those mentioned, should be considered. The implementation thereof could become a major program for local chambers of commerce, although the control and direction -- especially the quality control -- should be retained by the National Chamber.

What Can Be Done About the Public?
Reaching the campus and the secondary schools is vital for the long-term. Reaching the public generally may be more important for the shorter term. The first essential is to establish the staffs of eminent scholars, writers and speakers, who will do the thinking, the analysis, the writing and the speaking. It will also be essential to have staff personnel who are thoroughly familiar with the media, and how most effectively to communicate with the public. Among the more obvious means are the following:

Television
The national television networks should be monitored in the same way that textbooks should be kept under constant surveillance. This applies not merely to so-called educational programs (such as "Selling of the Pentagon"), but to the daily "news analysis" which so often includes the most insidious type of criticism of the enterprise system. Whether this criticism results from hostility or economic ignorance, the result is the gradual erosion of confidence in "business" and free enterprise.

This monitoring, to be effective, would require constant examination of the texts of adequate samples of programs. Complaints -- to the media and to the Federal Communications Commission -- should be made promptly and strongly when programs are unfair or inaccurate.

Equal time should be demanded when appropriate. Effort should be made to see that the forum-type programs (the Today Show, Meet the Press, etc.) afford at least as much opportunity for supporters of the American system to participate as these programs do for those who attack it.

Other Media
Radio and the press are also important, and every available means should be employed to challenge and refute unfair attacks, as well as to present the affirmative case through these media.
The Scholarly Journals
It is especially important for the Chamber's "faculty of scholars" to publish. One of the keys to the success of the liberal and leftist faculty members has been their passion for "publication" and "lecturing." A similar passion must exist among the Chamber's scholars. Incentives might be devised to induce more "publishing" by independent scholars who do believe in the system.

There should be a fairly steady flow of scholarly articles presented to a broad spectrum of magazines and periodicals -- ranging from the popular magazines (Life, Look, Reader's Digest, etc.) to the more intellectual ones (Atlantic, Harper's, Saturday Review, New York, etc.)13 and to the various professional journals.

Books, Paperbacks and Pamphlets
The news stands -- at airports, drugstores, and elsewhere -- are filled with paperbacks and pamphlets advocating everything from revolution to erotic free love. One finds almost no attractive, well-written paperbacks or pamphlets on "our side." It will be difficult to compete with an Eldridge Cleaver or even a Charles Reich for reader attention, but unless the effort is made -- on a large enough scale and with appropriate imagination to assure some success -- this opportunity for educating the public will be irretrievably lost.

Paid Advertisements
Business pays hundreds of millions of dollars to the media for advertisements. Most of this supports specific products; much of it supports institutional image making; and some fraction of it does support the system. But the latter has been more or less tangential, and rarely part of a sustained, major effort to inform and enlighten the American people.

If American business devoted only 10% of its total annual advertising budget to this overall purpose, it would be a statesman-like expenditure.

The Neglected Political Arena
In the final analysis, the payoff -- short-of revolution -- is what government does. Business has been the favorite whipping-boy of many politicians for many years. But the measure of how far this has gone is perhaps best found in the anti-business views now being expressed by several leading candidates for President of the United States.

It is still Marxist doctrine that the "capitalist" countries are controlled by big business. This doctrine, consistently a part of leftist propaganda all over the world, has a wide public following among Americans.

Yet, as every business executive knows, few elements of American society today have as little influence in government as the American businessman, the corporation, or even the millions of corporate stockholders. If one doubts this, let him undertake the role of "lobbyist" for the business point of view before Congressional committees. The same situation obtains in the legislative halls of most states and major cities. One does not exaggerate to say that, in terms of
political influence with respect to the course of legislation and government action, the American business executive is truly the "forgotten man."
Current examples of the impotency of business, and of the near-contempt with which businessmen's views are held, are the stampedes by politicians to support almost any legislation related to "consumerism" or to the "environment."

Politicians reflect what they believe to be majority views of their constituents. It is thus evident that most politicians are making the judgment that the public has little sympathy for the businessman or his viewpoint.

The educational programs suggested above would be designed to enlighten public thinking -- not so much about the businessman and his individual role as about the system which he administers, and which provides the goods, services and jobs on which our country depends.

But one should not postpone more direct political action, while awaiting the gradual change in public opinion to be effected through education and information. Business must learn the lesson, long ago learned by labor and other self-interest groups. This is the lesson that political power is necessary; that such power must be assiduously (sic) 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.

As unwelcome as it may be to the Chamber, it should consider assuming a broader and more vigorous role in the political arena.

Neglected Opportunity in the Courts
American business and the enterprise system have been affected as much by the courts as by the executive and legislative branches of government. Under our constitutional system, especially with an activist-minded Supreme Court, the judiciary may be the most important instrument for social, economic and political change.

Other organizations and groups, recognizing this, have been far more astute in exploiting judicial action than American business. Perhaps the most active exploiters of the judicial system have been groups ranging in political orientation from "liberal" to the far left.

The American Civil Liberties Union is one example. It initiates or intervenes in scores of cases each year, and it files briefs amicus curiae in the Supreme Court in a number of cases during each term of that court. Labor unions, civil rights groups and now the public interest law firms are extremely active in the judicial arena. Their success, often at business' expense, has not been inconsequential.

This is a vast area of opportunity for the Chamber, if it is willing to undertake the role of spokesman for American business and if, in turn, business is willing to provide the funds.

As with respect to scholars and speakers, the Chamber would need a highly competent staff of lawyers. In special situations it should be authorized to engage, to appear as counsel amicus in
the Supreme Court, lawyers of national standing and reputation. The greatest care should be exercised in selecting the cases in which to participate, or the suits to institute. But the opportunity merits the necessary effort.

Neglected Stockholder Power
The average member of the public thinks of "business" as an impersonal corporate entity, owned by the very rich and managed by over-paid executives. There is an almost total failure to appreciate that "business" actually embraces -- in one way or another -- most Americans. Those for whom business provides jobs, constitute a fairly obvious class. But the 20 million stockholders -- most of whom are of modest means -- are the real owners, the real entrepreneurs, the real capitalists under our system. They provide the capital which fuels the economic system which has produced the highest standard of living in all history. Yet, stockholders have been as ineffectual as business executives in promoting a genuine understanding of our system or in exercising political influence.

The question which merits the most thorough examination is how can the weight and influence of stockholders -- 20 million voters -- be mobilized to support (i) an educational program and (ii) a political action program.

Individual corporations are now required to make numerous reports to shareholders. Many corporations also have expensive "news" magazines which go to employees and stockholders. These opportunities to communicate can be used far more effectively as educational media.

The corporation itself must exercise restraint in undertaking political action and must, of course, comply with applicable laws. But is it not feasible -- through an affiliate of the Chamber or otherwise -- to establish a national organization of American stockholders and give it enough muscle to be influential?

A More Aggressive Attitude
Business interests -- especially big business and their national trade organizations -- have tried to maintain low profiles, especially with respect to political action.

As suggested in the Wall Street Journal article, it has been fairly characteristic of the average business executive to be tolerant -- at least in public -- of those who attack his corporation and the system. Very few businessmen or business organizations respond in kind. There has been a disposition to appease; to regard the opposition as willing to compromise, or as likely to fade away in due time.

Business has shunted confrontation politics. Business, quite understandably, has been repelled by the multiplicity of non-negotiable "demands" made constantly by self-interest groups of all kinds.

While neither responsible business interests, nor the United States Chamber of Commerce, would engage in the irresponsible tactics of some pressure groups, it is essential that spokesmen for the enterprise system -- at all levels and at every opportunity -- be far more aggressive than in the past.
There should be no hesitation to attack the Naders, the Marcuses and others who openly seek
destruction of the system. There should not be the slightest hesitation to press vigorously in all
political arenas for support of the enterprise system. Nor should there be reluctance to penalize
politically those who oppose it.

Lessons can be learned from organized labor in this respect. The head of the AFL-CIO may not
appeal to businessmen as the most endearing or public-minded of citizens. Yet, over many years
the heads of national labor organizations have done what they were paid to do very effectively.
They may not have been beloved, but they have been respected -- where it counts the most -- by
politicians, on the campus, and among the media.

It is time for American business -- which has demonstrated the greatest capacity in all history to
produce and to influence consumer decisions -- to apply their great talents vigorously to the
preservation of the system itself.

The Cost
The type of program described above (which includes a broadly based combination of education
and political action), if undertaken long term and adequately staffed, would require far more
generous financial support from American corporations than the Chamber has ever received in the past. High level management participation in Chamber affairs also would be required.

The staff of the Chamber would have to be significantly increased, with the highest quality
established and maintained. Salaries would have to be at levels fully comparable to those paid
key business executives and the most prestigious faculty members. Professionals of the great skill
in advertising and in working with the media, speakers, lawyers and other specialists would have
to be recruited.

It is possible that the organization of the Chamber itself would benefit from restructuring. For example, as suggested by union experience, the office of President of the Chamber might well be a full-time career position. To assure maximum effectiveness and continuity, the chief executive officer of the Chamber should not be changed each year. The functions now largely performed by the President could be transferred to a Chairman of the Board, annually elected by the membership. The Board, of course, would continue to exercise policy control.

Quality Control is Essential
Essential ingredients of the entire program must be responsibility and "quality control." The publications, the articles, the speeches, the media programs, the advertising, the briefs filed in courts, and the appearances before legislative committees -- all must meet the most exacting standards of accuracy and professional excellence. They must merit respect for their level of public responsibility and scholarship, whether one agrees with the viewpoints expressed or not.

Relationship to Freedom
The threat to the enterprise system is not merely a matter of economics. It also is a threat to individual freedom.
It is this great truth -- now so submerged by the rhetoric of the New Left and of many liberals --
that must be re-affirmed if this program is to be meaningful.

There seems to be little awareness that the only alternatives to free enterprise are varying degrees
of bureaucratic regulation of individual freedom -- ranging from that under moderate socialism to
the iron heel of the leftist or rightist dictatorship.

We in America already have moved very far indeed toward some aspects of state socialism, as
the needs and complexities of a vast urban society require types of regulation and control that
were quite unnecessary in earlier times. In some areas, such regulation and control already have
seriously impaired the freedom of both business and labor, and indeed of the public generally.
But most of the essential freedoms remain: private ownership, private profit, labor unions,
collective bargaining, consumer choice, and a market economy in which competition largely
determines price, quality and variety of the goods and services provided the consumer.

In addition to the ideological attack on the system itself (discussed in this memorandum), its
essentials also are threatened by inequitable taxation, and -- more recently -- by an inflation
which has seemed uncontrollable. But whatever the causes of diminishing economic freedom
may be, the truth is that freedom as a concept is indivisible. As the experience of the socialist and
totalitarian states demonstrates, the contraction and denial of economic freedom is followed
inevitably by governmental restrictions on other cherished rights. It is this message, above all
others, that must be carried home to the American people.

Conclusion
It hardly need be said that the views expressed above are tentative and suggestive. The first step
should be a thorough study. But this would be an exercise in futility unless the Board of Directors
of the Chamber accepts the fundamental premise of this paper, namely, that business and the
enterprise system are in deep trouble, and the hour is late.

Footnotes
1. Variously called: the "free enterprise system," "capitalism," and the "profit system." The
American political system of democracy under the rule of law is also under attack, often by the
same individuals and organizations who seek to undermine the enterprise system.
6. Dr. Milton Friedman, Prof. of Economics, U. of Chicago, writing a foreword to Dr. Arthur A.
Shenfield's Rockford College lectures entitled "The Ideological War Against Western Society,"
copyrighted 1970 by Rockford College.
7. Fortune, May, 1971, p. 145. This Fortune analysis of the Nader influence includes a reference
to Nader's visit to a college where he was paid a lecture fee of $2,500 for "denouncing America's
big corporations in venomous language . . . bringing (rousing and spontaneous) bursts of
applause" when he was asked when he planned to run for President.
*Italic emphasis added by Mr. Powell.
11. On many campuses freedom of speech has been denied to all who express moderate or conservative viewpoints.
12. It has been estimated that the evening half-hour news programs of the networks reach daily some 50,000,000 Americans.
13. One illustration of the type of article which should not go unanswered appeared in the popular "The New York" of July 19, 1971. This was entitled "A Populist Manifesto" by ultra liberal Jack Newfield -- who argued that "the root need in our country is 'to redistribute wealth'."
14. The recent "freeze" of prices and wages may well be justified by the current inflationary crisis. But if imposed as a permanent measure the enterprise system will have sustained a near fatal blow.

About this document
On August 23, 1971, the U.S. Chamber of Commerce distributed the Powell Memorandum to its national membership of leading executives, businesses, and trade associations. The memo, published here in its entirety, constituted the entire contents of the issue of its regular publication WASHINGTON REPORT to members.


18. The situation near Sedalia, Missouri was typical of many streams and rivers in the United States.

   During the 1960's, effluent from Sedalia's south sewage treatment plant caused chronic fish kills in tributaries leading to Flat Creek as well as in the mainstem of Flat Creek. In 1967, fish were killed in 20 miles of Flat Creek due to high ammonia and/or low dissolved oxygen resulting from sewage effluent from the south plant. In 1971, 4000 fish were killed in the same reach of Flat Creek. Throughout the 1970's the problem continued until a new south sewage treatment plant was completed in 1985.

Missouri Department of Conservation, “Chemical Quality of Stream Flow, Contaminants and Fish Kills,” http://mdc.mo.gov/fish/watershed/lamine/watqual/


15 Source: University of California at Santa Barbara.