THE SOCIAL ORGANIZATION OF THE AMERICAN BUSINESS ELITE AND PARTICIPATION OF CORPORATION DIRECTORS IN THE GOVERNANCE OF AMERICAN INSTITUTIONS*

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Recent analysis suggests that the American business elite is differentiated along an "inner group" axis. At one end of the axis are those business people who are primary owners or top managers of several major corporations, collectively labeled the inner group, while at the other end are those who are connected with only a single major corporation. It is reasoned that, by virtue of their multiple corporate connections and the resulting transcendence of parochial corporate interests, inner group members would be more often involved in the governance of other institutions than would be other members of the business elite. Institutional governance includes the occupancy of top administrative posts and governing and advisory board positions of three types of institutions: nonprofit, nongovernment organizations, such as economic development and cultural organizations; local, state, and federal agencies; and major business policy associations. Drawing on a set of 2,003 directors of the nation's largest 797 corporations in 1969, and on director biographical information acquired from several sources, this study found that inner group members are substantially more likely, compared with other members of the business elite, to be involved directly in the governance of a range of institutions. Moreover, available evidence also indicates that the higher participation rate of inner group members is at least partly a result of their capacity to mobilize greater corporate resources and their involvement in a common, transcorporate social network. The evidence presented tentatively supports the thesis that the American business elite is differentiated along an inner group axis, at least with respect to the selection of business people to assist in the governance of other institutions. The inner group may be an important source of political leadership capable of promoting the more general interests of the entire capitalist class.

If American business has successfully penetrated the economies of many societies abroad, it has been no less successful in penetrating noneconomic institutions at home. Governing boards of museums, high-level government offices, and public agency advisory panels are filled with businesspeople, though rarely is their dominance complete. Studies of

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Of great value for this analysis were the efforts of a number of people in acquiring data on the U.S. business elite and their generous willingness to make the data available. For the names of the corporate directors used in the present analysis, I would like to thank Joel Levine, Peter Mariolis, and Michael Schwartz; for business policy association membership information, I am appreciative to Paul Blakely, Phillip Bonacich, G. William Domhoff, and Ben Smith. Gladys Delp and Linda Trenholm provided invaluable research assistance, and the U.S. National Science Foundation provided financial support (grant number SOC77-06658). I would also like to thank Howard Aldrich, Jerome Karabel, S. M. Miller, and two anonymous reviewers for helpful suggestions. An earlier version of this paper was presented at a 1978 conference sponsored by the European Group for Organizational Studies, and the occupants of the governing circles of nearly all American institutions, whether public or private nonprofit, invariably reveal that the surest career for entry into such circles is corporate management. The largest single occupational grouping is virtually always business, with the professions a close second; all other occupations, comprising the vast majority of the U.S. labor force, divide among them the few remaining positions.1

While the business presence in governing positions is unimpressive to some observers who view it as largely symbolic, for others it is a crucial datum, indicative of capitalist control of both private and

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1 For examples of studies reporting the occupational composition of those occupying top administrative positions and serving on governing boards for public and private nonprofit organizations, see Freitag (1975) for top federal government appointees, Hartnett (1969) for college and university governing boards, DiMaggio and Useem (1978) for arts organization governing bodies, and Landau (1977) for hospital trustees.
public life. Domhoff's (1970) "higher circles," composed chiefly of corporate executives, primary owners, and their descendents, constitute, in his view, "the governing class in America," for these businesspeople and their families dominate the top positions and governing boards of foundations, universities, and federal agencies. Drawing on studies of the social origins and prior occupations of government officials, Miliband (1969:47) reaches a similar conclusion. While granting that there does exist a "plurality of economic elites in advanced capitalist societies," he nonetheless finds that "elite pluralism" does not . . . prevent the separate elites in capitalist society from constituting a dominant economic class, possessed of a high degree of cohesion and solidarity, with common interests and common purposes which far transcend their specific differences and disagreements.

This thesis of business dominance of the government has been challenged, of course, by many analysts who reject not only the political significance attributed to the dominance by businesspeople of positions of governance, but also the presumed class unity upon which the businesspeople's influence allegedly rests. Illustrative of this counterinterpretation is Daniel Bell's (1961:62–3) thesis that the disintegration of family capitalism in America has thwarted the emergence of a national "ruling class." He contends, for instance, that "there are relatively few political issues on which the managerial elite is united" now, since "in the last seventy-five years the established relations between the system of property and family . . . have broken down." The consequence has been a "breakup of 'family capitalism,' which has been the social cement of the bourgeois class system." Upon reviewing more recent evidence, Berg and Zald (1978:137) argue similarly that "businessmen are decreasingly a coherent and self-sufficient autonomous elite; increasingly business leaders are differentiated by their heterogeneous interests and find it difficult to weld themselves into a solidified group."

While these two perspectives presume radically different roles for the businesspeople who do serve in governing positions with public and private institutions, there is at least agreement that businesspeople are disproportionately present. Yet both approaches provide little detailed guidance regarding the question of which businesspeople actually assume the leading roles in the governance of these institutions. This can be attributed, in part, to the relative lack of attention in both perspectives to the internal social organization of the capitalist class. Class organization deserves special attention, however, since it can have a decisive bearing on which businesspeople come to assume roles as "spokespersons" for business. And, since businesspeople vary in the kinds of policies they would urge on other institutions given the opportunity, the type of businesspeople who do acquire leadership positions can have implications for the actual policies adopted and, ultimately, the business interests promoted.

Building on recent analyses of the internal social organization of the American capitalist class, this paper proposes that the businesspeople most likely to become involved in the governance of other institutions occupy a distinctive class "location," and new evidence is presented to test the validity of this thesis.

THE SOCIAL ORGANIZATION OF THE CAPITALIST CLASS

The capitalist class consists of those who are the primary owners and top managers of major business firms; in this paper it will be used interchangeably with business elite. The use of the latter term is purely a matter of linguistic convenience, and it does not connote that the analysis is rooted in an "elitist" theoretical framework. The social organization of the capitalist class, or business elite, consists of the formal and informal networks of economic and social relations among the corporate owners and managers. Institutional governance refers to the occupancy of positions with high influence in, or formal authority over, public and nonprofit private institutions, such as government agencies, schools, and foundations. Positions of influence or authority include governing boards, advisory boards, and top administrative posts.
The social organization of the business elite is most likely to be determined by the nature of the formal business roles occupied by elite members (e.g., officer, primary owner, or director) and characteristics of the firm with which the position is associated (e.g., the firm's size and product). Other factors, such as government taxation policies and regulation of the securities market, also impinge on elite social organization; and the organization itself possesses a degree of autonomy, allowing for evolution according to its own internal dynamics. Nevertheless, the critical determinant is the structure of the economy, and, thus, the social organization of the business elite should be closely related to the divisions, alliances, and interdependencies among and within the major business firms in American society.

One of the most significant elements of economic organization with implications for class social organization is the sharing of directors by several major corporations. Boards of directors are legally and formally responsible for the operation of a firm and the protection of owner interests (they are elected by the shareholders; Bacon, 1967; Zald, 1969). Boards vary in size from three to more than 30 seats, though typically they include from 10 to 15 members. Frequently, seats on two or even more boards of directors are occupied by the same person. In 1969, for instance, 8,632 individuals served as directors of the nation's largest 797 financial and nonfinancial corporations, and nearly one-fifth (1,572) of these were "interlocking" directors, serving simultaneously on the boards of at least two of the corporations (Mariolis, 1975:433). The reasons for the establishment of these interfirm ties have been the subject of considerable analysis, but the origins of the interlocking directorate need not concern us directly here (see Dooley, 1969; Mace, 1971; Burch, 1972; Pfeffer, 1972; 1974; Allen, 1974; Bearden et al., 1975; Koenig et al., 1976; Songquist and Koenig, 1976; Bunting, 1976). What is of significance for the present argument is that members of the business elite who sit on several boards of directors are placed in a unique position compared with other members of the elite who are responsible for the operation of only a single firm. Interlocking directors are in a position to recognize—and help reconcile—the problems of several firms, often operating in very different environments.

Interlocking directors constitute a major part of a broader segment of the capitalist class that, following Zeitlin et al. (1974), we will label an inner group. The inner group consists of members of the business elite who have significant "connections" with at least several major corporations. Significant connections are those which involve the capacity to shape corporate policy, and include substantial ownership in a firm, service as a director or officer, and close kinship with those holding the former connections. The inner group is not limited to interlocking directors, but interlocking directors do constitute a critical component and we will focus on them here. "Inner group" is a metaphor and the boundary between it and the remainder of the capitalist class is not sharp. Indeed, it is more appropriate to think of its members not as a distinct group at all, but rather as clustered near the end of a continuous differentiating axis within the capitalist class. This axis of inner group centrality ranges from those who are connected with a single major firm to those with two connections, three connections, and at the far end of the axis, many connections.

PREVIOUS RESEARCH ON THE INNER GROUP

A fully elaborated analysis of the social organization of the American business elite and the structure of the inner group is not available, but elements of such a formulation have appeared in a number of studies. Outlines of the inner group thesis even date back to Mills's (1956) Power Elite. A major premise of Mills's analysis is that American capitalism is marked by increasing centralization and concentration. This process, in Mills's view, has led to the emergence of a new breed of corporate executives committed to industry-wide concerns and not simply the interests of their own firm. Moreover, a fraction of these executives take an even broader
view of business problems: "They move from the industrial point of interest and outlook to the interests and outlook of the class of all big corporate property as a whole" (Mills, 1956: 121). Mills identifies two features of business organization which are primarily responsible for this transition in outlook. First, the investments of a small circle of top managers and owners have become dispersed among a number of firms. As a result, "the executives and owners who are in and of and for this propertied class cannot merely push the narrow interests of each property; their interests become engaged by the whole corporate class" (Mills, 1956: 121). Second, the emergence of an extensive network of interlocking directorships among the major corporations has also meant that a number of managers have assumed responsibility for the prosperity of several corporations, and thus those holding several directorships constitute "a more sophisticated executive elite which now possesses a certain autonomy from any specific property interest. Its power is the power . . . of class-wide property" (Mills, 1956: 122).

Features of the inner group thesis can also be found in Maurice Zeitlin's (1974; 1976) more recent assessment of theory and research on the American capitalist class. Centralizing tendencies akin to those discussed by Mills are, Zeitlin tentatively suggests, generating an overarching unity within the business elite, and prominent among these forces is "the establishment of an effective organizational apparatus of interlocking directorates" cutting across both financial and industrial sectors. This apparatus may be an important ingredient in the heightening of "the cohesiveness of the capitalist class and its capacity for common action and unified policies" (Zeitlin, 1974: 1112). The national network of owners and managers with diverse corporate investments and positions is viewed by both Mills and Zeitlin as a progressive force in the capitalist class, and one which is increasingly in a position to impose its policies on the remainder of the class. The growing concentration of economic power in this network also has been discerned by a recent Congressional Study of corporation interlocks; indeed it anticipates that the "interlocking management device" could lead to a situation in which "inordinate control over the major part of the U.S. commerce would be concentrated in the hands of [a] few individuals," resulting in the possibility that "an inner group would control the destiny of American commerce" (U.S. Congress, 1965:225-6).

A dominant theme in these examinations of the American business elite is the special role played by the top managers and primary owners with multiform connections. Capitalists with ties to several, often disparate companies necessarily become concerned with the joint welfare of all the companies, and these concerns may come to coalesce with the general welfare of a broad spectrum of companies and their owners and managers. "Even more than other large corporation executives," suggest Zeitlin et al. (1974: 4), those who sit at the center of the web of interlocking directorates must have an outlook and execute policies that, while yet serving particular and more narrow interests, conform to the general interests of the corporate community and of the principal owners of capital within it.

The inner group, in short, may constitute a special segment of the capitalist class, if a class segment can be defined as a subset of class members sharing a social location with partially distinct interests. Though the common concern with capital accumulation unites the inner group with the remainder of the capitalist class, at the same time the inner group's greater stake in class-wide interests sets it apart.

There is already some systematic evidence to enhance our confidence that the inner group does, indeed, constitute a distinct class segment. As a consequence of the divergence of the secondary interests of the inner group from those of the remainder of the class, members of this class segment can be expected to evolve partially distinctive ideologies, social circles, and patterns of intergenerational reproduction. Though the methodologies and setting vary widely, available studies reveal that the inner group does exhibit at least some of the traits expected of a separate class segment: those with multiple-firm connections, compared with other
members of the business elite, tend to be
descendants of business elite families
(Soref, 1976), individually wealthy or
members of wealthy families (Zeitlin et
al., 1974; Useem, 1978a), mutually ac-
quainted (Perrucci and Pilisuk, 1970;
Higley et al., 1976: 231–9; Koch and
Labovitz, 1976), members of exclusive
metropolitan social clubs (Koenig et al.,
1976; Soref, 1976; Useem, 1978a), and
influential in the affairs of local community
organizations and in some colleges and
universities (Perrucci and Pilisuk, 1970;
Koch and Labovitz, 1976; Ratcliff et al.,

THE INNER GROUP AND INSTITUTIONAL
GOVERNANCE

A distinctive political role for the inner
group is expected as well. While the
political activity of a class segment can
take many forms, this investigation will
concentrate on a single political element
(and, thus, our discussion is largely re-
stricted to it). We will focus on the rate of
business participation in institutional gov-
ernance. It is hypothesized that the inner
group will be substantially overrepre-
sented, compared with other class mem-
bers, in positions with direct influence on
the policies of other institutions. The inner
group’s higher degree of political engage-
ment is anticipated for several reasons.

First, the multiple corporate connec-
tions of inner group members tend to fos-
ter the formation of informal transcorpo-
rate networks. The heightened visibility
associated with involvement in these net-
works should make inner group members
more likely candidates for openings on
governing boards and advisory bodies.
The multiple corporate connections also
place inner group members in an excep-
tionally good position to help mobilize the
resources of many firms on behalf of
policies they favor—and institutions
whose governance they assist—making
inner group members preferable to other
businessmen when appointments to posi-
tions of governance are decided.

Second, inner group members also are
expected to be especially prominent in in-
stitutional governance because of the in-
tegrative position the inner group holds
within the capitalist class. Like other so-
cial classes, this class contains major eco-
nomic cleavages that can generate sharply
opposed views on the policies most
appropriate for other institutions to pur-
sue. Certain federal government policies,
for instance, may benefit large firms at the
expense of smaller firms, banks at the ex-
 pense of industrials, and certain sectors,
such as oil or military goods, at the ex-
 pense of others. These divisions over sec-
ondary economic interests can engender
conflicts that potentially threaten the pri-
mary economic interests shared by all
corporations. By virtue of their connec-
tions with several corporations and their
involvement in a network of those associ-
ated with still other corporations, inner
group members are uniquely situated to
identify the policies that would foster the
more general interests of many, if not
most, major corporations. Thus, inner
group members may constitute attractive
‘compromise’ candidates when various
segments of the capitalist class compete
over who among their ranks would be
appropriate business leaders. From the
standpoint of the outside institutions as
well, the capacity of the inner group to
transcend the parochial interest of specific
firms and sectors makes inner group
members especially suitable business
representatives.

Third, by virtue of their stronger con-
nection with the primary holders of corpo-
rate ownership, inner group members are
also more likely to be promoted for gov-
ernance positions. Evidence from both the
U.S. and Chile indicates that, compared
with other members of the business elite,
those holding multiple corporate direc-
torships are more likely to be primary
owners themselves or members of ex-
tended families with widespread holdings
(Villarejo, 1962; Burch, 1972; Zeitlin et
al., 1974; Soref, 1976; Useem, 1978a). The
reasons for this intertwining of position
and ownership need not be entered into
here, but one consequence is that inner
group members who are not themselves
primary owners are especially likely to re-
cieve primary owner political backing.
And, to the extent that primary owners,
both those who also serve as multiple di-
rectors and those who do not, exercise
disproportionate influence on decisions within the corporate community because of their dominant wealth position, their support and power should further heighten the probability that inner group members become overrepresented on the rosters of institutional governance.

While previous studies have not explicitly examined the role of the inner group in American institutional governance, research on the occupants of top federal positions consistently reveals that they are over-drawn from the ranks of directors and executives of the largest corporations (Mills, 1956; Miliband, 1969; Kolko, 1969; Domhoff, 1970; Mintz, 1975; Freitag, 1975; Dye, 1976). Many of the directors and executives of major companies hold multifirm connections, and it is possible that these findings largely reflect disproportionate recruitment of inner group members, rather than members of the business elite per se, into top government positions. This question has not been directly addressed in previous empirical work on the U.S. (see Zeitlin et al., 1976, for empirical work on a related question in Chile), however, and it will be the primary focus of the present inquiry.

In sum, then, prior research suggests that the inner group does constitute a distinctive segment of the capitalist class, and it has been argued here that the position of the inner group in the social organization of the class is likely to lead its members to take a particularly active role in institutional governance. It is expected, therefore, that interlocking directors will more often occupy oversight positions in public and private nonprofit institutions than will other members of the business elite.

**RESEARCH DATA**

The business elite selected for analysis consists of those who were directors of the 797 largest U.S. corporations in 1969. The largest firms were those identified by the standard and generally accepted annual ranking conducted by *Fortune* magazine. The firms were ranked in seven groups: 500 largest industrials and 50 largest retail corporations (ranked by sales); 50 largest commercial banks, 50 largest life insurance companies, and 50 largest utilities (ranked by assets); 50 largest transportation companies (ranked by operating revenues); and 47 other large firms not readily classed within the previous groups (*Fortune, May, 1970*). Investment banks and privately held firms are not included on the list, and it is undoubtedly further flawed by the omission of still other firms. Nonetheless, the list is reasonably complete and most large American firms are included.

The identities of the 8,623 directors of the 797 corporations were compiled by Michael Schwartz and Peter Mariolis from standard sources (primarily Standard and Poor's Register of Corporations, Directors, and Executives). Interlocking directors are defined as those individuals who hold two or more directorships among the 797 firms. Many of the directors were also directors of smaller companies not appearing on the *Fortune* list, and this definition obviously undercounts the number of companies with which the directors are connected. Since our analysis will revolve around internal comparisons of the directors, however, this limitation will not seriously affect the results, though the precise details would probably differ if based on a complete list of all major U.S. firms and their directors.

Two or more directorships of the top 797 firms were held by 1,570 individuals; 61.1% serve on two boards, 21.5% serve on three, and 17.4% hold four or more directorships (one person held 11 positions, the maximum observed). For comparative purposes, an additional sample of 433 directors affiliated with only a single firm were selected randomly from the remaining list of single directors of the 797 corporations (a one-in-twenty sample).

Information on the role of the directors in institutional governance was obtained from three sources. Standard biographical data on 58% of the directors was obtained from the 1976–77 edition of *Who's Who in America*. Information on the service of the directors on federal government advisory committees was obtained from a complete listing of membership for 1976 prepared by a U.S. Senate subcommittee. This committee compiled the names of more than 23,000 individuals who served
on all 1,159 federal advisory committees, commissions, boards, councils and other panels in existence on the last day of 1976. Among the advisory committees included are the National Industrial Energy Council of the Commerce Department, the Defense Industry Advisory Group for Europe of the Defense Department, and the National Advisory Committee on Banking Policies and Practices of the Treasury Department. But also included are committees with more modest purviews, such as the Commerce Department’s Advisory Committee on Fire Training and the Defense Department’s Advisory Group on Utilization of Gravimetric Data (U.S. Senate Committee on Government Affairs, 1977). Finally, information on the involvement of the directors in a set of exclusive social clubs and major business policy associations were obtained from lists compiled by Phillip Bonacich and G. William Domhoff (1977). They obtained membership lists for 20 prominent metropolitan social clubs and sixteen major business policy organizations from the period between 1965 and 1971. Links, Pacific Union, and Metropolitan appear among the clubs included; the Committee for Economic Development, Council on Foreign Relations, Business Council, the Conference Board, and the Business Roundtable are among the business policy groups.2

The primary measure of inner group centrality for the 2,003 corporate directors studied here is the number of directorships each held in the top 797 firms in 1969. Though as many as 11 directorships were managed by one individual, the number of people holding multiple directorships is a sharply diminishing function of the number of directorships maintained, especially after the level of four directorships is reached. To ensure adequate numbers for reliable analysis, those with four or more directorships are classed together, and the directors are then divided into four groups arranged along the axis of inner group centrality, ranging from one seat on a corporate board to four or more positions.

The occupational profile and age of the four director groups are quite similar. The director’s occupational position in 1969 (obtained from Who’s Who) is considered here in three categories: executive of one of the top 797 firms; executive of other corporations; and all other occupations.3

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2 The data on clubs and business associations originally were organized to permit interorganizational network analysis (as reported in Bonacich and Domhoff, 1977), and only the names of those people who were members of at least two of these organizations were available for the present analysis. Not all of the clubs and associations examined by Bonacich and Domhoff included at least some of our directors on their membership rosters. The business policy associations and exclusive social clubs that did count at least one of our directors among their numbers (and each of these directors must have been a member of at least two of the organizations) are as follows; the number of directors affiliated with each is identified in the parentheses:

Advertising Council (13);
American Assembly (4);
Brookings Institution (7);
Business Council (52);
Business Roundtable (11);
Committee for Economic Development (35);
Conference Board (10);
Council on Foreign Relations (45);

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3 A director was considered to be an executive of a firm if he or she listed his or her primary position with the firm as any of the following: chairman of the board, vice-chairman of the board, president, chief
The occupational distribution of the directors, broken down by the number of directorships held, is displayed in Table 1. It is seen that, regardless of the number of directorships held, approximately half of the directors are also executives of a top firm; the percentages range from 47 for single directors to 57 for multiple directors (those with four or more directorships). More than three-quarters of all four groups are executives with either a top or other corporation (the percentages vary from 77 for the triple directors to 80 for the multiple directors). Thus, inner group centrality is unrelated to whether a director is also a corporate executive, though there is a modest tendency for higher centrality to be associated with a position among the top firms. Inner group centrality also demonstrates virtually no relationship to director age; the overall average is 57.5 years in 1969, and the average for each of the four groups deviates by less than 1.5 years from this overall mean.

In interpreting the results that follow, it should be cautioned that parts of the analysis are based on only the 1,160 directors for whom Who’s Who information is available. Comparison of these directors with the 843 who are not listed in this biographical directory reveals that the listed directors are more prominent. For instance, multiple directors more frequently appear in Who’s Who than do single directors (71 vs. 37%); directors who are members of two or more business executive officer, chief operating officer, executive vice-president, senior vice-president, secretary, treasurer, general counsel, vice-president, owner, or chairman of the executive committee of the board, policy associations appear more often than those who are members of no associations (81 vs. 53%); and directors who are members of two or more exclusive social clubs are more frequently listed than those who are affiliated with no clubs (68 vs. 55%). Thus, analyses based on the Who’s Who directors are of a more prominent sector of the business elite than are analyses based on all directors.

Three areas of institutional governance are considered. First, involvement of the corporate directors as trustees, directors, or governors of eight types of nongovernment, nonprofit institutions is examined. Then, we turn to the role of the directors as advisors to local and federal government agencies. Finally, the directors’ involvement in business policy associations is considered.

PARTICIPATION IN THE GOVERNANCE OF NONGOVERNMENTAL, NONPROFIT INSTITUTIONS

Seven types of nongovernment, nonprofit organizations are distinguished: (1) regional, community, or economic development organizations; (2) cultural organizations (e.g., art museums, symphony orchestras); (3) research and scientific organizations (e.g., research institutes); (4) philanthropic foundations; (5) colleges and universities; (6) health-related organizations (primarily hospitals); (7) charitable organizations (e.g., The United Way). A corporate director is considered to be involved in the governance of these organizations if he or she indicated that he or she was a trustee, director, governor, or, in the case of economic development organizations, a member.
The percentages of the corporate directors who participate in the governance of at least one organization in each of the seven areas appear in Table 2. The overall level of participation ranges widely by type of organization, varying from 10% for economic development organizations to 50% for colleges and universities (explanation for the considerable interinstitutional variation in overall participation rates would be a useful undertaking but is beyond the scope of the present paper). As expected, the participation rate within an institutional sector varies by inner group centrality, with single directors typically displaying the lowest rate of involvement, multiple directors evidencing the highest rate, and double and triple directors showing intermediate levels. For economic development organizations, for instance, the rates range from 6% for single directors to 10, 9, and 15%, respectively, for double, triple, and multiple directors. The ratio of the multiple director participation rate to that of single directors is 2.44 for economic development organizations, the highest observed, and only 1.14 for charitable organizations, the lowest observed. Multiple directors are more involved than single directors in all areas, though for several areas the differences are very small. For other areas, however, most notably economic development, cultural, and research and scientific organizations, the differences are pronounced.

PARTICIPATION IN GOVERNMENT ADVISORY BODIES

The second area of institutional governance, participation in government advisory bodies, is assessed in several ways. Pre-1976 service on a federal advisory committee was identified using the director’s Who’s Who biography. This source is problematic, however, since the year of the advisory service was frequently not reported and some of the service, though probably only a fraction, was likely to have antedated the directors’ election to their corporate board(s). Accordingly, the director’s service on federal advisory committees during 1976 was also identified, using the U.S. Senate subcommittee compilation. Finally, advisory work with local and state government units was assessed using Who’s Who information.

As shown in Table 3, 17% of the corporate directors report at least some pre-1976 experience as advisors to the federal government; 6% were serving on federal advisory committees in 1976, and 22% indicate that they had served as an advisor to state or local government agencies at some time. The federal agencies most frequently the recipients of the directors’ advice were, not surprisingly, the Departments of Commerce, Defense, Interior, and State; presidential panels and special commissions were also frequented by the directors.

A positive association between inner group centrality and participation in governance is, once again, observed. The percentage of the directors with pre-1976 federal advisory experience varied from 14 of the single directors to 22, 23, and 31, respectively, of the double, triple, and multiple directors. Similarly, the percentages with federal service in 1976 range from 3 for single directors to 5, 9, and 11 for the successively more central groups of directors. The differentiation of the ad-

<table>
<thead>
<tr>
<th>Number of directorships held by director</th>
<th>Economic develop. organ.</th>
<th>Cultural organ.</th>
<th>Research or sci. organ.</th>
<th>Philan. foundation</th>
<th>College or univ.</th>
<th>Health-related organ.</th>
<th>Charit. organ.</th>
<th>(No of cases)</th>
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<tr>
<td>One</td>
<td>6.1%</td>
<td>11.9%</td>
<td>13.7%</td>
<td>23.1%</td>
<td>43.8%</td>
<td>26.2%</td>
<td>22.5%</td>
<td>(160)</td>
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<td>Two</td>
<td>9.9</td>
<td>20.0</td>
<td>14.0</td>
<td>30.1</td>
<td>48.8%</td>
<td>25.7</td>
<td>24.4</td>
<td>(565)</td>
</tr>
<tr>
<td>Three</td>
<td>9.2</td>
<td>21.7</td>
<td>20.4</td>
<td>34.2</td>
<td>55.4</td>
<td>27.9</td>
<td>25.8</td>
<td>(240)</td>
</tr>
<tr>
<td>Four or more</td>
<td>14.9</td>
<td>27.2</td>
<td>22.1</td>
<td>33.3</td>
<td>53.8</td>
<td>30.8</td>
<td>26.6</td>
<td>(195)</td>
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<tr>
<td>All directors</td>
<td>9.8</td>
<td>20.4</td>
<td>16.6</td>
<td>30.5</td>
<td>50.3</td>
<td>27.1</td>
<td>24.7</td>
<td>(1,160)</td>
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<td>% to single direc. %</td>
<td>2.44</td>
<td>2.29</td>
<td>1.61</td>
<td>1.44</td>
<td>1.23</td>
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visory experience by centrality is also replicated on the state and local level, though the disparities are far less marked. Here the participation rate varies from 15% of the single directors to 22, 24, and 23% of the double, triple, and multiple directors. The ratio of the participation rate for multiple directors to that of single directors is 2.14 for pre-1976 federal advisory service, 3.43 for 1976 federal advisory committees, and 1.51 for state and local government service. Thus, the association between inner group centrality and institutional governance observed for several types of nongovernmental institutions is also observed here for federal and local government advisory service.

**PARTICIPATION IN MAJOR BUSINESS POLICY ASSOCIATIONS**

The final area of institutional governance is participation in the work of major business policy associations. Business trade associations abound, of course, and most are organized to defend the interests of a particular type of industry, such as oil or steel, or to promote business interests in a local region. Yet a number have been established to provide a forum for the discussion and articulation of policies that affect most major companies, regardless of sector or region. These associations usually draw their members from the top ranks of a broad range of corporations scattered throughout the country; in some cases their rosters also include academics, attorneys, and other professionals actively concerned with the business world. Case studies of several major business associations suggest that they play an important role in establishing a common business position on contemporary issues, especially in the area of public policy (e.g., see Eakins, 1966; Domhoff, 1970; 1975; Shoup, 1975; Hirsch, 1975; Fournier, 1976; Bonacich and Domhoff, 1977). Since the associations serve as a significant interface between business and government, direct participation in their affairs can have an important impact on the nature of public policies collectively promoted or opposed by business. The multifirm connections of inner group members should make them particularly valuable and forceful contributors to such organizations, and it is expected, therefore, that inner group centrality should be strongly associated with participation in the affairs of these business policy groups.

Rates of participation in the Council on Foreign Relations, Committee for Economic Development, Business Council (all closely identified with major corporations) and nine other associations are shown in Table 4. Overall, 12% of the directors participate in the affairs of at least one association, but when the rates are broken down by number of directorships, pronounced variations from this average become evident. The proportion of single directors active in one association is less than 1%; the percentages for

<table>
<thead>
<tr>
<th>Number of directorships held by director</th>
<th>Federal government</th>
<th>State or local government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre-1976 % (N)</td>
<td>1976 % (N)</td>
</tr>
<tr>
<td>One</td>
<td>14.4 (160)</td>
<td>3.2 (433)</td>
</tr>
<tr>
<td>Two</td>
<td>22.3 (565)</td>
<td>5.4 (959)</td>
</tr>
<tr>
<td>Three</td>
<td>22.5 (240)</td>
<td>9.2 (338)</td>
</tr>
<tr>
<td>Four or more</td>
<td>30.8 (195)</td>
<td>11.0 (273)</td>
</tr>
<tr>
<td>All directors</td>
<td>16.8 (1,160)</td>
<td>6.3 (2,003)</td>
</tr>
<tr>
<td>Ratio of mult. direct. % to single direct. %</td>
<td>2.14</td>
<td>3.43</td>
</tr>
</tbody>
</table>

**Table 4. Percentage of Directors Who Are Members of 12 Major Business Policy Associations**

<table>
<thead>
<tr>
<th>Number of directorships held by director</th>
<th>Member of one assoc.</th>
<th>Member of two or more assoc.</th>
<th>(No. of cases)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>0.2%</td>
<td>0.2%</td>
<td>(433)</td>
</tr>
<tr>
<td>Two</td>
<td>5.9</td>
<td>3.6</td>
<td>(959)</td>
</tr>
<tr>
<td>Three</td>
<td>11.2</td>
<td>6.8</td>
<td>(338)</td>
</tr>
<tr>
<td>Four or more</td>
<td>19.4</td>
<td>13.6</td>
<td>(273)</td>
</tr>
<tr>
<td>All directors</td>
<td>7.4</td>
<td>4.8</td>
<td>(2,003)</td>
</tr>
</tbody>
</table>
double, triple, and multiple directors are 6, 11, and 19. Similarly, the rates for those involved in at least two associations for the four directorship levels are, respectively, less than 1, 4, 7, and 14%. Less than 1% of the single directors participate in even a single association, while 33% of the multiple directors are active in one or more associations. It is in this area of governance that the greatest participation rate disparities as function of inner group centrality are observed.

CORPORATE RESOURCES AND SOCIAL NETWORKS

Earlier it was argued that an observed association between inner group centrality and participation in governance would be expected for at least several reasons. First, by virtue of oversight responsibilities for several major corporations, inner group members are in a position to mobilize greater resources on behalf of favored policies and institutions than are single directors. From the standpoint of the institution seeking business participation, inner group members can provide greater support for, and exert more influence on behalf of, the institution than can businesspeople associated with only a single firm. Second, participation in the boards of directors of several firms helps generate informal contacts with other multiple directors, and a national social network of multiple directors is likely to form. Again, from the standpoint of the institution seeking corporate representatives, members of this network can provide better social contacts and a broader understanding of business interests than would outsiders. Thus, the multiple directors’ greater access to corporate resources and involvement in transcorporate, national social circles of top business leaders make them more attractive candidates for institutional governance than are other businesspeople. Moreover, the multiple directors’ better corporate and network connections should give them a competitive edge over other directors when seeking to participate in the affairs of other institutions. They would be able to mobilize more firms and more business leaders to back their candidacy than would other, less connected and less visible corporate directors.

Still other factors were previously argued to contribute to the greater governance participation rate of multiple directors. But in any case, if corporate resource and social network factors do play a major role as expected, several observable patterns are anticipated. First, among directors with a fixed number of directorships, those serving on the boards of larger corporations are in a position to mobilize greater resources than are those associated with a similar number of smaller companies. Thus, holding the number of directorships constant, we should expect to see a larger average corporation size among those participating in institutional governance than among nonparticipants. Second, multiple directors are expected to be more heavily engaged in social networks among their own kind than single directors, and involvement in these networks should, in turn, independently enhance the directors’ participation rates. Though our data do not permit detailed assessment of these hypotheses, at least elements can be checked with the information available.

A. Corporate Resources

While corporate size is a reasonably good measure of corporate resources, the size of the 797 firms is measured within the seven distinct sectors utilizing varying criteria (sales, assets, and operating revenue). The resources of all firms cannot, therefore, be readily assessed according to sales or any other single dimension of size. Of several alternatives considered,
the following procedure for establishing a common size dimension offered the most suitable approach (the alternatives yielded results little different from those reported here). The rank position of the corporations within each sector is used as a base for a general resource index. The 500 industrials were ranked from one to 500 according to firm sales. The sales figures for 1969 ranged from slightly more than $100 million for those ranked near 500 to between $10 and $20 billion for those near the top (General Motors is ranked one). The sales rank of these firms is similar to a logarithmic transformation of their dollar sales figures. The rank position of the fifty firms in each of the other six sectors, where rank position is established according to sales, assets, or operating revenues (depending on the sector), is simply set as equivalent to the rank of the largest 50 industrials. The commercial bank and insurance company with greatest assets, for instance, are both assigned a rank of one (in effect equating a directorship with either of them to a directorship with General Motors), while the 50th largest bank and insurance company are each assigned a rank of 50. The average rank of the firms of the directors is then calculated separately for double, triple, and quadruple directors (too few directors with more than four directorships were available for separate reliable analysis). Finally, the average of these averages is obtained for groups of directors who are involved and uninvolved in seven areas of governance that previously evidenced strong associations with inner group centrality.

The average ranks are shown in Table 5. The mean rank of the firms of double directors who were not involved in any economic development organization stood at 128, while the mean rank of those who did participate was 98, for an average difference of 30 rank positions. Similarly, among those with three directorships, the average rank of the corporations of economic development participants was 19 positions larger than the rank of the corporations of nonparticipants; the corre-

<table>
<thead>
<tr>
<th>Number of directorships held by director</th>
<th>Economic develop. organ.</th>
<th>Cultural organ.</th>
<th>Research or sci. organ.</th>
<th>Federal advisor pre-1976</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two directorships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean corp. rank</td>
<td>128 (509)</td>
<td>129 (452)</td>
<td>123 (486)</td>
<td>126 (439)</td>
</tr>
<tr>
<td>(No. of cases)</td>
<td>98 (56)</td>
<td>107 (113)</td>
<td>134 (79)</td>
<td>119 (126)</td>
</tr>
<tr>
<td>Three directorships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean corp. rank</td>
<td>118 (218)</td>
<td>120 (188)</td>
<td>120 (191)</td>
<td>121 (186)</td>
</tr>
<tr>
<td>(No. of cases)</td>
<td>99 (22)</td>
<td>102 (52)</td>
<td>99 (49)</td>
<td>99 (54)</td>
</tr>
<tr>
<td>Four directorships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean corp. rank</td>
<td>107 (91)</td>
<td>106 (77)</td>
<td>105 (84)</td>
<td>101 (74)</td>
</tr>
<tr>
<td>(No. of cases)</td>
<td>85 (15)</td>
<td>100 (29)</td>
<td>101 (22)</td>
<td>113 (32)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of directorships held by director</th>
<th>Federal advisor 1976</th>
<th>State or loc. government advisor</th>
<th>Business policy assoc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two directorships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean corp. rank</td>
<td>127 (907)</td>
<td>130 (441)</td>
<td>132 (867)</td>
</tr>
<tr>
<td>(No. of cases)</td>
<td>106 (52)</td>
<td>107 (124)</td>
<td>76 (92)</td>
</tr>
<tr>
<td>Three directorships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean corp. rank</td>
<td>124 (307)</td>
<td>121 (182)</td>
<td>125 (277)</td>
</tr>
<tr>
<td>(No. of cases)</td>
<td>91 (31)</td>
<td>100 (58)</td>
<td>83 (61)</td>
</tr>
<tr>
<td>Four directorships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean corp. rank</td>
<td>106 (128)</td>
<td>108 (85)</td>
<td>113 (70)</td>
</tr>
<tr>
<td>(No. of cases)</td>
<td>79 (16)</td>
<td>88 (21)</td>
<td>88 (36)</td>
</tr>
</tbody>
</table>

* Under the No column appears the mean rank of the firms of directors who were not involved in the given area of governance; beneath the Yes column appears the mean rank of the firms of directors who were involved with at least one organization in the given area of governance; the Diff. column displays the difference between these two figures.

Table 5. Mean Rank of Corporate Directors’ Firms, by Directors Involved Vs. Those Uninvolved in Seven Types of Institutional Governance, by Number of Directorships Held
sponding rank difference for those with four directorships was 13. Comparable patterns are observed in the six other areas of governance examined: cultural organization governance, research or scientific organization governance, service as a federal advisor both before and during 1976, service as a state or local government advisor, and involvement in business policy associations. Of the 21 calculated differences for the seven areas of governance, only two were contrary to the expected direction (among double directors for research organization governance and quadruple directors for pre-1976 federal government advisory work). The median observed difference is 20 rank positions, which translates for the industrial sector into a sales difference of approximately $190 million on a base of roughly $1.2 billion. Participants were typically associated with firms approximately one-sixth again as large as the firms of nonparticipants. The gaps are not of great magnitude, but they are consistently present in nearly all seven areas of institutional governance. As expected by the resource hypothesis, then, the likelihood that directors with a fixed number of directorships are involved in governance is a positive function of the size of the corporations with which they are associated.5

The validity of the resource explanation is further suggested by the consistency of the present findings with those reported in two other studies in radically different settings. In a study of the 86 largest Dutch corporations in 1969, Mokken and Stokman (1978) find that the directors of the largest firms were substantially more likely to be involved in the affairs of government in the Netherlands than were the directors of smaller corporations. Similarly, in an investigation of the local governance activities of the directors of local banks in St. Louis in 1975, Ratcliff et al. (1979) discover that bank size is strongly correlated with director participation in the governance of local charitable organizations, cultural organizations, and a business policy association.

B. Social Networks

The social network hypothesis suggested that the observed association between inner group centrality and participation in institutional governance is also partly the result of greater involvement of multiple directors, compared with single directors, in social circles among their own kind. Network participation cannot be directly assessed, but membership in the business policy associations does provide one indirect indicator of network involvement. Activity with such associations bring members into personal contact with the officers and directors of numerous large corporations located throughout the economy and the country. The resulting networks of acquaintanceship provide their members with an assessment of one another's leadership capacities and views on matters of public policy. Along with the ties of personal obligation which accompany the formation of social networks, these elements enable members more forcefully and effectively to promote each other for openings in the governing bodies of other institutions.

We have already seen that the number of corporate directorships and rate of participation in business policy associations are related, implying, if the previous assumptions are correct, that multiple directors are more active than other directors in the social networks that should bring them into prominence. To examine whether business policy association participation is in turn related to participation in other areas of institutional governance, we examine these participation rates as a function of business group membership. Table 6 displays the percentages of the directors who were active in six areas of governance, broken down into those who were members in no, one, and two or more business groups. The percentages

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5 Since most (77%) of those with two to four directorships held these with firms in at least two sectors, the present analysis could not be undertaken separately within each of the seven sectors (a procedure that would have negated the need for the assumption that firms of similar rank in different sectors could be considered to represent equivalent resources). However, a sufficient number of the two-board directors with both positions located in the industrial sector was available to permit analysis limited to this group alone (N = 170). The results of this more limited analysis are generally consistent with those reported above for the full analysis.
show the expected pattern for all areas except state or local government advisory service. Of the directors without business association membership, only 8%, for instance, were involved with economic development organizations, whereas the percentages for those with one or at least two associations are 17 and 21, respectively. The ratio of the participation rates of those with two or more business association memberships to those with none is 2.50 for economic development organizations; 1.59 for cultural organizations; 2.03 for research or scientific organizations; 2.29 for pre-1976 federal advisory service; and 2.65 for 1976 federal advisory work. The ratio for state or local government advisory service, however, is less than one.

It is evident, then, that number of directorships is strongly associated with participation in business policy organizations, and that this participation is strongly associated with involvement in other areas of institutional governance. If indeed network involvement, as indexed by business association membership, is a factor in the multiple directors' preferential selection for institutional governance, the degree of association between the number of directorships and institutional governance should be reduced when business association membership is held constant. This possibility can be examined with multivariate table analysis, but a more compact form of presenting the results can be achieved using correlational analysis, and this will be employed here. The variables also are made more compact for the analysis, as follows: the economic development, cultural, and research or scientific organization variables, in dichotomized form, are summed to form a civic governance variable (ranging from zero, for no involvements, to three, for participation in all three areas); the two federal government advisory variables, also in dichotomized form, are summed to form a government advisor scale (ranging from zero, for no service, to two, representing both pre-1976 and 1976 advisory service); directorships consists of the number of corporate directorships held (with more than four scored as four); and business association represents the number of business policy group memberships (with more than two coded as two). Because state or local government advisory service already has been found to be unrelated to business association membership, it is not included in the analysis.

The relevant simple correlations among these variables are displayed in Table 7. The correlation of directorships with business association is .26, with civic governance it is .14, and with government advisor it is .12. These figures are consistent with results obtained from the previous bivariate table analyses. Business association also is seen to correlate with the two governance dimensions (.17 and .18). If business association does, indeed, account for a substantial fraction of the relationship between directorships and the two governance dimensions, the correlation between directorships and each governance dimension should be reduced when business association is introduced as the control variable in a partial correlation. This does occur, as shown in Table 7. The partial correlations of directorships with civic governance and government
advisor, net of business association, are .11 and .08, respectively; these represent 73 and 65% of the simple correlations.

It appears, therefore, that social networks, as indexed by involvement in business policy association affairs, do facilitate the involvement of multiple directors in the governance of other institutions. The business policy associations would appear not only to help develop common business positions on matters of public debate, but also to provide a screening mechanism for selecting businesspeople to help oversee the affairs of other institutions. Inner group members disproportionately participate in such oversight in part because they disproportionately participate in business policy associations and the social networks they generate. The business policy associations examined here, all national in orientation and scope, do not appear to be responsible for screening members for state or local government advisory work. It may be that other, more locally oriented business groups, are responsible for this process at the local government level.

CONCLUSION

The evidence presented here indicates that, in regard to the placement of corporate directors in positions of governance over nonbusiness institutions, the capitalist class is differentiated, as expected, along an axis of inner group centrality. In three distinct areas of governance, variant participation rates were observed as a function of position on the inner group axis. Multiple directors were more likely to be involved than single directors in the governance of several types of nonprofit private organizations (especially economic development, cultural, and research or scientific organizations), as advisors to local, state and national government agencies, and as members of major business policy associations. The participation rates of multiple directors frequently were observed to be more than twice those of single directors, with double and triple directors usually exhibiting intermediate rates. The consistency of these patterns across many areas of institutional governance provides tentative confirmation for the thesis that inner group members are generally more likely to serve as business representatives in nonbusiness governing bodies and positions than are other business people.

The disproportionate involvement of inner group members in institutional governance was expected, in part, because of their greater capacity to mobilize corporate resources and because of the likelihood that they would be more involved in a national, transcorporate social network of corporate directors. It was anticipated that these factors would result in inner group members more often being promoted for institutional governance positions by other members of the business elite, and in inner group members being more desirable business representatives from the standpoint of the recipient institution. The limited evidence considered here is consistent with this line of reasoning. Indexing corporate resources by the average rank size of the firms with which the directors were connected, and using membership in major business policy associations as an index of social network involvement, we found that both hypothesized factors did appear to be responsi-
Several limitations on the validity and generalizability of these results, however, should be noted. First, a select set of corporate directors was studied, and it is possible, though improbable in my opinion, that the analysis of a set of directors drawn from a larger, more comprehensive list of companies would yield different conclusions. Second, more potentially problematic is the quality of the indicators employed in the study. The difficulty of acquiring precise, detailed information on the characteristics of a large set of corporate directors, their firms, and their participation in the governance of a variety of institutions necessitated reliance on available but often imprecise indicators for the variables of interest. No direct measure of social network participation for the more than 2,000 directors could be developed, for instance, leading to the use of an acceptable though clearly less than ideal proxy measure, business association membership. Our measures offer only a first approximation to the empirical relations among the variables of concern. It is expected, however, that more exact indicators would yield results generally consistent with those reported here while perhaps differing substantially in detail. For some variables, radically different empirical approaches may be required to acquire the direct and precise information needed. Perrucci and Pilisuk’s (1970) method of obtaining social network information through personal interviews with multiple directors in a single community might be extended to the national level, though cost may prohibit the approach of more than a small subsample of the directors studied here.

A third limitation relates to what was not examined in this paper. As Alford and Friedland (1975) have argued, power cannot necessarily be equated with participation, although there is usually a strong relationship between these analytically separable dimensions. Thus, it should be cautioned that the overrepresentation of inner group members in governance does not automatically imply that they are decisively shaping the policies of the subject institutions. Empirical studies of boards of directors and government advisors generally show that they do have an important impact on the institution’s future (e.g., Wilensky and Lebeaux, 1958; Paltridge et al., 1973; Primack and von Hippel, 1974). If the results of such studies can be generalized, it may be speculated that the participating corporate executives are indeed exercising an important voice in the affairs of the institutions considered here. But the exact strength of their voice can only be a matter of theoretical supposition at this time, and further study obviously is required if we are to specify the amount of power that accompanies the participation.

A final limitation relates to a distinction between the exercise of power and the content of policies promoted. As Charters (1953) and Poulantzas (1969) have argued in connection with the role of business people on school boards and in top government positions, business participation does not necessarily imply that the interests of capital in general, or even the business person’s own firm, are advocated. Even if the corporate directors in the present study do exercise considerable power over the institutions in whose governance they participate, it remains to be demonstrated that their power is exercised on behalf of anything but the best interests of the subject institution. It can be reasoned that inner group members are more likely than other members of the business elite to advocate the general concerns of business, and that both groups are likely to take more pro-business stands than do nonbusiness people involved in institutional governance. And while these arguments are relatively persuasive and evidence from other studies can be cited to bolster them, it remains to be shown that the corporate directors studied here do forcefully represent the interests of their class, or at least a major fraction of it, when they participate in the governance of other institutions. The thesis is plausible, yet unproven. The present paper, then, has explored only one part of the business-institutional governance relationship, and speculation about the operations of the other parts awaits verification.
But even short of verification of the other elements of the business-institutional governance relationship, the present evidence points toward the need for a revision in our thinking about the internal social organization of the American capitalist class. Business is differentiated along an axis of inner group centrality, and this element of internal organization appears to have a major bearing on how business is structured to express and represent its interests in places where other institutions are making decisions that can vitally affect business.

The political salience of the inner group axis stems in all likelihood, from several elements in the relationships among major corporations, their managers, and primary owners. Firms and those responsible for them are, of course, sharply divided by interfirn and intersectoral competition and rivalries. And the divergent economic circumstances faced by those overseeing firms operating in different environments add further division, especially when owners and managers specify the policies they would urge upon government agencies, cultural organizations, universities, and other institutions. Without suitable means for reconciling these antagonisms and identifying the common concerns of all business, political leadership for the capitalist class is unlikely to emerge. The divisive tendencies may then result in public policies which benefit some sectors or firms but do little to advance the general welfare of most major corporations and the class as a whole.

Though not self-consciously designed to solve these problems, several formal and informal relationships among corporations and their owners and managers nonetheless are likely to contribute toward their solution. Among these relationships are a network of kinship and acquaintance among corporate managers and owners spanning many corporations (Whitley, 1973); the diversification of institutional and family corporate holdings (Lundberg, 1968); the integrative role of commercial banks and other financial institutions (Kotz, 1978); social associations transcending firm, sector, and region, such as business policy organizations and exclusive metropolitan social clubs (Baltzell, 1964); and the interlocking directorate studied here. The social forces behind the formation of each of these integrative relationships require separate analysis, but, whatever their origins, the consequences are likely to include a set of transcorporate networks that draw together the otherwise disparate units of the business elite. These disparate units include not only individuals but also specialized elite networks organized within metropolitan areas and within business sectors. Available research indicates that these contexts generate their own, specialized inner circles (Perrucci and Pilisuk, 1970; Ingham, 1978; Ratcliff et al., 1979), and it is probable that these and other types of localized networks provide many of the constitutive elements for the national, intercorporate networks that help to unite the entire class.

Concentrating on only a single strand of these various integrative networks, the present analysis tentatively confirms the thesis that this strand is a source of the “leading organizers of [the] system of class-wide property” (Zeitlin, 1976: 901). Those most central to the interlocking directorate are observed to be those most often involved in representing business interests, presumably shorn of many of their more parochial elements, to other institutions. A more precise identification of the “leading organizers” of the capitalist class than that achieved here would be possible if evidence were obtained on the other relationships contributing to the integration of the class and its firms. Unfortunately, adequate data on kinship, ownership, and other intercorporate networks is far less accessible, for the present at least, than is information on the network of corporate directorships. Were such information to become accessible, it can be speculated that those most central to these various networks are also those most active politically both within and outside the corporate community. Combined with the results of the present analysis, such findings would help to establish a more general thesis that the American capitalist class is characterized by a substantial degree of centralized
internal social organization, and the centralization, however faulty it may be in specific instances, provides a means for the entire class to distill and promote its most general class-wide interests.

As a result, the government and other institutions are not simply presented with a set of unaggregated demands when businesspeople enter their policy-making circles. Rather, the businesspeople who most often serve already represent a degree of reconciliation of the conflicting and contradictory interests dividing the capitalist class. The corporate community itself, then, appears at least partially capable of identifying its class-wide interests. While the state and other institutions may still play a critical role in the liberation of general interests from the fragmented, stubborn, and shortsighted empirical interests of single capital units (Offe, 1973: 111), the class may achieve a degree of prior interest liberation on its own.

This general thesis must be treated for the moment, however, more as a guide for further inquiry than an accepted description of the organizational coherence of the American capitalist class. Moreover, whatever the extent of centralization eventually identified, there is reason to believe that it may be less pronounced in the U.S. than in Britain, France, and other advanced capitalist democracies where the business elite's geographic concentration is far greater, elite institutions such as universities and social clubs are more exclusive, and the level of organization and militancy of labor and socialist movements is much stronger.

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POLITICAL DEMOCRACY AND THE TIMING OF DEVELOPMENT*

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Brown University


This research explores the relationship between development timing and political democracy. A number of social scientists have argued that the conditions favoring political democracy have deteriorated over time so that the late developing countries are less likely to be democratic than the early developers. Another perspective suggests that with the worldwide diffusion of the democratic ideology there is a great deal of pressure for the later developers to adopt democratic forms of government. For a large sample of countries, this analysis reveals no significant relationship between the timing of development and the level of political democracy. However, when more specific characteristics of development timing are explored, some significant effects are found. In particular support is found for the hypotheses that the greater the extent to which a culture is Protestant-based, the greater the level of political democracy; and the greater the state’s control of the economy, the lower the level of democracy. In a panel analysis, changes in political democracy are found to be negatively related to the state’s economic control but not significantly related to Protestantism. In all of the regressions the level of development has a more significant direct effect than the various timing measures.

The positive relationship between socioeconomic development and political democracy has been the subject of considerable empirical research (e.g., Lerner, 1958; Lipset, 1959; Cutright, 1963; Cutright and Wiley, 1969; Jackman, 1973). In more recent empirical studies the relationship between political democracy and income inequality has been examined and debated (Jackman, 1974; 1975; Hewitt, 1977; Rubinson and Quinlin, 1977; Stack, 1978; Rubinson, 1978). In contrast to this empirical research a number of theoretical works have emphasized the effects on political democracy of the historical period when a country begins to develop (e.g., de Schweinitz, 1964; Moore, 1966). These latter works have concluded that the social, economic, and political conditions which existed for the earlier developers were far more conducive to democ-

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