The Powell Memo with Commentary

Many system conditions and historical events contributed to the sudden rise to power of the Corporate Proxy Movement in the late 20th century. But the one that appears to have played the crucial role of the “precipitating event” was the now infamous Powell Memo of August 23, 1971. Here is the story of how the seed the Powell Memo planted grew, as told by Ron Hazen in a February 2005 article titled The Right-Wing Express:

“It’s a story of how the conservatives – in spite of political differences, ego, and competing priorities – were able to cooperate and develop a methodology that drives their issues and values relentlessly.”

“Starting with just a handful of groups, including the Heritage Foundation, in the early ’70s, the conservatives built a new generation of organizations – think tanks, media monitors, legal groups, networking organizations, all driven by the same over-arching values of free enterprise, individual freedoms and limited government.”

“Stein describes how the message machine works. If Rush Limbaugh wants something on vouchers – it’s immediately in his hands; if Fox News’ Bill O’Reilly needs a guest to talk about the ‘death tax,’ he’s got him from one of the think tanks. Stein estimates that 36,000 conservatives have been trained on values, issues, leadership, use of media and agenda development. These are not the elected officials, but rather the cadre of the conservative network. Stein figures that the core leaders of the Big 80 groups he studied are about 2,000 people who make between $75,000 and $200,000 and have all been trained in the Leadership Institute.”

“The wealthy conservative families that have been the early bread and butter of the movement and continue their support are relatively well known at this point, including Scaife from Pittsburgh, Lynde and Harry Bradley from Milwaukee, Joseph Coors from Colorado; and Smith Richardson from North Carolina. Important networking goes on at the Philanthropy Roundtable, where groups are showcased.

“But the key today to keeping the message machine fed is what Stein calls the ‘investment banking matrix,’ which includes key conservatives like Grover Norquist, Paul Weyrich, and Irving Kristol, who raise, direct, and motivate. Stein estimates there are about 200 key people who invest an average of $250,000 a year and about 135 of them also serve on the boards of the Big 80 groups.

‘Each of these groups are ‘mission critical,’ and they are strategic, coordinated, motivated and disciplined,’ says Stein, adding that the investment bankers monitor them closely.

“And contrary to popular belief among progressives, the conservatives who are part of that machine are of various stripes – far right, neo-conservative, libertarian, evangelical, etc. – but what makes them so successful is they form strategic alliances around common issues they support.”

“The then there is the conservative media machine, which operated at full power to get George W. Bush re-elected in 2004. Conservatives and their allies were able to magnify their message through a network of right-leaning TV and radio channels, including Rupert Murdoch’s Fox News Channel, which provided Bush and
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.

"The purpose [of this memorandum] is to identify the problem, and suggest possible avenues of action for further consideration. [Powell is a natural analytical thinker. The first step of the System Improvement Process (SIP) is the same as his approach: identify the problem. SIP calls this Problem Definition."

"Dimensions of the Attack – No thoughtful person can question that the American economic system is under broad attack. This varies in scope, intensity, in the techniques employed, and in the level of visibility. [Note the way Powell shrewdly frames his argument: business is under "attack." Actually corporations are non-physical entities created by people to serve their needs. Corporations are thus servants of the people, who are not "attacking" them. Instead, they are attempting to get corporations to behave responsibly, as good servants should."

"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. [Powell builds his fallacious "we are under attack" argument, brick by clever brick. Here he uses the fallacy of guilt by association. The average American liberal/progressive is not a communist or a revolutionary. Nor are they extremists. What Powell is doing is painting a false enemy, which makes it easier to rally your own supporters."

"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. [By implication it is now okay to go after all of these groups, because they are attacking business. Note how this is the same thing that happened in China's Cultural Revolution, where all of these groups, except party politicians, were attacked (humiliated, imprisoned, resettled, or even killed) by representatives of the people's army."

"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. 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. [Powell employs the tried and true technique of painting a hated common enemy and associating a group with that enemy. This is one of the many forms of the false enemy strategy."

"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."

"In all fairness, it must be recognized that businessmen have not been trained or equipped to conduct guerrilla warfare with those who propagate against
the system, seeking insidiously and constantly to sabotage it. [Powell argues that business must replace its present timid, nearly non-existent response with lots of propaganda, without actually saying it that way. This is a trained lawyer at his persuasive best. It is also a lie, because business was already responding, as the large amounts of business lobbying and politicking in the entire 20th century show. But business was not yet responding correctly enough to gain total control of the political system, which was the real goal of the memo.]

“Responsibility of Business Executives” - 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. [Notice how the New Dominant Life Form has done extraordinarily well here. It has gotten a corporate proxy, Powell, to fend for it and argue that “the ultimate issue may be survival” of the New Dominant Life Form. By equating that life form with “the free enterprise system,” which people feel is essential to their way of life, Powell has cleverly persuaded his audience to defend what is in actuality their own tyrannical master. There are very few people who would knowingly do that. Because they did end up doing that, it is apparent that most corporate proxies are totally insconscious of the undeniable fact that they are new ideoserfs, intellectually and economically bound to a new master: the New Dominant Life Form.

This is a key point. Recall that an ideoself is “someone who is bound to an ideology, as serfs were bound to the land.” It is a more accurate and less idiocy term than “slave,” but is about the same. Here the ideology stems from the fundamental tenant of corporatism: that corporatization and economic growth are essential to modern civilization and the more of each the better, because they bring such bountiful benefits to people. According to David Korten, author of When Corporations Rule the World, “an ideology is a belief system—a set of theories, beliefs, and myths with some internal coherence—that seeks to universalize the interests of one social sector to the whole community. In market ideology, for instance, freeing market forces from state constraints is said to work for the good not only of business, but also to that of the whole community. Transmitted through social institutions such as universities, corporations, churches, or parties, an ideology is internalized by large numbers of people, but especially by members of the social groups whose interests it principally expresses.” 78

The Powell Memo strengthened an existing ideology so that it was even more irresistible, and created a method of promoting it that was much more effective than any before. The result was that soon most of the powerbrokers in the one country that mattered the most, the United States, were rabid New Dominant Life Form ideoserfs.

“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. [Powell builds on his argument, and now implores top corporate proxies to protect and preserve their master, by “protecting and preserving the system.” Since this refers to “the free enterprise system,” the system is the same as the New Dominant Life Form and the ever expanding niche it has created for itself.]

“A significant first step by individual corporations could well be the designation of an executive vice president (ranking with other executive VPs) whose responsibility is to counter—on the broadest front—the attack on the enterprise system. [Progressive organizations will need to do the equivalent: an executive in charge of that organization’s analytical effort to counter the attack of the New Dominant Life Form on Homo sapiens. Environmental organizations will need an executive in charge of their problem solving process.]

“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. [This is the closest the memo comes to a summary of its package of strategies. This summary makes it clear that the present environmental movement has absolutely nothing like this.]

“The Campus” – Although [the] origins, sources and causes [of “the assault on the enterprise system”] 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. [This is explicit identification of a high leverage point.]

“What Can Be Done About the Campus” – “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. [While some of these scholars are located on campus, most are in “think tanks,” probably the Corporate Proxy Movement’s single most
effective mechanism. Earlier Ron Hazen called think tanks “the Big 80.”

“There also should be a staff of speakers of the highest competency. [These became speakers for the think tanks.]

“The staff of scholars (or preferably a panel of independent scholars) should evaluate social science textbooks, especially in economics, political science and sociology. The objective of such evaluation should be oriented toward restoring the balance essential to genuine academic freedom. [This is the equivalent of hidden but effective censorship. The use of the word “balance” is fallacious. It really means balance it more towards business.

There is simply no such thing as a “balance” between truth and falsehood. There is only the truth. Most of the time when conservatives press for “balance,” they are really pressing for society’s tacit support of a clever and fallacious rationale to see things their way. But because the public and the media have such a low general ability to detect deception, the “balance” ploy works, and the public is showered with a mixture of the truth and falsehood, all peddled as a “balanced” sampling of the truth.

“The Chamber should insist upon equal time on the college speaking circuit. [This is another form of the “balance” fallacy.]

“Perhaps the most fundamental problem is the imbalance of many faculties. [The “balance” fallacy continues.]

“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... [Note the fallacious but effective appeal to businesspeople for “balance” by mixing it with fairness and truth. Also note that the “balance” fallacy has become a widespread and effective conservative tactic. A prime example is the “Fair and Balanced News” slogan used by Fox News in the United States.]

“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 know how to most effectively communicate with the public. [This describes how massive amounts of propaganda will be created and delivered, without ever calling it that.]

“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. [There you have it: “surveillance” of television and textbooks, the same method that totalitarian regimes use to control what information the public has access to, as well as what the public can say in the media.]

“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. [This is the Meme Channel Strangulation loop, which can be seen in the full diagram of The Dueling Loops of the Political Powerplace model on page 38. In this loop degenerates control such a high percent of meme transmission channels (the media), and create so much of what is in them, that what rationalists transmit is overwhelmed. Examples of this strategy in the US are the purchase by conservatives of TV stations, newspapers, and magazines, plus a torrent of publishing and speaking by writers and speakers from think tanks.]

“Incentives might be devised to induce more ‘publishing’ by independent scholars who do believe in the system. [Note that “incentives,” more accurately called bribes, have been heavily used by the Bush administration to get supposedly neutral authors to support the administration’s viewpoints, even though this is illegal.]

“The Neglected Political Arena – 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. [Because the end justifies the means and business is under “attack,” aggression, and lots of it, is okay. The end justifies the means is a core strategy associated with winning the race to the bottom of the Dueling Loops of the Political Powerplace.]

“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. [Another high leverage point is identified. Note how Powell is a natural systems thinker. He is able to find a sufficiently complete set of correct high leverage points intuitively, without a long formal analysis. This is a rare skill.]

“A More Aggressive Attitude – … 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. [Again the memo presses the need to attack vigorously. This is just what they later did.]

“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. [First what to do and why has been persuasively presented. Now Powell appeals for the money to do it. This appeal worked.]

“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 greatest skill in advertising and in working with the media, speakers, lawyers and other specialists would have to be recruited. [Powell has got it right here. If you want top notch results, you need top notch talent. And if you want lots of it, the only way to get it is to pay top dollar.]

“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. [Powell gets it right again. Quality must be closely monitored, because in most cases, quality of effort is what makes the difference, not quantity of effort.]

“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.” [Powell finishes with a strong closing, making a single appeal based on a single premise. That “business and the enterprise system” were actually not “in deep trouble” is irrelevant. Powell’s argument has been so persuasive that a false premise has been made to appear very true, so true it can serve as the very foundation of his argument. Such is the power of deception in the hands of a master.]

Some Examples of the Success of the Powell Memo

The Powell Memo led to a number of immediate moves by business to thwart the “attack.” David Korten, in the second edition of When Corporations Rule the World, 2001, page 144, describes some of these efforts: (Italics added)

“[The Powell Memo] set the stage for an organized effort by a powerful coalition for business groups and ideologically compatible foundations to align the U. S. political and legal system with their ideological vision.

“Among Powell’s recommendations was a proposal that the business community create a business organized and funded legal center to promote the general interests of business in the nation’s courts. This led to the formation of the Pacific Legal Foundation (PLF) in 1973. Housed in the Sacramento Chamber of Commerce building, it was the first of a number of corporate sponsored ‘public-interest’ law firms dedicated to promoting the interests of their sponsoring corporations. The PLF specialized in defending business interests against ‘clean air and water legislation, the closing of federal wilderness areas to oil and gas exploration, workers’ rights, and corporate taxation.’ Some 80% of its income was from corporations or corporate foundations.

“In a 1980 speech, PLF’s managing attorney Raymond Momboisse turned reality on its head by attacking environmentalists for their ‘selfish, self-centered motivation...; their ability to conceal their true aims in lofty sounding motives of public interest; their indifference to the injury they inflict on the masses of mankind; their ability to manipulate the law and the media; and most of all, their power to inflict monumental harm on society.’

“Business interests funded the establishment of law and economics programs in leading law schools to support scholarly research advancing the premise that the unregulated marketplace produces the most efficient—and thereby the most just—society. Business funded all-
Corporations began to create their own ‘citizen’ organizations with names and images that were carefully constructed to mask their corporate sponsorship and their true purpose. The National Wetlands Coalition, which features a logo of a duck flying blissfully over a swamp, was sponsored by oil and gas companies and real estate developers to fight for the easing of restrictions on the conversion of wetlands into drilling sites and shopping malls. Consumer Alert fights government regulations of product safety. Keep America Beautiful attempts to give its sponsors, the bottling industry, a green image by funding anti-litter campaigns, while those same sponsors fight mandatory recycling legislation. The strategy is to convince the public that litter is the responsibility of consumers—not the packaging industry.

“The views of these and similar industry sponsored groups—thirty-six of them are documented in *Masks of Deception: Corporate Front Groups in America*—are regularly reported in the press as the views of citizen advocates. The sole reason for their existence is to convince the public that the corporate interest is the public interest and that labor, health, and the environment are ‘special’ interests. The top funders of such groups include Dow Chemical, Exxon, Chevron USA, Mobil, DuPont, Ford, Phillip Morris, Pfizer, Anheuser-Busch, Monsanto, Proctor & Gamble, Phillips Petroleum, AT&T, and Arco.

“Business interests funded the formation of new conservative policy think tanks such as The Heritage Foundation and revived lethargic pro-establishment think tanks such as the American Enterprise Institute, which experienced a tenfold increase in its budget. In 1978, the Institute for Educational Affairs was formed to match corporate funders with sympathetic scholars producing research studies supporting corporate views on economic freedom. [See the graph on the next page for the effect the memo had on the growth of think tanks.]

“Once positions are defined, the Roundtable organizes aggressive campaigns to gain their political acceptance, including personal visits by its member CEOs to individual Senators and representatives.

**The Growth of US Think Tanks**

The Powell Memo of 1971 precipitated an explosion in the growth of US think tanks, starting with the founding of the conservative Heritage Foundation in 1973. This marked the birth of a new type of politically aggressive and openly ideological “expert” organization.
raise environmental standards.” [All of which turned out to be grossly untrue. In fact, just the opposite happened.]

Two months after writing the memo, Powell was appointed to the US Supreme Court, where he served for 15 years until just before his 80th birthday. One might expect that he would have been strongly conservative. But according to Wikipedia, “He developed a reputation as a judicial moderate, and was known as a master of compromise and consensus-building.” Powell apparently had no idea at the time that his 14 page memo would so thoroughly change the course of American history.

Finding the Right High Leverage Points

Why did the strategy in the Powell Memo work so well? Because it pushed correctly on the right high leverage points.

How did Powell find those points? Not by modeling the system, as we are about to do, but by pure intuition. As proven by the effectiveness of the strategy he laid down in the memo, Powell was one of those rare people who could analyze a complex social system problem properly without use of a formal model. Because such people are so rare, the environmental movement cannot count on finding one. Even if they were available, there remains the question, how can we prove which person is capable of duplicating this feat and who is not? The only way to determine that would be to examine their past record. However, there is no one alive who has pulled off a feat similar to the one Powell did, it is that rare. This leaves the environmental movement with the only other way to do the same thing—with a formal analysis of where the high leverage points are.

But there is a second reason a formal analysis must be done: The problem has become much more difficult to solve. In my opinion, if Lewis Franklin Powell, Jr. (1907 to 1998) was alive today and was a progressive trying to solve the transformation problem, he would find himself unable to do it again. This is because the problem has grown far too complex to yield to an intuitive analysis, due to the cleverest, most formidable opponent that Homo sapiens has ever known. This opponent has countered all the easy solutions available to environmentalists, has changed the rules of the game to be even more in its favor, and most important of all, has a huge learning curve lead on environmentalists, who may never be able to catch up.

Why can’t environmentalists beat corporate proxies at their own game by simply pushing on the same high leverage points as corporate proxies? Why can’t they fight fire with fire? Because environmentalists cannot push as hard. They have much less money, numbers, and influence than corporate proxies. In addition, environ-