The Political Revolution in Managerial Power: Corporate Personhood and the American Plutocratic Class

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by

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Under the Direction of Andrew Wedeman, PhD

A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Arts in the College of Arts and Sciences Georgia State University 2021
ABSTRACT

The extension of political rights to corporations through Supreme Court decisions has altered the makeup of the plutocratic class in the United States. I argue that classifying campaign finance as a first amendment right afforded to corporate entities gave political power to corporate managers and shifted American political ideology in turn. This shift is reflected in government policies that prioritize the interests of the plutocratic class, resulting in a feedback loop that amplifies their wealth and power. This analysis will review the Supreme Court decisions that caused this, the subsequent polices, and how both contribute to the political power of corporate managers and owners. I will conclude by considering how this influenced the current political situation in the United States.

INDEX WORDS: Corporate personhood, Managerial capitalism, Neoliberalism, Neoconservatism
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Electronic Version Approved: 4/9/21

Office of Graduate Services
College of Arts and Sciences
Georgia State University
May 2021
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INTRODUCTION

The wealthy class have always held political power in any democracy, but there has been a noticeable shift in the behavior of Western democracies in the last four decades, particularly the United States. The American government has fashioned policies that are exclusively favorable to not just the wealthier class but specifically to corporate interests. This coupled with eroding support for the middle and working class has caused more extreme forms of populism to gain traction. Why are ostensibly democratic systems increasingly beholden to corporate interests? I argue that the answer lies in the legal evolution of corporate personhood. The Supreme Court has extended first amendment protections to corporate campaign financing and has therefore given political power to the managers of corporate capital. This created a sort of managerial class whose interests often align with that of the owner class and the two cooperate by using their respective influence, such as mass media or individual contributions. The Supreme Court cases in question authorized the uses of both corporate money and personal money to develop networks of political influence, with the owner class utilizing personal assets for extreme increases in individual contributions to advocacy groups and Super PACs and the managerial class using corporate revenue for political advertising and lobbying efforts. The landmark Supreme Court decisions of Buckley v. Valeo and First National Bank of Boston v. Belotti made it possible for the managers to use corporate money in ways that owners had long been using personal money for. The “corporate interests” are really the political interests of the managers who are free to use corporate funds to express the broader interests of the wealthy class with corporate personhood as an additional tool.

This research builds off Alfred Chandler’s seminal work by considering the political ramifications of modern enterprise, analyzing how the managerial class acquired and
exercises political power (Chandler 1977). Chandler’s concept of “managerial capitalism” is the ideal foundation for understanding the political influence of corporate personhood and why it has had such a profound effect on American governance (Chandler 1977). Chandler provides a useful framework for understanding modern economic structure but stops short of addressing their “impact on existing political and social arrangements” (Chandler 1977). This research is also a response to Hacker and Pierson’s argument that “policy drift”, or lack of policy reform, has produced our intensely stratified socioeconomic situation (Hacker and Pierson 2010). Their argument is correct if we assume the general goal of government policy is to satisfy the majority, i.e. the middle and working class, who have experienced economic stagnation and government inaction since 1980. However, the government has taken several actions to implement numerous policies to satisfy the managerial class, so the current socioeconomic stratification is more a result of reprioritization than inaction. The development of what Chandler calls managerial capitalism created this new socioeconomic class between that of the ultra-wealthy owners and the middle class and it was this managerial class’ push for political power that gave rise to neoliberalism and neoconservatism. This push was challenged in the courts and set important precedents that legitimized their influence and set the stage for it to flourish. The corporate managers’ acquisition of political power thus refocused policy objectives on their interests with the side effect of producing “policy drift” for the middle and working class (Hacker and Pierson 2010).

This analysis will be divided into two parts. The first section will focus on the two of the four Supreme Court cases that protect corporate campaign financing and how these decisions affected the use of political money. As mentioned previously, the cases of Buckley v. Valeo (1976) and First National Bank of Boston v. Belotti (1978) are the cornerstones for this
shift. This section will examine the political context of these decisions and their broader implications. The dissenting opinions of Justice Byron White will receive special focus because he was mostly correct in his predictions concerning the effects of these decisions and his words are particularly relevant to contemporary American politics. Then I will analyze the effect these decisions had on the 1980 election, specifically the increases in private campaign funding and the effect this had on both the outcome and the future party platforms. This section will also review how the Reagan administration shifted the political objectives of conservatives to that of anti-government, anti-labor, and deregulation. Specifically, the many reforms to the tax code such as the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986 that sought to reduce government spending by choking its income, as well as Revenue Ruling 88-76 concerning the IRS’ classification of LLCs (Field 2009). These policies are beneficial specifically to the managerial class and worked to strengthen their control over capital, which in turn gave them more resources to strengthen their political power.

The second section will then consider the now infamous Supreme Court case that extended corporate political power and played an important role in developing the current political scenario in the United States. The case in question is Citizens United v. FEC (2010), but to understand the reasoning of this case we must also consider Austin v. Michigan Chamber of Commerce (1990) and McConnell v. FEC (2003). The Austin decision is the focal point of the debate in Citizens United because it restricted corporate speech in the context of campaign financing and was overruled by Citizens United. McConnel decision upheld the constitutionality of Bipartisan Campaign Reform Act, and Citizens United overruled a portion of McConnell v. FEC concerning restrictions on corporate spending for electioneering communications. Citizens United ruled that corporate spending on political communications is protected by the first
amendment, which gave way to a massive surge in political advertising. This section will analyze the effect this ruling had on corporate political spending by examining corporate spending on traditional Political Action Committees (PACs) and the Koch brothers personal political spending on Super PACs. This comparison will represent the different relationship that the owner class has with political money versus the managerial class and finds that the owners’ individual contributions skyrocketed while the corporate donations to traditional PACs only saw a negligible increase. This is due to the symbiotic relationship between the two factions of the wealthy class and corporate managers having more effective political influence through public relations and mass media, with the owners’ having far more discretionary capital at their disposal which was now approved for unlimited spending. This interplay combined to boost the political power of the Tea Party movement and made far right populism a mainstream political ideology, which reflects the political ideology of large donors such as the Koch brothers.

I will conclude by expanding on these developments to consider the broader implications of corporate managerial political power and what its current role is in American politics. This section will examine how the ultra-conservative movement cultivated by the combined efforts of the plutocratic class produced the Trump Presidency and how that widespread support has influenced other politicians. I will consider how the Trump administration’s open embrace of corruption and corporate capital interests has eroded the legitimacy of public institutions and brought the United States to the brink of civil conflict. Then I will consider if any solutions could possibly diffuse this in the immediate short-term. Given the historical record, the outlook is grim.

The broader purpose of this research is to identify the policies that enable the managerial class to exercise political power and understand how this power is consolidated
through economic reforms. The American system of governance is highly dependent on financial institutions and corporate donors because of the way campaign financing has been transformed by these Supreme Court decisions. Politicians must cater to the managers of corporate capital to gain political traction because they ultimately hold the keys to electoral victory, i.e., large donor contributions and mass media influence. At first, it was focused merely on economic gain and reducing the government’s control on the marketplace, but over time it has taken on a more ideological bent with alarming historical parallels. I argue that this created the hyper-polarized political discourse in the United States that was seized upon by former President Trump to win the 2016 election and why there is fierce resistance to the legitimacy of current President Joe Biden’s electoral victory. This shift has also affected the perceived legitimacy of the Democratic Party, which was happy to partake in the economic benefits of campaign reform but have become the villains of far-right populism and are increasingly viewed as corrupt by their own base.

The methodology for this research will be a qualitative assessment of primary documents that utilizes the framework of secondary sources to establish a unique argument. The primary documents in question are the previously mentioned Supreme Court cases, with specific attention to the dissent written by Justice Byron White, legislation such as Reagan’s tax policies, IRS Revenue rulings, and campaign financing reports. The secondary sources will be the works of Chandler, Hacker, and Pierson, as well as analyses of these developments that provide the necessary context, including a fascinating look at the development of the Tea Party by Theda Skocpol and Vanessa Williamson. My unique argument is that the managerial class has altered the makeup of the plutocratic class, specifically expanding its membership to a point where it can
be organized on both federal and state levels with cohesive interests that have become more ideologically extreme over time.

1 SECTION 1: BUCKLEY V. VALEO, FIRST NATIONAL BANK OF BOSTON V. BELOTTI, AND THE REAGAN ADMINISTRATION

1.1.1 Buckley v. Valeo

The landmark case of Buckley v. Valeo is the launch point of first amendment protections for campaign financing, which in turn is the basis for corporate managerial political power. This case was filed in response to the Federal Election Campaign Act of 1971 because, “in the appellants’ view, limited the use of money for political purposes constitutes a restriction on communication violative of the First Amendment, since virtually all meaningful political communications in the modern setting involve the expenditure of money” and “the reporting and disclosure provisions of the Act unconstitutionally impinge on their right to freedom of association (Buckley v. Valeo 1976). The plaintiffs, Senator James L. Buckley and Senator Eugene McCarthy, argued “that contributions and expenditures are at the very core of political speech”, given how campaigns relied heavily on advertising and organizing public events (Buckley v. Valeo 1976). While the court recognized the Federal Election Campaign Act was “aimed in part at equalizing the relative ability of all voters to affect electoral outcomes” it found that the expenditure limits “reduces the quantity of expression by restricting the number of issues discussed, the depth of their exploration, and the size of the audience reached” (Buckley v. Valeo 1976). The court agreed with the plaintiffs that the means of modern communication “requires the expenditure of money”, citing costs related to printing, rallies, radio and television ads, and mass news media (Buckley v. Valeo 1976). The shift to mass media reliance for public discourse necessitated the view that money is speech because the companies that owned the
communications infrastructure demanded payment for its use. The court’s decision legitimized the arrangement that privately held mass media is the primary forum for political expression despite the clear implications such an arrangement has regarding the equal access of that expression. Further, this decision gave the managers of these mass media companies significant political power because they were not obligated to provide equal access to those with the resources to pay for such access and they could direct political messaging at their own discretion. This factor is especially relevant to contemporary politics, where such managers have full time spokespeople for political ideologies.

The court had different views on contributions. It held that “a limitation on the amount of money a person may give…does not in any way infringe the contributors freedom to discuss candidates and issues” and “the overall effect of the Act’s contribution ceilings is merely to require candidates and political committees to raise funds from a greater number of persons” (Buckley v. Valeo 1976). They recognized that capping the contributions made campaign financing more democratic and limited the influence any one contributor could have on a political campaign or prospective politician. However, by making a distinction between individual contributions and candidates’ personal expenditures on their own campaigns, the court undercut the democratizing effect of capping contribution amounts. Justice Byron White noted in his opinion that “limiting the importance of personal wealth…helps to assure that only individuals with a modicum of support from others will be viable candidates” and that the restrictions on personal spending would “equalize access to the political arena, encouraging the less wealthy, unable to bankroll their own campaigns, to run for political office” (Buckley v. Valeo 1976). This view outlines the relationship that political money has with both access to the political process and its influence on political platforms. Justice White understood that limiting
the amount of money anyone, including that candidates themselves, could put into a campaign served to make the entire process more equal and democratic. Justice White’s opinion also explicitly recognizes the disproportionate representation enjoyed by the wealthier class given that they had the resources to finance their own campaigns.

While this case did not directly hand power to corporate managers, it provides the legal basis for the contemporary political power of money and legitimizes private mass media companies as the arbiters of public discourse. The salient points made by Justice White regarding the importance of restricting personal contributions will be especially relevant to analyzing Citizens United, which opened up unlimited contributions to Super PACs and had an enormous impact on the overall direction of contemporary American politics. It is also important to establish Buckley v. Valeo as the background for analyzing the next Supreme Court decision of interest, First National Bank of Boston v. Bellotti (1978), especially since it is explicitly cited in the appeal (First National Bank of Boston v. Bellotti 1978).

1.1.2 First National Bank of Boston v. Bellotti

This next case is a much clearer extension of constitutional protections to corporations that gave corporate managers a great deal of political power. The Court held that states could not create laws that “abridges expression that the First Amendment was meant to protect” (Bellotti 1978). The context here concerns the Massachusetts statute, Mass. Gen. Laws Ann., ch. 55, § 8, that limited corporate speech to “issues that materially affect its business, property, or assets”, which was challenged by the First National Bank of Boston when its managers “wanted to spend money to publicize their views on a proposes constitutional amendment” concerning a graduated individual income tax (First National Bank of Boston v. Bellotti 1978). The Massachusetts Supreme Court cited Buckley v. Valeo by “acknowledging that § 8 operate[s] in an area of the
most fundamental First Amendment activities", and “viewed the principal question as ‘whether business corporations, such as [appellants], have First Amendment rights coextensive with those of natural persons or associations of natural persons”, ie whether or not corporations could have first amendment rights (First National Bank of Boston v. Bellotti 1978). The Supreme Court saw this as the wrong question, and as previously noted instead framed the issue as whether a state could create statutes that abridge “expression” (First National Bank of Boston v. Bellotti 1978). It is interesting to note the distinction between the form of expression being protected vs. a corporation’s possession of constitutional rights, with political expenditures being a form of protected speech consistent with the Buckley v. Valeo decision. The basis for this is the court’s view of commercial speech as necessary for the “free flow of information” and that the first amendment “prohibit government from limiting the stock of information” (First National Bank of Boston v. Bellotti 1978). Whether the source of the information is a corporation or an individual is irrelevant because the court views all “speech that otherwise would be within the protection of the First Amendment” cannot lose said protection on that basis (First National Bank of Boston v. Bellotti 1978). A later iteration of the Court would rule the other way in Austin v. Michigan Chamber of Commerce (1990), indicating that this more extreme impartiality is dependent on the ideological leanings of the Court rather than a consistent practice of the institution itself. Ideology has increasingly become the focal point of our political discourse, and the Court has proven to be equally susceptible to ideological splits.

Taken together, these decisions gave corporate managers the right to utilize corporate funds for political expenditures beyond the immediate concerns of the corporation itself. In his dissent, Justice White pointed out that “The Court invalidates the Massachusetts statute and holds that the First Amendment guarantees corporate managers the right to use not
only their personal funds, but also those of the corporation, to circulate fact and opinion…necessarily representing their own personal of collective views about political and social questions” First National Bank of Boston v. (Belotti 1978, Justice White dissenting).

Additionally, Justice White viewed this decision as a restriction of the State of Massachusetts’ First Amendment rights, specifically the states regulatory power to protect the shareholders from having their money used to express views they disagree with (First National Bank of Boston v. Belotti 1978, Justice White dissenting). Justice White correctly viewed corporate political expenditures as the corporate managers’ political expression independent of the shareholders and that this decision allowed them to use shareholder investments to further their political objectives. The use of these funds significantly increases the scope of political expression available to corporate managers and grants them disproportional representation in public discourse. Justice White noted “that the special status of corporations has placed them in a position to control vast amounts of economic power which may, if not regulated, dominate not only the economy but also the very heart of our democracy, the electoral process” (First National Bank of Boston v. Belotti 1978, Justice White dissenting). White argued that the special status afforded to corporate entities by states that allows them to be more profitable and economically viable should not be leveraged for political advantage and that if the state did not regulate such expenditures then it was favoring corporate political objectives by default (First National Bank of Boston v. Belotti 1978, Justice White dissenting). Additionally, White argued that allowing corporate managers to use corporate money for political purposes that were against the views of the shareholders not only infringes shareholders’ First Amendment rights but is also inconsistent with how the court had ruled previously concerning political money. Justice White goes on to cite Machinists v. Street (1961), where a railway “union shop authorized by the Railway Labor
Act, had used the union treasury to which all employees were compelled to contribute ‘to finance
campaigns of candidates for federal and state offices whom [the petitioners] opposed, and to
promote the propagation of political and economic doctrines, concepts, and ideologies with
which [they] disagree” and the Court “construed the [Railway Labor] Act to prohibit the use of
compulsory union dues for political purposes” (Machinists v. Street 1961, First National Bank of
Board of Education, another case where the Court ruled that union dues could not be used for
ruling against union use of political money and for corporate use of political money, the Court is
making a distinction between different types of political money where an organization’s use of
money that was amassed for other purposes violates contributors’ First Amendment rights if the
money is union dues but is a protected form of expression if the money is liquid corporate
revenue. This distinction essentially establishes a sort of corporate personhood where the
corporation’s revenue is given the same political use protections as personal funds possessed by
individuals. Absent, however, is the notion that the personal funds of the owners is also a
byproduct of the corporation’s special status, which is understandable given that at the time there
were restrictions on individual contributions and the loopholes around them were limited.

Justice White’s dissention also brings up the possibility for this money to become
a corrupting influence and create political debts. He criticizes the Court’s relative indifference to
corruption, citing Buckley v. Valeo where, “the Court has previously held in Buckley v. Valeo
that the interest in preventing corruption is insufficient to justify restrictions upon individual
expenditures relative to candidates for political office” and notes that “corporate contributions to
and expenditures on behalf of political candidates may be no more limited than those of
individuals. Individual contributions under federal law are limited but not entirely forbidden, and under Buckley v. Valeo expenditures may not be constitutionally limited at all” (First National Bank of Boston v. Belotti 1978, Justice White dissenting). He goes on to say that the Massachusetts statute was justified in limiting corporate speech because it protects the overall “system of freedom of expression” and the statute sought to prevent corporate dominance in the electoral process First National Bank of Boston v. Belotti 1978, Justice White dissenting).

Justice White’s dissent is a prophetic criticism that clearly understands the breadth of implications for this ruling’s effect on political money. He outlines how corporate managers were being handed an enormous amount of political power by being able to dominate campaign financing and bring about politicians indebted them. The Court’s decision that States could not restrict campaign financing under the First Amendment should not have been considered in a vacuum without regard to the economic advantages afforded to corporations and the distorting effect those advantages have on the way political money is used. The fallout of this decision is far reaching and has affected the electoral process in precisely the ways Justice White said that it would, starting with the 1980 election.

1.1.3 The 1980 election and Reagan administration

The 1980 election saw a shift in campaign financing that was a direct response to the Buckley v. Valeo decision to allow for unlimited expenditures by independent committees (Briffault 1984). The Court neglected the Federal Election Campaign Act provision that restricted the expenditures of independent committees in the Buckley decision since the previous arrangement of unlimited contributions negated the need for independent committees (Briffault 1984). The response was for independent committees to become vehicles of general support instead of purely issue focused, which led to an enormous increase in private spending for the
1980 election, specifically “the additional $10.6 million spent by private committees to disseminate pro-Reagan communications enhanced Reagan’s spending by one-third over the public grant while Carter was the beneficiary of less than $30,000 in independent expenditures (Briffault 1980). This is clear evidence of the issues Justice White raised in his dissent, where the vast resources of corporate wealth could be organized to swamp election cycles with private money that far outweighed the allotment for public funding. While private money has always had a big influence on politics, the policy developments made through the Federal Election Campaign Act and the subsequent Buckley v. Valeo decision created an electoral system that necessitated organization among contributors rather than between contributors and the candidates themselves (Briffault 1984). This means that people with access to and influence within corporate networks would already have the necessary logistical capabilities and resources to independently coordinate support for any candidate, party, or policy they supported through these committees and the Bellotti decision allowed them to use corporate revenue to fund said committees. This gave corporate managers a legitimate political position to work alongside the owners because their interests aligned as a socioeconomic class and together they have far more funds at their disposal. Another side effect of this was the rise of Political Action Committees (PACs), which drew significant funding from business contributors and were responsible for large portions of all campaign financing in the 1980 election (Briffault 1984). While the traditional PACs of this era were nowhere near as well-funded or influential as the now infamous Super PACs would be, they were an important early conduit for corporate political expression that allowed them to refine their public relations practices and develop more persuasive messaging.
The result of this shift in the way political money is amassed and spent has “led to a politics in which fund-raising is a continuous activity”, mirroring the way corporations are managed and creating a symbiotic relationship between corporate managers and politicians (Briffault 1984, Drew 1983). This in turn creates a “structural skewing of the congressional agenda” where campaign financing begets policy decisions beholden to the financers and “converts the political process into a mechanism for reinforcing inequalities in society” (Briffault 1984, Drew 1983). We can therefore view subsequent economic policies as direct consequences of the empowerment of corporate managers by way of campaign finance reform. This is substantiated by the clear shift in socioeconomic priorities under the Reagan administration, specifically the tax reforms, IRS rulings, deregulation initiatives, and attacks on organized labor. 

The success of this legislation was predicated on a united effort between the executive and legislative and the Republican Party’s ability to pass these policies was won due to these changes in campaign financing. The effects of said legislation were a net benefit to corporate managers at the expense of stable government revenue, which produced a much larger deficit since the reduced tax revenues did not force spending cuts (Samuelson 1987). The Economic Tax Recovery Act of 1981 marks the beginning of the policy shift to favor the managerial class and was the prize for their extensive investments in the 1980 election. Despite the deficit created by the Reagan administration’s policies, tax cuts became a cornerstone of the Republican party platform as they are a consistently popular policy (Prasad 2012). However, the tax cuts on their own were not enough to sway the general public, as evidenced by the weaker than expected gains for the Republicans in the 1978 midterm election (Prasad 2012). It wasn’t until after corporate funds were unleashed by the Supreme Court that the Republicans were able to make the gains they had been strategizing for. The managerial class’ access to and control of media
networks and pooled political money popularized these ideas on a scale that individual politicians were unable to accomplish. President Reagan himself has transformed into somewhat of a mythical figure in conservative politics, with his appeals to unite religious groups with small-government business people becoming foundational to the ideology of neoconservatism.

Deregulation has become another cornerstone of conservative political platforms that has had a net benefit to corporate managers at the expense of the broader public. The Reagan administration made major changes such as the deregulation of the broadcasting industry, the Garn-St. Germain Depository Institutions Act, the opening of federal lands to the oil industry, and the defunding of the EPA (Leuchtenberg 2015). This deregulation should be considered in tandem with Reagan’s labor policies, such as the breaking of the Professional Air Traffic Controllers Organization (PATCO) strike, his appointments to the National Labor Relations Board, and the downstream effects these decisions had on organized labor (Rossinow 2015).

Organized labor had long been a threat to plutocratic power and for much of the early twentieth century it seemed that the political revolution would come through labor unions. The wealthy class’ fears over labor movements escalated steadily over the course of the Cold War and fueled the Reagan administration’s anti-labor policies. The empowerment of the corporate managers and their increased influence over the Republican Party crippled the political power of unions, which has had lasting consequences for the middle class. These policy choices went a long way in reducing the type of oversight that the ownership class had historically fought against, and it took the political power of the managerial class to succeed.

Another key policy victory for corporate managers was Revenue Ruling 88-76, which classified limited liability corporations (LLCs) as partnerships was based on them lacking corporate characteristics iii (continuity of life) and vi (free transferability of interests) as
specified by the Kintner regulations, legally establishing the entity’s rights as separate from its managers and members (Field 2009). LLCs were conceived as a method of subverting specific tax regulations and following the IRS decision they were used to manipulate the arbitrary legal differences between partnerships and corporations to achieve those ends (Field 2009). The primary consequence of this is that it blurred the legal distinction between individuals and corporations, further allowing corporate managers to accrue greater wealth at minimal risk.

Overall, these landmark court decisions paved the way for a more robust plutocratic class that combined corporate managers with owners to assert influence over elections and subsequently the broader direction of political ideology. However, the full weight of these decisions would not be realized until decades later.

2 SECTION 2: CITIZENS UNITED, THE KOCH BROTHERS, AND THE TEA PARTY

2.1.1 Citizens United

The case of Citizens United v. the Federal Election Commission (2010) adheres to the idea that “political speech must prevail against laws that would suppress it by design or inadvertence” (Citizens United v. FEC 2010). The ruling cites both Buckley v. Valeo and First National Bank of Boston v. Belotti, specifically that the former “invalidated the expenditure ban…because it failed to serve any substantial government interest in stemming the reality or appearance of corruption” and that the latter “recognized that the First Amendment applies to corporations…and extended this protection to the context of political speech” (Citizens United v. FEC 2010). This would seem to confirm the sort of “feedback loop” that has occurred where corporate personhood sets precedents that enhance the political power of corporate managers and are subsequently cited in future rulings to do so again when corporate managers come up with
new strategies to challenge corporate political regulations. However, the ideological makeup of the Court itself changes over time, which created a back and forth concerning the political speech rights of corporations. The ruling cites Austin v. Michigan Chamber of Commerce (1990), which held that “political speech may be banned based on the speaker’s corporate identity” as the basis for the McConnell v. FEC (2003) ruling which upheld the limits imposed on electioneering communications imposed by the Bipartisan Campaign Reform Act of 2002 (Citizens United v. FEC 2010). The Austin ruling echoes the dissenting opinion of Justice White in “recognizing a new governmental interest in preventing ‘the corrosive and distorting effects of immense aggregations of [corporate] wealth…that have little or no correlation to the public’s support for the corporation’s political ideas” (Citizens United v. FEC 2010, Austin v. Michigan Chamber of Commerce 1990). Citizens United explicitly overturns the Austin ruling, where “a pre-Austin line forbidding speech restrictions based on the speaker’s corporate identity and a post-Austin line permitting them. Neither Austin’s anti-distortion rationale nor the Government’s other justifications support § 441b's restrictions” and cites Bellotti as precedent, where “political speech is indispensable to decision-making in a democracy and this is no less true because speech comes from a corporation” (Citizens United v. FEC 2010, First National Bank of Boston v. Bellotti 1978). The Court is again taking the stance that advantages afforded to the wealthy or corporations are not sufficient justification for restricting their speech, saying “it is irrelevant for First Amendment purposes that corporate funds may have little or no correlation to the public’s support for the corporation’s political ideas” (Citizens United v. FEC 2010, Austin v. Michigan Chamber of Commerce 1990). The Court goes on to say that the anti-distortion rationale could also be used to restrict the political speech of media corporations and such a policy would be wholly unconstitutional (Citizens United v. FEC 2010). This is a literal interpretation of the First
Amendment that is willfully detached from the implications of unrestricted corporate political speech. Both the Buckley and Bellotti rulings are again cited where the Court holds that independent expenditures do not affect corruption and that having influence over elected officials does not corrupt said officials (Citizens United v. FEC 2010). These conclusions are tacit approval of corporate influence over politicians that extends the political influence of corporate managers far beyond the protections for political spending afforded to them by the Buckley and Bellotti cases. That this decision fell along ideological lines, with conservative leaning justice holding a majority, signals the broader aim of the decision and who will benefit from it, ie the neoconservative business faction. Of note is the Court’s wording of “no sufficient governmental interest justifies limits on the political speech of nonprofit or for-profit corporations”, distinguishing the interests of the public from that of the government ostensibly representing said public (Citizens United v. FEC 2010). Such an understanding of the government as a separate entity acting in its self-interest is arguably consistent with the neoconservative perspective, especially considering their concern over the national deficit and cutting social programs to address it, though the American way of government is rooted in this concept and the Constitution is written with the assumption that the government is adversarial to the public. The Court also consistently uses this language in other decisions, so Citizens United does not set a precedent for this.

Overall, the decision outlines the importance of the precedents set by the Buckley and Bellotti Court, since both cases were cited as the primary reasoning for overturning the Austin decision. It also reaffirms the Court’s custom of considering the letter of the law in a vacuum, where “the rule that political speech cannot be limited based on a speaker’s wealth is a necessary consequence of the premise that the First Amendment generally prohibits the
suppression of political speech based on the speaker’s identity” (Citizens United v. FEC 2010).

This is a conservative understanding of the Supreme Court’s responsibility, that the Court should only determine the literal constitutionality of a law without regard to the broader implications. This is despite the Court’s primary responsibility of acting as a check on the other branches, not merely arbiters of the constitution. Chief Justice Roberts concurring opinion notes that such prohibitions would subvert public discourse because corporations own all of the major newspapers and broadcasting systems, which again echoes the Buckley and Bellotti Court’s justification for unlimited expenditures (Citizens United v. FEC 2010, Justice Roberts concurring). Justice Stevens dissent drives at the problem with this reasoning, “Even more misguided is the notion that the Court must rewrite the law relating to campaign expenditures by for-profit corporations and unions to decide this case” and “The conceit that corporations must be treated identically to natural persons in the political sphere is not only inaccurate but also inadequate to justify the Court’s disposition of this case” (Citizens United v. FEC 2010, Justice Stevens dissenting). Justice Stevens points out that corporations cannot run for office or vote and because they can be controlled by non-citizens their interests are not necessarily aligned with the public (Citizens United v. FEC 2010, Justice Stevens dissenting). These points about corporate personhood and international corporate managers is perhaps the most salient of Stevens’ dissenting opinion. Since a corporation itself is not a person, constitutional protections afforded to them are thereby extended to corporate managers that control them, including non-citizens.

Not only does this give credence to the anti-distortion rationale of the Austin decision, it is also a glaring election security flaw, which is especially concerning in the wake of the 2016 election and the accusations of foreign interference. Justice Stevens further derides the decision by citing the long history of limitations on corporate campaign spending, including the Tilman Act of
1907, FEC v. National Right to Work Comm. (1982), FEC v. Wisconsin Right to Life, Inc. (2007), McConnell v. FEC (2003), FEC v. Beaumont (2003), among others (Citizens United v. FEC 2010, Justice Stevens dissenting). This point makes it clear that Citizens United, Buckley, and Bellotti are unusual in the history of the Court and the former’s reliance on the latter two as precedent is willfully ignoring the more robust precedents that would negate them. Justice Stevens takes care to warn that “The Court’s ruling threatens to undermine the integrity of elected institutions across the Nation” as well as “do damage to this institution [The Court]” (Citizens United v. FEC 2010, Justice Stevens dissenting). Clearly Justice Stevens and those that joined his dissent understood the broader implications of this decision, which emphasizes how this was a turning point that has led us to the current situation. He even goes as far as accusing his colleagues of seizing on this case as an “opportunity to change the law”, arguing that the original scope of the case did not merit such a decision and that the case was changed to suit the other Justices desires (Citizens United v. FEC 2010, Justice Stevens dissenting). The dissent breaks down the inconsistencies in the case law to back up this claim and makes a convincing argument that the conservative Justices were ethically negligent, pointing out that the Austin or McConnell decisions were even more justifiable precedents than Buckley v. Valeo and that “the only thing preventing the majority from affirming the District Court, or adopting a narrower ground that would retain Austin, is its disdain for Austin” (Citizens United v. FEC 2010, Justice Stevens dissenting). According to Justice Stevens, the authority held by state legislatures to regulate corporate electioneering was confirmed by the Austin decision, that Congress used the Austin decision as the foundation for the Bipartisan Campaign Reform Act (BCRA), and that this decision “shows great disrespect for a coequal branch” and that “the only relevant thing that has changed since Austin and McConnell is the composition of this Court” (Citizens United v. FEC 2010, Justice Stevens dissenting).
FEC 2010, Justice Stevens dissenting). He rejects the absolutist interpretation of the First Amendment given the various exceptions the government has implemented with no challenge from the Court.

Justice Stevens dissent is illuminating and provides an interesting case study of the Court’s ideological split. The more conservative Justices sought to overturn a very specific decision that had already been an accepted part of the law for nearly two decades by the time of review and their rhetoric about corporate political speech being outright banned by it was duplicitous when placed in context with the history of political speech regulation. Here we see a clear push for political power from neoconservative Justices who were appointed by neoconservative politicians who are representatives of corporate managerial power. From this perspective the damage to the Court that Justice Stevens feared had already been done and this decision was just a more severe symptom of the institutional corruption that had already taken root in the federal government. The influence of corporate money in politics had been steadily increasing since the Buckley decision, and as legislative seats became reliable constants while presidential platforms veered further right, the justices they appointed represented the same far right ideology that valued factional loyalty and embraced an anti-government, pro-business mindset. These latter cases sought to simplify the process and allow corporate managers and owners to put more money in one place, making effective coordination much easier to carry out. The McConnell case was the previous push to consolidate corporate influence over elections and Senator McConnell has become infamous for his work in the years following. The changes following the Buckley and Bellotti decisions revealed an effective tool for gaining greater power from a symbiotic relationship between corporate managers and political parties. The Austin decision was the primary obstacle to even greater power, and from Justice Stevens account it
appears that Citizens United was a more a concerted effort to remove that obstacle than a debate over the First Amendment. Citizens United then was the last step in fully opening political fundraising to corporate donors, built off the foundation of Buckley and Bellotti. It protected an already corrupt system of campaign financing and made it easier to launder money through the newly created Super PACs. It was also the warning shot of the hard ideological turn that mainstream politics was about to take.

2.1.2 *The Koch brothers and the Tea Party*

The immediate impact of this decision was not the use of corporate funds but a dramatic increase in independent expenditures on Super PACs (Hansen, Rocca, and Ortiz 2015). In their 2015 analysis, Wendy Hansen et al note that while corporate political expenditures, it was statistically insignificant, especially compared to the 594% increase in individual expenditures (Hansen et al 2015). This would suggest that the ownership class has mostly taken advantage of the new spending tools afforded to them by Citizens United. That same study notes that the Koch brothers’ own Super PAC, Americans for Prosperity, spent $33,542,058 while Koch Industries only spent $1,100 through its treasury (Hansen et al 2015). The Koch brothers offer an interesting case study of political spending since they used much of their personal wealth to build a network of conservative advocacy while also managing their own corporation, serving as a nexus of ownership and managerial class benefits. We must here consider that the corporate managers and the corporate owners benefit collectively as a plutocratic class and may maneuver independently if it is more efficient and beneficial to do so. The Hansen et al study points out that corporations have specific public relations needs that may be best served by avoiding Super PAC donations with treasury funds, while the personal funds of the owners, such as the Koch brothers, are not bound by traditional arrangements and can therefore be spent with less caution.
(Hansen et al 2015). Distinguishing between the corporate treasury funds and the personal wealth of the company owners seems like a hollow difference, though, given that the owners’ wealth is derived from the company’s revenue and their socioeconomic interests are focused around ensuring their company’s success.

The takeaway here is that the corporate managers have gained membership in the plutocratic class and their interests now parallel that of the owners. The Buckley and Bellotti decisions were the primary drivers of corporate managers gaining political relevance, and it was the political actions of corporate managers that spurred the Citizens United case. As the managerial class gained political influence, it also increased the political power of the ownership class, thus binding the two together into a political faction with shared goals and ideologies. While it is possible that the two might have organized into such a faction in the absence of the Court’s campaign finance reforms, the effect of the Court’s decision to allow money to translate into political influence cannot be ignored. These decisions transformed the way elections are conducted and who dictates the important issues, and the people with the most capital have benefitted from cooperating. It also cannot be overstated how important ideology has been to this process and it clearly originated within said companies’ internal business culture that is enforced by the managers given that they control personnel decisions. Giving greater political power to these groups brought this culture into government institutions, as evidenced by the corporate positions held by politicians both before and after serving office and the manner in which political personnel decisions are made.

The other effect of these decisions has been the rapid polarization of American political discourse. The creation of Super PACs and the unlimited political spending afforded to them has produced a well-funded and highly organized system of conservative advocacy groups
and think tanks that have worked to disseminate their shared ideology to the broader public, such as the previously mentioned Koch brothers’ Super PAC Americans for Prosperity, as well as America First Action, Preserve America PAC, and American Crossroads. Combined, these groups spend hundreds of millions of dollars on political advertising to make their views as mainstream as possible and have seen resounding success. Their efforts have directly contributed to the hyper polarized partisan politics of recent years that has focused on cultural identity. The political results of this were first the Tea Party or Freedom Caucus, which was an ultra-conservative group of Republicans in the House of Representative during the Obama administration and was arguably the flashpoint of contemporary conservative populism in American politics. This movement legitimized the political ideology of the Koch brothers and successfully shifted mainstream political discourse much further to the right. Their political objectives echoed the Reagan administration, “to reduce taxes, slash public spending, curb public sector unions, and clear away regulations on businesses” while adding the decidedly more ideological goals of “policing immigrants, safeguarding Second Amendment gun rights, and promoting pro-life and traditional family values” (Skocpol and Williamson 2012). While the broader Tea Party movement had a degree of grassroots organization that had started taking off in 2009, they would not have gained as much traction or won elections without funding from Americans for Prosperity, which was only able to do so because of the Citizens United decision in early 2010. The plutocratic class saw the nascent Tea Party movement as an opportunity to take control of the Republican Party platform and mobilized their respective assets and influence to support it (Skocpol and Williamson 2012). The ownership class contributed the massive electoral donations while the corporate managers began recruiting Tea Party spokespeople for the media to signal boost their “ultra-free market conservatism” (Skocpol and Williamson 2012).
Corporate media had long been the arbiter of public discourse, as previously noted when it was used to justify the unlimited expenditures portion of the Buckley decision, and so as the corporate managers of media companies either became believers in the Tea Party platform or chased the incoming revenue from Super PACs and advocacy groups. The combined influence of billionaire owners such as the Koch brothers and the corporate managers control of mass media catapulted the Tea Party into national relevance and legitimate political power. Citizens United worked to solidify this symbiotic relationship by providing an effective vehicle for unlimited individual donations to be used for coordinating national level political strategies that leveraged mass media influence to win elections. The grassroots origins of the Tea Party lent them an air of populist legitimacy despite their deep connections to established large donors in Washington and thus the corporate managers’ and owners’ political goals gained widespread support (Skocpol and Williamson 2012). This movement would eventually coalesce around Donald Trump because he managed to fuse corporate interests with the populist rhetoric that the more extreme Tea Party members were calling for.

The broader effect this has had in the decade since has been to cement the Republican Party platform as an uncompromising pro-corporate party that can rely on every vote sticking to the party line because of the sophisticated network of conservative advocacy developed by the plutocratic donors. The cultural and ideological slant of their advocacy tactics has allowed them to consolidate influence over rural politics, many state legislatures, and the federal branches. This influence is also not unique to the Republican Party, as the Democrats are experiencing an identity crisis split between the small progressive faction of the party and the moderate centrists who receive campaign funding from the large corporate donors. The anti-government rhetoric of the Tea Party has delegitimized the Democratic Party among the
conservative faithful while the Democrats’ willingness to accept the same corporate funds as
their rivals delegitimizes them to the progressive liberal portion of their own party. Senator
Bernie Sanders famously refused to accept large donations and garnered a great deal of
progressive populist support with young voters, but was unable to cultivate enough broader
support to win primaries because of the consolidated right wing influence outside of the cities
and the corporate mass media framing him as a radical socialist. It is impossible to guess how a
Sanders candidacy would’ve performed, given the enormous percentage of non-voters in the last
two Presidential elections while the more moderate swing voters may have voted against him.
That he is considered unelectable despite his grassroots support is arguably more indicative of
the ideology of media companies and the amount of PAC money they receive than any actual
measure of his public support. However, the results of the 2020 election would suggest that the
climate of American politics is far more right-wing than anyone would’ve guessed during the
Obama administration. Again, I argue that this is because of the relentless influence of corporate-
backed messaging that has invested vast amounts of capital into a constant campaign to push
American politics towards their ideology and subsequent benefit. The downstream result is an
electorate that favors right-wing politicians and vote accordingly, compounding the institutional
problems previously mentioned. After a decade of this, public discourse has reached near fever-
pitch, where calls for progressive legislation are met with outright hostility by both the
Republican Party and the public. Most alarmingly is their enthusiasm in organizing a cult of
personality around former President Donald Trump, whose explicitly nationalist and
authoritarian rhetoric is the clearest warning yet that this movement is not satisfied with
unchecked influence or business-friendly policy.
3 CONCLUSION

The expansion of corporate first amendment rights by way of landmark Supreme Court decisions gave corporate managers the necessary tools to assert significant political influence and consolidate political power over the last forty years. The Supreme Court dismissed the concerns for potential corruption and disproportionate representation that inevitably arose from these precedents and instead only considered the constitutionality of the government’s attempts to restrict corporate campaign financing. The Court even went as far as reversing previous rulings that had held the government’s ability to restrict corporate speech. The effect this has had on mainstream American politics is to shift the Overton window to the extreme right. Corporate political advertising has become a self-sustaining industry that fuses propaganda with marketing to ensure popular support for candidates who will provide the managerial class their preferred policies. The obvious culprits are the Republican Party, but this is a bipartisan problem since the Democratic Party’s core leadership follows mostly right-wing, pro-corporate economic policies as well because they receive most of their campaign financing from the very same corporate managers as their Republican counterparts. This has sowed intense public distrust in the government to such a degree that populism has gained traction among millions. The factional tensions that have long-plagued American political discourse have been amplified by this and begun to destabilize broader society, culminating in the Capitol riot on January 6, 2021.

The corporate managers have managed to leverage their position as economic planners and capitalize on deregulated markets to expand the wealth available to them far beyond what the Buckley-era Court could have conceived. Now even minor Congressional elections in small districts become multi-million dollar affairs with enormous advertising budgets. This makes it nearly impossible for a candidate to compete without corporate support and effectively
neutralizes the so-called “marketplace of ideas”. While the rise of the internet and social media have facilitated certain populist ideas gaining more mainstream traction, the political status quo has resisted much of the ideas that challenge corporate managers’ political power. Despite consistently raising considerable funds from small donors, Senator Bernie Sanders has failed in his bids for the Democratic primary, with the DNC instead favoring more corporate-friendly right-wing candidates like Hillary Clinton and President Joe Biden. Former President Trump arguably was only ousted because his administration had become an economic liability in the wake of his mismanagement of the pandemic response, though he still enjoys widespread support and several large companies have actually seen revenue spikes because of the pandemic (Arora 2020).

The calls for money to be taken out of politics have gotten louder considering the blatant corruption of the Trump administration, but this is hollow rhetoric given the Court’s comprehensive decision that corporate political money cannot be restricted. The reality is that corporate managers are firmly entrenched members of the plutocratic class with vast resources at their disposal and extensive influence over the government that all but guarantees their money will not be refused. The mass media conglomerates the managerial class operates have even cultivated a populist movement to support their unabridged political power, framing it as a greater freedom only afforded to Americans as a reward for success. This has caused the Republican Party to metastasize into an extreme pro-corporate neo-fascist party that prioritizes extending the plutocratic class’ economic dominance over the marketplace and restricting any attempts to mitigate it. These developments would not have been possible without the political relevance of the managerial class that coincided with the technological breakthroughs in mass media and the transformation of the United States into an information economy. This change has
produced a massive increase in the scale of corporate employment and the number of middle managers necessary for operations. Their political empowerment gives plutocratic policies the veneer of democratic support since there are enough of them to give the illusion that their beliefs are widespread, especially with how social media monopolization bottle necks the distillation of information and the companies that own the platforms favor right-wing ideas. The current state of social media in the United States is also a significant national security risk, given that such platforms are only internally regulated, prioritize revenue over the public good, and collect extensive amounts of data on all citizens that is then sold to the highest bidder. These platforms also play host to a number of extremist domestic terror groups who use the platforms for recruitment and to normalize their views to the general public.

By allowing corporate managers to use corporate revenue gains and media infrastructure for political activity, they will be incentivized to pursue profit maximization for the purpose of power instead of purely wealth. It follows that if they profit from anything, whether it be extremist recruitment, polarization, data collection, etc., they are automatically incentivized to continue such practices since it affords the resources to accrue greater power. The knock-on effect is that some of the managers themselves will be radicalized by these practices and then use the corporate capital available to them to support extremist factions and finance politicians who use extremist rhetoric. This then shifts the priority from profit maximization for its own sake to ideology, as we are seeing with the rise of neo-fascist populism in the United States as well as Brazil, Poland, Greece, Russia, and the United Kingdom.

We must then evaluate the consequences of corporate managerial political power in the current context. While the corporate managers have integrated into the plutocratic class and consolidated political power, they are facing an ideological schism. A significant portion of
the managerial class has become radicalized by “Trumpism” and are throwing their full support
behind candidates that echo former President Trump, while the remaining more moderate
corporate managers favor status quo Democrats and Republicans whose policies are similar. This
has produced a hyper polarized public discourse enabled by the advanced media apparatus
available to either faction, developing into a precursor to possible civil conflict. This is a direct
result of the corrupting influence of corporate capital, which has eroded the effectiveness of
public institutions’ ability to serve the broader population and sown deep distrust of the political
establishment. It has taken a system designed to prioritize stability and compromise and turned it
into a hyper partisan gridlock incapable of addressing even simple grievances. This is a crisis
that threatens to unravel the republic and plunge the world right back into the revolutionary
politics of the early 20th century. The Court’s decision to hold that political money is protected
speech has resulted in a new aristocracy that is reinventing the very practices that inspired
extreme populism to develop and led to the most vicious conflicts in history. We can distill this
down to a class divide between the plutocrats and the rest, and further into an ideological divide
over how best to solve the problem between the extreme left and the extreme right. That is to
say, whether the ill-gotten gains of the aristocrats should be redistributed to the public through
socialism or that they should be unilaterally managed by a strongman. Thus, we find the pattern
but are no closer to finding the solution.

A short-term solution would be to reinstate the FCC Fairness Doctrine, which required
broadcast license holders to present controversial issues and events in an honest and equitable
way and was eliminated in 1987. Further steps to disentangle public discourse from privately
controlled media infrastructure would be necessary, especially given that much of this
information permeates across the internet rather than television. While the effect of social media
is an important topic, television news still holds an air of legitimacy in many circles. I have emphasized the importance of media conglomerates in constructing our current scenario, so it follows that addressing their influence over public perception would be an important first step. It is also a decision that could be implemented with relatively few political obstacles, though it would require a president willing to appoint people to the FCC who are receptive to this prescription. At least it would be a simpler objective than trying to pass anything through Congress.

The larger issue at hand is the already hyper polarized atmosphere dominating public discourse. There is no short-term solution for the current situation because it is the result of long-term decision-making and policy. The federal system is facing a crisis of legitimacy and the only way to mitigate it is to properly address grievances at the scale afforded to its institutional infrastructure. This is most likely to be done through the executive branch, given that it can be controlled by one party, but this strategy is not reliable in the long-term since the administration turns over so frequently. For long-term stability we must turn to Congressional party politics, which is far more complex. The progressive wing of the Democratic Party has managed to generate a lot of grassroots public support that could serve as a launchpad for the party to expand its reach into underserved communities outside of city centers. These smaller districts are where conservative strategists focused their efforts in building Congressional power, so taking them back would be a logical step. It may be possible to generate support in these areas through a large infrastructure project, such as the recently announced plan the Biden administration wants to implement that would boost manufacturing to support clean energy initiatives, build out rural broadband, and construct new transit infrastructure (Tankersley 2021). The plan also calls for expanded social programs such as free community college, universal pre-k, and national paid
leave (Tankersley 2021). The tangible benefits of such a proposal are the strategies that will be most effective in garnering support from smaller districts that have been dominated by conservative politics in recent memory. The major hurdle is getting the proposal past Congress with the slight Democratic majority that is still beholden to its own right-wing party members. The fact is, though, that many of the grievances of American society are rooted in economic disparity and a lack of government support to fill in the gaps. A more robust welfare state coupled with government supported industry initiatives would go a long way to preventing further polarization and reduce the degree of control that corporate managers have over the workforce.

The American federal system has immense resources at hand and is built to prioritize stability and resist despotism. We have arrived at the current situation because of decades of sustained effort to push us here and it is perhaps the greatest threat to the Republic we have seen in generations. The wealthy will always have power-hungry actors in their ranks and as a class they will always have political power. Doing away with them would not solve these problems, as evidenced by the many failures of communism to do just that. What can be done is utilizing the democratic system for what it, at least in theory, is designed to do: address public grievances through compromise. Money has corrupted this process and is attempting to eliminate compromise entirely. Reversing this institutional damage is an enormous task, especially since said institutions are the only organizations with the power to do so. It will take time and sustained effort to achieve and still may result in failure. History tells us the alternative would come at a much greater cost.
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