

# Who Rules Minnesota?

by Monte Bute

A respected political scientist recently confronted me with: "The reason you leftists have so little credibility is the irresponsible and unfounded charges you keep making." Or as a friend put it, "Would you buy a used conspiracy theory from this man?" So in order to prove my charge that Minnesota has a ruling class, I've spent the last month collecting evidence like a plebeian Columbo in enemy territory.

Suppose a small group in the state had obtained tremendous power. They could decide life and death matters: where to produce, what to produce, who is employed, wages and prices. While many state residents could barely obtain basic necessities like fuel, food, housing and medical care, this group would base its decisions on profit rather than people's needs.

Suppose this small group also influenced political decisions. Its members would hold a disproportionate number of public policy posts and its financial contributions to Democrats and Republicans would control nominations and elections. Most public decisions would be designed to help them retain their privileged positions.

You can imagine the outcry from Minnesota citizens if it were publicized that such a group exists. Its presence would threaten our democratic system—and help explain why for the vast majority life is so damned tough.

In fact, such a group does exist. Less than one percent of the state's population make up a distinct social, economic and political ruling class.

If you doubt there is an upper social class, just stop in at the New French Cafe. The social world of dabbling in the fine arts, exclusive social clubs, tax deductible charities, debutante balls, private boarding schools, palatial estates and jet-setting junkets is alive and well in Minnesota.

Upper class members usually have attended Ivy League schools like Harvard, Dartmouth or Yale, and now

reside in secluded neighborhoods in distant suburbs like Wayzata, Deephaven or Minnetonka. These families are often listed in the "blue book of blue bloods," the *Social Register*. Intermarriage within the social class is common: James "Honeywell" Binger and Virginia "3M" McKnight, Mark Dayton and Alida Rockefeller. The offspring of these familial interlocks commonly attend Shattuck, Blake or Breck prep schools.

Membership in exclusive retreats like the Minneapolis and Minnesota Clubs and the Minikahda and Woodhill Country Clubs is par for the course. Further, this privileged class dominates cultural institutions like the Minnesota Orchestra, Guthrie Theater and the Minneapolis Society of Fine Arts (the Institute, the College of Art and Design, the Children's Theater). Likewise, they control philanthropic activity from the United Way to the Bush, Dayton-Hudson and Northwest Areas Foundations.

The 50 largest banks and corporations in the state are not only owned and controlled by this social class, but their leaders are locked into a network that acts together as a corporate economic class.

To begin with, a highly disproportionate amount of the state's wealth and income is in the hands of the owners, directors and officers—often the same people—of these 50 largest banks and corporations. At least 25 percent of all privately held wealth, including 50 percent of all corporate stock, is owned by less than one percent of the populace. This group also receives a minimum of 10 percent of total income, and if capital gains are included, it rises to over 20 percent.

Next, almost to a man (and they are white, middle aged males) the boards of directors of these 50 giant firms are members of the previously described social class. The board of directors of these 50 institutions also have overlapping memberships called "interlocks."

This corporate web is spun by less than 100 titans such as John Cowles, Jr., Kenneth and Bruce Dayton, David McLaughlin, William Spoor, Judson Bemis and Stephen Keating.

There is no finer example of how this corporate class exercises political domination than the Minneapolis domed stadium decision. As the Dayton-Hudson lobbyist stated, "It was one of the more impressive efforts of unity by the business community I've ever seen here."

As early as 1972 a group that included the Minneapolis Star and Tribune, Pillsbury, Honeywell and General Mills began maneuvering for a new sports stadium. Never ones to invest their own capital when tax dollars could be used, corporate leaders herded politicians, labor leaders, businessmen and civic officials into a stampede for a publicly financed facility. There was only one group they failed to rout—taxpayers, who in a Charter Amendment vote refused to authorize



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public funding by a three to one margin.

A little democracy never stopped the corporate class. They established a series of private "task forces" to keep the stadium alive. Patricians such as

Stephen Keating, John Cowles, Jr., Curtis Carlson and Kenneth Dayton continued to explore a multitude of tax financed options.

After several years of arm twisting, the corporate leaders finally manipulated the legislature into passing a stadium liquor tax—turning the State Capital into a version of *Das Kapital*. But an outraged public forced their representatives to repeal this latest scheme of welfare for the rich. In a last ditch effort to get the legislature to authorize \$55 million in revenue bonds, 25 corporations made a "gift" of \$14.5 million for public acquisition of the stadium site.

Not only was this contribution a tax deductible "charity", but the corporations formed a for-profit development company that will be guaranteed first crack at developing all parcels surrounding the domed stadium site. As much as \$300 million could be made by such familiar names as First National Bank, Honeywell, Medtronic, Minneapolis Star and Tribune, Northwestern National Bank and Dayton-Hudson.

Because another Charter Amendment threatened legislative authorization, it was difficult to unload the revenue bonds on the market. So in the corporate interest, Piper, Jaffray and Hopwood sold the bonds to willing buyers like First National Banks of Minneapolis and St. Paul, St. Paul Companies and Northwestern National Bank of Minneapolis.

Lest you get the idea that the domed stadium decision was a random case of a few greedy private interests, consider that *every corporation and ruling class leader mentioned* in this account belongs to a political action group that promotes corporate priorities—the Minnesota Business Partnership.

During the past decade as class conflict intensified and dividing up scarce resources became more difficult, Minnesota corporate leaders began their attack on equality and democracy. They argued that corporate taxes were "too high", there were "excesses in consumerism", the "regulatory climate" was anti-business, and inheritance taxes exemplified and "anti-wealth attitude". Corporate troubles were blamed on "a general attitude of hostility arising from an excessive liberal, populist ideology." And so the

Minnesota Business Partnership (MBP) was born.

The MBP, which refuses to disclose its full membership list, is an association of chief executives for the 50 largest Minnesota-based banks and corporations. Their members are encouraged to "look beyond the parameters of their own industry and self-interest, and to aid in the support of basic principles, political, social and economic, affecting the free enterprise

system." That is what I would call ruling class consciousness.

Knowing that MBP supports nuclear power, wants to reduce government spending for health, education and welfare, promotes relaxation of environmental regulations, wants lower corporate taxes, supports a reduction in workmen's compensation and is anti-consumer should help Minnesotans sleep soundly tonight—conscious that our ruling class is well taken care of.

## Minnesota Business Partnership

Compiled by Monte Bute

"The Partnership decided not to release its membership list to the public. The members know each other—that's all that's needed." —MBP spokesperson.

MEMBERS	TITLE	COMPANY	REVENUES* (\$ millions)
<b>Officers</b>			
Judson Bemis	retired Chair	Bemis Co.	676.9
Coleman Bloomfield	Chair & Pres.	Mn. Mutual Life	***
Carl B. Drake, Jr.	Chair & CEO**	St. Paul Cos.	1,543
Stephen F. Keating	Vice-Chair	Honeywell	3,547.8
<b>Policy Committee</b>			
Curtis L. Carlson	Chair & Pres.	Carlson Cos.	***
Jack J. Crocker	Chair & CEO	Super Value Stores	3,033
Kenneth N. Dayton	Chair, Ex. Comm.	Dayton Hudson Corp.	2,961.9
Robert P. Fox	Pres. & CEO	American Hoist	438.6
N. Bud Grossman	Chair & CEO	Gelco Corp.	445
Roger L. Hale	Pres. & CEO	Tennant Co.	80.7
Raymond H. Herzog	Chair	3M Company	4,661.7
E. Robert Kinney	Chair & CEO	General Mills	3,745
David A. Koch	Pres. & CEO	Graco Inc.	101
Norman M. Lorentzsen	Pres. & CEO	Burlington Northern	2,532.1
Donald W. McCarthy	Pres.	NSP	979
William C. Norris	Chair & CEO	Control Data Corp.	2,738
William G. Phillips	Chair & CEO	Int. Multifoods	931
Gerald A. Rauenhurst	Chair & CEO	Rauenhurst Co.	***
Edson Spencer	Chair & CEO	Honeywell, Inc.	3,547.8
William H. Spoor	Chair & CEO	Pillsbury Co.	2,166
<b>Other Members</b>			
Anthony L. Anderson	Pres. & CEO	H.B. Fuller Co.	220
John Cowles, Jr.	Chair	Mpls. Star & Trib.	162.48
H. Robert Diercks	Vice-Chair	Cargill	10,800
Frank Donaldson	Chair & CEO	Donaldson Co.	225.1
John Donovan	Pres. & CEO	Donovan Cos.	120.3
Donald R. Grangaard	Chair & CEO	First Bank System	796.2
Thomas E. Holloran	Chair & CEO	IFG	66.6
I.J. Holton	Pres.	Geo. A. Hormel	1,244.9
Paul Kraemer	Pres. & CEO	Minnesota Gas	315.7
Fred Lanners	Pres. & CEO	Economic Laboratory	464.4
M. Joseph LaPensky	Pres. & CEO	Northwest Airlines	790.2
Chester Lind	Pres.	Northwest Banco	874.8
H. William Lurton	Chair & CEO	Jostens	254.5
W.E. Matschullat	Pres. & CEO	Gamble-Skogmo	1,954.6
David T. McLaughlin	Pres. & CEO	Toro	357.8
Dale Olseth	Pres. & CEO	Medtronic	224.1
Eugene R. Olson	Pres. & CEO	Deluxe Check	313.1
John Pearson	Pres.	NW Nat. Life Ins.	428
John Penn	Pres. & CEO	Artic Enterprises	175.2
Raymond Plank	Pres. & CEO	Apache	95.6
Harry Piper, Jr.	Pres.	Piper Jaffray	44.5
A. Bryon Reed	Pres. & CEO	Munsingwear	121.3
Jack Rowe	Chair & CEO	Minnesota Power	252.3
William Stocks	Pres. & CEO	Peavey	594.4
Bernard Sweet	Pres. & CEO	Republic Airlines	487.6
F.T. Weyerhaeuser	Pres.	Conwed	92.1
C.A. Wurtele	Chair & CEO	Valspar	81.7

\*Fiscal 1979

\*\*Chief Executive Officer

\*\*\*Unreported