

**THE  
CLEVELAND  
PAPERS**

by

The Illuminating Company, a radical Cleveland Research Group

THE CLEVELAND PAPERS

by THE ILLUMINATING COMPANY, a Cleveland radical research group

Additional copies available for \$1.50 from 2238 Grandview Avenue,  
Cleveland, Ohio 44106

THE ILLUMINATING COMPANY:

Karen Anderson-Bittenbender  
Roldo Bartimole  
Steve Brobeck  
Barbara Ehrenreich  
John Ehrenreich  
Norma Mark  
Betsy Tabac

Thanks to the West Side Community House for the use  
of their press.

## CONTENTS

INTRODUCTION	-i-
THE BUSINESS OLIGARCHY	-1-
Oligarchy as Business Establishment 1	
Business Interconnections	
Cleveland Clique	
Oligarchy as Civic Establishment 7	
Higher Education, Health, Social Welfare	
and Philanthropy	
Socialization by the Oligarchy	
Civic Interchangeability	
FOUNDATIONS - TOOLS OF THE OLIGARCHY	-13-
Foundation Outreach 13	
Housing	
Education	
The Ubiquitous Foundation	
Mayoral Maneuvering 17	
Political Pronouncements	
CLEVELAND'S MEDICAL EMPIRE	-21-
(This study was prepared by the Cleveland Women's Health Research Group, a project group of Cleveland Women's Liberation)	
The Hospital System 23	
East Side Elites	
A Medical Empire	
The Health Establishment 30	
Business Oligarchs	
High Society	
Promoters and Front Men	
Community Health Foundation 35	(This portion of the study was prepared by the Health Policy Advisory Center which publishes a bi-weekly magazine about various aspects of health delivery in the U.S. Available from 17 Murray Street, New York, New York)
Hospitals and Urban Renewal 38	

CONTENTS - con't.

HOUSING

-44-

Why a Housing Problem Exists 44  
Attempts to solve the Problem 47  
    Public Housing  
    CDF and Private Housing  
    Community Housing Corporation

CONSUMER CONCERNS - WHO'S RESPONSIBLE

-54-

Small Merchants and Local Finance Co. 55  
Large Finance Companies, Banks, and  
    Manufacturers 56  
Consumer Responsibility 60  
Legal Redress 61

TAXES: NO ROBIN HOOD FOR THE POOR

-64-

Federal Taxes 64  
State and Local Taxes 66  
Regressive Tax Structure 67

THE FOULED ENVIRONMENT

-70-

Air Pollution 71  
Water Pollution 73

WORKPLACE OPPRESSION

-77-

Cleveland's Working People  
    Economic Exploitation  
    Job Insecurity  
    Racial Discrimination  
    Neglect of Health and Safety  
Myth of the Contented Worker

CONCLUSION

-84-

## INTRODUCTION

This booklet is for those who can look around Cleveland and see that things are terribly wrong. It is for those who are bewildered in their daily lives and long to understand what forces are at work shaping their destiny and long to control the course their lives will take.

The Cleveland Papers is an assortment of articles about various aspects of Cleveland's power structure. We have pinpointed specific ways in which an elite few determine what happens in the daily routine of most Clevelanders and how these elites are responsible for the deterioration of the city. The Business Oligarchy which we contend dominates Cleveland's business and civic scenes is analyzed and names are named. How private Foundations are used by the business oligarchy for their own ruling class goals is explained and specific examples of how the oligarchy works to the detriment of people, especially poor people, is seen in the chapters on Health and Housing. Corporate irresponsibility is further illuminated in the areas of consumerism, pollution, taxes and the workplace.

Our intent is to look below the myths of America and to see why certain people cannot control what kind of housing they live in, why health care is not available to everyone equally, how taxes benefit the rich. Our analysis of Cleveland's deterioration does not put the blame on city hall, ethnic tensions or federal bureaucratic bumbling. The causes of human misery in Cleveland as in other large American cities are related to an underlying powerlessness which exists because a few people control all the resources and use those resources for their own ends, namely power, prestige and profit.

Our hope is that the work we have done, with all its limitations, (along with the Student Strike Handbook\* and Point of View\*\*) will serve as a framework for more in depth research and action by individuals who care enough to try to change things.

Additional copies of The Cleveland Papers may be obtained by sending \$1.50 to 2238 Grandview Ave., Cleveland 44106

\* Student Strike Handbook available for \$1.00 from 1816 Chapman Road, East Cleveland, Ohio

\*\* Point of View, a bi-weekly news sheet, available for \$5.00 a year from 2150 Rexwood Rd., Cleveland Heights, Ohio

## THE BUSINESS OLIGARCHY

The notion of a local oligarchy may seem quaintly parochial or - worse - paranoid. Yet we contend that Cleveland, one of America's great industrial cities, is dominated by a coherent, readily identifiable business oligarchy. Its power is not based in hereditary class prerogatives, but in direct control of the region's industrial and financial corporations. It is a self-conscious oligarchy, capable of strategizing and of exercising collective authority in the pursuit of common interests. Just as its industries dominate the city's physical aspect, the oligarchy itself dominates every phase of the city's political and cultural life. And it is this oligarchy which is above all to blame for the city's destruction.

### OLIGARCHY AS BUSINESS ESTABLISHMENT

The Cleveland oligarchy is, first of all, a tightly knit business establishment. It is an old one, well known to business historians, right and left. In the last 30 years of the 19th century, Cleveland was practically the industrial capital of the United States, and the Cleveland mandarins, such as the Rockefellers and Hannas, were figures of national and international consequence.

Born at an early stage in the history of American industrial capitalism, Cleveland's major businesses were able to develop with a degree of financial independence from the great Eastern financial centers. In contrast to cities like Detroit, developing a generation or so later when New York's financial dominance was firmly established, the Clevelanders always remained, in part at least, their own men. Back in the thirties, Cleveland's Cyrus Eaton even fought a proposed merger of Youngstown Sheet and Tube with Bethlehem Steel under the slogan "Ohio for Ohioans." And in the mid-thirties, when Marxist economist Paul Sweezy made a well-known study of "Interest Groups in the American Economy," there, along with the Rockefeller group, the Morgan group, the Mellon group, and the like was "the Cleveland group." Based in the Mather family's iron and steel interests (Cleveland Cliffs Iron Company, Republic Steel), the group was described as having a high degree of control over Cleveland Trust Company, Good-year Tire and Rubber Company, and no less than six iron ore, iron and steel companies.

Over the years, Cleveland's independence of outsiders has diminished, but there remains a nationally identifiable "Cleveland group" of businesses. Although it is only the eighth largest city in the country, Cleveland has the country's third largest (after New York and Chicago) concentration of major company headquarters. And the Cleveland-based companies are not just the random collection of corporate superpowers which inhabit a city like New York, but a group of companies whose businesses are tightly interrelated through an incredibly complex interweaving of financial ties, sales relationships, joint business ventures and common control. It is through these institutional interconnections that we can identify an oligarchy of men.

Let us begin by examining the interlocks between Cleveland's four largest banks. In 1966, Congressman Wright Patman described "the major Cleveland banks' extensive use of stockholder links" as more pervasive than in any other city examined. According to the Patman report, Cleveland Trust Company, the giant amongst them (and the 21st largest bank in the country) is the largest single stockholder (4.2% of the stock) in the second largest bank, National City Bank of Cleveland (the 45th largest bank in the country) and in the fourth largest bank, Union Commerce Bank (10.5% of the stock), It is a major shareholder (3.3% of the stock) in the third bank, Central National, as well. In turn, National City Bank is a major shareholder (3.9% of the stock) in Cleveland Trust & Union Commerce (1.7%). According to Patman, 5% ownership is, in most instances, a controlling interest. Continued Patman, "The pattern of bank stockholder ownership and control in Cleveland, Ohio, is perhaps the most interesting and at the same time the most alarming of the ten cities under study in this report."

What's true of the banks is equally true of the industrial companies and utilities of Cleveland. For example, until the late 1960's, Cyrus Eaton was the largest stockholder of Cleveland Cliffs Iron Company, and one of the largest stockholders of Cleveland Trust Company, Sherwin Williams, and the Cleveland Electric Illuminating Company (CEI). Cleveland Trust was the second largest stockholder of Cleveland Cliffs (controlling 24% of the stock at one point), and owned over 12 percent of the outstanding stock of Sherwin Williams, 10.5% of iron ore company Ogleby-Norton, and over 2 percent of the stock of CEI. Both Cleveland Cliffs and Cleveland Trust owned substantial blocks of stock in Republic Steel. Cleveland Trust also owned large blocks of many large steel-using companies including Reliance Electric (about 5.5%), Acme-Cleveland (27%), Pneumodynamics (14%), and Warner and Swasey (11%).

## BUSINESS INTERCONNECTIONS

If the stock interlocks were not enough, most of the Cleveland companies have extensive business interconnections. Republic Steel, as the manufacturer of the city's core product, is at the nexus of many of these interconnections: it buys from, or sells to (or both) Ohio Bell Telephone, Standard Oil of Ohio, Sherwin Williams and TRW. All of these companies are Cleveland based and have a top officer (chairman or president) sitting on Republic's board. Republic jointly owns and operates Negaumee Mining Company (ore) with Cleveland Cliffs Iron Company, and leases a large part of its fleet of lake ships of Cleveland Cliffs. It owns a share of the Iron Ore Company of Canada along with Cleveland's Hanna Mining Company (and several other non-Cleveland companies). The list goes on. . .

It is the board interlocks between the Cleveland companies which we use to define the "business oligarchy." The oligarchy so-defined is approximately identical to key business leaders. Take the lists of directors of the thirty-one Cleveland-based companies that appear in Fortune's 1970 top 1000 list, the corresponding lists for banks, utilities, transportation companies, etc., and add the directors of the handful of big companies not headquartered in Cleveland but historically controlled by Cleveland interests (e.g. National Steel). This gives us 400 seats which are held by 300 men. Of these 300 men, 29 hold 3 or more seats, and it is these 29 which we define as the Business Oligarchy and which we contend dominates the Cleveland power structure.

These 29, who are listed on Table 1, include men like Frederick R. Eckley, president of Ohio Bell Telephone and a director of Republic Steel, Eaton Corporation and Central National Bank, or like E.C. Baldwin, president of Sherwin Williams and a director of National City Bank of Cleveland, Standard Oil of Ohio, Cleveland Cliffs Iron and Republic Steel.

These 29 men together hold 59 out of the 212 directorships on the 16 biggest Cleveland-based industrial companies (those on Fortune's top 500), 23 of the 72 directorships of the three banks, and 20 out of 73 seats on the boards of Cleveland iron ore and steel companies. They hold six of eleven seats on CEI's board and seven of fourteen on Republic Steel's. (Two of the industrial companies on the top 16 are conglomerates which have only in the last decade risen to wealth and power and which do not have the same deep historical roots in Cleveland as the others. If we omit them from the original lists, the importance of the top 29 men is even greater: they control no less than 32% of the directorships of the fourteen remaining industrial companies-- 59 out of 183 seats.)

TABLE I

The Cleveland Oligarchy\*

<u>Oligarch</u>	<u>Principal Affiliation</u>	<u># of major Cle land directorsh</u>
R.Q. Armington	Triax Co. (Ch.)	4
A.S. Armstrong	Acme-Cleveland (Ch.)	3
E.C. Baldwin	Sherwin Williams (Ch.)	5
K.S. Benson	Diamond Shamrock (V.P., Dir.)	4
R.M. Besse	CEI (Ch.)	3
W.B. Boyer	Republic Steel (Pres.)	4
E.M. DeWindt	Eaton Corp. (Ch.)	3
G.S. Dively	Harris Intertype (Ch.)	4
F.R. Eckley	Ohio Bell (Pres.)	3
J.S. Fangboner	Nat'l. City Bank of Cleveland (Ch.)	5
H.S. Harrison	Cleveland Cliffs Iron Co. (Ch.)	6
G.W. Humphrey	Hanna Mining Co. (Ch.)	3
G.F. Karch	Cleveland Trust Co. (ch.)	7
E.L. Lindseth	CEI (retired Ch.)	3
H.D. Luke	Reliance Electric (Pres.)	5
W.A. Marting	Hanna Mining Co. (Pres.)	4
R. Morse	Case Western Reserve Univ. (Pres.)	4
H.J. Nave	White Motor (Pres.)	4
T.F. Patton	Republic Steel (Ch.)	3
J.W. Reavis	managing partner, Jones, Day, Cockley and Reavis	5
K.H. Rudolph	CEI (Pres.)	3
E. Sedgewick, Jr.	Medusa Portland Cement (Ch.)	4
H.A. Shepard	TRW (Pres.)	6
J. Sherwin	Diamond Shamrock (Ch., retired)	3
E.W. Sloan	Oglebay Norton (Ch., retired)	3
C.E. Spahr	Standard Oil of Ohio (Pres.)	6
V. Stouffer	Litton Industries (V.P., Dir.)	3
R.B. Tullis	Harris Intertype (Pres.)	3
J.D. Wright	TRW (Ch., retired)	4

\* Based on directorates held as of 12/31/69

\*\* Directorships in companies listed in Fortunes 1970 list of top 1000 industrials, top 50 transportation companies, etc., plus the 2 major Cleveland utilities, the big 5 banks, and a few large Cleveland-associated though not Cleveland-based companies.

abbreviations: Ch. = Chairman of the Board  
Pres. = President

These men in their various business capacities dominate key sectors of the Cleveland economy. Nine of the 29 are present or recent past chairmen or presidents of ore and steel companies; another nine head major steel-using companies. The rest command the top four banks, the top corporate law firm, the electric company, Ohio Bell, and two or three miscellaneous large firms. All but one is a director of at least one iron ore, steel producing, or major steel-using company, and most are directors of several. Their companies form a tightly linked cluster of industrially related companies, centered on iron and steel. Iron and steel men hold 30% of the seats on the top banks, and a third or more of the seats on such steel using companies as Eaton Corporation (formerly Eaton, Yale and Towne, a manufacturer of trucks and truck parts, metal fasteners, hardware, motors and turbines, etc.), White Motor (trucks, agricultural machinery, etc.) and Weatherhead (automotive and aircraft parts and ordnance).

The companies directed by the twenty-nine men have combined assets of \$14.5 billion and after-tax profits in 1969 of over half a billion dollars. They employ 350,000 people, ranging from Australians to Liberians. The industrial firms they direct employ over 70,000 people in the Cleveland area alone, a full quarter of the area's manufacturing workers. The decisions made by these 29 men exert a decisive influence on the city's economic life-- how many jobs there are, what kind of employment opportunities there are, where people work, the rate at which they work, their working conditions, their pay. (Some of the companies claim world-wide impact for their activities as well: Eaton, Yale and Towne's 1969 annual report features a cover picture of Stonehenge, "ancient symbol of systematic planning which when applied to management and science has created at Eaton, Yale and Towne a multinational corporation on which the sun never sets and whose products affect the lives of most of the world's population.")

#### THE CLEVELAND CLIQUE

But you cannot come to a true measure of the business leaders' collective economic power by simply adding up the corporate powers vested in each of them as individuals. As businessmen, they often act as a group, and as a group, they (or their corporations) represent one of the most formidable concentrations of corporate power in the nation. For example, during the mid-sixties' hey-day of the super-conglomerates, Cleveland companies, even small ones, were unusually successful in resisting outside takeovers. When one Cleveland company was threatened, other Cleveland companies would, according to Business Week, announce their own plans to merge with it, thus creating the possibility of a new company too large for the outsider to swallow. Business Week (8/17/68) explained that "... (Cleveland's) Establishment is closely knit, with members lunching together daily at the Union Club, where all SOS signals originally go up." The article recounts four cases of cooperative resistance

by Cleveland companies, concluding with U.S. Smelting, Refining and Mining Company's grab for Clevite (a medium-sized metal fabricator): "Smelting continued to press its case in court and then the real depth of Cleveland's defense mechanism was revealed. No fewer than 20 companies-- a plurality of them from Cleveland-- had contacted Clevite; some, the company's lawyer said, simply phoned and asked 'What can we do to help?' In a few short days, Clevite had held discussions with Eaton, Yale and Towne, Sherwin Williams, Republic Steel, Midland Ross and TRW-- all of Cleveland. In court, Smelting talked long about the Cleveland Establishment and its pernicious influence. As one Cleveland Blueblood observed: 'You can beat our Browns and our Indians, but it's tough to beat our Union Club.'

In a practical sense then, the big Cleveland companies virtually comprise one giant, vertically-integrated conglomerate, centered on steel and steel products and held together by mutual ownership, business dealings and personnel overlaps. Extending the metaphor: our 29 arbitrarily selected oligarchs are not a random assortment of corporate leaders-- they are the board of directors of the Cleveland "conglomerate." So closely integrated is the Cleveland conglomerate that the question of relative power within it-- whether the banks run the industries or vice versa-- is difficult to answer. We asked E.W. Sloan (retired chairman of Oglebay-Norton Ore Company and one of our 29 business oligarchs) whether the banks weren't the real center of power. He raised his eyebrows and said, "Of course we're all on the banks. Everyone I've mentioned [as business and civic leaders] is on a bank. I'm on a bank. We all know each other. We all belong to the Union Club. We all call each other. We have no hesitation to call each other for help. For instance, today I called Boyer [Willis Boyer, president of Republic Steel] about a problem I had. He'll call me if he has a problem."

But the metaphor of Cleveland as a company town where the "company" happens to be an informal, super-conglomerate can be carried too far. There is, of course, competition between some of the Cleveland companies, and there are a few fairly serious differences in policy despite Sloan's allegations of unity. For example, the banks would like to see Cleveland become a great world port, while the steel companies are terrified of foreign competition at their doorsteps.

Our 29-man business oligarchy is in no sense coterminous with "the ruling class" (or the adult male members thereof). Oligarchic status, by our three directorship definition is not inherited; it flows solely from institutional status, and is lost with retirement. Cyrus Eaton, for example, sat on numerous Cleveland boards until 1968, but no longer qualifies as an oligarch with institutional authority in the Cleveland economy. Our mechanical listing of oligarchs also omits many

influential Cleveland figures-- monied descendants of old families, politicians, university presidents, foundation directors and a host of miscellaneous lesser lights. (In fact, we have even omitted a few important business leaders who rule their own large company but do not meet the three directorship requirement, such as George Grabner, president of Weatherhead and a director of National City Bank of Cleveland.

#### OLIGARCHY AS CIVIC ESTABLISHMENT

The fact is that our 29-man oligarchy-- for all the methodological problems in selection-- dominates the civic "establishment" that people sense is controlling their daily lives for in Cleveland, the business oligarchy is a civic oligarchy. This is no coincidence; the business oligarchs have an enormous stake in the city of Cleveland. Their headquarters are downtown; their plants are in the Flats; and to the extent that neither can be moved or replaced-- their corporate futures are bound up with the fate of the city. They care about Cleveland, and their caring is everywhere in evidence: they sit, in force, on the boards of the key private institutions-- the university, the foundation, the hospitals. They dominate and usually instigate, a host of more transient commissions and organizations formed to advise in public policy, or solve a particular social problem. If we were to make a list of the 29 or so men and women who sit on the largest number of boards of hospitals, colleges, welfare agencies, foundations, public commissions, etc., that list would overlap, with fewer than 10 exceptions, with our list of 29 business oligarchs. In Cleveland there are no countervailing civic institutions strong enough or stable enough to create a public impression of pluralism. The public sector is impoverished; its services are marginal. City administrations come and go without the political continuity provided in many cities by strong party machines. The unions, for a variety of historical reasons, have not played a strong community role.

The civic domination of the business oligarchy is not disguised by intervening layers of power brokers, or concealed by any false modesty on the part of the oligarchs themselves. "The impression is widespread," E.W. Sloan told us, "that the leaders of industry run everything. The fact is that the Anglo-Saxons were here first and they did it [built the city]. I don't see this as a great crime." Wherever a Clevelander turns he finds in the seats of power-- not politicians or bureaucrats-- but the oligarchs themselves. Here are a few examples.

Higher Education Cleveland's Case Western Reserve University, a private institution, is the leading university in Ohio. Upper middle class children and ruling class children are prepared at Case Western for professional and administrative careers. Board chairman Ralph Besse (one of our 29 oligarchs)

said in a speech that Case Western Reserve is "an elite University." Ten of the 35 trustees are oligarchs, the others being scions of Cleveland's old families and lesser business leaders. When, in the late fifties and early sixties, the oligarchy saw the need to train lower middle class and working class youths in order to build a supply of technically skilled manpower for industry, they did not expand and democratize Case Western Reserve. Instead, they turned to the public sector to create separate, vocationally-oriented institutions. Oligarch E.W. Sloan (then chairman of Olgebay Norton and a director of Reliance Electric Co. and Central National Bank) and Harry Burmester (President of Union Commerce Bank, but not an oligarch) were the prime movers in the establishment of Cleveland State University. Oligarch Ralph Besse (chairman of the Electric Illuminating Company, director of Cleveland Trust Co. and Acme-Cleveland, and currently a Case Western trustee) spearheaded the establishment of Cuyahoga Community College. Once established, the oligarchy entrusted day-to-day operations of the two schools to non-oligarchs. Consistent with their status in the academic tracking system, Cleveland State rates only one oligarch on its board and several executives (not directors) of top firms, while the Community College must make do with medium-sized businessmen and public officials.

Health Services Case Western's medical school and its affiliated University Hospitals (historically separate hospitals now under one board) are the most important medical institutions in northern Ohio. The business oligarchy exerts heavy influence on this Medical Empire. (See Chapter III on Health.)

Social Welfare and Philanthropy Central to Cleveland's private welfare apparatus are the Cleveland Foundation and the United Appeal. Both began in the 1910's as efforts of the business community to unify private charity for greater common leverage. The Cleveland Foundation was a creature of the Cleveland Trust Company, which saw it as a civic duty-- as well as a business opportunity-- to centralize a number of family trusts into a single, commonly managed fund. In this way, wealthy Clevelanders could be assured that their power to affect civic affairs would not die as changing times made their restricted bequests irrelevant. In 1919, a few years after the Foundation's formation, the Chamber of Commerce launched the United Appeal and its distribution agency, the Welfare Federation, to centralize charitable efforts and to establish "a plan by which the unworthy were [to be] sifted from the worthy objects of charity and practical regeneration." Today, Cleveland Foundation spends over \$5.75 million per year, and United Appeal annually collects and distributes some \$18 million (compare these figures to the city's entire 1970 budget of \$101 million.) Cleveland Trust (now with the help of the other top three banks) still guards and invests the Cleveland

Foundation's principal, while a board of 14, including six oligarchs and an assortment of descendents of old-time oligarchs, guide the distribution of part of the interest to worthy causes. United Appeal's annual take is in the large part "solicited" as automatic deductions from workers' payrolls-- but leadership remains with the Chamber of Commerce crowd. Of the Appeal's five officers, two were oligarchs in 1969, one in 1970; the rest were also company chairmen or presidents. In both cases, the pattern of giving has changed very little since the teens: they give to such ideologically acceptable outfits as the hospitals, welfare agencies, the Boy Scouts, Salvation Army and the YMCA. (See also Chapter II on Foundations.)

#### HEGEMONY IN THE PUBLIC SECTOR

These examples give some feel for the hegemony of the private sector in Cleveland and, within that, the authority of the business oligarchy. City government is left with routine maintenance tasks-- public safety, sanitation, etc.-- and without the wherewithal to do that well or expand much beyond that role. There is not enough at stake to induce the oligarchs themselves to run for mayor or city councilman, and these posts have traditionally been left to southern and eastern European ethnic leaders (until Carl Stokes in 1967). But even in the limited public sphere the oligarchy has important interests to guard; the government must stay within a tight budget, lest it start hankering after corporate wealth as a source of revenue. It must maintain basic services for industry, such as water and sewage, and cooperate in creating an environment attractive to new companies (especially those that might buy from existing ones). It must preserve order and an appropriate political outlook among the general populace.

Oligarch Thomas Patton summed it up in his book Business Survival in the Sixties (Harper, 1961):

It will no longer be enough for the businessman to concern himself with the technical problems of production and distribution, or to limit his political activity to financial contributions to the party of his choice. He must be a publicist, an educator and a crusader for the principles upon which this nation was founded. And, like all citizens of a free society, he must ask himself these important questions: Am I taking an active part in public affairs? Am I insisting on sound fiscal policies? Am I speaking up against legislation which would impair the general business climate? Am I planning to work harder and more effectively in public affairs in the decade ahead? (p. 8)

Looking back on the last two decades, the Cleveland oligarchy could answer with an unqualified collective "yes." They created special commissions to prod the government towards greater efficiency; The Metro Commission, in 1959, pushed for a county-wide regional government to replace the present jurisdictional patchwork. Later the Little Hoover Commission put in a year's work and half a million dollars to prepare what amounted to a time and motion study of every city government operation. Both were industry-financed and led by oligarchs, university presidents and foundation executives.

\* In the case of urban renewal, the oligarchy was not content to simply advise the city-- they created two private "governments" of their own to do the job, the Cleveland Development Foundation and the University Circle Development Foundation. Under the Cleveland Development Foundation, twice as much territory fell to urban renewal as in any other city. It was chaired by five oligarchs in succession throughout its most active period, and five out of eight members of its present executive committee are oligarchs. (See Chapter III on Health and Chapter IV on Housing.)

#### SOCIALIZATION BY THE OLIGARCHY

Beyond all this practical activity, the oligarchy has never neglected the spiritual and ideological responsibilities about which Patton wrote. The task of socializing the citizenry cannot be safely entrusted to the public schools alone, so the oligarchy encourages the work of the YMCA, the church and Boy Scouts. Oligarch Willis Boyer, now president of Republic Steel and a director of Sherwin Williams and Weatherhead, personally headed the Boy Scouts' 1971 fund-raising drive. Republic board chairman Patton, himself an Eagle Scout, led the 1971 fund-raising drive to bring Billy Graham to Cleveland. At times they have undertaken more overtly ideological ventures, such as the Educational Research Council of Greater Cleveland (more recently "of America"), set up in 1960 to prepare social science textbooks for grade schools. Supported by the Cleveland Foundation and local industry, and including on its board no less than seven oligarchs, ERC prepared texts which, for example, illustrated the difference between the "free" and "unfree" worlds. ("Free" world people are smiling and stylishly dressed, "unfree" people are thin and haggard, clothed in uniforms.) When in 1969 the Encyclopedia Britannica branded ERC materials as "racist" and forfeited \$1.2 million rather than fulfill a contract to publish them, ERC's oligarchic trustees, such as Ralph Besse (a member of the Carnegie Commission on the Future of Higher Education) simply ignored the slight and went on backing ERC.

Cleveland's two great waves of immigration have especially strained the usual institutions of social stabilization and have required additional private efforts. The oligarchy's Cleveland Foundation hastily prepared a study of the "background and influences of the city's large foreign born population," and proposed programs for "greater explanation of and militancy for American freedoms and folkways to the newer citizens." The later black in-migrants already had a good grasp of American freedoms and folkways, and required more concrete socialization programs. So, for example, the oligarchy's Cleveland Development Foundation emphasizes home and apartment ownership in its housing projects for blacks. As Oscar Steiner, a CDF builder, explained in 1960, "very few homeowners are Communists." And the Businessmen's Interracial Committee on Community Affairs (BICCA), instigated by oligarch John Reavis (managing partner in the city's leading corporate law firm and a director of five major Cleveland firms) in 1964, encourages black business enterprises in such ways as assisting them in obtaining defense contracts. (See also Chapter II on Foundations for other BIC functions.)

#### CIVIC INTERCHANGEABILITY

The oligarchy's civic empire of institutions, special agencies and commissions is as tightly integrated as its industrial combine. There are extensive personal and corporate interlocks between the boards of the top university, top hospital and the Cleveland Foundation, and between all of them and the more transient special purpose agencies. (The numerical size of the interlocks is less meaningful here, since boards vary from five to about fifty members.) For example, we find oligarch Raymond Q. Armington (chairman of the Triax Corporation and a director of five other major Cleveland companies) on the boards of the Educational Research Council of America, the Cleveland Foundation, Case Western Reserve University, and the Businessmen's Interracial Committee. Oligarch H. Stewart Harrison (chairman of Cleveland Cliffs Iron Company and a director of five others) is on the boards of the Cleveland Development Foundation, the Cleveland Foundation, the Businessmen's Interracial Committee and the University Hospitals. Oligarch Thomas Patton (of Republic Steel) has served on the Little Hoover Commission, the Cleveland Development Foundation and the United Appeal, the Cleveland Foundation and the Businessmen's Interracial Committee. Oligarch Ralph Besse (of CEI) is on the boards of the Little Hoover Commission, Case Western Reserve, ERCA and the Businessmen's Interracial Committee.

In fact, one senses a certain formal interchangeability between the oligarch's various special agencies and commissions. They are almost all funded by the Cleveland Foundation (as well as by industry directly,) often using the Cleveland Development Foundation as a conduit. They undertake joint projects.

They sometimes share their office space (e.g., the Businessmen's Interracial Committee and the Cleveland Foundation), or their top professional staffmen-- men who have risen from academic or legal careers into the confidence of the oligarchy. At times they even betray their basic identity of ownership by merging. When the Development Foundation, for example, outlived its usefulness in 1969, it was absorbed into the Chamber of Commerce (wistfully renamed the "Growth Association"). They are instruments-- important only insofar as they serve the interests of the oligarchy of the day-- and with few exceptions, have no institutional lives of their own.

\* \* \*

Our concern with the business oligarchy is not simply that it exists. No one would claim that power in America is equally balanced between workers and bosses, industrialists and consumers, generals and soldiers. There are local business oligarchies everywhere; there is, in fact, a national "oligarchy" of industrialists, militarists and political leaders. Our concern, in the sections that follow, is with how the Cleveland business oligarchy has chosen to exercise its power. What are its priorities, its decisions, its strategies, and how do these affect our lives as workers, consumers and citizens?

## FOUNDATIONS - TOOLS OF THE OLIGARCHY

In 1914 Frederick Goff, chairman of Cleveland Trust, provided the impetus for formation of the first community foundation. The Cleveland Foundation has since grown to be a powerful instrument of the power elite in Cleveland with a market value of \$112 million in assets. The concentrated wealth of the nation's 25th largest foundation has been used by the most conservative ruling elements not only to invest in their private institutions but also to infiltrate every possible aspect of community life. The purpose of this latter activity is to keep community pressure for change within limits acceptable to the ruling elite and to permanently establish a conservative political and economic tone to life in Cleveland.

### FOUNDATION OUTREACH

The inherent conservatism of the trustees of the Cleveland Foundation made them fearful of vigorous, open action to influence certain community functions, especially during the early 1960s when change began to quicken and in such unfamiliar areas as the black community. Rather than enter socially explosive areas, in 1961 The Cleveland Foundation with the Ford Foundation founded and funded the Greater Cleveland Associated Foundation (GCAF) for a 10 year period. GCAF became the "liberal" face of the city's foundation apparatus. It deals with institutions and individuals in areas which might be uncomfortable for elite trustees of the Cleveland Foundation who are fearful of getting involved in public controversy.

Yet as the 60s wore on it became more necessary for even the top leaders of the corporate community to involve themselves in a deteriorating situation in the city. And today both the Cleveland Foundation and GCAF (throughout this section they will be referred to as "the foundations"), share offices and a director, Dr. James A. "Dolph" Norton, who is also president of both. They have a long-term strategy of co-opting any and all mechanisms of change in order to insure a stable community with controlable institutions. Their hope is to engineer slow reform in modest doses which conservative elements of the community will accept. Their method: financing projects of community groups which then tend to make them more conservative (so as not to lose the funds and jobs) and financing programs that are acceptable to liberals, thus buying them off by giving them tasks that have a do-good image.

If, as we have said, the city is run by the Union Club crowd, then their most used tool in recent years has been the foundations which have so thoroughly infiltrated community groups. By supporting citizen-type organizations, which we shall soon examine, the foundations preempt an area or function, thus making it appear that the problem, be it housing or education as examples, is being attacked in an organized and effective manner. But this is not what is happening at all. What occurs is that the interests of elites are being promoted or protected, as the need might be. This also makes it more difficult for small community groups to be heard or to grow. Presently, for example, foundation staff members are meeting with professionals and community people (interestingly the meetings are held separately) involved in health. In various communities at this time small groups are working on local health problems and eventually, if they are to have any effect on health delivery to those needing it, they will have to attack the major institutions involved in health services. Those institutions are well-funded by foundations. It will be the job of the foundations to insure that any attacks on the institutions remain within acceptable, and usually ineffective, bounds. Therefore, it may not be too long before the foundations sponsor a city-wide health organization. It will probably draw attention and support away from small community groups because it will have funds, jobs and resources.

It would be difficult to list all the elements of the community which the foundations, through funding and other allegiance-demanding devices, either control or have sufficient leverage to affect decision-making. But it is crucial to understand that from small neighborhood groups to city administrations, the foundations, with offerings of money and help, ingratiate themselves and their point of view.

A few examples should suffice, after which we will examine how the ubiquitous foundations, via grants, helped influence the 1967 Cleveland mayoral election.

#### HOUSING

The foundations have provided funds for the Cleveland Development Foundation with operation funds used, as outlined in other parts of this booklet, with devastating impact on Cleveland, especially its poorer residents. After insuring a crisis in housing via the Development Foundation's pressure for urban renewal, the foundations founded and funded the PATH committee to write a \$25,000 report stating a housing crisis existed. The foundations then established the PATH Association as the "citizens" housing organization and between 1966-68 gave it \$175,000. With the failure of CDF, the foundations, with the cooperation of city elites, moved to create the Community Housing Corporation, promising \$6 million for its program.

Today CHC is an acknowledged failure, completing a cycle by which, even with generous foundation financing, the mechanisms created to control the housing problem have played a major role in perpetuating and creating more severe conditions. For a complete description of the CDF see Chapter III on Health and Chapter IV on Housing; more about CHC in Chapter IV.

#### EDUCATION

Here too the foundations have played a major role in promoting failure to the detriment of the community. To attempt to meet educational problems, the foundations formed the PACE Association, again an alleged citizens organization. PACE has received some \$265,000 (to 1968) and its lifeblood depends upon foundation financing. The PACE Association has become more the protector of the school administration than an advocate of the citizen.

Two other "citizen" committees have been established by the Board of Education itself in an attempt to cool-down growing citizen unrest. The first, the Curriculum Review Board, recipient of \$23,000 from the foundations for its operations, is controlled by business interests. The second, the Citizens Commission on Educational Priorities and School Finances, has hired Ohio State University consultants at \$1,000 a week. At the hiring the commission chairman, who was the original PACE chairman, notified those present that the \$15,000 needed for the consulting would be provided by the foundations.

In 1964 when racial problems in the schools threatened community stability, the foundations established the Businessmen's Interracial Committee (BIC). The committee, which has received some \$64,000 from the foundations and another \$100,000 from the Ford Foundation, brought into the forefront the top corporate leaders of Cleveland in a rare move for this conservative group. BIC has co-opted black leadership for nearly a decade in which the schools have gone from bad to worse with little opposition from the black community which feels the brunt of school inadequacies. At a BIC meeting black members sponsored a resolution bitterly denouncing School Superintendent Paul Briggs, a darling of the business community and selected by BIC for his job, for not acting on school problems. One of the BIC members explained that the businessmen stalled passage of the resolution for several meetings until the proponents of a strong statement lost their steam, then a compromise resolution, expressing concern about school issues, was passed with not a word of criticism of Briggs remaining. The principle success of BIC has been the ability to shift the arena of settling school issues from open confrontation to private conferences, where the businessmen are most effective in thwarting school reform.

## THE UBIQUITOUS FOUNDATION

The foundations have made themselves felt in many areas. By providing funds to the Government Research Institute, the foundations also support its non-profit, non-partisan relative, The Citizens League, a good government organization whose endorsements of councilmen and other public officials are eagerly sought by politicians and well-publicized by newspapers. As a representative of low-tax business interests, the Citizens League monitors the budgets of governmental bodies though the League holds up the myth that it is protecting the interests of the people. A Citizens League recommendation of a candidate as "unfit" usually is a death-knell for the candidate, and is a method of insuring safe candidates dedicated to the status quo.

The foundations have been active in the poverty program to the extent that they actually supplement the salaries of top officials, including the director of Cleveland's poverty program whose salary is limited by federal regulations. The salaries of several top executives have been supplemented by \$2,000 to \$4,000 by the foundations.

There is a constant attempt to keep close to the city administration in power. For example, in 1970 the foundations gave \$38,000 to the City Human Resources Department for development of a manpower information system; \$25,000 for a New Town proposal; \$59,590 for in-service training of personnel. The foundations' real intent in continuing to fund the Little Hoover Commission, through the Government Research Institute, is to monitor every department of city government to insure "efficiency", and lower taxes for business.

The foundation tentacles are in many other places. In recent years they have financed a police newsletter (\$11,900), the aborted Cleveland Urban Coalition (\$30,000), a study to revamp United Appeal (\$60,000), and they have distributed funds to "civil rights" groups to keep them in a supplicant's position with some \$200,000 in grants to the Urban League in 1969 and \$41,000 to the NAACP in the same year for special programs. They have funded blacks, Puerto Ricans and Indians are are now casting about for other suitable ethnics.

The foundations provide millions to universities, especially Case Western Reserve University where they fund an ongoing program in management and leadership development. The foundations pay particular attention to black leadership development. From the first such black leadership program in 1968, the foundations found for themselves a black executive, a lawyer who has become the city's law director; and another who now heads the Criminal Justice Coordination Council.

Of late the foundations have moved into the areas of law enforcement and judicial reform by establishing and

financing the Administration of Justice Advisory Committee to bring about "much needed, long term coordination and change in the total Greater Cleveland administration of justice system." The Committee serves as "staff" to the Criminal Justice Coordinating Council, funded with \$252,000 from the Ford Foundation, the Cleveland Foundation and GCAF. The Council will be the vehicle for getting federal funds for various counter-insurgency programs for the "homefront war." One of the first programs of one committee was an auto theft program funded by the insurance industry with a healthy \$35,000 assist from the foundations.

#### MAYORAL MANEUVERING

But the best example of the nature of the foundation as the tool of establishment desires can be seen in the moves made in 1966-67 to put the lid on the volatile black community and remove the major as a necessary element of their plans.

The situation at that time was dire. Hough had erupted in the summer of 1966 and mini-riots spurted during the early months of 1967. Mayor Ralph Locher refused to deal with the issue of black grievances but the business community knew better and attempted to assuage blacks. The foundations, already funding BIC for co-optation purposes, organized and financed another "citizens" committee, the Inner City Action Committee (ICAC), while the ashes of Hough still glowed. Ralph Besse, chairman of the Cleveland Illuminating Company, headed ICAC along with Jack Reavis, managing partner of Jones, Day, Cockley and Reavis, an elite law firm from which the Republican mayoral candidate, Seth Taft, was to come. BIC and ICAC were twin units and "worked closely together."

The Cleveland situation was under examination by the Ford Foundation. It's likely that Ford was searching about for a proper situation in which a black mayor could be tested as a means of quieting the ghetto. Cleveland was a good spot because of Ford's close relationship to GCAF. Robert Allen in Black Awakening in Capitalist America quotes McGeorge Bundy (president of Ford Foundation) in 1966 telling the Urban League that if blacks burn the cities "the white man's companies will have to take the losses." Allen writes further: "'White America is not so stupid as not to comprehend this elemental fact', Bundy assured the Urban Leaguers. 'Something would have to be done about the urban problem. . . .'" Thus, the Ford Foundation was on its way to becoming the most important, though least publicized, organization manipulating the militant black movement."

In Cleveland Ford Foundation manipulation took the form of a grant to the local CORE office, including a voter registration project. Along with the grant went \$127,500 to

BIC, via GCAF; and \$200,000 for a program to work with racism between ethnic groups. Ford was following the advice of McGeorge Bundy who said plainly that the voter registration drive was an alternative to "rocks and firebombs." (Joseph C. Goulden's The Money Givers)

Meanwhile the Southern Christian Leadership Conference announced that SCLC would begin a Cleveland program in June, 1967, rather than in 1968 as had been planned. Thus SCLC also would begin a voter registration drive. Although much national exposure has been given to the funding of CORE'S voter registration drive, little has been said of the funding of the SCLC drive. Actually, areas of the city were apportioned to each organization with CORE doing Glenville, the local NAACP, Hough; and SCLC-United Pastors Association, the Central area, Mt. Pleasant and Lee-Harvard.

As a letter from A.R. Sampson, director of SCLC in Cleveland to Lincoln Lynch, Associate National Director of CORE, attests, CORE contributed \$3,000 to the Cleveland drive of SCLC. BIC also presented Dr. King with a \$5,000 check for voter registration. This didn't, however, cover the SCLC expenses in Cleveland. On October 18, 1967, an outline of SCLC's expenses in Cleveland revealed that \$27,899.40 had come from its "Atlanta office." Where this money originated is merely speculation. But it is interesting to note that by that time SCLC had received a \$230,000 grant from the Ford Foundation.

Thus the experiments of the local foundations through BIC and ICAC for co-optation of limitant community leadership and the Ford Foundation via its well-publicized grant of \$175,000 to CORE for voter registration in Cleveland, proceeded along similar lines with the same intent: to cool Cleveland and get rid of Locher.

But there was a hitch that had to be taken care of. The Council of Churches had sent feelers in late 1966 to Saul Alinsky for a programmatic effort at organizing Cleveland blacks into a militant unit. This was a definite threat to the business community. BIC's Reavis said "I think it (bringing Alinsky here) would be a tragedy." Privately, he promised economic pressure upon the Council of Churches if it did. ICAC's Besse said, "We don't need him in Cleveland," calling Alinsky an agitator.

Alinsky would not commit himself to a role in Cleveland without an invitation from the black community. Baxter Hill, who was later to head a peace-keeping ghetto project for Besse, announced he would picket Alinsky. The United Pastors Association, who later invited Dr. Martin Luther King, Jr. to Cleveland, shunned Alinsky though attempts were made by the Council of Churches to have the Negro pastors "invite" Alinsky.