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[KINSHIP AND CLASS: A STUDY OF THE WEYERHAEUSER FAMILY]

by

MARVIN GLENN DUNN

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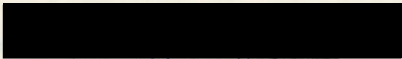
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I would like to express my appreciation to some of them.

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Collecting material for a biographical and historical study such as this can be like working a puzzle of disconnected or missing pieces, sorting and choosing, and always searching for that extra bit of information. Although the results of my research are not the final word on the Weyerhaeuser family, I am particularly indebted to two groups for helping me to find some missing pieces: The first is the Weyerhaeusers--the Weyerhaeuser Company public relations department for information on the Weyerhaeuser Company, and the Weyerhaeuser family members who graciously consented to interviews and who opened their family papers to me, providing unique insights into the upper-class family being studied. The second group includes the research librarians and staff at the University of Oregon, Whitman College, Lewis and Clark College, the Minnesota Historical Society, the Washington Historical Society and the Forest History Society.

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clarify my points and provided new leads and new arguments.

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## INTRODUCTION

This study is an attempt to increase our understanding of the class structure and political economy of the United States, through a detailed examination of one extended family of great wealth. Focusing on a single case, the study analyzes the multigenerational and inter-institutional linkages of this kinship group. Through use of a genealogy, kinship ties are traced through five generations. The genealogy also provides a medium for identifying the family's links to corporations, foundations, political processes, and institutions of the upper class. By demonstrating how one wealthy family coordinates its activities for the purpose of maintaining its social and economic position in society, this study suggests that other upper class families may operate in a similar manner.

The study will show how the family, through a variety of institutions, coordinates its activities. The Family Office, the Annual Family Meeting, various foundations, and several holding companies are examined as mechanisms of internal cohesiveness and of external control over other institutions. The potential for external control and influence also extends itself to several large corporations, to trade associations, the candidate selection process, churches, and schools.

By focusing on a single family in great depth, new light is thrown upon several important questions in the power structure debates, including class and the degree of diffusion of power, about the importance or unimportance of kinship ties, and about the separation of ownership

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By focusing on a single family in great depth, new light is thrown upon several important questions in the power structure debates, including claims about the degree of diffusion of power, about the importance or unimportance of kinship ties, and about the separation of ownership

and control.

The family (or kinship group) under study traces its origins back to Frederick Weyerhaeuser (1834-1914). A German emigrant, Weyerhaeuser settled in Rock Island, Illinois, where he got his start in the lumber business shortly after the Civil War. Forming a partnership with his brother-in-law, he eventually organized all the major lumber families on the upper Mississippi River. Timber operations moved up the Mississippi and its tributaries into Wisconsin and Minnesota, and Weyerhaeuser moved his family to St. Paul. By the time Weyerhaeuser interests bought timber on the West coast, his four sons had joined him in the ownership and management of numerous firms in the timber industry. Frederick died in 1914, but he left a legacy of sons, grandsons, and great-grandsons to carry on.

The traditional sociological literature contains a number of questionable propositions about the nature of wealth and power in the United States. Some theorists assume that power in advanced industrial societies is diffuse (Rose, 1967; Dahl, 1961; Polsby, 1963). Others claim that kinship ties and family structure have lost their influence on the larger social structure (Goode, 1963; Parsons, 1964b, 1964c; Parsons and Smelser, 1956). For some, the nuclear family, which is assumed to be the dominant form of kinship unit, is viewed as "isolated" from economic and political affairs (Parsons, 1964a, b, c; Harvey, 1975; Adams, 1970. Adams claims these are the two dominant themes in recent kinship studies.). Some of these theorists also claim that the notion of an hereditary class with any power is no longer valid (Parsons and Smelser, 1956; Parsons, 1960). The separation of management from ownership in the modern corporation is

said to be virtually complete (Dahrendorf, 1959; Gordon, 1966; Bell, 1962; Parsons and Smelser, 1956; Lerner, 1970).

The first chapter of this study discusses these perspectives in relation to several continuing debates over the nature of wealth, power, and kinship in the United States.

The second chapter discusses the use of the case study method, genealogies, and network analysis in exploring sociological propositions. A case study obviously cannot give definitive answers to the questions mentioned above. What I hope to show, however, is how one kinship group operates and how it exerts control and influence over other institutions thought to be differentiated from the kinship group. An in-depth historical case study of one extended family will hopefully shed new light on claims about the diffusion of power, the importance of kinship ties, and the patterns of family control in the United States.

Chapter III examines the internal relations within the kin group itself. It seeks to show the kinds of internal connections and the links that the family has to upper class institutions.

The fourth chapter explores the most significant findings of this whole undertaking. It demonstrates how one large kin group has used a Family Office and Annual Family Meeting to maintain cohesiveness and continuity. It suggests that the Office and Meeting may be the new institutional form and mechanism for controlling corporations and for family involvement in philanthropic activities and politics.

Working outward from these internal connections (i.e., kin linkages and the Office and Meeting), Chapters V and VI trace the family's involvement in numerous timber companies. Stock ownership, director inter-



locks, and involvement in management are analyzed over time to determine how extensive family control is today, and whether the degree of control has changed.

Chapter VII discusses the philanthropic and religious activities of the family. The family's links to political processes are examined in Chapter VIII. Both chapters focus on the role of the Family Office and Meeting in coordinating these activities.

It is my contention that the structure of family (more precisely kinship) wealth and power is not only an historical mechanism of class maintenance, but a contemporary form of family capitalism. Rather than being broken up, the ownership of corporate stock and, more importantly, the mechanisms of control have taken on new organizational forms. Control, instead of shifting to a new managerial class, remains within the kinship units of the upper class. The kinship group provides the structure and secrecy to perpetuate power relations originating in upper class families and extending to other institutional structures. The fusion of property and kinship, thought to be a vestige of earlier stages of capitalism, may actually be a major contributor to "intergenerational immobility in capital ownership" (Weisskopf, 1972:129).

This fusion is represented by shared economic interests and kinship bonds. It is best described as a "kinecon group," a phrase recently coined to replace the notion of family capitalism. In their analysis of kinship groups and the control of large corporations in Chile, Zeitlin, Ewen, and Ratcliff define a "kinecon group" as "a complex kinship unit in which economic interests and kinship bonds are inextricably intertwined" (Zeitlin et al., 1974:109; emphasis theirs). Continuing, they spell it

out in more detail:

The concept of the kinecon group is meant to be class specific: where shares of large corporations have become the typical and decisive form of capital ownership, and the relationship between specific ownership interests and corporate control becomes historically problematic, the concept of the kinecon group applies. The corporation is the legal unit of ownership of large-scale productive property. The set of interrelated kin who control the corporation through their combined ownership interests and strategic representation in management constitute the kinecon group. (Zeitlin et al., 1974:110)

1. Pluralism constitutes the dominant view within academic circles as to who governs the country and how they do it. This theoretical perspective contends that a number of competing groups--business, labor, farmers, churches, and civic societies--share power in American society. An alternative explanation of the structure of power in U.S. society is provided by governing class theory. A theory indebted to Marxism, it has developed a model which roots classes in an historically specific economic order, characterized by monopoly capitalism. Governing class theory has sought to explain the structure and distribution of power in society by analyzing the continuing conflicts between capitalists and workers. One aspect of these analyses focuses on the social characteristics and property interests of the upper (or capitalist) class. Using empirical studies the proponents of governing class theory have sought to demonstrate that the major capitalists are a ruling class which dominates all aspects of American society.

2. Sociologists, for the most part, have not engaged in kinship studies, and when they have, have focused on the lower and middle classes. The emphasis in their studies has been on the declining importance of the

## CHAPTER I: THEORETICAL ISSUES AND LITERATURE SURVEY

Several areas in the literature focus on issues having to do with wealth, power, and kinship. The most obvious are the areas of (1) governing class theory, (2) studies of kinship and family structure, and (3) the debate over corporate ownership and control.

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kinship unit in modern industrial society, and on its lack of interaction with other institutional structures, most notably economic ones. A survey of the kinship literature in the 1960's, however, suggests that kin groups, especially upper class kin groups, may be more important than has been assumed (Adams, 1970).

3. The decades-old debate over corporate ownership and control has produced a large body of literature in economics, political science, law, and sociology. The major division within the debate appears to be between those who claim that corporate control has become a function separate from ownership, and those who argue that control and ownership continue to rest in the same hands. The question is more complex than it first appears. This is especially true when participants in the debate begin relating the issue of control to class, power, and kinship; such is, however, necessary if we are to understand the nature and scope of power in American society.

#### Governing Class Theory

Governing class theory provides a theoretical model of the workings of the United States political economy which is at variance with the traditional sociological literature (summarized briefly in the introduction). The theoretical implications drawn from this model will provide the background for our study of the relationship between kinship and property, of the structure of family wealth and power, and of the nature of corporate ownership and control in the case of the Weyerhaeuser kin.

The theoretical implications drawn from this model have also contributed to a more general theory about the nature of advanced industrial



society (see Miliband, 1969). In the final chapter we will return to examine some of these broader theoretical questions in light of the findings of the present study. For now, it is enough to indicate that the issues under discussion cannot be viewed in total isolation from other theoretical questions about the nature and workings of capitalist society.

Although discussion of the broader theoretical issues will come later, a detailed discussion of the roots, and the internal development, of the theory of governing class is in order at this time. C. Wright Mills, E. Digby Baltzell, Paul Sweezy, and G. William Domhoff have been chosen as representative; each has made major contributions to governing class theory. By lumping them together I do not mean to imply that they are in complete agreement on all issues, for there are differences in their respective approaches and emphases. The major differences will be illuminated as the discussion proceeds.

Governing class theory recognizes that classes are an integral part of an analysis of any society, and it seeks to understand the social, political, and economic structures of any society through an analysis of its class structures. The theory focuses on the dominant classes in society in its search for explanations for the relationships of power and wealth in advanced industrial society.

Its central hypothesis is that a social upper class of big businessmen and their descendants controls the major institutions in the United States. Through direct occupation of the top positions in these institutions, and through careful selection of high-level employees, members of this class are able to exert their influence over major banks, corpora-

tions, foundations, universities, trade associations, policy planning groups, and political parties. In other words, this upper social class functions as a ruling class. The contention is that, in addition to owning a disproportionate amount of society's resources, this upper class also coordinates its activities to maintain control as well as ownership. It does so not in the interests of society in general, but in its own interests.

One of the early pioneers in this area was C. Wright Mills. Seeking explanations for the organization of power in society, Mills drew upon the theoretical works of Marx, Weber, Mosca, and Pareto (Mills, 1959).

From the classical elite theorists Pareto and Mosca, Mills adopted the notion that an elite, or "organized minority," consisted of those "who occupy the posts of political command" (Bottomore, 1964:12). The classical elite theorists felt that an "elite," "governing elite," or "ruling class" was inevitable, i.e., that it was universally valid for all societies past, present, and future. Mills however rejected this notion. "It is not my thesis," he said, "that for all epochs of human history and in all nations, a creative minority, a ruling class, an omnipotent elite, shapes all historical events" (Mills, 1959:20). Statements that attributed "a class that rules and a class that is ruled" to all societies, as Mosca (1939:50) had done, Mills thought were "mere tautologies" (Mills, 1959:20). He also rejected Pareto's notion of "circulating elites."

I don't think history is merely a succession of elites which, one after the other, conquer the institutional means of power. That is an omnipotent theory of the elite and an elite theory of history from which I have been very careful to dissociate my view. The structural mechanisms of institutions must indeed be given due weight. (Mills, 1968:248)

In emphasizing "the structural mechanisms of institutions" Mills differs from the neo-Machiavellians by providing a sociological rather than a psychological explanation for elites. The classical elite theorists attributed inevitability to elites because they rooted them in the psychological conditions of people. The existence of elites in all societies according to Pareto was the result of sentiments. Sentiments or residues were for him "the fundamental and predominant force in society, the determining factor of human conduct" (I. Zeitlin, 1968:162; emphasis his). Mosca also reduced his explanation for the dichotomy of rulers and ruled to "the unchanging psychological nature of man" (I. Zeitlin, 1968:200). Both Bottomore and Irving Zeitlin point out, however, that Mosca recognized the importance of social forces in accounting for the rise of new elites (Bottomore, 1964:13; I. Zeitlin, 1968:200). But for both Mosca and Pareto, psychological tendencies were more important than institutional, sociological arrangements. The latter factors are the ones emphasized by Mills.

Bottomore claims that, like other elite theorists who view democratic societies as ruled by an elite, Mills presents us with a pessimistic view. This is not accurate. Because Mills' emphasis is on social forces and institutional arrangements rather than on human nature, in determining the make-up of the elite, he does allow for the possibility of change.

Mills' analysis of wealth and power in the United States, The Power Elite, stands as one of the classics in American sociology. It begins with a discussion of three institutional spheres of power, economic, political, and military. The top leadership in each of these "domains of power--the warlords, the corporate chieftains, and the political direc-



torate--tend to come together, to form the power elite in America" (Mills, 1959:9). The power that these men have is a structural component, not of their individual personalities, but of the major institutional hierarchies in society. The real basis of power in American society, in other words, is institutional. These tightly interlocked institutional structures are the dominant force in the United States.

To understand the real basis of wealth, Mills recognized, requires a thorough study of these institutional structures, particularly the large corporation. The linkage between wealth and power has always manifested itself in some form of property. In modern society, the institutional form of property par excellence has become the large corporation. As Mills says,

The pyramid of wealth cannot be understood merely in terms of the very rich; for the great inheriting families ...are now supplemented by the corporate institutions of modern society; every one of the very rich families has been and is closely connected--always legally and frequently managerially as well--with one of the multi-million dollar corporations. (1959:9-10)

Although he is not explicit about it, Mills is analyzing the economic bases of class. Family wealth is rooted in a specific system of property relations, today the modern corporation. Those families which are shown to be connected to corporate property share a "common position" in the economic order. It is because of their institutional relation to property that these families have power.

If Mills is not very explicit about the economic nature of class, he is explicit about its social characteristics. In commenting on the inner circles of "the upper social classes," he says that

They form a more or less compact social and psychological entity; they have become self-conscious members of a social class. People are either accepted into this class or they are not, and there is a qualitative split, rather than merely a numerical scale, separating them from those who are not elite. They are more or less aware of themselves as a social class and they behave toward one another differently from the way they do toward members of other classes. (Mills, 1959:11)

Mills, however, does not define this "inner circle" as the upper class. His focus is rather on the people who fill the top positions in these institutions, not as a class, but as an elite. In defining this group as the power elite, he refers "to those political, economic, and military circles which as an intricate set of overlapping cliques share decisions having at least national consequences. In so far as national events are decided, the power elite are those who decide them" (Mills, 1959:18).

There are three major aspects or characteristics of the power elite.

(1) Psychological similarities. They share certain common experiences, which provide the framework for the "psychological and social basis of their unity." These shared experiences result in a unity and cohesiveness not found in other segments of society.

(2) Structural hierarchies. The unity of the elite is rooted in institutional structures. There is an interaction process between the institutions and the people in them, particularly involving the people who occupy the top positions.

(3) Coordination. The cohesiveness of the elite is sometimes the result of "a more explicit co-ordination." Working together in both formal and informal ways the elite coordinates its activities.

Any one of these characteristics provides by itself only a partial

explanation of the power elite's unity, but together they help us understand the cohesive nature of the elite.

One of the bases of this unity is found in the life style and training of the upper class. This is especially true of the older upper class families. The core membership of a variety of upper class institutions--metropolitan men's clubs, country clubs, private schools--consists of these wealthy families. As Mills says, "in these private schools for adolescents, the religious and family and educational tasks of the upper social classes are fused, and in them the major tasks of upholding such standards as prevail in these classes are centered" (Mills, 1959:65). As an "organized extension of the family" the private prep school, according to Mills, has replaced the family as the primary socializing agent of the upper class.

The upper class family, however, remains a vital element in providing a sense of unity and, more importantly, in solving problems.

Accordingly, in the inner circles of the upper classes, the most impersonal problems of the largest and most important institutions are fused with the sentiments and worries of small, closed, intimate groups. This is one very important meaning of the upper-class family and of the upper-class school; "background" is one way in which, on the basis of intimate association, the activities of an upper class may be tacitly co-ordinated. It is also important because in such circles, adolescent boys and girls are exposed to the table conversations of decision-makers, and thus have bred into them the informal skills and pretensions of decision-makers; in short, they imbibe what is called "judgement." Without conscious effort, they absorb the aspiration to be-- if not the conviction that they are--The Ones Who Decide. (Mills, 1959:69)

This points out the equally important role of the family and the power vested in it. But is power vested in the family? Or does the



family act as a coordinating agent, coordinating other institutional spheres of power? Mills does not always make this explicit, preferring to root power in institutional structures like the corporation and military. The family, however, clearly represents an important institutional structure, which alone may not have much power but which in relationship with other institutional structures can coordinate its activities in the interests of its class.

Families or individuals do not achieve wealth or power in isolation from some form of institutional base. Mills' emphasis is clearly on the corporate basis of wealth and power. Wealthy families, "in realizing the power of property and in acquiring instruments for its protection," have become linked to "the higher corporate world of the twentieth-century American economy." Continuing, Mills says:

Not great fortunes, but great corporations are the important units of wealth, to which individuals of property are variously attached. The corporation is the source of wealth, and the basis of the continued power and privilege of wealth. All the men and the families of great wealth are now identified with large corporations in which their property is seated. (Mills, 1959:116)

In linking wealthy families to corporations, Mills claims to reject both the notion that a "clannish" group of families rules the American economy, and the idea that a group of managers have "expropriated the powers and privileges of such families" (Mills, 1959:147). He argues instead that the propertied class has been reorganized, "along with those of higher salary, into a new corporate world of privilege and prerogative" (Mills, 1959:147). The history of American capitalism, it is argued, rather than exhibiting the breakup of family wealth or the management of

that wealth by a new elite, has exhibited a great deal of continuity on the part of the capitalist class.

What is significant about this managerial reorganization of the propertied class is that by means of it the narrow industrial and profit interests of specific firms and industries and families have been translated into the broader economic and political interests of a more genuinely class type. Now the corporate seats of the rich contain all the powers and privileges inherent in the institution of private property. (Mills, 1959:147; emphasis his)

In a critique of Mills' Power Elite, Paul Sweezy discusses some of the conceptual problems Mills was unable to resolve. Mills, he said, accepted "the substance as well as the terminology of a kind of 'elitist' doctrine which is basically antithetical to the general trend of his thought" (Sweezy, 1968:122). Mills' definition of the power elite is couched in the language of elitist theory, but the theoretical scheme is somewhat ambivalent, sometimes elitist, other times relying on a class analysis. According to Sweezy, Mills follows two often conflicting approaches as he develops a theoretical scheme in which to locate the elite. On the one hand, he locates the power elite in a national upper class. The hypothesis in this case is that those in the command posts are representatives of a national ruling class. At other times, he locates the elite in the "major institutional orders" of society. Here the hypothesis would test whether the elites are the products of distinct institutional structures.

A comprehensive analysis of American society, Sweezy believes, would have to root the elite in a theoretical framework of social class. Mills' cumulative empirical evidence, he argues, supports the interpretation of a class system; enough documentation is presented in The Power Elite to



show that the elite is rooted in an upper social class. As Sweezy says,

Mills adduces a wealth of material on our class system, showing how the local units of the upper class are made up of propertied families and how these local units are welded together into a wholly self-conscious national class. He shows how the "power elite" is overwhelmingly (and increasingly) recruited from the upper levels of the class system, how the same families contribute indifferently to the economic, military, and political "elites," and how the same individuals move easily and almost imperceptibly back and forth from one to another of these "elites." (Sweezy, 1968:124)

In an earlier article, "The American Ruling Class," written in 1951, Sweezy sought to develop the concept of the ruling class. His purpose was to clarify and elaborate on the use of this concept in an analysis of the American social structure. There had been many factual studies--Lundberg's, O'Connor's, and Rochester's are the examples Sweezy gives--of particular aspects of the ruling class in the United States. But the lack of a comprehensive study of the structure of this class remained a major deficiency in the social sciences.

Any adequate theory of social class must recognize, Sweezy began, that classes are objective entities, "not the artificial creations of the social scientist" (Sweezy, 1953b:122). After emphasizing that classes cannot be construed as subjective figments of the viewers' imagination, Sweezy defined the key element of class membership. "The fundamental unit of class membership," he said, "is the family and not the individual" (Sweezy, 1953b:123). This is not to say that individuals do not belong to a particular class, but only that the basic unit for assigning membership in a particular class is the family. "A social class," according to Sweezy, "is made up of freely intermarrying families" (Sweezy, 1953b:124).

Family units may be the "fundamental unit of class membership," but the property system is the distinguishing feature of the relationship between classes. Property determines the number of classes and the dividing line between them, in any analysis of class. "The upper classes are the property-owning classes; the lower classes are the propertyless classes" (Sweezy, 1953b:124).

After these preliminary remarks on the nature of class systems in general, Sweezy warned against a simplified view of class which ascribes a tight homogeneity to classes. Not all members of a particular class play the same role, hold the same values, or necessarily behave in the same manner. Although he did not use the term, he appeared to be speaking of a differentiation of roles or functions within a class.

Using the American class system as his particular example, Sweezy proceeded to analyze the class structure of capitalist society. Classes in a capitalist society are defined by "the very nature of capitalism: the owners of the means of production (the capitalist class), and the wage laborers who set the means of production in motion (the working class)" (Sweezy, 1953b:126). This is the economic criterion of class membership. When coupled with "the criterion on intermarriageability as a test of social class membership," the analysis of classes becomes more complex but more comprehensive. Sweezy concluded:

...the social classes which we observe about us are not identical with the economic classes of capitalist society. They are rather modifications of the latter...If we keep [this point] firmly in mind we shall be able to appreciate the decisive role of the economic factor in the structure and behavior of social classes while at the same time avoiding an overmechanical (and hence false) economic determinism. (Sweezy, 1953b:127; emphasis his)

Any analysis of the class structure of the United States, Sweezy said, must recognize "that two social classes, at bottom shaped by the very nature of capitalism, determine the form and content of the system as a whole" (Sweezy, 1953b:128). These two classes are identified as the ruling class and the working class.

The national upper class is not merely a group of interrelated families. It is rooted in institutions, particularly economic institutions--the dominant form being the corporation. This "massive network of institutional relations" (Sweezy, 1953b:132) serves an integrating role in the ruling class. In addition to economic institutions there are a variety of clubs, alumni associations, churches, and fashionable resorts which also play an important part in upper class solidarity. These institutional linkages serve not only as an internal cohesive force binding the ruling class together, but also as a mechanism which perpetuates the ideas and values of this group. The family and educational system are identified as two of the key parts of this process. In transmitting ideas to the rest of society, and in providing an internal reference group, the institutional network provides a continuity of ruling class ideology.

Sweezy's work is helpful in clarifying some of the theoretical developments of the notion of ruling class. But it wasn't until publication of E. Digby Baltzell's study of the upper class in Philadelphia that empirical evidence was available to support them. Philadelphia Gentlemen represents an explicit attempt to expand Mills' institutional and class analysis of the higher circles. In a manner reminiscent of Mills, Baltzell traces "the relationship between the upper class and the elite"



(Baltzell, 1958:7). By defining class primarily in social terms Baltzell sought to demonstrate that the upper class is a social class.

The upper class concept, then, refers to a group of families, whose members are descendants of successful individuals (elite members) of one, two, three or more generations ago. These families are at the top of the social class hierarchy; they are brought up together, are friends, and are intermarried one with another; and, finally, they maintain a distinctive style of life and a kind of primary group solidarity which sets them apart from the rest of the population. (Baltzell, 1958:7; emphasis his)

Mills had placed his emphasis on economic, political, and military institutions. Baltzell's analysis is focused on the family as an institution.

The tap root of any upper class, that which nourishes each contemporary generation with a sense of tradition and historical continuity, is a small group of families whose members were born to that class, and whose ancestors have been "to the manor born" for several generations. (Baltzell, 1958:9)

The relationship between upper class and ruling class is specified in remarks criticizing Burnham's Managerial Revolution (1941). Baltzell claims Burnham's analysis is confusing because it fails to "determine whether or not these new managers were recruited from the same upper class as the financiers and owners" (Baltzell, 1958:34). Baltzell argues that if the "new managers and the old financiers are recruited from the same upper class," there has been no change in the composition of the ruling class. Defined in this way, the ruling class is that group which "contributes upper class members to the most important, goal-integrating elite positions" (Baltzell, 1958:34). Burnham's problem, according to

Baltzell, was that he confused the ruling class with the ruling elite, which led him to conclude that a new ruling elite of managers had replaced the old ruling class of financiers. Hypothetically, an upper class is not the same as, or the equivalent of, a ruling class. If it is not, however, it quickly loses its position. As Baltzell says,

If [the upper class] is not a ruling class, it will soon be replaced by a new upper class.... But we emphasize here that an upper class remains the ruling class only as long as its members are in the key executive positions, even though the technical and intellectual positions may be open to achievement. (Baltzell, 1958:34)

After defining his concepts, Baltzell specifies the functions the upper class performs in society. These are:

(1) to maintain a continuity of control over important positions in the world of affairs; (2) to provide a primary group social organization within which the informal aspects of the normative order--the folkways and mores--may operate as effective agents of social control; (3) to provide an autonomous power in the community as a protection against totalitarian power; and, finally, (4) to provide a more or less primary group social world within which the younger generation is socialized. (Baltzell, 1958:60)

Although his emphasis is on the social aspects of class, there can be no denying that Baltzell also defined the upper class economically. Domhoff has captured this, in summarizing Baltzell's major thesis

that a national upper class of rich businessmen and their descendants came into existence in the last part of the nineteenth century as a result of the national corporate economy and the national transportation-communication network. (Domhoff, 1968:268)

Several empirical studies, since Baltzell and Mills, have explored

the inner workings of the upper class and further refined and developed the theoretical framework of governing class theory. G. William Domhoff, in a manner reminiscent of Baltzell's, has grounded the social upper class in the dominant economic and political institutions. In this manner he has demonstrated that the upper class continues to act as a ruling class.

In Who Rules America? Domhoff provides a framework for determining upper class membership. Developing indicators and identifying a number of institutional organizations of the upper class, he documents the existence of a national upper class. The indicators show that the upper class is a social class and that individuals in various economic and political organizations are members of this group. For an individual to be considered a member of the upper class, he or she must meet one of the following criteria:

- (1) be listed in the Social Register;
- (2) have attended an exclusive private preparatory school;
- (3) be a member of an exclusive gentlemen's club;
- (4) be the son or daughter of a millionaire entrepreneur or of a \$100,000-a-year corporate executive or lawyer, and have attended a private school or belong to an exclusive club;
- (5) marry a person defined as a member of the upper class by one of the previous criteria.

The upper class is comprised of "intermarrying and interacting families of high social standing" which are distinguished by their "great wealth and unique life style." As a social upper class this group can be defined "as people who are listed in certain social registers and blue books, people who attend certain private schools, and people who belong



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to certain exclusive social clubs" (Domhoff, 1970:32).

Presenting evidence of "in-group interaction and differential life styles," Domhoff argues that the upper class is a cohesive unit and is conscious of itself as something special. "Overlapping social cliques," produced by intermarriage, exclusive schools, clubs and resorts, and shared acquaintances, provide evidence of in-group cohesiveness. Socialization patterns--from an early childhood of governesses to special treatment after death--confer special privileges and status on members of the upper class which set them apart from the rest of society. This evidence along with the testimony of "informants" confirms the existence of upper class consciousness (see Domhoff, 1970).

Having demonstrated the existence of an upper social class, Domhoff documents its relationship with the national corporate economy. In both Who Rules America? and The Higher Circles, he demonstrates that the upper class overlaps with an economic class. He shows the continued domination of the corporate economy by the upper class through its members' role as directors of the nation's largest banks and corporations. Evidence of a tightly-knit corporate economy comes from studies on the concentration of stock ownership within the upper class and on the patterns of interlocking directorates among the larger corporations.

As a group characterized by common family position and wealth, a unique life style, and group solidarity, the upper class fulfills the social aspects of class. As a group rooted in the wealth of large corporations, this class' economic position becomes clearer. In other words, the American upper class is a socioeconomic class.

Having established the existence of a social upper class which over-



laps with an economic class, Domhoff's next step is to demonstrate that this class also governs. The upper class does this either directly or through hired employees. These are corporate lawyers and managers who are not members of the upper class but who serve the interests of the upper class. This group of hired employees in "command positions in institutions controlled by members of the upper (governing) class," is part of what Domhoff calls the "power elite" (Domhoff, 1967:10). The power elite also encompasses the active members of the social upper class who operate in these command posts.

By grounding the "power elite" in the upper class, Domhoff has established the existence of a ruling class. The ruling or governing class is

a social upper class which owns a disproportionate amount of the country's wealth, receives a disproportionate amount of the country's yearly income, and contributes a disproportionate number of its members to positions of leadership. (Domhoff, 1967:9)

At the same time, Domhoff has suggested how Mills' "power elite" can be seen as the "leadership arm" or "establishment" of the ruling class. He concludes

that the income, wealth, and institutional leadership of what Baltzell calls the "American business aristocracy" are more than sufficient to earn it the designation "governing class." As Sweezy would say, this "ruling class" is based upon the national corporate economy and the institutions that economy nourishes. It manifests itself through what the late C. Wright Mills called the power elite. (Domhoff, 1967:156)

The empirical evidence accumulated in Who Rules America? demonstrates how this governing class "controls" major corporations, foundations, and

private universities and "dominates" governmental processes. In The Higher Circles, Domhoff provides more empirical evidence of the domination of the government by members of the upper class and their employees. Here the focus is on the formation of governmental policy and on how the governing class transforms its wishes into policy. Through this empirical evidence Domhoff claims to have shown that "a power elite rooted in the social upper class and the major corporations governs the United States" (Domhoff, 1972:29).

Literature from two other areas should be integrated into our discussion of governing class theory. Kinship studies and the debate over corporate ownership and control can both contribute theoretical insights and empirical evidence for a further development of governing class theory. In the realm of theory, kinship studies help clarify the conceptualization of class. Their empirical contributions to discussion of the relations between kinship and other concepts, notably class and property, are less useful.

Studies on corporate ownership and control, on the other hand, can contribute a wealth of evidence to the governing class thesis. But studies in this area have not reached any kind of consensus on either the theoretical or empirical questions raised. Conflicting empirical evidence has resulted in a great deal of theoretical confusion and often in misleading notions of power in the United States.

#### Kinship Studies

Kinship analysis in anthropology has been used to develop a variety of theories about human society. Sociologists have tended to place less

emphasis on kinship systems, particularly in modern society. Some studies, however, have analyzed kinship in relationship to social class, mobility, and other specifying variables. Recently an effort has been made to relate kinship to other institutions in the United States, but, as Bert Adams points out, this process is "barely under way" (Adams, 1970:589). The majority of kinship studies, descriptive in nature, have focused on the internal relationships within the kinship system itself.

Adams does provide a good survey of the literature on the role of kinship in the United States. Reviewing the literature written in the 1960's, he discovers that the dominant theme then was actually a carry-over from the work done in the 1930's and 1940's. This theme viewed kinship and family structure as relatively unimportant to the functioning of modern society and considered the nuclear family to be isolated from other kin and differentiated from other social systems. It was generally assumed "that industrialization gave rise to the isolated nuclear family" (Adams, 1970:576). Such assertions about the declining importance of kin units received support from many prominent theorists. Talcott Parsons, for one, claimed that the nuclear family had become increasingly isolated in the United States. In an article in the early 1940's he called this isolation of "the conjugal family" the "most distinctive feature of the American kinship system" (Parsons, 1964b:185). The thrust of his argument centered on the family's separation from other kin. "Isolation" also meant, however, that a variety of functions originally fulfilled by the family were now performed by other institutions. This differentiation of functions further "isolated" the family and reduced the importance of kin groups.



On closer examination of Parsons' work on kinship patterns in the United States, we find several "deviations" from this typical pattern. Rural families, upper class "elements," lower class "instability of marriage," and "suburban matriarchy" were listed as four areas where the kinship system did not follow the typical pattern. This left Parsons with the urban middle class family as the "representative" type of American kinship system (Parsons, 1964b:185). The representativeness of this group has to be questioned at the very least.

It is interesting to note, however, that only in his work on the kinship system (1964b) does Parsons mention these deviations or differences between upper class kin and other kinship units. For example, his discussion of the relationship between kinship and class in his work on stratification (1964a) never mentions any differences. Kinship and class are analyzed in general terms. The assumption is that the kinship patterns of the middle class are representative of all classes in America.

Although they would deny the importance of the economic system as a determining factor of class, both Parsons and Daniel Bell (1962) recognize that there is a relationship between the family and property. Parsons says, for example, that "this structural connection between the family unit and the institution of property as the basis for control of the factors of production is the essence of 'capitalism'..." (Parsons, 1960: 110). This linkage, however, between property and kinship structures is essentially viewed as an historical one by Parsons.

Daniel Bell maintains that there was an historical "fusion" between property and family which maintained "a class system." The link which joined these two institutions was the economic system. Yet the factors



which "hindered the development of a full system of family capitalism in the United States" are related to "historical and socio-psychological events" (Bell, 1962:41). The reasons cited as factors leading to the decline of family capitalism are "the decline of the extended family which narrowed the choice of heirs competent to manage the enterprise," and "the increasing importance of professional techniques which placed a high premium on skill rather than blood relationships" (Bell, 1962:41).

Parsons' failure (noted above) to analyze the role of the upper class in his kinship studies does not make him unique. In his discussion of social class as a variable, Adams also makes no mention of upper class kinship. Studies he surveyed focused exclusively on the lower or middle classes. In discussing the need to relate kinship to other institutions, particularly economic ones, Adams mentions the possible role of kin as links in the corporate structure. The works of Baltzell and Kolko are cited to show how wealth and social position are inherited in U.S. society. This evidence that kinship plays a much larger role in modern society than is usually assumed tends to come from the literature on power and stratification, however, and not from the kinship literature.

Adams' review of the kinship literature finds that the debate over the isolation of the nuclear family still continues. His conclusion, drawn from his survey of the literature, is that the family "is not isolated interactionally, attitudinally, or in terms of knowledge" (Adams, 1970:580). He cites a large number of descriptive studies showing "that 'close, diffuse ties' with kin are maintained by many in the U.S."; yet, as he points out, the "protestations" of scholars continue to assert, with little supporting data, that kin are not as important in

modern U.S. society as they were in pre-industrial society (Adams, 1970: 580; emphasis his).

While the trend (excepting Adams) has been to follow Parsons and those who say that the importance of kin has declined, not all have joined the bandwagon. For example, August Hollingshead, in commenting on the importance of kinship systems in maintaining family stability, presents an alternative view. The "established upper class family" is, he says, "basically an extended kin group." Within the kin group the nuclear family is viewed as part of a broader kin group "that included the consanguineal descendants of a known ancestral pair, plus kin that have been brought into the group by marriage" (Hollingshead, 1950:41). He also recognizes that economic stability is an important factor in a kin group's ability to maintain family stability from one generation to the next.

Bernard Farber also has studied "the role of kinship and family in sustaining class structure" (Farber, 1971:4). His emphasis is on the different functions performed by different classes' kinship groups. Lower class kin units are seen as emphasizing an integrative function. Upper class kin systems "stress the social differentiation function that develops means for keeping the constituent kinship units separate while permitting them to accumulate and inherit wealth and power" (Farber, 1971:7). In Farber's analysis the concept of kinship is clearly linked to those of social class and stratification. On one hand, kin units insure the continuation of wealth and privilege; on the other, they provide an ideological framework that results in the integration of people into social classes. Viewed in this way, kinship systems reflect class interests in a manner similar to the relationship between religion and

class (see Pope, 1948).

Farber provides theoretical suggestions about the role of upper class kinship units, but his research data is obtained from a population in a lower class community, thus making it difficult for him to generalize to other socioeconomic classes. There has been a lack of kinship studies of the upper class, and the area remains unexplored. Sociologists have left the study of kinship systems to anthropologists, who have shown little interest in analyzing the top echelon of society. The study of wealthy families, particularly aspects of their wealth and power, has been left to journalists. When compared to kinship studies of the middle and lower classes, our knowledge remains minute. Journalists like Stephen Birmingham and Ferdinand Lundberg have provided accounts of the life styles of the rich; sociologists Mills, Baltzell, and Domhoff have helped increase our understanding of the role of the upper class in contemporary society, but their work has provided almost the entirety of our knowledge of the kinship structures of upper class families.

There are, however, two approaches which suggest ways of resolving the debate over the importance of kinship and the alleged isolation of the nuclear family. The first calls attention to the need for research on the relation between "kin ties and economic control." There is a need, as Bert Adams suggests, for "studies of the interrelations between kinship and other institutions, studies of the relative importance of kin and other industrial institutions..." (Adams, 1970:580; emphasis his). The second comes from Edward Saveth and Tamara Hareven, who both suggest the need for a historical perspective in studying family structure. Saveth in particular mentions the potential usefulness of genealogical studies



for research into the activities of the upper class.

### Ownership and Control

The debate over corporate ownership and control has produced a large body of literature, dating back to the work of Adolf A. Berle and Gardiner C. Means in the early 1930's. In The Modern Corporation and Private Property, Berle and Means presented findings that showed a trend toward the concentration of corporate wealth. "The ultimate control of nearly half of industry," they argued, was "actually in the hands of a few hundred men" (Berle and Means, 1967:46).

It has not been their findings showing a trend toward concentration of economic power, however, that have received all the attention. The major focus of the controversy raised by their work has centered on the question of stock dispersion and managerial control. They asserted that the ownership of corporate stock had become widely dispersed among a large number of people and that the control of the country's top corporations had shifted from a small group of wealthy families to a group of professionally trained managers.

This dispersion of stock was interpreted as meaning that "in many large corporations the largest stockholding represents a small proportion of the total ownership while the number of stockholders is legion" (Berle and Means, 1967:48). The example they selected as the prototype corporation of the future was the American Telephone and Telegraph Company, which had then assets of five billion dollars, over 454,000 employees, and over half a million stockholders. Berle and Means predicted that in the future a small number of firms like AT&T would come to dominate the



country. "One hundred companies of this size," they speculated, "would [come to] control the whole of American wealth; would employ all of the gainfully employed; and if there were no duplication of stockholders, would be owned by practically every family in the country" (Berle and Means, 1967:5; emphasis added).

Even though stock dispersion had not proceeded that far, there had already taken place, according to Berle and Means, a drastic change in the position of ownership, as well as changes in the control of the large corporation. According to Berle and Means, control had moved away from the owners "ultimately to lie in the hands of the management itself, a management capable of perpetuating its own position" (Berle and Means, 1967:116). The conclusion of their survey--of the top 200 companies, 106 industrials, 42 railroads, and 52 public utilities for 1930--was that 65% of the companies and 80% of their combined wealth was controlled by either management or "a legal device involving a small proportion of ownership." These figures, when combined with the aggregate data on the diffusion of stock, indicated to Berle and Means "the important extent to which ownership and control [had] become separated" (Berle and Means, 1967:110).

Shortly after Berle and Means published their results, a Congressional committee, the Temporary National Economic Committee (TNEC), undertook its own investigation into the "concentration of economic power." Although the findings of the TNEC study, published in 1940, are obviously dated, it remains as the only study available which has had "official" data. As a congressional investigation, the committee had the power to

subpoena information directly from the corporations under study. Gathering lists of the top 20 stockholders in each firm, the committee surveyed the 200 largest nonfinancial corporations. They concluded that "in about 140 of the 200 corporations the blocks in the hands of one interest group were large enough to justify, together with other indicators such as representation in the management, the classification of these companies as more or less definitely under ownership control" (TNEC, 1940:104).

The conclusion that 70% of the top 200 corporations in the country were under ownership control was in sharp contrast to the picture presented by Berle and Means. Their study concluded that 44% of the largest companies were under management control, 21% legal device, 23% minority control, 5% majority, and 6% were privately owned (Berle and Means, 1967: 109). Nearly 70% of the largest firms were found to be under nonownership control--controlled by either management or some legal device.

Several problems stand out in trying to assess corporate control. Researchers engaged in a company-by-company survey have utilized different measures of control and different sources of data to determine stock ownership. This makes it extremely difficult to compare findings from different studies. Berle and Means, for example, utilized a figure of 20% stock ownership as the dividing line between minority and managerial control. The TNEC study, on the other hand, developed an elaborate scheme which classified stock ownership according to four types: majority (more than 50%), predominant minority (30-50%), substantial minority (10-30%), or a small minority (less than 10%). Stock ownership in itself, however, was not viewed as the sole measure of control. In addition to stock, an interest group had to couple its ownership with an "active participation

in the management, or at least with representation on the board of directors," for control to exist (TNEC, 1940:115).

The notion that stock ownership has become widely dispersed among a large number of individual citizens has come to be known as "people's capitalism." By 1959 Adolf Berle had adopted this term to describe what he had analyzed two decades earlier (Berle, 1959). He reported in Power Without Property, for example, that six or seven million Americans, according to the New York Stock Exchange (which had popularized the term), had become stockholders in large corporations. Accompanying the notion of dispersion is the allegation that there has taken place a shift in corporate control.

Six or seven million people appears to be a large number at first glance, but as Gabriel Kolko (1962) pointed out, this figure only represents a small minority of the U.S. population. Using aggregate data on stockholdings Kolko found that the percentage of people actually owning stock has remained fairly stable for several decades. "In 1937, some 6.6 per cent of the population owned stock; this figure dropped to 5.1 per cent in 1956, and not until 1959 had it increased to 7.9 per cent" (Kolko, 1962:50-51). He goes on to show that not only is stock ownership highly concentrated among relatively few individuals, but, more importantly, among these individuals stock ownership is highly skewed in favor of the large holders. In 1951, only 2.1% of all the people owning stock owned 58% of the common stock (Kolko, 1962:51). Thus a relatively small percentage of the nation's population owns stock, and within this group a relatively small percentage owns the majority of stock. This is hardly an argument, Kolko says, that supports the notion that "the American



corporation is owned democratically" (Kolko, 1962:53).

In spite of the TNEC study (which has received little attention) and the relatively small percentage of stock dispersion, both "people's capitalism" and belief in the "managerial revolution" continue to receive support in the popular press and in academic circles. For instance, one author, although he relies on the TNEC study, interprets the findings differently. Robert Gordon, although in agreement with the findings of the TNEC data that suggest that the concentration of ownership is greater than ordinarily assumed, questions whether control through ownership is as prevalent as the committee implies (Gordon, 1966).

Others have concluded that, as the central feature of the American economy, this separation of ownership from control "has been virtually completed with the last half-century" (Parsons and Smelser, 1956:252). Citing the work of Berle and Means, Talcott Parsons and Neil Smelser claim that "effective control" has shifted from the owners of capital resources, i.e., "the great industrial magnates and their families," to career managers (Parsons and Smelser, 1956:253,254). These industrial magnates "failed to consolidate their position as the dominant class in society," primarily because of "high progressive taxation" and the dispersion of stock ownership (Parsons and Smelser, 1956:254; emphasis theirs).

The notion that there has taken place a revolution in the economic order that has dissolved "the atom of property," as Berle and Means claimed, has received support from yet other social scientists. Daniel Bell, in "The Breakup of Family Capitalism," and John Kenneth Galbraith in The New Industrial State, are also representatives of this position,



a position which continues to represent the dominant theoretical view within the social sciences. Maurice Zeitlin has captured it well when he writes:

The prevailing view is that the diffusion of ownership in the large corporation among numerous stock owners has resulted in the separation of ownership and control, and, by severing the connection between the family and private property in the means of production, has torn up the roots of the old class structure and political economy of capitalism. A new class of functionaries of capital, or a congeries of economic "elites," in control of the new forms of productive property, appear: nonowning corporate managers displace their capitalist predecessors. (M. Zeitlin, 1974:1075)

On the other side of the dispute, in addition to the TNEC study and more recent Congressional investigations of the concentration of corporate power (see U.S. Senate, 1974; U.S. House of Representatives, 1964), there are those like Kolko who argue that "to talk of a separation between management and major stockholders in the United States is obviously quite impossible" (Kolko, 1962:68). One such critic of the dominant view is Philip Burch, who undertook one of the most comprehensive efforts since the TNEC study to determine the locus of control in the top U.S. corporations. In reassessing the "managerial revolution thesis," he focused his study on the question of family control.

Defining control as "the ultimate overall economic power to decisively affect corporate policy and management," Burch found the "trend" toward managerial control far from complete (Burch, 1972:18). His company-by-company analysis sought to determine "the control status of most of America's large corporations...as of the mid-1960's" (Burch, 1972:29). Because of methodological problems associated with using corporate proxy statements and Securities and Exchange Commission sources (SEC Official

Summary of Security and 10-K Forms) he was "forced to rely" on other sources to determine who held stock in a given corporation. He searched several business publications, such as Fortune, Forbes, Business Week, Standard & Poor's, Corporation Record, the New York Times, and Moody's for the years 1950 to 1971, and found a "marked difference in stock ownership totals" between the results of his analysis of these business sources and the SEC records. The SEC reports were found to be conservative in their reporting. The SEC requires that only the holdings of the directors and officers and their immediate families be reported, which results in an under-reporting of the holdings of other family members.

Burch's findings on stockholdings were classified into three categories, according to types of control:

- (1) probably under family control;
- (2) possibly under family control;
- (3) probably under management control.

For a corporation to be designated as probably family controlled, two conditions had to be met: (1) "approximately 4-5% or more of the voting stock" had to be held by a family or a family group (Burch, 1972:29); and (2) there had to be "either inside or outside representation...on the part of a family on the board of directors of a company" (Burch, 1972:30). A corporation was classified as "possibly family controlled" if "some definite signs of family influence" were present. The existence of family influence could be in the form of either evidence of a significant amount of stock ownership or representation on the board over a number of years, usually several generations (Burch, 1972:34).

Surveying the top 300 industrial corporations Burch found that 42.7%

should be classified as probably under family control. Sixteen per cent were classified as possibly under family control and 41.3% were considered as probably under management control. When the large privately-owned industrial concerns not ranked in the Fortune 500 were added in, family-controlled firms actually outnumbered management concerns (44.7% probably family controlled to 40.0% probably management controlled). Within the group of 13 large privately-owned companies, Burch included such companies as Cargill, Hearst Corp., Hughes Aircraft, Sperry & Hutchinson, and Mars, Inc. Most studies fail to include this group of corporations in their analysis because there is a lack of public information available on them. Yet any study of family ownership and control can hardly exclude these closely held family firms and still make any claim of being comprehensive.

Like other studies, Burch's analysis failed to take into account the stock held by big institutional investors, banks, and trust companies. Unlike other studies, however, he acknowledged this shortcoming (Burch, 1972:17). Since his study was published, the Patman reports and the Muskie and Metcalf investigation of corporate ownership have uncovered a significant amount of stock ownership on the part of these institutional investors and trust companies. The question remains, however, of who actually has control of these blocks of stock.

Trying to assess the shift in ownership and control patterns over several decades, Burch reranked the top 108 industrial companies by assets to make his data comparable to the 108 industrials studied over three decades ago by the TNEC. He found that 36% of the top 108 corporations in the mid-1960's were probably family controlled, compared to 44 or 49% of the TNEC companies in the late 1930's. His conclusion was that



although there has been "a definite trend toward managerial control of big business over the years, the magnitude of this shift in economic authority has generally been overstated" (Burch, 1972:102). "Contrary to most professional and popular opinion, family interests still play a fairly prominent role in the conduct of big business affairs in the United States" (Burch, 1972:10; emphasis added).

Burch's findings are not only in conflict with those of Berle and Means, but are also in contrast with the findings (from a time period comparable to Burch's) of Sheehan and Larner. Robert Larner found that in the early 1960's only 14% of the country's top 200 corporations could be considered "dominated by family or other outside interests" (Burch, 1972:5). Sheehan, on the other hand, found 17% of the top 200 corporations under the control of various wealthy families. In spite of the similarity in findings, Larner and Sheehan reached opposite conclusions. Larner, in agreement with Berle and Means, Gordon, and Parsons and Smelser, concluded that the "managerial revolution" was close to complete. Sheehan, on the other hand, interpreted his findings to mean that family ownership and control was still quite significant. He concluded that his analysis "suggests that the demise of the traditional American proprietor has been slightly exaggerated and that the much-advertised triumph of the organization is far from total" (Sheehan, 1970:79). Burch claimed that, compared to his corporate control data and calculations, "Larner and Sheehan failed to identify anywhere from close to 40 to 60 percent, and in one case almost 70 percent (depending on the writer's work and the numerical ranking), of the big family-controlled firms in the mid-sixties" (Burch, 1972:69).



Two additional studies that Burch discussed were called into question because of their sources of data. The findings of Don Villarejo and Ferdinand Lundberg, although in essential agreement with Burch's own interpretation, relied primarily on SEC data and the outdated TNEC study. Their findings, however, in contrast with Sheehan's and Lerner's pointed toward the continued domination of the large corporation by wealthy families or outside interest groups.

Conflicting findings, and contradictory interpretations of similar findings, have led Maurice Zeitlin to question the "alleged" separation of ownership and control and the corresponding notion that kin are unimportant in modern society (M. Zeitlin, 1974). Surveying the literature, Zeitlin concludes that the evidence does not suggest the kind of "consensus" among social scientists on the issue that Ralf Dahrendorf thought existed. The problem, as Zeitlin understands it, is that this "astounding consensus," based primarily on Berle and Means' findings, has achieved the status of general theory. Zeitlin refers to the "explanation" of the U.S. class system provided by the proponents of the managerial revolution thesis as a "pseudofact." According to Zeitlin, pseudofacts "serve to deflect attention from critical aspects of social structure, determinant social relations, and basic social processes. They may inspire not merely explanations, but 'inferences' and 'theories' as well, which further confuse and obscure social reality" (M. Zeitlin, 1974:1074).

In the same article he makes numerous references to the need to study kin units in order to determine the locus of corporate ownership. These kin units, he argues, are the central element in a thorough analysis of the relationships between class structure and corporate ownership. As

he says,

It is known that a great number of related individuals may participate in the ownership of a family bloc, utilizing a complex holding pattern to keep control concentrated, despite the diffusion of ownership. If control is exercised through entangling interests in several interrelated corporations, rather than limited to one, then such kinship information is vital to an understanding of the control structure. Indeed, the kinship relations between the top officers, directors, and principal shareholders of the large corporations (and banks) are the least studied but may be the most crucial aspect of the control structure. (M. Zeitlin, 1974:1099)

Summary: The Family And Power Structure Debates

There is widespread agreement on the central role of the family as a "fundamental unit of class membership." Even theorists from as divergent perspectives as Parsons and Sweezy agree that a strong relationship exists between class and family. It is important to emphasize, however, that while kin relations are related to social class, the kinship structure is not the sole determinant of class. It is more appropriate to describe the relationship by saying that social class is rooted in various kin units; class and kin are also related to a particular form of economic structure or organization, namely property. Because of the close relationship between kinship and class, particularly among the upper classes, the social class system has been described by Bottomore as operating "largely through the inheritance of property" (Bottomore, 1966:11). It is this economic system, represented by property, which determines one's class along kinship lines.

The intersection of governing class theory, kinship studies, and the corporate control debate suggests that careful studies of large capi-

talist families can contribute to our understanding of several long-debated questions. Governing class theory places a great deal of emphasis on intermarriage, clubs, schools, and corporate interlocks in analyzing upper class cohesiveness. Upper class kinship solidarity and economic security resulting from inheritance patterns suggest an alternative to the "isolated" nuclear family thesis. The linkages between kinship and property are important in examining the relationship between upper class families and other institutional structures. The literature on ownership and control suggests that kin groupings may represent centers of control in the large corporations. Exploration of these close relationships among social class, kinship, and property should enable us to develop new evidence with which to support or call into question the work of pluralists and governing class theorists.

Governing class theory, as we have seen, provides an alternative to pluralism. Both have implications for the development of a theory of the state, i.e., for analyzing the role of the state in capitalist society. Pluralism "views the state as a pluralist, aggregating mechanism in which agencies, programs and legislation are substantive responses to the demands and interests of competing groups" (Esping-Anderson et al., 1976: 186-187). Governing class theory fits into what has been called the instrumentalist approach. "An instrumentalist theory of the state is a theory in which the ties between the ruling class and state are systematically examined, while the structural context within which those ties occur remains largely theoretically unorganized" (Gold et al., 1975:31). David Gold, Clarence Lo, and Erik Wright outline the research agenda of the instrumentalist perspective.



[It] has focused primarily on studying the nature of the class which rules, the mechanisms which tie this class to the state, and the concrete relationships between the state policies and class interests. The method consists of detailed studies of the sociology of the capitalist class, in the first instance simply to show that it exists; studies of the direct personal links between this class and the state apparatus, and links between the capitalist class and intermediary institutions (such as political parties, research organizations, and universities); specific examples of how government policy is shaped; and reinterpretations of episodes from the annals of history. (Gold et al., 1975:32-33)

Ralph Miliband (1969), G. William Domhoff (1967, 1970), Gabriel Kolko (1963), and James Weinstein (1969) are usually identified as examples of instrumentalist theorists (see Mollenkopf, 1975; Gold et al., 1975; and Esping-Anderson et al., 1976). As Gold (1975) and Domhoff (1976b) have both pointed out, much of the empirical work undertaken by the instrumentalists has been an attempt to challenge the conclusions of the pluralists. Instrumentalists have sought to show that the state is not a neutral entity responding to pressure groups, but rather that it functions "in terms of the instrumental exercise of power by people in strategic positions" (Gold et al., 1975:34).

The structuralist theory of the state is usually posited as providing an alternative perspective. Nicos Poulantzas, a French Marxist, is identified as the major proponent of this approach to studying the structure of the state. The theory emphasizes the "ability of the state to reproduce class relations and class domination through structural relations that need not be immediately visible" (Esping-Anderson et al., 1976:189). In their recent Monthly Review article, Gold, Lo, and Wright (1975) present the fundamental thesis of the structuralist approach.



[It] is that the functions of the state are broadly determined by the structures of the society rather than by the people who occupy positions of state power. Therefore, the starting point of the structuralist analysis is generally an examination of the class structure in the society, particularly the contradictions rooted in the economy. Structuralists then analyze how the state attempts to neutralize or displace these various contradictions. The structuralist theory of the state thus attempts to unravel the functions the state must perform in order to reproduce capitalist society as a whole. (Gold et al., 1976:36)

While these two approaches, instrumentalist and structuralist, represent alternative theoretical schemes for analyzing the capitalist state there is no reason why the two perspectives could not be merged to provide a comprehensive theory of the state. As Gold (1975:30) points out, "there is no necessary incompatibility among these various strands of thinking." Recent discussions of the two perspectives, however, make the point that "many Marxists have treated them as quite irreconcilable, and much of the recent work on the state has taken the form of a polemic against one or another alternative perspective" (Gold et al., 1975:30).

Poulantzas himself seems to be the most insistent on treating them as totally different approaches. In Classes in Contemporary Capitalism, for example, he breaks with what he calls "the misunderstanding of the 'functionalist-institutionalist' tradition, which has always spoken of the role of 'institutions' in the training and distribution of 'individuals,' particularly under the heading of the 'socialization process'..." (Poulantzas, 1975:34).

A convergence between the two approaches is suggested by two recent articles referred to above, "Marxist Theories of the State" (Gold et al., 1975) and "Modes of Class Structure and the Capitalist State" (Esping-Anderson et al., 1976). This view of the state emphasizes the structures

of the state as objects of class struggle. According to this perspective,

the capitalist class attempts to create state structures which channel working class political activity in ways that do not threaten capitalist political dominance and objective interests. Working class challenge makes the success of such attempts problematic. A political class struggle perspective on the state tries to locate the state within the dialectical relationship between class dominance and systemic constraints. (Esping-Anderson et al., 1976:190)

The political class struggle perspective builds on the work of Claus Offe (1972) and James O'Connor (1973). Their major emphasis is on the capitalist state rather than on the state in a capitalist society. They analyze the institutional mechanisms utilized by the state to legitimize the dominant ideology and to mediate the relationships between the classes. The convergence of the instrumentalist and structuralist approach has been succinctly summarized as follows:

...capitalists may manipulate the state, but they do not do so just as they please. The instrumental domination of the capitalist class is constrained by the structures of the state formed out of past class struggles, by the exigencies of current class struggles and by the contradictory consequences of state activity for future class struggle. (Esping-Anderson et al., 1976:198)

This study does not directly address these theoretical questions regarding the nature of the state. Our concern is more limited. The emphasis is on one kinship group of the upper class. An empirical investigation of this sort enables us to examine evidence directed at more limited theoretical issues. These issues, having to do with the relationship between kinship and property, with ownership and control of corporations, and with the importance of upper class kin groups, are the major

concern of the present study. Empirical investigations are necessary to determine the locus of corporate ownership and control and to determine the mechanisms of control for both corporations and state apparatuses. It is hoped that this study can contribute to such an investigation. This is not to say that the broader theoretical issues raised by recent debate on the nature of the state, class domination, etc., are not important, but only that it is not the focus of this study.

This study, however, may have some implications for the larger debate. For example, if it is true that the dominant form of property in contemporary capitalism is the corporation, then analysis of who owns and controls it is important. The corporation does not exist merely at the level of abstraction often analyzed by the structuralists. It exists in relationship to classes and in interaction with both those who own the productive forces, i.e., the capitalists, and those who do not. It seems to me this is what the instrumentalists and structuralists are both talking about. The state may be an instrument of the capitalist ruling class, as the instrumentalists suggest, but the capitalist state is also structurally limited (cf. Sardei-Biermann et al., 1973). Focusing on one family is not going to prove that "state policies constitute the general interests of the capitalist class" (Sardei-Biermann et al., 1973:66). It will, however, expose some of the "concealing mechanisms" of the state. Such an empirical investigation could reveal new mechanisms of corporate control and private appropriation used by one kinship group. Additional empirical work of a more comparative nature would be necessary to expand the analysis; additional theoretical work would be necessary to thoroughly analyze the nature of the state.



CHAPTER II: METHODS: CASE STUDY AND NETWORK ANALYSIS<sup>1</sup>

The purpose of this research is to explore several interrelated theoretical propositions about class and power in the United States, through a comprehensive and in-depth historical case study of a large and wealthy kin group. A detailed examination of a single case in all its wide ramifications provides the evidence to make generalizations about the validity of several propositions outlined in the previous chapter. The study explores the familial, educational, economic, religious, cultural, and political connections of the descendants and in-laws of Frederick Weyerhaeuser. The inter-institutional linkages of this kin group are analyzed through five generations. A network analysis is employed to trace intra-familial relationships (genealogies or kinship analysis) and external relationships (the individual's links to other institutional structures). The major unit of analysis or major focus is the family, more specifically the kin group. Within this framework the study will present biographical data on individuals within the kin network. In the genealogy the individuals are linked together through familial relations. In the other networks it is the various institutional

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<sup>1</sup>Conversations and correspondence with G. William Domhoff were invaluable in formulating the ideas developed in this chapter. The development of the methodological framework for this study is heavily indebted to him. His recent work (1976a) is the first systematic attempt to devise "The Methodology of Power Structure Research."



units that are linked together through individuals. These networks depict the external linkages with and between other institutional structures: corporations, schools, foundations, churches, and various civic and governmental organizations. Although these linkages are represented by individual persons, the relevant links are between institutional entities (cf. Craven and Wellman, 1973).

The case study of the Weyerhaeuser family can help answer several research questions derived from the power structure debate between pluralists and governing class theorists. Do upper class families remain a coordinated and cohesive kinship group? If so, how? What are the mechanisms which enable them to do so? How are they able to maintain control over large corporations? How do their activities shape the cultural, religious, and intellectual milieu? How do their activities influence the selection of political candidates and shape governmental policy?

The literature on kinship and class indicates that the family is the key unit of the class system, but as the last chapter revealed, sociologists have not undertaken empirical studies of upper class kinship patterns. Their attention has been focused on the lower and middle classes. The proponents of governing class theory recognize the importance of the family in the upper class, but have centered their analysis on national units (Mills, 1959; Hunter, 1959; Domhoff, 1967), cities (Baltzell, 1958; Hunter, 1963), clubs (Domhoff, 1974a), or

Marjorie DeVine and Carlos Silva (1975), which examined the kinship ties of American presidents. They found 21 of 36 presidents to be part of a 219-person kin network (Marjorie and Silva, 1975:162), a finding they interpreted as supportive of a governing class theory.

political parties (Domhoff, 1972a).<sup>2</sup>

Those seeking to determine the locus of corporate control have turned to surveys of the top 200 or 500 corporations to collect evidence for or against a particular type of control. The only real discussion of family capitalism, Daniel Bell's short essay, is void of any empirical evidence in support of his contention that family capitalism has declined (Bell, 1962).

The Weyerhaeusers as a kinship unit were chosen for an intensive case study for a variety of reasons related to personal interests, location, manageability and availability of data, and political concerns. The impetus for constructing a complete network of this kin group's linkages to a variety of institutions came from a study of the timber industry in the Pacific Northwest. One aspect of this study sought to determine who owned and controlled the six largest timber corporations operating in Oregon and Washington. This led quite quickly to the realization that at least two of these companies had ties to the Weyerhaeuser family, The Weyerhaeuser Company and Boise Cascade Corporation. George H. Weyerhaeuser and his uncle, C. Davis Weyerhaeuser, are on the board of the Weyerhaeuser Company. C. Davis's nephew or George's cousin, Edward R. Titcomb, is on the board of Boise Cascade (Dunn, 1974). At this stage in the research it was still assumed that the Weyerhaeuser

<sup>2</sup>The only exception to this generalization is a recent study by Michael Merlie and Edward Silva (1975), which examined the kinship ties of American presidents. They found 21 of 36 presidents to be part of a 219-person kin network (Merlie and Silva, 1975:162), a finding they interpreted as supportive of a governing class theory.

Company had evolved from a family firm to become a publicly-owned multi-national corporation. This assumption was based on the commonly held belief about the company and a survey of public records. Security and Exchange Commission records and company proxy statements, for example, revealed that the two members of the family who continue to sit on the board of the Weyerhaeuser Company held less than 1% of the outstanding common stock (Dunn, 1974). Later in the present study we will see that this initial evaluation of the family's holdings was a gross underestimate. The point I want to make here is that, in the early stages of the research, the popular notions, often supported by social scientific theories, about the absence of familial involvement in the modern corporation and political processes were thought to hold.

Although historians have described the historical ties between the Weyerhaeusers and various timber corporations, many people in the region where the firms have operations are unaware of links between Weyerhaeuser Company, Potlatch Corporation, and Boise Cascade. I even found that middle-level managers at Boise Cascade were unaware (or would not admit) that a member of the Weyerhaeuser family continues to sit on the board (personal communication, March, 1974). Many of these historical linkages are documented by three prominent historians, Ralph Hidy, Frank Hill, and Allan Nevins, in a book entitled Timber and Men: The Weyerhaeuser Story (1963). This book, sponsored and paid for by the Weyerhaeusers, depicts the involvement of the first three generations in numerous timber firms. But in spite of this work the history of these firms and of the family remains veiled.

Another reason for selecting the Weyerhaeuser family was the question



of its political and economic influence in the Pacific Northwest. There is concern in this region over the powerful position of the Weyerhaeuser Company. Its ownership of 5.7 million acres of forests, much of it concentrated in Oregon and Washington, makes the Weyerhaeuser Company the largest owner of private timber in the world. In the state of Oregon the company is the second largest private employer, employing nearly 5,000 people. The company's labor practices, its forest management decisions, its environmental practices, and its log export policies receive a great deal of attention in the mass media in the region. Yet these activities are seldom discussed in relationship to questions of corporate wealth and power.

The Weyerhaeuser family is not one of the families at the very top of the national stratification system--although it is perhaps the wealthiest and most powerful family in the Pacific Northwest. It is a family, as Ferdinand Lundberg (1937) says, that belongs to the "less wealthy family dynasties." Nonetheless, Lundberg claims such families resemble the top echelon in every respect except in the amount of accumulated wealth. This being the case, these families should be expected to match up to the top families, like the Rockefellers or du Ponts, in terms of upper class indicators and inter-institutional linkages.

The advantage of selecting the Weyerhaeusers was that, while the complexity of internal and external family relationships was assumed to be less than that found in some of the better known, wealthier, and probably more powerful families, the forms should follow similar patterns. The family's major activities in the corporate sphere have been limited



to one industrial sector--the timber industry. Among other things this avoids the question of bank versus corporate control of the large corporations (cf. Fitch and Oppenheimer, 1970), since the family does not appear to have any bank interests. The only links to banks have been through director interlocks with several banks. This is not to say that other theoretical and empirical questions like the financial control debate are not important, but only that this study deals with the issue of family control.

Researchers interested in ascertaining information on the upper class and its institutions have a number of avenues open to them. There are a number of social histories of the "great family dynasties" (e.g., H. O'Connor, 1933; Abels, 1965; Fosdick, 1956). These reflect both favorable and hostile treatments, but rarely go beyond descriptive accounts of the families activities. In many locations the "society page" has made many upper class families household words, but others remain hidden behind the exclusive institutions which train and maintain them. The Weyerhaeusers follow this latter pattern, preferring to remain a "private" family. Historically, they have shied away from the publicity which characterizes families like the Rockefellers. If the Weyerhaeusers are known at all it is probably the result of familiarity with the corporate name, the kidnapping of George H. Weyerhaeuser (today the president of the Weyerhaeuser Company) in the late 1930's, or recognition of the name attached to a campus building or church room as the result of philanthropic activity.

This reclusiveness is both challenging and problematic for the researcher seeking to determine the extent of the family's involvement

in various social spheres. Uncovering the "private" affairs of a major family--its stock ownership, political involvements, philanthropic activities--is a challenge not unlike that of a detective seeking to and determine "who-done-it."

Many of the institutions associated with the upper class are more secretive than the families themselves. This is particularly true of corporations, which protect themselves and their largest stockholders behind a number of legal "safeguards." (One of the initial reasons for incorporating was to protect wealthy individuals from the legal repercussions of their activities.) Those seeking access to this information have often resorted to the courts or to illegal means, such as the methods used to obtain material for documents like the Pentagon Papers. Congressional investigations which lack subpoena power often fail to achieve cooperation from corporate officials; the most recent example is the Metcalf and Muskie investigation (U.S. Senate, 1974) of corporate ownership. Power structure research, however, has utilized a number of data sources to obtain information and break through this "blockade" of secrecy. This study has used public records, such as probate court proceedings and foundation tax returns, in addition to standard reference works and interviews.

A detailed examination and analysis of one social unit, in this case a kinship group, can provide new insights and can deepen our understanding of how a particular unit operates. Exploration and description of the various components and concepts which constitute the unit under study are what characterize a case study. The description develops an intimate and thorough knowledge of one particular situation or single case.

Inferences and generalizations are based on this comprehensive knowledge of all aspects of the particular case. Like any method utilized by the social scientist, however, the case study approach has both strengths and weaknesses. Many of these are common to any method utilized in social research, others are unique characteristics of the case study.

In areas of inquiry where previous studies are scarce the case study approach has proven fruitful (cf. Selltitz et al., 1967). The case study's comprehensive examination of a single case often uncovers unexpected findings. The present study, for example, found no discussion in the literature about the "family office" or the "annual family meeting." Yet the discovery of these two organizations within an upper class family led to the realization that these organizations or institutions could potentially provide a mechanism for family control and could be an explanation for the persistence of family involvement in a variety of institutions.

The major limitations of the single-case approach are related to the questions of external validity and the reliability of the findings. As Campbell and Stanley (1970:5-6) point out, the problem of external validity asks the question of the generalizability or representativeness of the findings. An intensive study of one upper class family obviously does not permit generalizing to any family regardless of class. It does enable us to show how one upper class kinship group operates. The next chapter attempts to demonstrate how the Weyerhaeuser family is linked to institutions which others have utilized as indicators of upper class standing (cf. Domhoff, 1967, 1970); this is an attempt to show the representativeness of the Weyerhaeuser family. If it is shown that the



family is a representative case, the study could suggest that other upper class kin groups may be organized and function in a manner similar to the Weyerhaeusers.

This case study of the Weyerhaeusers is also an historical case, which makes it possible to overcome some of the temporal limitations often associated with other methods. Building in an historical dimension-- in this case, studying the family through five generations--will enable us to identify changes and shifts in the role of the Weyerhaeuser kinship group in the United States during the last century.

The representativeness and reliability of the single case method are probably the two most significant limitations associated with this method. In addition to the use of historical analysis, three other techniques are utilized to resolve these problems. (1) In order to compare the Weyerhaeusers to other kin groups with similar characteristics it will be necessary to specify units of analysis or concepts. (2) Brief comparisons between the Weyerhaeusers and other kinship groups of the upper class will be made to show that the Weyerhaeusers are not an atypical case. (3) Methodological triangulation will be used to reduce problems associated with internal validity (Denzin, 1970:309).

In discussing the problems associated with "an empirical analysis of a single case," Lipset, Trow, and Coleman (1970) caution against trying to generalize from a case that is merely a descriptive account of some phenomena. They stress that if the researcher wants to develop empirical generalizations or theories by using this approach, certain conditions must be met, the most important of which is the ability to demonstrate that the unit selected for intensive study follows patterns

and shares characteristics of other units in the population. To generalize beyond the single case it is necessary to delineate "units of analysis" and "characterize the units according to certain general concepts or properties" (Lipset et al., 1970:129; emphasis theirs).

Delineation of comparable units of analysis is carried out through the specification of general concepts. This is a similar strategy to the one used by Baltzell (1958) and Domhoff (1967 and 1970) in their works in developing indicators of criteria for upper class membership. Using the concepts developed by Domhoff the next chapter demonstrates that the Weyerhaeuser family meets these upper class criteria. To show that the Weyerhaeusers share common traits with other upper class families, evidence will be presented which roots individuals of the family in the national upper class. An extensive analysis of this one kinship group uncovered a variety of mechanisms associated with family control, cohesiveness, and solidarity. Limited information, however, is available on similar patterns among other upper class families. But in areas where comparable information is known these other upper class kin groups are compared to the Weyerhaeusers. This provides a framework suggestive of the role and activities these groups play in a variety of institutions.

In recognizing the need to specify "units of analysis...according to certain general concepts," the role of the family in a capitalist ruling class needs to be clarified. Recognition that the fusion of the family and property systems maintains a class system, as Bell (1962:40) points out, enables us to define capitalism in class terms. This is a good starting point, since, as we saw in the last chapter, there is almost

universal agreement in the literature on the familial basis of class. In speaking of the family in the present study, the reference is to kinship groups unless otherwise stated. When the reference is to the nuclear family, rather than kin group, it will be so specified.

Kinship is often defined as a relationship based on common ancestry, but this is too broad for our purposes. In the case of the Weyerhaeuser kin group, for example, Frederick Weyerhaeuser and his original business partner, F.C. Denkmann, married sisters. If the concept of kinship were defined broadly this would place the descendants of both within the same kinship group or family. In the present study these are treated as two separate kinship groups, although they are linked together in a broader kinship system.<sup>3</sup> Kinship is thus viewed in a manner similar to Firth et al. (1969:3), who defined it as a "set of ties socially recognized to exist between persons because of their genealogical connections." In the present study the Weyerhaeuser family is defined as the descendants of Frederick Weyerhaeuser, including those who have married those descendants. This is the kinship group which constitutes the case study.

Sometimes I use the terms "major families" or "the family" to describe the kinship group. The Weyerhaeusers themselves use these terms, and as such give us an insight into their own perception of the importance of the family. This is a good example of the way in which the upper

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<sup>3</sup>In the broader kinship group all the Denkmanns are cousins of all the Weyerhaeusers. The definition of kin group used in this study is male oriented rather than female oriented (the latter would be the case if the Bloedel family was used as the starting point); both the Denkmann and Weyerhaeuser kin continue to define themselves in separate genealogies; see for example a privately published book, Weyerhaeuser-Denkman Centennial (1960), which contains a separate "Family Tree" for each family.



class kinship group views itself as special.

The upper class can be defined, in Baltzell's terms, as a "group of families, whose members are descendants of successful individuals (elite members) of one, two, three or more generations ago" (1958:7; emphasis his). Or as Domhoff says, although the concept of the upper class "points to the great wealth and unique life styles of these intermarrying and interacting families of high social standing, the social upper class can be defined as people who are listed in certain social registers and blue books, people who attend certain private schools, and people who belong to certain exclusive social clubs" (1970:32).

The term ruling class means that the wealthy families not only own a disproportionate amount of society's wealth but have control over the ownership of that wealth. Wealth normally takes the form of property, and in capitalist society the ownership of property is usually either in the form of land or capital. In Marxist terms property is "the private ownership of the means of production." The ruling class can thus be defined as the group in society which owns and controls the means of production. This relationship to property forms the basis of classes in capitalist society.

This brings us to the notion of a capitalist ruling class as constituting propertied families. In reality the concept of upper and ruling class cannot be separated (cf. Baltzell, 1958, and Bottomore, 1966). But for analytical purposes, primarily to explore whether or not the upper class also rules (i.e., is a ruling class), it is important to differentiate between the two concepts. The upper class refers to families owning property; the term ruling class is reserved for the group having

control over the property. The property referred to is productive property, which usually takes the form of capital invested in stocks and/or bonds. To determine if the upper class constitutes a ruling class, Bottomore (1964:39) says it is necessary to show that the "upper class has been successful in perpetuating its ownership of property." If this can be empirically demonstrated we can then speak of the continuity of a family-dominated capitalism in which the ruling class "owns the major instruments of economic production in a society" (Bottomore, 1964:37) and "also controls the means of political domination" (Bottomore, 1966:77).

An unequal distribution of power also is implied in the concept of a ruling class. But power, as Kadushin (1968) points out, is a notion that is difficult to define and cannot be measured directly. In speaking of such a notion, James Coleman (1970:9) notes that many of the properties or concepts of interest to the social scientist "cannot be directly measured; they are 'underlying' or 'latent,' and all that can be observed and measured are their manifestations."

Others have agreed that because power is not directly observable it must be inferred from certain indicators which point to the manifestations of power (cf. Kadushin, 1968; Barton, 1970; and Domhoff, 1976a). Kadushin (1968) is one of those who refers to the properties of power as a disposition concept. Because direct measurement of a disposition concept like power is not possible, it is necessary to develop indicators from which power can be inferred. Traditionally power has been inferred either (1) by locating a specific decision and ascertaining who determined its outcome, or (2) by locating an elite and observing its use of

power (Kadushin, 1968:697). The first method is the decisional method popularized by Robert Dahl (1961). The second incorporates both the positional and reputational methods in seeking to determine power relationships.

The central theoretical issue in each case is, Kadushin says, "the extent to which [the power elite] are interconnected" (1968:697). This conclusion led him to suggest that the "social circle" is the best method for resolving some of the conceptual problems associated with elite studies. This method enables the researcher to move beyond the formal structures of power to study informal power relations and their links to formal organizations of power. Within this scheme power is inferred from institutional positions and other qualitative indicators. The concern is with linkages and connections between formal and informal organizations. The social circle is represented by "the major informal mechanism which links power persons and powerful organizations" (Kadushin, 1968:691). In the present study the kinship group is examined as being just such an informal linking mechanism between formal structures of power.

The existence of a link between two individuals or organizations does not necessarily mean that there is a relationship of power. For example, kin ties demonstrate a genealogical relationship, but do not necessarily prove that kin interact. As John Porter (1965:526) says, kinship charts do not measure anything, but the "links do serve an important function as one of the means through which elite groups coordinate their activities" (cf. Whitley, 1973). The existence of kin connections in and of itself is not sufficient to infer power in the kin



group. And while they point to possible avenues of interaction and coordination they do not prove that these activities take place. To demonstrate interaction, other testimony must be presented. For example, the existence of an "annual family meeting" and other get-togethers could be presented as evidence of extensive kin interaction. Such interaction would indicate that the kinship group of upper class families is a cohesive unit. To demonstrate that the family works together to realize common interests, it is necessary to present evidence that they coordinate their activities. The role of the "family office," decisions made at the family meetings, the methods of corporate control, and political campaign contributions are discussed to show family coordination.

Family control of a particular corporation will be said to exist if three conditions are met. Each is indicative of the possibility of control. When all three are present the likelihood of one family's controlling a corporation is greatly increased. Control of a corporation by a kinship group is said to exist if: (1) members of the family own a combined total of 10% or more of the outstanding common stock; (2) the individual members of the family coordinate their investments through formal (holding company or foundations) or informal (annual meeting or family office) means; and (3) family members are represented on the board of directors or in management positions.

These requirements are more stringent than the criteria for control that others have utilized. Burch (1972), for example, classifies corporations as under family control if one family owns 5% or more of the stock and has representation on the board. Any assessment of control that uses a percentage of owned stock of less than 50% assumes that the

rest of the stock is widely dispersed among a large number of small stockholders who are unable to act together. If this assumption is made, the difference between 5% or 10% is relatively unimportant. What is important is to be able to demonstrate how a group of individuals, in this case a kinship group, can coordinate its investments. The existence of family representation on the board or in management over successive generations, in addition to representing evidence of control, provides testimony of family continuity.

As a method for studying linkages and connections, social circles and network analysis provide the means for developing "specific propositions" from which power can be inferred. (Domhoff [1976a] has illustrated the use of networks and matrixes in analyzing power structures.) Network analysis is a way, as Craven and Wellman (1973:58-59) say, "to elicit information about important 'indirect' ties between people or institutions not directly or obviously related to each other." Networks specify sets of linkages among people and organizations. They "concretely describe the structure of relationships that characterize a group or community or class" (Domhoff, 1976a:162).

Network analysis, as conceived for purposes of power structure research has "crucial sociological and mathematical differences" from the approach of conventional sociometry. These differences involve the fact that conventional sociometry focuses primarily on the social relations among the people in a network, conceiving the "points" or "nodes" of the network as people, and the linkages among the points as social relationships (e.g., "linking," "hating," "owing"). This unusual approach does not give full play to the other basic type of social tie discussed by social scientists--membership. We not only "relate" to people and institutions, but we are "members" of groups and organizations, a fact which tends to be put aside, conceptually speaking, in sociometry. (Domhoff, 1976a:164)

In the study of one kinship group, the kin network or genealogy appears as a natural starting point in our analysis. The kin network is an elementary form of network analysis, or as Barnes (1972) says, "a paradigm case," linking individuals through affinal (marital) or consanguineal (blood) relations (cf. Schusky, 1965). Anthropologists have used genealogical inquiries to explore kinship patterns in modern society (cf. Firth *et al.*, 1969; Bott, 1971). In sociological research, however, the genealogical technique has not been fully explored. Its usefulness is readily apparent in that it provides not only information on kin connections, but more importantly information for tracing other network patterns (cf. Bott, 1971).

The case study of the Weyerhaeuser family and its networks utilizes a variety of sources to obtain data on the kinship patterns and activities of individual family members. In the initial stages of the research biographical sources were consulted to construct a genealogy of the kinship group. Reference works like Who's Who in America, National Cyclopaedia of American Biography (NCAB), Directory of American Biography (DAB), Current Biography (CB), and New York Times Obituaries Index provide information on parental and affinal kinship links (cf. NACLA, 1970). They also provide information on the individual's links to other networks, particularly corporate, educational, and civic ones. The first genealogy was constructed solely from public sources. It produced only 32 individuals in the fifth generation. It did, however, identify all of the family members from the third and fourth generations who are active in corporate affairs. Later in the research the "official" "Weyerhaeuser Family Tree" became available, which revealed 82 individuals in the



fifth and three in the sixth generation.

Networks also can be constructed by interviewing members of the family who provide the kinship and association links to be charted. Thus a combination of biographical sources and interviews can be used to achieve a more comprehensive picture than reliance on only one source could produce. One of the most useful methods of network construction is a technique of sociometrics called "snowball" sampling. This method is usually used to obtain a sample and determine the relationships among individuals in a given network (cf. Barnes, 1972; Kadushin, 1968). Barnes (1972:23) describes the snowball technique as a way of obtaining a sample "where each successive respondent defines several more who should be taken into the sample."

In the present study it also proved to be an excellent way of gaining access to individuals who otherwise might have been uncooperative in granting interviews. Each person who was interviewed was asked if there were other members of the family whom they thought would be willing to be interviewed. These people were then interviewed and asked to supply additional names of family members. Lists of individuals obtained solely by reliance on the snowball technique, as Barnes (1972:23) points out, "cannot be regarded as typical or representative of members of the network as a whole."

This limitation reveals one of the primary reasons for triangulating data. The triangulation process combines two or more different methods of gathering data to study "the same empirical units" (Denzin, 1970:308). It is most useful as a check on internal validity. This study of the Weyerhaeuser kin draws data from archival records, interviews, and public

documents. In this way data from one source can be corroborated with information from other sources in order to remove some of the problems associated with internal validity. Data triangulation not only uncovers additional information but also provides a validity check on the evidence by combining data from a variety of sources (cf. Webb et al., 1966). Norman Denzin (1970:221) also makes the claim that triangulation "permits generalizations to a broader population by studying a subunit from it." This must be accompanied with an analysis of "various definitions as they relate to the same behavioral unit" (Denzin, 1970:221). In other words, external validity is really controlled for by specifying the concepts in such a manner that the concepts under study in the one case are representative of concepts in other units.

The case of the Weyerhaeuser family draws on the archival sources utilized by the positional approach and on the interview techniques of the reputational approach. The Washington State Historical Library in Tacoma, the Library of the Minnesota Historical Society in St. Paul, and the Forest History Society in Santa Cruz, California, were searched for data on the Weyerhaeuser family. Several limited edition books and a collection of family papers and oral histories were uncovered in this search. The most useful material proved to be the "Weyerhaeuser Family Papers."<sup>4</sup> They consist of 252 boxes of personal correspondence, business correspondence, newspaper clippings, agendas from Family Meetings, vacation itineraries, and numerous other historical "tracks."

The use of historical documents raises problems associated with the

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<sup>4</sup>WFP is the symbol used to indicate that information cited has come from the Weyerhaeuser Family Papers.

selective deposit and selective survival of archival records. These are recognized. In the case of the Weyerhaeuser Family Papers, for example, several boxes were missing from the collection. It should also be obvious that not all the correspondence of each family member is included in the papers. But by triangulating the data from these papers with the information obtained from other sources, a fairly comprehensive picture of the family's activities, connections, and linkages emerges.

In addition to examining these historical documents, public records kept by the State were examined. Information on trusts, wills, and guardianships was obtained from the probate records of the courts in Pierce County (Tacoma), Ramsey County (St. Paul), and Spokane County (Spokane, Washington). The tax returns of foundations (Form 990-A) were surveyed for information on the role of the family in philanthropic activities and investments. Information on campaign contributions was obtained from the Congressional Quarterly, the Citizen's Research Foundation, and a variety of government documents. Corporate records published for stockholders and the Securities and Exchange Commission--proxy statements, prospectuses, and 10-K forms--provided data on stock ownership, corporate directors, and other matters pertaining to the running of a large corporation.

Interviews and oral histories provided another valuable source of data about the activities of individual members of the family and their general IV indicates that the person was from the fourth generation. The letters distinguish individuals in that generation. Roman numeral V indicates an individual from the fifth generation. Two additional interviews were conducted, one with the head of the family office, Joe Micallef, and the other with a former governess of one of the nuclear families in the study. They are cited as Micallef and Governess respectively.

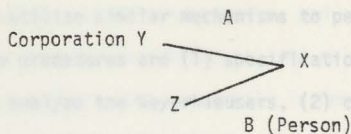


connections to other institutions.<sup>5</sup> Focused interviews with open-ended questions were utilized to gather data. They supplemented the data obtained from documents, and sought to explore in more depth the nature of individual linkages. It was originally thought that interviews would provide a chance to tap the religious and political motivations of the family, but these two areas of inquiry in most cases elicited a response equivalent to "no comment."

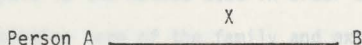
Although the genealogy is viewed as the primary network, the structural network of "power and influence circles" as Kadushin (1968) calls them are our real concern. These networks provide evidence of linkages between institutions from which we can infer power. Individual people, institutions, money, or ideas can serve as the connecting links of a network. In most networks, individual people and institutions are the building blocks. Corporate interlock charts, for example, usually represent the connections between different corporations via the directors who sit on common boards (cf. Dooley, 1969, and Levine, 1972). In this case the connecting links represent people, while the nodes or points stand for institutions:

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<sup>5</sup>In this study of the Weyerhaeuser kin a total of nine family members were interviewed. The average interview lasted an hour. Interviews were conducted with members of both the fourth and fifth generations. When reference is made in the text to information obtained through an interview the following citation is used: (Interviewee, IV:A). The Roman numeral IV indicates that the person was from the fourth generation. The letters distinguish individuals in that generation. Roman numeral V indicates an individual from the fifth generation. Two additional interviews were conducted, one with the head of the family office, Joe Micallef, and the other with a former governess of one of the nuclear families in the study. They are cited as Micallef and Governess respectively.



The nodes, however, can also represent individuals who are connected by lines indicating specific institutions.



Likewise, the flow of money can be represented in a network which describes the relationship between social units--either people or institutions. An example of money flowing from an individual to an institution is illustrated by a wealthy individual giving money to a foundation. The reverse is also possible, for example when foundations give scholarships to individuals or when corporations pay dividends to individual stockholders. The linkages between institutions can also be charted in terms of money flows, as for example when a foundation gives money to a church or seminary. Political campaign contributions (e.g., money from a rich individual to a political candidate) show the transfer of money between people and can likewise be charted in a network. Networks of this type are used to describe and analyze the case study of the Weyerhaeuser family.

In summary: this chapter has discussed the problems associated with the case study method. Particularly troublesome is the problem of external validity. Three procedures were used in collecting data which make it possible to generalize beyond the single case of the Weyerhaeuser family to suggest that other upper class families may follow similar

patterns and utilize similar mechanisms to perpetuate their wealth and power. These procedures are (1) specification of concepts utilized to describe and analyze the Weyerhaeusers, (2) comparison of the Weyerhaeusers with other upper class families that share similar characteristics, and (3) triangulation of data collected on the Weyerhaeusers. There is also the problem of measuring the power spheres of the Weyerhaeuser family. Network analysis is the method used in order that power within particular spheres--consisting here of the family and external institutions--can be determined the most accurately. The linkages found through network analysis allow us to infer that power is present.

By focusing on the Weyerhaeuser family this study attempts to increase our understanding of the role of upper class kinship groups in the United States. The chapters that follow present evidence from a variety of sources in order to show that:

(1) The descendants of Frederick Weyerhaeuser remain a coordinated and cohesive family unit through several means--a Family Office, Annual Family Meetings, and common investments.

(2) The educational and social connections of the individual members of the family match those of other families which are thought to be members of the upper class in the United States.

(3) The patterns of stock ownership reveal that the family controls several major timber corporations through trusts, holding companies, director interlocks, and the stock holdings of a great number of family members.

(4) Family continuity and wealth has been achieved in the case of the Weyerhaeusers through a variety of mechanisms of control: inheri-



tance, foundations, common investments, and a Family Office.

(5) The cultural, philanthropic, and religious connections of family members suggest that the family is centrally involved in many institutions that shape the cultural, religious, and intellectual milieu of the nation.

(6) Political campaign contributions, involvement in timber trade associations, public relations and advertising campaigns, and participation in policy planning groups, all suggest family involvement in selecting political candidates and in shaping public opinion and governmental policy.

(7) Kinship or family control and coordination, in the case of the Weyerhaeusers, are secured in inconspicuous and "hidden" ways. This suggests that kinship continuity may be more widespread than imagined.

will examine the family's external links with various upper class institutions. In following chapters the family's links with corporations, foundations, holding companies, trusts, and governmental processes will be analyzed.

In Chapter I, notice was taken of the theoretical importance of the relationship between kinship and class. It was observed that the family, as a unit of analysis, provides an avenue into the structure of the class system. Theorists from a variety of divergent perspectives agree with Joseph Schumpeter that "the family, not the physical person is the true unit of class and class theory" (Schumpeter, 1951:146). Schumpeter not only recognized the importance of the family in studying social classes, but he also saw that a genealogy could potentially be a useful tool for social analysis (cf. Schumpeter, 1951:169). Historian Howard Beale

## CHAPTER III: KINSHIP AND UPPER CLASS ROOTS

This chapter focuses on the extended kin grouping of one upper class family. After a brief sketch of the family's founder, Frederick Meyerhaeuser, it proceeds to construct a genealogy of the Meyerhaeuser Family. This construct enables us (1) to study the internal structure of an upper class kinship group, and (2) to analyze the group's external linkages with other institutions. The family's internal structure (i.e., kinship links), ascertainable through a genealogy and family history, provides the framework within which the external relationships can be examined in this and successive chapters. This chapter also will examine the family's external links with various upper class institutions. In following chapters the family's links with corporations, foundations, holding companies, trusts, and governmental processes will be analyzed.

In Chapter I, notice was taken of the theoretical importance of the relationship between kinship and class. It was observed that the family, as a unit of analysis, provides an avenue into the structure of the class system. Theorists from a variety of divergent perspectives agree with Joseph Schumpeter that "the family, not the physical person is the true unit of class and class theory" (Schumpeter, 1951:148). Schumpeter not only recognized the importance of the family in studying social classes, but he also saw that a genealogy could potentially be a useful tool for social analysis (cf. Schumpeter, 1951:169). Historian Howard Beale

provides an illustration of the usefulness of genealogies and family histories in analyzing intra-familial relationships. In an article on "Family Culture and Genealogy," he utilizes Theodore Roosevelt's family tree to demonstrate the cumulative effect of numerous wealthy ancestors on Roosevelt's life. By constructing a genealogy to trace Roosevelt's ancestors, Beale was able to show that by protesting, "as Theodore always did, that the family was other than very wealthy was to carry modesty to the point of telling less than the whole story" (Beale, 1964:162).

Another historian, Edward N. Saveth, has questioned certain assertions made by Parsons and Bell about the internal and external structure of the family in American society. Focusing in particular on the patrician family, Saveth believes the conclusions Parsons and Bell reach are not supported by the evidence. These theoretical studies of the American family, claims Saveth, have been lacking in an historical perspective. "There is every indication," Saveth writes, "that there are additional variables, beyond those stressed by Parsons and Bell, which condition family structure" (Saveth, 1963:242). In calling for intensive research into family history, Saveth suggests that "only a history of the American family could comprehend these variables and provide basis [sic] for an accurate typology of the patriarch at various stages in American history as well as a contribution to class theory" (Saveth, 1963:243). He suggests a model of the patrician class which "includes family history with stress upon the factors, material and cultural, which make for family continuity; the structuring of real types of the patrician family centered in factors related to the family's internal and external relationships" [sic] (Saveth, 1963:252).



Studying internal relationships, as Saveth points out, enables us to comment on the debate over whether the American family should be characterized as "extended" or "isolated nuclear" type. Family history and genealogy emphasize internal structure, but also enable us to uncover many external linkages. The study of a family's external relationships in turn sheds light on the question of family structure and business control.

Historians such as Beale and Saveth, and more recently sociologists such as Zeitlin, Ewen, and Ratcliff, have demonstrated the usefulness of the genealogical method. Zeitlin et al. for example have used it to show the way in which shared common economic interests and kinship bonds are often inextricably intertwined (cf. Zeitlin et al., 1974:108). A genealogy can be a particularly useful tool in identifying members of the same kinship group who sit on the same corporate board but who have different surnames.

The following genealogy (see Chart I) is a replica of the official "WEYERHAEUSER FAMILY TREE". It hangs in the Family Office in St. Paul, Minnesota, and can also be found in the files of the Public Relations Department of the Weyerhaeuser Company in Tacoma, Washington.

This genealogy of the Weyerhaeuser family enables us to trace the family through five successive generations and to study changes in family structure during the past century.

In the discussion that follows the focus will be on individuals in the Weyerhaeuser family. It is important to keep in mind, however, that the major unit of analysis is the kin group, and that the point in studying one wealthy family is to shed light on our understanding of the



class structure and the political economy of the United States.

E. Digby Baltzell in his analysis of the class structure of Philadelphia distinguishes between "two aspects of high class position, an elite and an upper class" (Baltzell, 1958:6; emphasis his). The concept of an elite "refers to those individuals who are the most successful and stand at the top of the functional class hierarchy" (Baltzell, 1958:6; emphasis his). The individuals who Baltzell identifies as the elite are the successful individuals, the ones who have made it, who are the leaders of their "chosen occupations or professions." This is another way of saying that they represent the first generation of the upper class family. For the upper class, in Baltzell's scheme, is that "group of families, whose members are descendants of successful individuals (elite members) of one, two, three or more generations ago" (Baltzell, 1958:7; emphasis his).

Frederick Weyerhaeuser fits Baltzell's definition of an elite person, a member of what Baltzell called the "business aristocracy." His children, however, were trained and quickly assimilated into the institutions of the upper class. Thus, as we will shortly see, by the second generation the Weyerhaeusers had taken root in the American upper class.

By employing Domhoff's (1967, 1970) social indicators of upper class standing we can show the family's rapid ascent into the upper class. These indicators--social register listing, elite prep school attendance or club membership, and/or whose father was a millionaire entrepreneur and who attended a select school or was a member of an exclusive club--are the criteria established by Domhoff to ascertain an individual's



ties with the upper class. We use them here to demonstrate the linkages between individual members of the Weyerhaeuser family in successive generations and upper class institutions.

The starting point for our genealogical excursion into the Weyerhaeuser kin group is Frederick Weyerhaeuser.<sup>1</sup> Born in Germany on November 21, 1834, Frederick Weyerhaeuser emigrated to the United States at the age of eighteen. All histories of the family trace its origins back to Frederick Weyerhaeuser. There is, however, disagreement about his family of orientation. Some accounts--Sarah Salo's Timber Concentration in the Pacific Northwest (1945), for example--claim that Frederick Weyerhaeuser started from "humble beginnings." The more authoritative

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<sup>1</sup>Information on Frederick Weyerhaeuser's life comes primarily from the following sources: Fortune, 1934; Weyerhaeuser Family, 1940; Salo, 1945; Hauberg, 1957; and Hidy et al., 1963. All of these accounts rely heavily on Pioneer Lumberman (Weyerhaeuser Family, 1940), a book privately published by his children and their spouses. The work by Hidy et al. is usually viewed as the definitive work on the Weyerhaeusers and their companies. The major focus in Hidy et al., however, is on the various business enterprises in which the Weyerhaeusers have been involved. Information on the family itself is rather sketchy. This work is viewed by many as an objective historical account of the Weyerhaeuser enterprises. But while the dates and other "facts" check out with other sources, there is a tendency to romanticize the role of individuals in shaping the political and economic climate of America's development. In describing Frederick Weyerhaeuser and his early partners, for example, Hidy et al. comment that "like other enterprising young men of the time--Collins P. Huntington, Philip D. Armour, J.P. Morgan, and John D. Rockefeller--they relied upon their own energy, insight, and resourcefulness, and upon the inevitable development of the country" (Hidy et al., 1963:10). There is also some evidence that during the 1940's the Weyerhaeusers were searching for some reputable scholar to write a history of Frederick Weyerhaeuser to correct some of the "misinformation" that grew up during the muckraking era (cf. WFP/File 28/-Box 154). Hidy himself appears to be a personal friend of Frederick King Weyerhaeuser. Nonetheless, this book is the best source for those who desire more detail on the business operations of the Weyerhaeuser corporations.

reports--Hidy et al.'s for example, and Frederick's own--refer to his prosperous family background. His father, Frederick recollects, "was one of the well-to-do men of the village [Niedersaulheim, Germany, located in the upper Rhine basin], as he owned about fifteen acres of farming land and three acres of vineyards scattered in the vicinity" (Weyerhaeuser Family, 1940:17-18).

Frederick's formal schooling took place in a Lutheran parochial school, but ended two years after his father's death in 1846. According to Hidy et al.,

he always knew hard work and responsibility. In his teens he did a man's work growing crops, cultivating the vineyards, and tending the three or four cows. As the family was large, for his father had two children by a first wife and eleven by Frederick's mother, he had to help look after his younger brothers and sisters. He was taught thrift and given careful religious instruction, devoting every Wednesday and Saturday afternoon in his school years to the Bible and the catechism. In the crowded home circle he developed kindness, honesty, and a keen sense of equity. (Hidy et al., 1963:3)

After his father's death, the family farm, with Frederick's help and that of hired men, "not only supported them but yielded a surplus" (Hidy et al., 1963:4). Thus even before emigrating to the United States they had accumulated some savings, although we are never told how much.

One gets the sense reading the various histories of Frederick's beginnings that there was a great deal of family solidarity even before they emigrated to the United States. Frederick Weyerhaeuser's oldest sister had married a man who went broke trying to run a grocery store. It was left to the family farm to support them. An aunt and uncle had already come to America. Frederick's second oldest sister followed them, settling near Erie, Pennsylvania. They sent back glowing reports

of cheap land and prosperity in the "new world." As Frederick Weyerhaeuser recalled it later in his life,

In 1852 the rest of the family decided to follow. The farm was divided among the heirs, and the portions of those who were of age were sold. As my younger sister and I were still minors, our portions were left unsold to wait our coming of age. The sale brought enough money to pay expenses of the journey across the sea, and a little besides. (Weyerhaeuser Family, 1940:21)

With his mother and younger sister, Frederick moved to a German settlement in the northwestern part of Pennsylvania near Erie, and settled among other relatives. For two years he worked for his brother-in-law, Mr. Ackerman (his second oldest sister's husband), in a brewery. Frederick Weyerhaeuser had planned to make brewing his life occupation. He soon concluded that brewers were their own best customers, and often became "confirmed drunkards" (Weyerhaeuser Family, 1940:23). While he was looking around for a more suitable occupation the family received word from a relative who had settled in the Mississippi Valley. The relative's letters told of "the wonderful riches of the prairie soil" in Central Illinois along the Mississippi River, thus encouraging a move westward.<sup>2</sup> Before heading west in search of land to buy with money inherited from his father, however, Frederick did farm work for another year in Pennsylvania.

Arriving in Rock Island, Illinois, in the spring of 1856, Frederick Weyerhaeuser worked for a few weeks on a railroad crew and a short time in the Atlantic Brewery (Weyerhaeuser Family, 1940:25). It was not long,

<sup>2</sup>The relative was "a paternal cousin who had bought a farm eighteen miles south of Rock Island..." (Hidy et al., 1963:5).



however, before he took a job at a sawmill owned by Mead, Smith and Marsh. By the end of 1857 he had been made manager of the firm's lumber yard at Coal Valley, a nearby town. By the fall of 1858 the Mead, Smith and Marsh Company was bankrupt. Hidy et al. blame the firm's failure on "dishonesty of a supplier, who sold them a raft or two of logs, took their note in payment and discounted it at a bank, and then, instead of delivering the cargoes, sold them for cash in...a town upstream" (Hidy et al., 1963:5). But 1857 was also a year of economic panic, one of those recurring depressions of the latter half of the nineteenth century. Whatever the reason for the collapse of Mead, Smith and Marsh, the sheriff took possession of the firm's assets later that year.

The misfortunes of Mead, Smith and Marsh gave Weyerhaeuser an opportunity to go into business for himself. He purchased the assets of the Coal Valley lumber yard on credit. Because of the depressed economy he had to engage in a process of barter. "I went around among the farmers," he later said, "exchanging lumber for hogs, houses, oxen, eggs, anything they had." He then retraded the produce to "the rafters for logs, or to the merchants for stoves, tinware and logging kits" (Weyerhaeuser Family, 1940:29). For a while he leased the firm's old sawmill at Rock Island and bought rafts of logs when prices were their lowest. During the next two years his books showed a profit of eight thousand dollars.

For several years Frederick branched out into the grain business and construction, building homes, school houses, and country buildings. In 1860, when the sawmill he had been leasing was auctioned off at a sheriff's foreclosure sale, Frederick formed a partnership with his

brother-in-law, F.C.A. Denkmann, and bought it. This partnership was the beginning of numerous associations with other families in which Weyerhaeuser was to be involved in the years to come. We will examine these business enterprises and associations of families and their descendants in Chapter V.

If the United States were a matrilineal society the kinship group under study would be the Bloedel family rather than the Weyerhaeusers. In December 1849, Frederick Carl August Denkmann had married Anna Catherine Bloedel. A machinist by training, Denkmann had sought to support his large family by selling groceries in Rock Island. In the spring of 1857, Mrs. Denkmann's sister, Sarah Elizabeth Bloedel, moved to Rock Island from Pennsylvania. Frederick Weyerhaeuser had known the John Philip Bloedel family in Pennsylvania where they had settled after emigrating from Niedersaulheim, Germany. Six months after she moved to Rock Island, Sarah and Frederick were married.<sup>3</sup>

Frederick had built a small two-story frame house in Rock Island earlier in the year (1857) for \$1200. But when he was transferred to Coal Valley later in the year, Mead, Smith and Marsh built a duplicate of his original home in Coal Valley. When in 1869 the Weyerhaeusers moved back to Rock Island because of a scarlet fever epidemic in Coal Valley, they traded their home in Rock Island plus \$7000 for a large "house on the hill." Frederick's youngest daughter-in-law describes the property (twenty acres) on which the house was located. The land had a

<sup>3</sup>The New York Times reported in Frederick Weyerhaeuser's obituary (1914) that Weyerhaeuser and Denkmann were doubly-bonded brothers-in-law, having married each other's sisters. None of the other historical records, however, supports this claim.

stream running through a deep ravine "where the children and later the grandchildren, had many happy days building dams and small bridges, and sailing boats" (Weyerhaeuser Family, 1940:34). The house itself was enlarged over the years "until it had about thirty rooms.... One summer while living here," Louise L. Weyerhaeuser continues,

In 1899 Frederick Weyerhaeuser's next-door neighbor came to his grandfather took some of the family abroad and during his absence he left instructions for the dining room to be paneled in wood. The result was a room done in cherry, with the upper part carved in apple blossoms. The idea was beautifully carried out. There were 1100 apple blossoms carved in the frieze alone. The hardware, also, was carved in apple blossoms. (Weyerhaeuser Family, 1940:35)

In 1890 the Weyerhaeuser empire moved its center of operations from Wisconsin to Minnesota, and Frederick Weyerhaeuser moved his family from the house in Rock Island to St. Paul. For two years they rented a house on Summit Avenue, which overlooks the city of St. Paul and the Mississippi River. When they finally bought a house, they bought one on Summit Avenue next door to a castle-like structure (including guard towers at each corner) owned by James J. Hill of the Northern Pacific Railroad. Accounts of why or how it came to be that Frederick Weyerhaeuser chose a home next to the railroad baron vary. Some claim it was "quite by accident" (Salo, 1945:5). Others say it was "his genius for obscurity" that led him "next door to the bigger house of the great James J. Hill" (Fortune, 1934:173). In any event, the Weyerhaeusers moved in next door to the Hills. "The rugged business captains admired each other, became fast friends, and spent many evenings in talk" (Hidy et al., 1963:207). The friendship that developed between the two men became significant at the turn of the century, when Weyerhaeuser began buying railroad land on



the West Coast.

Having exhausted many of the forests in Wisconsin and Minnesota, lumbermen from the Lake States began looking west and south for new supplies of timber. The Weyerhaeuser interests did buy some pine in the South, but the majority of their investment was in the West.

In 1899 Frederick Weyerhaeuser's next-door neighbor came to him with an offer of nearly a million acres of choice timber in the Pacific Northwest. The railroad baron was in need of cash to redeem a bond issue the Northern Pacific had floated earlier. With the cooperation of Frederick's long-time associates, the purchase was made and in 1900 the Weyerhaeuser Timber Company was incorporated (for details about the process of its formation and about its investors, see Chapter V).

Frederick's two oldest sons began working with their father in the Rock Island Lumber and Manufacturing Company, the original mill of the family's interests. John Philip, the oldest, soon became manager of the Nebagamon Lumber Company in Wisconsin. The second son, Charles Augustus, became general manager of the Pine Tree Lumber Company in Little Falls, Minnesota, along with Drew Musser, son of one of Frederick Weyerhaeuser's associates. The third son of Frederick Weyerhaeuser, Rudolph Michael, the first to attend college (Yale, 1881), also began his training in the lumber business at Rock Island. His initial training was under the direction of his brother John Philip. About half-way through the decade of the 1890's, Rudolph was sent "to Cloquet, Minnesota to take over the management of the important new properties" (Hidy et al., 1963:119. Hidy et al., however, mistakenly call Rudolph "Frederick's second son."). In Cloquet Rudolph had responsibility for the Northern

Lumber Company, of which he became president in 1896. Frederick Edward, the fourth son of Frederick Weyerhaeuser, graduated from Yale in 1896 and received his training in the lumber business at Cloquet, Minnesota, under the watchful eye of his older brother Rudolph. The first task that Rudolph assigned to his younger brother was the job of purchasing a rather large tract of timber (Hidy et al., 1963:120). As Hidy reports the incident:

Fred went to St. Paul to consult his father, who told him, "Buy it."

"But I must take William Irvine with me," protested the younger Frederick. "I have never bought any timber."

"You can't begin younger, can you?"

"Then certainly I must take our attorney, Mr. N.H. Clapp, with me."

"Why?"

"I have never drawn a purchase contract and I will need his help."

"I thought you graduated from Yale College," observed his father dryly, "and you cannot draw a purchase contract."

The neophyte bought the timber for \$150,000, which he later thought may have been \$25,000 more than Irvine would have paid for it, "but Father was determined that his sons should assume responsibility." (Hidy et al., 1963:120)

Within a year, Frederick Edward returned to his father's St. Paul office, where he gradually acquired responsibility for coordinating the family investments and supervising the totality of Weyerhaeuser operations. His father was sixty-two at this time (1897) and, as Fortune says, "had his fingers in many more pies than he had fingers" (Fortune, 1934:173).

The Weyerhaeuser interests continued to expand, however, with the purchase of Pacific Northwest timber land. Although the focus of the family's operations began to shift westward, Frederick Weyerhaeuser continued to reside in St. Paul. During the last few years of his life he spent his winters in Pasadena, California.

The Weyerhaeuser empire had become a large, complex organization, and Frederick Weyerhaeuser needed his sons to assume responsibility for all of the family's operations. After his father's death in 1914 it was Frederick Edward, the youngest, who oversaw the business from the St. Paul office, while his three older brothers assumed responsibility for the three major regions of the family's business interests. John Philip was in charge of the family's West Coast affairs. Charles headed the family interests in the Inland Empire (Idaho), while Rudolph handled the Lake States (Wisconsin and Minnesota).

One can say, using Baltzell's (1958) framework, that Frederick's children were trained and quickly assimilated into the institutions of the upper class. Within two generations the kinship group had sunk its roots in the American upper class.

The second generation of the Weyerhaeuser family consists of the seven children--four sons and three daughters--born to Frederick and Sarah Weyerhaeuser. In tracing the schooling and clubs of each of Frederick Weyerhaeuser's children, we see an increase in the number of upper class indicators with each successive child. The first, John Philip Weyerhaeuser, was born in 1858, and attended a German Lutheran parochial school in Rock Island, Illinois (NCAB, 1958 (Vol. 42):240). Later he attended Jennings Academy in Aurora, Illinois. He did not attend college, but instead went to work in his father's lumber business after high school. John Philip Weyerhaeuser's biographical sources list no clubs, but only that he was a member of the Masonic order, as was his father.

Charles Augustus Weyerhaeuser, the second son and fifth child of



Frederick and Sarah, was born in 1866. Like his older brother he did not attend college, but went to work in the Rock Island Lumber and Manufacturing Company after high school. Unlike his brother he attended one of the more prestigious prep schools in the country, graduating from Phillips Exeter Academy. Phillips Exeter Academy is one of the elite prep schools Domhoff lists as indicative of upper class standing, calling it one of the "gateways to the upper class" (Domhoff, 1967:16-21). (Later in the 20th century this and other private prep schools began accepting scholarship students--meaning students without upper class standing--but in the late nineteenth century it was still an excellent indicator of one's class position.) Later in his life Charles was a member of the Minneapolis Club, the Minnesota Club, the St. Paul Athletic, the Somerset (in St. Paul), and the Town and Country Club.

The third son, Rudolph Michael Weyerhaeuser, followed in his brother's foot steps, attending Phillips Exeter Academy in Andover, Mass. (Weyerhaeuser Timber, 1946:1-2). But unlike his two older brothers, Rudolph did not go directly to work in his father's lumber business after graduation. The first Weyerhaeuser male to attend college, he went off to Yale, graduating from the Sheffield Scientific School there with a B.S. in 1891. Like his brother before him he was a member of the Minnesota, Town and Country, and Somerset clubs.

The youngest member of the second generation, Frederick Edward Weyerhaeuser, also attended Phillips Exeter Academy (1892). He followed his older brother to Yale, where he was elected to Phi Beta Kappa, Skull

<sup>4</sup>See Baltzell (1958:320) on the role these fraternities play in socializing members of the upper class.

and Bones, and Delta Kappa Epsilon.<sup>4</sup> Graduating from Yale in 1896, he gradually took over the job of supervising all of the Weyerhaeuser operations, including the family office. One of his biographical sketches says he "assumed responsibility for the coordination of family investments, as well as the financial supervision of the numerous lumber firms in which the family held an interest" (DAB, 1973 (Vol. 23):813). According to James W. Gerard--himself a member of the upper class, a former Ambassador to Germany and son-in-law of Marcus Daly of the Anaconda Copper Company (see Heard, 1962:122)--Frederick Edward Weyerhaeuser's influence was felt beyond the family and the timber business. In an article in the New York Times (August 21, 1930), Gerard listed Frederick E. Weyerhaeuser as a millionaire "lumber king" and one of the 59 men in America who ruled the country. Frederick E. Weyerhaeuser's links to social clubs were also impressive. He was a member of the Somerset, Town and Country, St. Paul Athletic, University of St. Paul, White Bear Yacht, and Minnesota clubs.

Most accounts of the Weyerhaeusers, and of other upper class families for that matter, virtually ignore the role of the women in the family. This is true not only of the Weyerhaeuser daughters in the second generation, but also of following generations as well as of the women who married into the family. Baltzell claims that the "patriarchal nature" of the upper class family is illustrated by the absence of any notation of the wife's college in the Social Register (Baltzell, 1958: 27). A more blatant example of this is the lack of biographical sketches

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<sup>4</sup>See Baltzell (1958:330) on the role these fraternities play in socializing members of the upper class.

of women in major reference works and family histories of wealthy families. An exception to this failure to discuss the role of women is found in Domhoff's The Higher Circles, where he discusses the role of "the feminine half of the upper class" (Domhoff, 1970:33-56).

Domhoff's focus, however, is primarily on the role of upper class women outside the family. He is quite correct when he says that "women of the upper class have served an important function by helping to take some of the roughest edges off a profit-oriented business system that has cared little for specific human needs" (Domhoff, 1970:35). But upper class women have also played an important role in maintaining family solidarity and in working to keep family wealth intact from one generation to the next. They do this in several ways: (1) they marry and bring men into the business; and (2) they participate actively in foundations which function as social welfare programs and as wealth maintenance institutions. Women have not, however, been involved in the family businesses.

Information on the wives of Frederick Weyerhaeuser's sons is scarce. As with the three daughters of Frederick, there are no separate entries for any of the Weyerhaeuser women of the second generation in the standard biographical works. The only exception is Maud Moon Weyerhaeuser, the wife of Charles A. Weyerhaeuser. She is listed in a little-known work entitled Who's Who Among Minnesota Women (Foster, 1924), which tells us she attended private schools after her "kindergarten training" in the Duluth (Minnesota) public schools. She was active in religious, civic, community, and other volunteer activities in Little Falls, Minnesota, and later in St. Paul. As a member of the Symphony Orchestra Board and



Schubert Club in St. Paul her primary interest was in promoting good music. She was also a member of the Women's City Club, the board of United Charities, and the national board of the Y.W.C.A. (Foster, 1924:341).

John Philip's second wife, Anna Mary Holbrook, was also a member of the national board of the Y.W.C.A. During the Depression she served on "Herbert Hoover's welfare commission in 1932 and was noted for her work in helping the less fortunate" (Seattle Times April 24, 1932).

Frederick Weyerhaeuser's daughters all married men from the upper class, all of whom are cited in the National Cyclopaedia of American Biography. Elise Weyerhaeuser, the second oldest child, married William Bancroft Hill after graduating from Wellesley College. Hill was a clergyman and college professor, but hardly a run-of-the-mill academic. Before graduating from Harvard in 1879, he had been schooled at Phillips Exeter Academy. After Harvard he attended Columbia Law School and the Baltimore Law School. He was admitted to the Maryland Bar in 1882. Hill continued his education at Union Theological Seminary and after graduating was ordained in the Reformed Church in America in 1886. From 1902 to 1920 he was professor of Biblical literature at Vassar College. He also served as chairman of the board of trustees of the American University in Cairo, Egypt, from 1921 to 1941. During his lifetime he was a member of numerous ministerial associations and professional societies (e.g., the Society of Biblical Literature and Exegesis), as well as of the University (NYC) and Harvard (NYC) clubs (NCAB, 1948:212).

James R. Jewett, another academic, married Frederick Weyerhaeuser's second daughter, Margaret. Educated at Mowry and Goff's English and

Classical School in Providence, Rhode Island, he graduated summa cum laude from Harvard in 1884. After a period of study and teaching in Syria and Egypt as a Harvard Fellow, he received his Ph.D. from the University of Strassburg in 1891. Dr. Jewett taught Semitic languages at Harvard, Brown, the University of Minnesota, and the University of Chicago before his appointment as Professor of Arabic Languages and Literature at Harvard. He taught at Harvard for twenty years. Like his brother-in-law Reverend Hill, Jewett was a member of several professional societies as well as a member of the Faculty Club of Cambridge, the Harvard Club, Woods Hole Yacht Club, Woods Hole Golf Club, Craggs Country Club of Los Angeles and the Cliff Dwellers Club of Chicago (NCAB, 1949 (Vol. 35):126-7).

Frederick Weyerhaeuser's third daughter, Apollonia, married a hometown boy--Samuel Sharpe Davis. He was involved with his brother Thomas B. Davis in a number of businesses in Rock Island and nearby towns. Samuel's brother married Apollonia's cousin, Apollonia Denkmann, the daughter of F.C.A. Denkmann. (Information on Samuel Sharpe Davis' education and club memberships is unavailable, but Thomas B. Davis is listed in NCAB, 1931 (Vol. 21):290).

This completes the survey of the second generation of the Weyerhaeuser family. It shows that the increasing business success of Frederick Weyerhaeuser, and his rise from elite to upper class status, meant an increase in the number of linkages his children had with social and educational institutions of the upper class. His sons in particular exhibit this trend, from John Philip who attended a local private school and did not go to college to Frederick Edward who attended one of the

leading prep schools and leading colleges in the country. As we will see in the following chapter all four sons went to work for their father and continued in the family business throughout their lives. (Although none of his sons-in-law were employed in these business ventures, by the third generation all male members of this kin group, including those from both family of procreation and orientation, were involved in the family business.) All four sons and their wives were also listed in the St. Paul Social Register in 1915 and 1927. Thus, beginning with the second generation there is little doubt that the kin of Frederick Weyerhaeuser had become firmly rooted in the American upper class. Listing in the Social Register, attendance at elite prep schools, membership in exclusive social clubs--by whichever of Domhoff's criteria you choose, the individuals of this family can be classified as upper class.

The third generation, consisting of Frederick Weyerhaeuser's grandchildren, followed a similar pattern of attendance at Eastern boarding schools and elite universities and membership in exclusive social clubs. John Philip Weyerhaeuser, the oldest son of Frederick, who had not attended college, sent both his sons to the Hill School and Yale. The oldest, Frederick King Weyerhaeuser, graduated from Yale in 1917. He married Vivian O'Gara, a Chicago heiress and the only daughter of one of Chicago's oldest and most prominent families. "Their engagement," reported Marvin Ferree, a newspaper correspondent, "caused a sensation in both cities [St. Paul and Chicago] , but society circles got a real thrill when the wedding followed 24 hours later at the bride's Gold Coast home" (quoted from the back of a picture of Vivian O'Gara Weyerhaeuser found in the photographic files of the Minnesota



Historical Society). The story has it that Mr. and Mrs. Thomas J. O'Gara had planned to take their daughter to Europe to do some trousseau shopping, but "the young people refused to be separated" for even a few months. Another society page editor was to write later that Vivian "led a gay, carefree life--winters in fashionable sunny resorts, summers at smart watering places, much travel, a Junior Leaguer, a deb...she belonged to that charmed circle, the debutantes who 'danced-with-the-Prince-of-Wales' back in the bright and gaudy days of the early 1920's" (Birdsall, 1943:25). She was recently appointed to the Committee for the Preservation of the White House along with members of the duPont and Mellon families (New York Times, November 21, 1970). She has been active for years in the arts. Nearly two decades ago, in 1955, Mrs. Weyerhaeuser made the newspapers when she was "elected Chairman [sic] of the National Council of the Metropolitan Opera" (New York Times, March 25, 1955); two years earlier she had been elected Vice President. She has also served as a director of both the Minneapolis Symphony and the Seattle Symphony (Folwell, 1969:64). In her work with the Metropolitan Opera Mrs. Frederick K. Weyerhaeuser corresponded with members of other upper class families. Shortly after she was elected President of the National Council she wrote to Mrs. Norton Clapp, Mrs. Walter S. Carpenter, Jr. (whose son married into the duPonts)<sup>5</sup>, and others asking them to join the Metro (WFP/File 39/Box 195, letter from Mrs. F.K.W. to... April 23, 1955). These examples illustrate the kinds of activities in which members of the upper class engage and interact not only socially but for "business."

<sup>5</sup>See Phelan and Pozen, 1973:114.

The Meyerhaeusers are known as a private family. This was true even before they were thrust into the national limelight when George H. Meyerhaeuser was kidnapped in 1935. The Frederick King Meyerhaeuser family, of all the family units within this kinship group, appears as the most socially prominent. While others (particularly his brother) have shied away from publicity, Frederick K. Meyerhaeuser has been in the public limelight. Both he and his wife continue to list themselves in the Social Register (cf. Social Register Association, 1972). The Frederick K. Meyerhaeuser family continues to spend its winters at its winter home in Hobe Sound, Florida. Hobe Sound, Stephen Birmingham informs us, is one of the gathering places for members of America's upper class. It is one of the winter vacation centers for members of the "older wealth" who have forsaken Palm Beach and gone to Hobe Sound "where the atmosphere has become more relaxed and old-clothesy" (Birmingham, 1968:249). Domhoff also cites the Palm Beach-Hobe Sound area in Florida as one of the two areas in the country where members of the upper class interact during their winter vacations. Such interaction he suggests, is evidence for a cohesive and conscious national upper class (Domhoff, 1970:83).

The patriarch of this generation (the third) was Frederick K. Meyerhaeuser. He assumed the responsibilities that Frederick Edward Meyerhaeuser, his uncle, had taken on in the preceding generation. He was not only the leader of the family but during his career was also involved with many of the Meyerhaeuser firms, serving as president and/or chairman of the board of many of them. Like his uncles before him, he was a member of many exclusive clubs: Minnesota, St. Paul Athletic,

Somerset, White Bear Yacht, Tacoma Country and Golf, Yale (NYC), and the Seminole Golf Club in Palm Beach, Florida.

Frederick King Weyerhaeuser's brother, John Philip Weyerhaeuser, Jr., also attended Yale, graduating in 1920. He was more shy of publicity than his brother, and there is no information on his club memberships.

Other members of the third generation (Frederick King Weyerhaeuser's cousins) were also schooled in some of the leading prep schools and colleges in the country.

After attending Brown and Nichols School in Cambridge, Mass., George F. Jewett went on to Phillips Exeter Academy. Like his father he attended Harvard, graduating in 1919; he received his M.B.A. from Harvard in 1922. He was a member of the "Harvard and New York Yacht clubs of New York City, the Harvard Faculty Club of Cambridge, Mass., the Yeamans Hall Club of Charleston, S.C., and the Rotary, Country, and City clubs of Spokane" (NCAB, 1965 (Vol. 47):346).

Edwin W. Davis received his A.B. from Yale in 1918. Like his cousin George F. Jewett he did some graduate work at Harvard, but he was never granted a degree. Living most of his life in St. Paul, he belonged to the Minnesota Club, St. Paul Athletic, Somerset, Kitchi Gammi (Duluth), and Yale (NYC) clubs.

Carl A. Weyerhaeuser is not listed in any standard biographical source. The outcast of his generation, he was the only member not to graduate from college. He attended Harvard for several years before dropping out. The only Weyerhaeuser male in the third generation not to work for the family's business interests all of his life, he retired after ten years to travel, collect art, write poetry, and clip coupons.



In 1948 he paid to have two books of poems privately published.<sup>6</sup> Both of Frederick Edward Weyerhaeuser's sons, Frederick III and C. Davis, went to Yale, graduating in 1929 and 1933 respectively. Previously they had both attended St. Paul Academy, a local private school in St. Paul, Minnesota, and Phillips Exeter Academy in Andover, Mass. After Yale, C. Davis Weyerhaeuser attended the Biblical Seminary in New York for one semester. C. Davis Weyerhaeuser is a member of the Tacoma Club, the Washington Athletic Club, and the Tacoma Country and Golf Club. His brother's club affiliations are not listed in the only known biographical sketch (see NCAB, 1968 (Vol. 50):125). There were three women in the third generation (Chart I). Only one of them, Rudolph Michael Weyerhaeuser's daughter Margaret, is listed in any of the standard biographical references. She graduated from Vassar in 1923. Since then she has received honorary degrees from Macalester College (1948), Westminster College (1958), and the College of Santa Fe (1973). She has devoted her life to numerous religious, educational, and civic activities (Marquis, 1972-73, 1975). She married Walter B. Driscoll in 1926. He was active in several Weyerhaeuser firms, and a director of Northwest Paper Company and the Wood Conversion Company before an early death in 1938 (Hidy et al., 1963). Information on his schooling and club memberships is unavailable. This information is also missing for F.R. Titcomb and Walter S. Rosenberry, two others who married into the third generation of the Weyerhaeuser family. Fragments and More Fragments were printed by the printing office of the Yale University Press.

For nearly a quarter of a century Frederick K. Weyerhaeuser has been the patriarch of the family. Now over eighty, he recently retired from the board of Rock Island Corporation, a family holding company. His sole duty at the Family Meeting has become the telling of the family history. He is technically still the head of the family. The question is: who in the fourth generation is likely to succeed him?

Through three generations the kinship group remained fairly cohesive and stable. Cousins in the third generation played together and went to school together. As they became active in the family's businesses they gravitated to the two main centers of the family's operations, St. Paul, Minnesota, and Tacoma, Washington. Here they shared corporate directorates and church and club memberships. At the Minnesota Club, for example, they had their own table, where they often met with business leaders in other fields to transact business (WFP/File 12/Box 61). In the 1940's, for example, Rudolph Michael Weyerhaeuser met with Frank Gavin of the Great Northern Railway at the Minnesota Club to discuss rail connections to Springfield, Oregon, where the Weyerhaeuser Timber Company was planning on setting up a plywood mill (WFP/File 12/Box 61).

Through three generations we have seen the emergence of the family from elite status, in Baltzell's terms, to upper class status. The second generation came to have increasingly stronger links to upper class institutions. In the third generation these were solidified. Every member born into the family in this generation attended a prestigious prep school and college (either Yale, Harvard, or Vassar). Those who married into the third generation came from similar backgrounds.

The fourth generation presents more diversity. In size alone the

family increased from ten nuclear units to more than twenty-five. By the time the majority of the fourth generation was in college, about 1950, the extended kin group consisted of 63 living members. In less than a generation this would more than double.

The diversity was represented by two changes. First, not every member of this generation continued in the family businesses. This was particularly true of individuals who married into the family. They branched out into other investments, their own businesses (a helicopter company, for example), and careers in teaching and law. Second, individuals who married into the family often came from different socioeconomic backgrounds and had weaker links to upper class institutions. In Baltzell's terms, they married elite individuals without upper class credentials. These changes, however, are not very pronounced or prominent in this generation. It is only that the beginnings can be seen here. Most members in fact continued to have as strong links to the prep schools, colleges, and clubs of the upper class as their parents before them.

Frederick K. Weyerhaeuser's two daughters, Lynn and Vivian, were debutantes, attended Miss Porter's in Farmington, Connecticut, and graduated from Vassar. Lynn even took her horse with her to Farmington while attending Miss Porter's. They spent their winter vacations skiing in Europe and their summers at Fishers Island, N.Y. Stephen Birmingham has said "Fishers Island is Society's Petit Trianon, sort of, and the little telephone directory--a page and a half long--reads like a condensation of the New York and Philadelphia Social Registers, with Alsops, Bakers, Blagdens, Canfields, Coles, duPonts, Firestones, Peabodys,



Rutherfurds, Whitneys, and Wilmerdings predominating" (Birmingham, 1968: 225). hauser, graduated from Mills College. She is a member of the Juniors. Yet neither Vivian nor Lynn married Yale men. Vivian married "the son of an immigrant Polish tailor," Frank Piasecki (Collier and Horowitz, 1976:295). He attended the University of Pennsylvania for three years before graduating from New York University in 1940 with a B.S. in aeronautical engineering. Piasecki was a pioneer in the development of the helicopter during World War II. He has received honorary doctorates in aeronautical engineering from N.Y.U. and in aeronautical science from Pennsylvania Military College. He is a member of the Racquet Club, Wings (NYC), Merion Cricket (Haverford, Pa), Engineers (Phila.), and a founder of the Twirly Birds. Lynn's husband, Stanley Day, attended Stanford University for a time, but graduated from Kenyon College in Ohio. They live in Grosse Pointe, Michigan, a community Birmingham says "may well contain the densest concentration of rich people in the world" (Birmingham, 1968:140). to Ethel Walter School. Her oldest brother

Several of Lynn's and Vivian's cousins also attended prep schools which Domhoff includes in his indicators of the upper class. Edward R. Titcomb graduated from Hotchkiss before attending Yale and the University of Washington. John Philip Weyerhaeuser III and his brother George Hunt Weyerhaeuser attended Taft School. Both graduated from Yale, George in 1948 with a B.S. in industrial engineering, John in 1949 with a degree in industrial administration. John Philip Weyerhaeuser III is a member of the White Bear Yacht Club and St. Paul Athletic Club; both are members of the Rainier Club in Seattle. W.H. Meadowcroft, a brother-in-law of George and John, graduated from the University of Puget Sound in 1951

and went on to receive a M.B.A. from Harvard. His wife, Elizabeth Hunt Weyerhaeuser, graduated from Mills College. She is a member of the Junior League. He is a member of the Tacoma Yacht, Rainier, Washington Athletic, Tacoma, and Tacoma Country and Golf clubs. They live on the grounds of the latter, which has a private entrance.

George F. Jewett, Jr., received a M.B.A. from Harvard in 1952 after graduating from Dartmouth. He is a member of the New York Yacht Club and St. Francis Yacht Club. His wife is a member of the Junior League and Francisca in San Francisco (cf. Birmingham, 1968:103-104). She attended the University of Puget Sound for a year. Their brother-in-law, William H. Greer, received a law degree from Harvard University in 1954 after graduating from Yale. George's second cousin, Albert J. Moorman, Jr., also received a law degree from Harvard, but after graduating from the University of Minnesota.

The Rosenberrys in this generation were also well-schooled in elite prep schools. Elise went to Ethel Walter School. Her oldest brother attended Hawaii Episcopal School. Charles W. Rosenberry graduated from Taft and attended Dartmouth.

W. John Driscoll and his second cousin, Frederick Theodore Weyerhaeuser, attended St. Paul Academy before going on to graduate from Yale in 1951 and 1953 respectively. Frederick Theodore Weyerhaeuser married Nancy Neimeyer, a graduate of the University of Minnesota. His sister married William R. Rasmussen, a graduate of St. Thomas College who went on to receive a L.L.B. from William Mitchell College of Law.

Like the generation before them the Weyerhaeuser kin in the fourth generation maintained fairly close ties while growing up and shared

common schools and clubs. John Philip Weyerhaeuser III's membership in the Somerset Country Club in St. Paul, for example, was proposed by his uncle, Frederick King Weyerhaeuser (WFP/File 39/Box 195). But increased size, declining involvement in the family business, and wider geographic distribution around the country brought about weaker kinship links. In response to this the Family Office and Family Meeting emerged as crucial institutional forms to shore up the weakening ties. With members of the family living in Massachusetts, Pennsylvania, Colorado, Washington, California, Minnesota, Michigan, Washington, D.C., and Arizona, the Meeting and Office became more important for holding the family together and coordinating their investments, their giving, and other joint ventures.

Several shifts which appeared in the previous generation are intensified in the fifth generation. First, most of the children are sent to local elite schools rather than to Eastern prep schools. Although it is still too early to tell if the pattern will continue, members of this generation have been marrying out of their class and have shown less interest in family businesses than their elders.

It was Baltzell's belief that the New England boarding schools like Phillips Exeter Academy, Miss Porter's, Dobbs Ferry, Hotchkiss, and Taft had replaced the family as the primary socializing agent of the upper class. "The upper-class family-surrogates," as he calls them, "began to educate the children of the rich and well-born from all cities in ever-increasing numbers" after the First World War (Baltzell, 1958:390).

More recently, however, a number of local private schools throughout the country have emerged. It is my belief that for many upper



class parents these schools, such as St. Paul Academy in Minnesota and Charles Wright in Tacoma, are preferred over the boarding schools. They are the local equivalents of the Eastern boarding schools. Children live at home and attend them like a day school. Family members from the fourth generation living in St. Paul and Tacoma serve on the boards of St. Paul Academy and Charles or Annie Wright respectively. Parents play an active role in the affairs, finances, curriculum, personnel, etc., of these institutions. In this way the parents retain more of an influence over their children's education than if they sent them off to boarding schools in the East. By living at home to attend school the children could be socialized by their parents, except for one fact. Most families in the Weyerhaeuser kin group hire governesses, housekeepers, and cooks to "manage" the house and take care of the children; thus even when children are small, parents have little contact with them (information from a former Weyerhaeuser governess). The "advantages" of attending a local school are thus lost.

There are over eighty members in the fifth generation. We will not attempt to list all their links to upper class institutions. Instead, we will observe the differences and similarities this generation has with its parents.

Most members of the family in the fifth generation living in St. Paul and Tacoma have or are attending St. Paul Academy or Charles or Annie Wright respectively (Domhoff [1970:24] lists Annie Wright Seminary as a school of the upper class). Some continue to attend eastern boarding schools; George H. Weyerhaeuser's oldest daughter, for example, went to Dobbs Ferry School. Others have shunned even the local private

schools and gone to public schools. Still others have wanted to attend public schools but their parents have not allowed them to do so. In spite of a few deviations, however, the majority of children are still attending private schools.

Nearly half of the fifth generation has reached college age. It is here that we see the most dramatic shift in the family's links to institutions of the upper class. The family's tradition of men attending Yale and women Vassar has broken down. George H. Weyerhaeuser, Jr., and his third cousin, Frederick John Weyerhaeuser, son of Frederick Theodore Weyerhaeuser, are the only two members from the youngest generation thus far to attend Yale. Williams, Dartmouth, and Colgate have each received one or two members from the family. But the most noticeable shift in college attendance has been to small liberal arts colleges. Members of the family have enrolled in private colleges such as Lake Forest, University of Puget Sound, Denver University, University of Pacific, Lewis and Clark College, Whitworth, and Tulane. One member, John Philip Weyerhaeuser IV, attended Stanford for two years and then dropped out to start an import wine business. After the business failed, he thought about the family business but decided he did not want to leave the Bay area. One of his cousins attended four different schools ranging from a small private liberal arts college to a community college and a state university.

The fifth generation lacks the solid roots of their parents. They have begun to question the future their parents have mapped out for them. The fifth generation of the Weyerhaeusers could be characterized in a manner similar to Collier and Horowitz's description of the fourth

generation of the Rockefellers. The Rockefeller cousins, Collier and Horowitz say, are in search of self-identity. They are products "of their own time, an era of protest over imperial war, racial inequality, and social injustice" (Collier and Horowitz, 1976:537). The Weyerhaeusers may not be carrying their rejection of their name and elders as far as the Rockefellers, but there are similarities between the Rockefeller cousins and the Weyerhaeuser cousins.

In both families the younger generation has sought to develop their own projects "independent" of their elders. The extent of their independence is questionable, however, because of their trusts, inheritance, and continued links to the family office. But in both cases fewer members of the family have followed their fathers into family business firms. Among the Rockefellers, several cousins either have tried to give their money away (something the family office would not let them do) or are seeking to live on a "subsistence" income.

In their search to find themselves the Rockefeller cousins have lived in an old caboose, joined the Peace Corps, worked among the poor at home and abroad, undergone years of psychotherapy, and gone to medical school, law school, and seminary. The Weyerhaeusers have gone into business for themselves, become conscientious objectors, taught school, tried farming, built log cabins with their boy friends, and run off to Hawaii with a professional baseball player. Both the Weyerhaeusers and the Rockefellers have had individuals who have become psychiatrists as a result of their own therapy, and the members of the younger generation in both families have used foreign travel as a part of their search to find out who they are.



In both families some individuals have gone into family businesses. John Titcomb and George H. Weyerhaeuser, Jr., for example, have worked summers for the Weyerhaeuser Company while in law school and at Yale. Several other Weyerhaeusers in this generation plan on entering the family business. Collier and Horowitz report that Rodman Rockefeller, President of IBEC and oldest son of Nelson, is "the only member of this generation living off his salary" (Collier and Horowitz, 1976:508).

Several factors account for the lack of interest in family businesses in this generation (the following information is taken from interviews with Weyerhaeuser family members):

(1) The sheer size of the kinship group prevents every member of the family from holding a top position in various firms. There just aren't enough to go around.

(2) They would like to start their careers at the top; they are not interested in working their way up the ladder.

(3) Some family members want to live in a particular place, the San Francisco Bay area or Colorado for example, and are not interested in being transferred around, something they would have to do if they worked for the Weyerhaeuser Company.

(4) The 1960's were characterized by less emphasis (on college campuses) on business as a career than earlier time periods.

(5) The younger generation in both kinship groups also has less contact with their cousins than previous generations. The Weyerhaeuser cousins in the fifth generation often do not meet until they attend their first Family Meeting.

Some writers have suggested that the declining role played by young-

er family members in the family business is a result of a natural sort of evolution in kinship groups. A better explanation for these developments might be that they are related to the social and economic conditions of the 1960's, rather than being the result of some natural progress of extended families. If they resulted from the development of successive generations we would expect them to develop during the same generation in any given family. But this is not the case. Among the Rockefeller kin these developments--lessening contact with cousins and declining involvement in family business--took place in the fourth generation, among second cousins. In the Weyerhaeuser kinship group they did not appear until the fifth generation, among third cousins. Since these developments take place at different stages in the kin groups' development, I would suggest that they are the result of historically specific economic and social factors.

With the lessening of bonds within the kinship group the role of the office and meeting have taken on a new significance. The next chapter examines the importance of the Family Office and Meeting in maintaining a cohesive family unit and in linking the family to other institutions--corporations, foundations, and political parties. It suggests that the power the family has does not spring from individuals or money, "but from the unique network of family institutions and associations, beginning in the economy but now stretching across all the political, cultural, and intellectual boundaries of the national enterprise" (Collier and Horowitz, 1976:486). Although not as powerful a family as the Rockefellers, to whom this quote refers, the Weyerhaeuser family also experienced the shift from a family organization based on

kinship ties to the institutional arrangements of an Office and Meeting.

#### CHAPTER IV: WEALTH AND ITS MAINTENANCE: FAMILY OFFICE AND MEETING, INHERITANCE, TRUSTS, AND HOLDING COMPANIES

The family's internal structure and its links to upper class institutions were analyzed in the previous chapter by means of a genealogy. This chapter examines the mechanisms of internal coordination utilized by the Meyerhaeusers to preserve their wealth and maintain control over external institutions. The major focus is on institutional forms exclusively within the family's sphere which enable it to control and/or influence institutions outside the family. In examining the ways the family has coordinated its investments and utilized centralized planning in other decision-making, we hope to show how family continuity and control has developed new organizational forms. This chapter looks at the family office and meeting, inheritance, trusts, and holding companies.

Continuity of family wealth and power is, for the most part, hidden from the public. It is generally known, in a vague sort of way, that holding companies and trusts are two of the mechanisms for keeping wealth intact from one generation to the next. Two additional mechanisms, the family office and annual meeting, however, have escaped the attention of previous discussions of family capitalism (cf. Bell, 1962, and Parsons, 1960). Family members are linked together not only by kinship connections, but also through the structure of networks coordinated out of the family office. The family office and annual family meeting could, in fact, be the two most vital institutions utilized by upper class kinship groups



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#### Family Office And Annual Family Meeting

In a 1934 article on "The House of Weyerhaeuser," Fortune described the Family Office.

In every house moves the ghost of its founder. In the house of Weyerhaeuser the presence is almost overwhelming. On the twenty-first floor of St. Paul's new, tall First National Bank Building are large offices in which heavy old-fashioned furniture and walls hung with photographs of men long dead give a strangely real air of antiquity. Thick, brown carpet muffles the careless tread of younger men than the two Weyerhaeuser brothers, R.M. and F.E., who work there. Yet neither of them is old--sixty-three and sixty-one--and F.E.'s smile is as youthful as R.M.'s genial bark. The atmosphere is given by the feeling that neither of them is ever quite alone; that each feels himself always in the presence of one who lived long enough to dominate their lives into maturity; that no decision is reached up there without a visit to the Director's room across the hall and a long look at a portrait done in gloomy oils that a small brass plaque identifies as FREDERICK WEYERHAEUSER (1834-1914). (Fortune, 1934:65)

Over four decades later, the Family Office still occupies the 21st floor of the First National Bank building in St. Paul. The halls are still dominated by pictures of old logging scenes. Other hallways and offices are filled with pictures of various male members of the family. Completely filling one wall is a picture of Frederick Weyerhaeuser's four sons sitting on a sofa under a picture of their father. Several offices contain framed pictures of the "family tree." Picturing six

generations of Weyerhaeusers, the family tree in one office is enclosed in a three-by-four-foot frame. The framed genealogy, Weyerhaeuser Family Tree: 1857-1970, contains small pictures of Frederick and Sarah Elizabeth Weyerhaeuser in the upper left hand corner. In this same office, on a wall adjacent to the Weyerhaeuser genealogy, hangs the family tree of the Denkmanns. Behind the door are charts of the Laird-Norton and Musser families. The rest of the office is filled with 8½-by-11-inch pictures of numerous Weyerhaeuser associates from these various family groupings. The "thick, brown carpet" has been replaced by an even thicker carpet that makes walking difficult.

As the agency linking the kinship group together, through bonds other than kin, the Family Office provides nearly every kind of service members of the family might need. With two branches, the main one in St. Paul and a smaller branch in Tacoma, the Office provides services for members scattered around the country. For a number of years a third branch was maintained in Wilmington, Delaware (home of the duPonts). This office was staffed by Lawrence Bliss. After he retired in the early 1940's this office was closed. While it remained in operation, Bliss was responsible for trusts and holding companies incorporated in Delaware. This work is now done in the St. Paul Office (Interviewee, Micallef).

The Office employs tax experts, accountants, lawyers, and others with expertise in managing personal finances for family members. With a staff of 25 people in St. Paul plus an additional six full-time people in Tacoma, the services provided by the Office include: paying bills, determining the "best policy" for home, auto, and life insurance, filing



tax returns, managing individual portfolios, helping in estate planning, making travel arrangements, and coordinating political and philanthropic giving (Interviewees, Micallef; V:B). Investment counsellors and lawyers on the staff also refer family members to outside brokers and lawyers.

Orig These services even include acting as surrogate parents for many members of the fifth generation. The Office provides a link to financial security for members in this generation, who live off the income from trusts managed by the Office. Their parents may not know where they are or what they are doing, but members of the fifth generation maintain their contacts with the Family Office. One member of this generation claims that Office knows more about the fifth generation than do the parents (Interviewee, V:A).

Rudo The Annual Meeting and correspondence from the Office keep the family in touch with common activities and the services provided by the Office. In the summer of 1947, for example, Frederick King Weyerhaeuser, writing to the family, reminded the members of the variety of services the St. Paul Family Office had to offer (WFP/File 12/Box 61; letter from Frederick King Weyerhaeuser to the family, dated August 1, 1947):

McGou (1) The Office could provide members with security vaults in the First National Bank of St. Paul and in the Continental Illinois National Bank and Trust Company of Chicago.

Inter (2) The Office could invest idle funds in the First Trust Company of St. Paul.

Dirac (3) The Office could handle investments through Bliss and Company and hold family members' securities in the name of Bliss and Company.

role The Office has undergone several name changes and reorganizations

during the past seventy years. These have usually been for a variety of tax purposes, which are not totally clear. In several interviews, I was told the reasons for the name changes and reorganizations had been to reduce the tax burden, but no one would elaborate on these reasons. Originally the Office not only looked after and serviced the family but was formally linked with the operations of Weyerhaeuser Sales Company and General Timber Services, two central coordinating agencies for all Weyerhaeuser firms (cf. Fortune, 1934:65ff.).

F. Weyerhaeuser and Company, incorporated in 1901, was the major firm responsible for servicing the family for a number of years, although in its early years it also managed several operating companies (cf. Hidy et al., 1963:172). Throughout the 1940's the second generation, with Rudolph Michael Weyerhaeuser as president and his brother Frederick Edward Weyerhaeuser as secretary-treasurer, had the primary responsibility for the family office.

The assistant secretary and assistant treasurer at that time, Charles J. McGough, had worked out of the St. Paul office since before Frederick Weyerhaeuser's death in 1914. An accountant by training, McGough was initially involved not only in family affairs, but also in a variety of corporations coordinated out of the Office then. In the 1930's, for example, he worked out a proposed merger of the Weyerhaeuser interests in the Inland Empire (Hidy et al., 1963:522-23).

In the 1950's McGough was listed in the St. Paul Polk's City Directory merely as an accountant at F. Weyerhaeuser and Company. But the family papers reveal that Charlie, as he was called, played a major role at the Family Office. It was to McGough that members of the family

addressed their questions about gift taxes, trusts, investments, philanthropic giving, and a host of other matters. During the 1950's he appeared as the key employee at the Office. He died in 1963, leaving an estate totaling more than three-quarters of a million dollars (according to probate records at St. Paul, \$784,213). More than 90% of it was in Weyerhaeuser, Wood Conversion, Potlatch, and Edward Hines Lumber Company stock (Ramsey County, 1963). His last will and testament was witnessed by two other family office employees, Donald N. Hanson and Gordon E. Hed. Hanson was also one of the people who appraised McGough's estate. The employees of the Family Office are apparently a tightly knit group.

Polk's does not list the North East Service Company as the occupant of the 21st floor of the First National Bank Building in St. Paul until 1959. NESC, however, appears earlier in the family papers. It was paying bills and arranging travel plans and accommodations for members of the family as early as 1955 (WFP/File 39/Box 195; telegram to the Ambassador Hotel, May 11, 1955, from Mrs. Frederick King Weyerhaeuser. "Please reserve double bedroom and sitting room for myself and daughter to arrive Sun. afternoon--depart Thur. Wire reply. Charge account of Northeast Service Company."). The Minnesota Secretary of State's office in St. Paul lists April 14, 1941, as the date of incorporation of the North East Service Company. Frederick Edward Weyerhaeuser and Rudolph Michael Weyerhaeuser and C.J. McGough are listed as the original directors (Papers of incorporation on file Secretary of State Office, Minnesota).

By 1960, Frederick King Weyerhaeuser was listed as president of NESC and Donald Hanson was listed as treasurer, with Gordon Hed as



assistant treasurer (cf. Polk, 1960a). A long-time employee of the Office, Hed was listed as an accountant with F. Meyerhaeuser and Company in 1955, as was Hanson (cf. Polk, 1955a). Ten years later, Hanson still listed himself in Polk's as a treasurer of NESC and Hed was listed as the investment department manager. Joseph Micallef, the present president of the Family Office, first shows up as an employee, a tax manager at NESC, in 1967 (cf. Polk, 1967a). The year before he had been employed as an attorney by Weyerhaeuser. In 1969 the name of the Family Office was changed to WF Associates, Inc. The incorporations papers listed Frederick King Weyerhaeuser as president and Donald N. Hanson as secretary (papers on file with Secretary of State, Minnesota); Polk's listed the former chairman of the board and Hanson as executive vice-president. Micallef was listed as vice-president and assistant treasurer (cf. Polk, 1970a).

In 1973, the name was changed again, this time to Fiduciary Counselling, Inc. Joseph S. Micallef became president, Hanson chairman of the board, and Hed vice-president and assistant secretary. The Office also became the property of the employees of the Office rather than of family members. This arrangement of having no members of the family with an ownership role in the Office, like the name changes, was done for tax and legal purposes (Interviewee, IV:A). The Office provides an "advisory service," Micallef (Interview) says, that is not exclusively a service for the family, but as a member of the family readily grants, the principal clients are all members of the Weyerhaeuser family (Interviewee, IV:A). Not all members of the family "subscribe" to the services provided

by F.C.I. and some members subscribe only to part of the services, such as the tax service. The Office provides low cost services for each family member. As the resource and financial center for family matters, the Office informs members of family policy, but each member makes his or her own decisions, according to a member of the fifth generation (Interviewee, V:B).

Members are quick to point out that the Office does not make decisions, but merely provides the family with information to do so. Political funds are a good example of this differentiation in tasks. F.C.I. collects money from family members for distribution to political candidates, but members of the fund (i.e., family members contributing to the fund) decide where the money goes (see Chapter VIII). F.C.I. may make suggestions, but does not decide which candidates will receive family money.

Another example of the help and advice provided by the Office, similar to the role of the Rockefeller Family Office, is financial counselling for the younger generation. Members of the fifth generation (fourth in the Rockefeller family) inherit large sums of money when they turn 18 or 21. One member of the fifth generation, for example, received "a large sum" that he did not know was coming (Interviewee, V:B). His father, he claims, never even told him (cf. Collier and Horowitz, 1976, on the Rockefellers). Since his father had always been reluctant to talk about financial matters, all his advice and help in planning came from the Family Office (Interviewee, V:B).

Other upper class families often use employees of the family office to help interlock their major corporate interests. The head of the

Rockefeller Family Office, for example, sits on numerous corporations believed to be under Rockefeller control (cf. Domhoff and Schwartz, 1974, and Collier and Horowitz, 1976). The Weyerhaeusers apparently do not utilize employees of the Office in a similar capacity. C.J. McGough was a director of one of the Weyerhaeuser interests in the 1950's, the role of Edward Hines Lumber Company (cf. Moody's, 1950). Micallef and Hed have served as directors of some holding companies or minor corporations in recent years (Hed was a member of COMSHARE's board in 1973; Micallef was on the Rock Island board in 1975). And all of the major employees of the Office serve on the boards of various Weyerhaeuser foundations (see Chapter VII). But employees from the Family Office are not used to interlock major corporations.

Most members of the family living in St. Paul have personal offices in the Family Office. J.W. Driscoll, for example, has an office there, which he leases from F.C.I. C. Davis Weyerhaeuser has a similar arrangement in the Tacoma branch of the Office. This is the same pattern followed by the Rockefeller brothers (cf. R. Smith, 1955, Collier and Horowitz, 1976). Members of the family attending school in St. Paul have also used the Office for studying. One member of the fourth generation, for example, used his father-in-law's office when he was attending law school at William Mitchell (Interviewee, IV:C).

While the Office manages trusts, foundation portfolios, and individual portfolios, they do not make the major decisions. That task is reserved for members of the family. The Annual Family Meeting provides the structure for discussion and decision-making. It brings together members of the family and involves them in major decisions of



common concern (Interviewees, V:A,B, and C).

The Meeting is normally held the same week as the annual shareholders meetings of Weyerhaeuser companies. In 1956, for example, the Family Meeting was held at the end of a week full of other annual shareholders meetings of a number of Weyerhaeuser companies. The schedule of events for the week of January 23rd in 1956 was as follows (WFP/File 12/Box 61):

Monday----Stockholders annual meeting of Weyerhaeuser Sales Company, which hosted a luncheon at the Minnesota Club.

Tuesday----Annual meeting of the Wood Conversion Company. The Laird-Norton Company, the family office of this family, was host for a dinner party.

Wednesday--Annual meeting for Pine Tree Lumber Company and Rock Island.

Thursday---Annual meeting for Rock Island and Rilco Laminated Products.

Friday----Weyerhaeuser Family Meeting. A luncheon was held at the Minnesota Club.

In recent years, the Meeting has been held in Tacoma around the time of the annual meeting of the Weyerhaeuser Company. This was the case in 1975 when the company celebrated its 75th year. A special effort was made to encourage the descendants of the original founders to attend this anniversary meeting. During the meeting it was announced that many of these descendants were present.<sup>1</sup> Talk with various family members after the meeting revealed that about 80 members of the Weyerhaeuser family were in attendance.

<sup>1</sup>The author was present at this meeting (notes from the Annual Shareholders meeting, April 17, 1975 [Thursday]).

The following day they held their Annual Family Meeting. The weekend was taken up with socializing both within the family and with members of other families that have been multigenerational associates of the Weyerhaeusers. Shortly after the stockholders meeting, members of the Weyerhaeuser family and other families left (by a number of buses) to visit Weyerhaeuser operations in the area. The Family Office in conjunction with the company had organized tours of nearby mills, plants, and logging operations. The staff of the Family Office had lists of who was on each bus. After the meeting they mingled with members of the family, answering their questions, and finalizing their travel plans and dinner arrangements. Other families, the Laird-Nortons for example, also held their family meeting the day after the stockholders meeting.

Interviews with family members yielded conflicting accounts of the Annual Meeting in recent years. The differences usually centered on the Meeting's importance and on how much of a role the family continues to play in some of the larger companies, especially Weyerhaeuser, Potlatch, and Boise Cascade. Family members who were cautious during the interview tended to downplay the importance of the meetings (Interviewee, IV:B). The Annual Meetings are a misnomer, this member informed me. The meetings, he said, consist of the annual meetings of companies in which Weyerhaeusers own 100% of the stock. When asked to list these, he mentioned only three: Rock Island, Pine Tree Land, and Mississippi Land Company. The latter had recently been liquidated. Those who were more cooperative in the interviews (Interviewees, IV:A and D; V:A and B) were more likely to talk about the yearly Meeting, and placed more importance on its role in family continuity and control.

"These meetings help greatly," a member of the fourth generation told me, "to maintain family cohesiveness. They are primarily social happenings but reports are still given on the role in companies in which the family has investments" (Interviewee, IV:A). Another member of the fourth generation claimed the Annual Meeting was the mechanism holding the family together. "Each individual is doing something on their own," he said, but the Meeting provides a place to discuss the family's investments. "Wealth is what keeps the family together, the bond. The ability to keep companies together is this common ownership.... If I own stock and my cousins own stock in common we have a reason for getting together... The holding force is the family's ability to get together every year. The common bond is the companies" (Interviewee, IV:D).

Members of the fifth generation were often more willing to talk, but often did not know as much as I did about family activities. One member from this generation told of the chicken barbecues and baseball they played at these yearly gatherings, but said they also discussed directorships in various corporations when an opening was available (Interviewee, V:A).

In recent years much of the discussion in these business meetings has centered on Weyerhaeuser and Potlatch. Every year a member of management from one of these companies, usually the president, attends the Family Meeting. In 1974, for example, the president of Arcata National was asked in to give a brief presentation and answer questions that family members had about Arcata's recent activities. The person from management and the key personnel from the Family Office are the only non-family members in attendance (Interviewee, V:A).



Another major activity of the Meeting centers on the Weyerhaeuser foundations. The boards of various foundations meet and make recommendations to the rest of the family. This area of philanthropic giving is delegated to the women. They do not play any role in discussions of "business," whether that business means deciding which member of the family will replace a retiring family director, or involves a new investment (Interviewee, V:A). In 1974, for example, the younger generation

The Meeting itself normally consists of all family members 18 years and older. Every other year, however, children 10 years and older are invited to attend. When the family was smaller virtually everyone attended every year. In the 1950's, Bonners Ferry, a family holding company at the time, paid the travel expenses for family members to attend the Meeting (WFP/File 39/Box 195/folder 130). Family members' expenses to attend the Annual Meeting are still paid for out of an account at F.C.I. (Interviewee, V:C).

(2) The Meeting itself is formal, with an agenda circulated in advance. The Meeting begins with a prayer, usually given by C. Davis Weyerhaeuser, followed by the roll call and minutes of the previous Meeting. Frederick King Weyerhaeuser presents a sketch of family and business history. Beginning with the marriage of Frederick Weyerhaeuser and Sarah Elizabeth Bloedel, he proceeds to the original partnership with Denkmann and reminisces about each company. Informing the members of the family that "Fiduciary Counselling, Inc. is calculated to benefit members of the family," he tells them that it exists "to assist in the management of estates and trusts; the making of gifts to reduce taxes; the conduct of affairs so as to limit taxes--[These] are some of its functions with the

constant purpose of benefitting the children and grandchildren." and Continuing he tells them, "our family office activities have broadened enormously over the past five years in the direction of more expertise in each function" (F. Weyerhaeuser, 1974). In addition to historical sketches, prayers, welcoming addresses, business reports, and discussion, each yearly Meeting usually focuses on problems facing the family. In 1974, for example, the younger generation met before the meeting to discuss their common problems. Previous generations had grown up together, played as children, and knew each other well. Many in the fifth generation do not know each other this intimately. This was one of the problems that two of the older members of the fifth generation felt needed to be addressed by the fifth generation. In calling members of this generation together they proposed to discuss three additional problems this generation had in common: (1) a feeling that F.C.I. was less a tool for them than for the adults; (2) their feelings about the inheritance of large sums of money; and (3) their feelings that because of their name they were treated differently. These concerns and problems are identical to issues dealt with by the Rockefeller cousins in recent meetings (cf. Collier and Horowitz, 1976).

In spite of the fact they did not know each other too well, most members of the fifth generation felt they had certain responsibilities and family ties. In addition to discussing these problems, they asked the heads of the various Weyerhaeuser companies to come before them and answer questions. This took two days. Either at this meeting or at the regular Family Meeting, the younger generation asked questions about the

companies' environmental practices, hiring of women and minorities, and overseas operations. These actions are also similar to those taken at meetings held by the fourth generation of the Rockefeller kin (cf. Collier and Horowitz, 1976). But unlike the Rockefeller cousins, the Weyerhaeusers apparently came away convinced of the merits and good deeds of their elders.

A problem associated with many family businesses is finding capable and qualified family members to manage the firm (cf. Granick, 1964, and Lazarus, 1963). This and several related problems are usually discussed at the Annual Family Meeting. In 1974, for example, a sign-up sheet was circulated to determine who was interested in working for one of the Weyerhaeuser interests. Only eight people out of a potential 30 in the fifth generation who were between 18 and 36 signed the list (Interviewee, IV:E).

Nearly a quarter of a century earlier the problem had been that individual members were getting too absorbed in the daily activities of one company and were losing track of the "over-all position" of the family. The Meeting in 1950 was presented with a proposal to deal with this problem (see WFP/File 39/Box 195/folder 130). Preceding the proposal Frederick King Weyerhaeuser outlined the advantages and disadvantages the family enjoyed (WFP/File 39/Box 195). Some of the advantages he listed included the following:

- (1) Substantial and valuable property in lumber and timber investments;
- (2) A fund of liquid capital in Bonners Ferry (family holding company for investments and loans to family enterprises);



(3) Property division among many individuals, which lessened the impact of taxation;

(4) A promising group of young men coming up.

The disadvantages included:

(1) Danger from the socialistic trend sweeping the world, which threatens to tax away income and estates;

(2) Danger of the family's over-all positions becoming less important and influential because of the multiplication of heirs and the consequent reduction in the size of estates;

(3) Danger of the family's drifting apart, which could result in a failure to maintain the present unity of policy and action; "as individuals we are not controlling stockholders in any company" (*ibid.*; emphasis added. This is the key to maintaining corporate control, because individually no member of the family owns enough stock to control a company. Together they do);

(4) Danger of losing abler business men.

The proposal suggested the following program designed to capitalize on the family's advantages:

(A) The Weyerhaeuser family would acquire all the stock of Rock Island Lumber Company (RI) and use it to run retail and wholesale lumber businesses. They would enter other promising fields by investing earnings or by borrowing.

(B) Individual family members would invest in small corporations. These enterprises would be used to buy retail lumber yards.

(C) Bonners Ferry Lumber Company (BF) was to be used as the banker to finance such activities.

(D) The family would hold their interests in the following companies as long as possible without selling: Weyerhaeuser Timber, Potlatch Forests, Boise-Payette, Northwest Paper, Rock Island Millwork and Wood

Conversion. By avoiding taxes, for example, the family or individual members (E) The family would use their other assets in BF, RI, and "personal holdings of listed stocks, bonds and cash as a liquid and flexible fund for the creation and retention of capital gains" (ibid.).

(F) The St. Paul Family Office was to plan and manage these activities.

The proposal spelled out the advantages to be capitalized on. Since the Denkmann family owned a small interest in Bonners Ferry the Weyerhaeusers needed to buy them out. Then by creating an issue of preferred stock they could declare a tax-free distribution to the holders of common stock. Management of this stock ownership would be kept in the hands of those members of the family active in family business. Rewards would be given in relation to the contribution of individuals. This would provide a major incentive for participation in family business.

This proposal not only was geared to deal with the problem of getting family members to work for family interests, but also dealt with several additional considerations: (1) the question of corporate control, (2) tax savings, and (3) inheritance. The real concern that these proposals seemed to address was how the family could maintain their wealth intact. This apparent preoccupation with avoiding estate and income taxes seemed to override the concern for control. The desire to maintain control over a number of corporations almost seemed self-evident; it was mentioned in part D of the proposal, but never dwelt upon.

Which of these questions--corporate control or tax savings--might at first glance appear to be of important theoretical consideration? In many ways it is not an either-or situation; ultimately both complement

each other. By avoiding taxes, for example, the family or individual members have more capital to reinvest in other enterprises. Suggestion B in the proposal is an example that touches both concerns. First, there are certain tax advantages to small businesses. They are more easily bought and sold, with any profit resulting in capital gains to the stockholders, who, as the proposal went on to point out, keep three-quarters of such profits. Stock in these smaller firms mentioned under B "could be assigned minors and daughters to permit creating estates for them and avoid payment of inheritance taxes" (WFP/File 39/Box 195/folder 130). This not only saves taxes and provides for the next generation, but provides the mechanism for controlling corporate stock. A second consideration under B was that these smaller firms would also provide training grounds for "Junior." The members of the fourth generation could begin their careers with these smaller firms, gaining the administrative experience to move into top positions with Weyerhaeuser, Potlatch, and other larger companies. Apparently the idea of training family members in the smaller firms never materialized, for several years later the family set up a training program for members of the fourth generation within the larger firms (WFP/File 39/Box 195/ Doc., "A Training Program"). The program consisted of three parts. The first involved a list of books on forestry and logging to be read and studied. Second, a series of job assignments were arranged around the country. These were worked out in some detail, and were intended to give the family member comprehensive knowledge of the timber industry, from the bottom up, in 18 months to two years. Beginning in the woods, usually at some logging operation for a month or two, the trainee would proceed



to a pulp mill or sawmill, and then would work a month or so each as an accountant, foreman, etc. The third aspect of the training program involved filing reports on one's readings and job assignments with the St. Paul office. With an extensive knowledge of the industry one would be suited for just about any job and for rapid advancement within the timber industry.

Two individual family members illustrate this program quite well. George F. Jewett, Jr., was the family member mentioned as the pattern for the program. After graduating from Harvard in 1952 with a M.B.A., he worked with Weyerhaeuser Timber for two years; presumably this was the two-year training program (Marquis, 1967b). In 1954 he began a career with Potlatch Forests. For a year he worked with the lumber division, then from 1955 to 1962 as assistant secretary and treasurer, from 1962 to 1968 as vice-president of administration, 1968 to 1971 as corporate vice-president, and in 1972 became senior vice-president. In 1957, just seven years after graduation from Dartmouth, he was elected a director of Potlatch.

His second cousin, George H. Weyerhaeuser, followed a similar pattern of rapid advancement. From the biographical sketch provided by the Public Relations Department of the Weyerhaeuser Company we learn that George

started with Weyerhaeuser Company as choker setter at Vail-McDonald woods operations, summer of 1947; employed in various pulp mill departments and as kraft mill shift superintendent at Longview pulp operation from 1949 to 1951; transferred to Springfield, Oregon lumber operations, where he worked in all departments and served as kiln foreman, and then administrative assistant to the manager, prior to his appointment as manager in 1954. (Weyerhaeuser Company, 1962e:1)

In 1957 he moved to the corporate headquarters as assistant to the executive vice-president. The following year he was appointed manager of the wood products group. Later that same year he was elected a vice-president. In 1960, just over ten years out of Yale, George was elected to the board of directors. Six years later he became the company's ninth president, following in the foot steps of his father, his grandfather, his great-grandfather, his uncle, and his great-uncle. Not bad for a man who started his career as a common laborer, in one of the most dangerous jobs in the woods. What most newspaper or magazine accounts fail to mention is that George's success story was very well orchestrated.

Another matter of concern to the family, frequently discussed in Family Meetings in the late 1940's and early 1950's, was the writing of a family or business history. Frederick Edward Weyerhaeuser had written or collected enough material to fill five volumes, which many family members read to learn about their past. Frederick King Weyerhaeuser, however, was concerned that Frederick Edward's history would be "misused if it fell into the wrong hands" (WFP/File 28/Box 154/ Doc., letter from Frederick King Weyerhaeuser to Carl A. Weyerhaeuser, Jan. 31, 1946). He proposed that the family find someone to write a book that could be given to every employee, customer, or anybody asking for it. The purpose would be to clear up confusion created "by uninformed people quoting Lincoln Steffens, Charles Norcross, and Charles Russell in respect to grandfather's integrity, personal character and illegal actions in general" (*ibid.*). A number of people were considered as possible authors during these discussions. After several years of discussion the family

selected Allan Nevins. Frederick King Weyerhaeuser was the impetus behind the history project; on his way home from a hunting trip to Scotland in 1952, he had lunch with Nevins in New York. Nevins and his associates at Columbia University have written histories of other upper class families, including the Lehmans and Rockefellers (Nevins, 1953, 1963). Nevins agreed to collaborate with Ralph Hidy and Frank Hill and several other research associates in writing "The Weyerhaeuser Story." More than a decade later the result of their work was published as Timber and Men: The Weyerhaeuser Story (Hidy et al., 1963).

The existence of family meetings and offices is not limited to the Weyerhaeusers. Other upper class kin groups have developed and utilized similar institutional structures. Just how extensive the use of these two mechanisms of control and coordination are among other upper class families is a question in need of further research. The secretive nature of these two institutions certainly does not facilitate the research process. In the case of the Weyerhaeusers, it was only through interviews and the family papers that the existence and some of the functions of the Office and Meeting were discovered.

There is very little information available on the use of family offices by other upper class families. Information on the family office and meeting for two other families was uncovered in secondary sources.<sup>2</sup> Like the Weyerhaeusers, the Mellons and Rockefellers utilize both institutions as coordinating agencies for their fortunes.

In a three-part article on the Mellons in Fortune (Murphy, 1967)

<sup>2</sup>Secondary sources that have been found useful include family biographies and short articles in the business press.



brief mention is made of an annual family gathering. Fortune points out that Andrew Mellon took part in these meetings even when he was Secretary of the Treasury (Murphy, 1967 [November]:225). In this same series Fortune makes reference to a "private family league" which on further reading reveals a family office. Richard K. Mellon was credited with creating the office, known as T. Mellon and Sons, "an instrumentality for concerting the family's investments and philanthropic operations" (Murphy, 1967 [November]:233). The objectives of this office, as Fortune lists them, are identical to the purposes outlined for the Weyerhaeusers. In concerning itself with the family's fortune the office sought to:

- (1) bring the branches of the family together again,
- (2) further joint or combined investment ventures, and
- (3) coordinate the increasing massive family contributions to charitable and other public institutions (Murphy, 1967 [November]:233).

The formation of T. Mellon and Sons, wrote William Mellon (1948:559) in a privately printed book, "is evidence of an intention that the various members of our family mean to go on striving to be useful and are unwilling simply to live on their money." It was created in part because some members of the younger generation were turning from business to other fields of activity and not every member of the family lived in Pittsburgh anymore. William Mellon continued, "this organization will permit a systematic coordination and action on various responsibilities of us all. This is a more formal society than we used to have. One function of this organization will be to carry on studies of the potentials of investments under consideration" (Mellon, 1948:559; emphasis added).

Family In 1971 the name was changed to Richard K. Mellon and Sons. In reporting this change, the New York Times (January 19, 1971) described the family office as an "investment management firm" which represented the Mellon family's "interests in business, philanthropic and civic activities." Like the Weyerhaeusers and Mellons, the Rockefeller family utilizes both an office and a meeting to provide coordination and continuity for investments, philanthropic activities, trusts, personal holdings, etc. (cf. Domhoff and Schwartz, 1974). The office, Rockefeller Family and Associates, is located on the 56th floor of the Rockefeller Center in New York. It is often referred to as Room 5600, although it actually occupies three whole floors of the building. Its scale of operation is larger than the Weyerhaeusers'. Just in terms of the number of employees, it has five times as many as the Weyerhaeuser Office. Kahn writing in The New Yorker several years ago referred to Room 5600 as "the center of the overlapping if not interlocking, activities of the Rockefeller family" (1965:40). The Office and Meeting provide the organizational structure for these families of wealth to coordinate and manage their complex financial activities.

#### Inheritance

A recent study of The Family and Inheritance claims that the major intent of inheritance is "to provide continuity to family systems and to maintain the social structure" (Sussman et al., 1970:4). In advanced capitalist society, "inheritance is intricately related to the corporate structure and function of modern society" (Sussman et al., 1970:111).

Family continuity can thus be maintained through the continued control of corporate stock and the preservation of the majority of family assets.

In response to pluralists and other apologists of the capitalist system, several studies have sought to document the inequality of wealth ownership in the United States (Kolko, 1962; Lampman, 1962; Lundberg, 1968; Domhoff, 1967; and Mills, 1959). Some of these assessments of wealth distribution have even argued that, rather than declining, inequality has actually increased in recent years.

These studies and others have presented fairly strong arguments showing that wealth cannot be amassed solely from wages and salaries. Large holdings of wealth, they argue, can only be acquired through inheritance. A recent study by two economists on wealth and taxation in the United States supports these contentions. Jon Wisman and Larry Sawers present convincing evidence to show that "the only way to add to one's wealth is through gifts or inheritances (and letting these appreciate in value) or by saving from current wages and salaries (and letting these savings appreciate)" (Wisman and Sawers, 1973:421). The latter way to riches, Wisman and Sawers argue, is a highly unlikely route. "Persons without capital income," they contend, "are not rich, and unless one is rich one rarely can save enough to generate a significant amount of capital income. Consequently, it is practically mandatory that one inherit wealth to become rich" (Wisman and Sawers, 1973:421-22).

Two examples illustrate the importance that inheritance plays in amassing large fortunes. The first is provided by Wisman and Sawer. They point out that few rich people will say they inherited most of their money. This is primarily because



any person with normal luck can multiply an inheritance many times in a lifetime. With a conservative return of, say, 8 percent, one's wealth is increased over twentyfold from age 21 to 61. If prices have doubled in these forty years (more than likely), then one should expect more than a fortyfold rise in wealth. Thus, at age 61, one truthfully can say that the inheritance is only a small portion of one's assets (one-fortieth), even though all of one's wealth resulted from the inheritance. (Wisman and Sawyer, 1973:435)

The second example illustrates not only the multiplying effect from inherited wealth, but the inequality which exists between stockholders and wage earners. (The following case is contained in IWA, 1974:50.) A comparison of income derived from stocks and wages, since 1950, for a Weyerhaeuser stockholder and a Weyerhaeuser wage earner reveals the following disparities. In 1950, an employee of the Weyerhaeuser Timber Company earned an average annual wage of \$3,344. For a stockholder to realize a comparable income through dividends, he or she would have needed 1,672 shares of company stock in 1950 (dividends on Weyerhaeuser Timber stock that year were \$2.00 per share). "In order to own 1,672 shares of Weyerhaeuser stock in 1950, the stockholder would have needed to invest \$125,400. This is based on stock market price of \$75 per share in January 1950. This investment," the IWA report continues, "would not be greatly different from the amount the worker's parents and society would have invested in him in the form of food, clothing shelter, education, etc." (1974:50). What the IWA failed to point out was that in 1950 Weyerhaeuser Timber was a closely-held corporation. Even if you had \$125,000 to invest that year, you would have had difficulty investing it in Weyerhaeuser Timber stock. Since the stock was closely held, i.e., not traded on a stock exchange, you would have needed to inherit it or have had another "in."

Tracing the path of the wage earner and stockholder from 1950 to 1973 shows the inequality built into the system of capitalist accumulation. By 1973, the average employee working in a Weyerhaeuser sawmill would have received about \$9,828 in yearly salary, assuming he or she "worked the full year." The stockholder, on the other hand, would have received "at least \$25,146 in cash dividends from his shares of stock" (IWA, 1974:50). During the full twenty-three-year period the stockholder would have received \$366,168, or \$218,388 more than the employee's total income of \$147,780.

After 23 years the initial 1,672 shares of stock would have increased 35 times, because of numerous stock splits, to 53,504 shares of Weyerhaeuser Company stock. By the end of 1973, the stockholder's stock would be worth \$3,477,760, or \$65 per share.<sup>3</sup> Thus, in addition to the income derived from yearly dividends, the stockholder's investment of \$125,400 was worth \$3,843,928. His or her net profit was \$3,718,528 or 25 times the total earnings of the employee".<sup>4</sup>

In other words, if a member of the Weyerhaeuser family inherited 1,672 shares of Weyerhaeuser Timber stock in 1950, it would have increased in value more than thirtyfold by 1973. This represents a slightly more than 12% average annual compound return on the initial \$125,000.

<sup>3</sup>The IWA report (1974:50) says \$32,958,464, which would be \$616 per share. I have used the \$65 figure, although the price did reach \$70 before another stock split at the end of the year. Earnings per share in 1973 were \$2.74 per share.

<sup>4</sup>Because of a mistake in the IWA calculations they showed a net profit of "225 times the total earnings of the employee" (IWA, 1974:50).

Wisman and Sawers (1973), with their twentyfold rise in wealth during a lifetime, have used a conservative return of 8%. Weyerhaeuser stockholders have fared better.

Yet, like the social scientists who claim progressive taxation has broken up large fortunes, wealthy families have been concerned that "progressive" taxation will erode their accumulations. The Weyerhaeusers are no exception. Frederick King Weyerhaeuser, for example, in his telling of the family history at the 1974 Annual Meeting, expressed these fears in the following words.

The existing tax climate has as its guiding principle the ultimate confiscation of property, principally through the application of gift and estate taxes, or a combination thereof. The goal of the advocates and proponents of this policy is to make it impossible to pass down wealth from one generation to the next except in very small amounts. (F. Weyerhaeuser, 1974)

Probate records provide some insights into just how confiscatory these taxes are. But more importantly, they will give us some indication as to how much wealth is passed on and in what form. There are obviously some limitations in using probate documents. Sussman *et al.* point this out in their study of family inheritance, which relied heavily on probate records for data. The limitations are that "they tell us nothing about capital accumulated by people whose estates are not processed in court," and "they disclose little about transfers of capital accumulations made before death" (Sussman *et al.*, 1970:40). In other words, assets placed in an inter vivos trust avoid probate. Only those assets that pass under a will are probated, i.e., are public record. Another problem with probate proceedings is that property is often undervalued. This is



particularly true of private or family holding company stock.

The major advantage of using probate records is that they are public and readily accessible. Sussman et al. used probate documents to illuminate "the relationship of social characteristics of the decedent to capital accumulation and testamentary disposition," and to study "the effect of inheritance upon the capital accumulation of succeeding generations" (Sussman et al., 1970:40). For these purposes, probate records are good indicators of wealth passed to testamentary heirs.

I have examined court records in three locations for probate documents on the Weyerhaeuser family: Tacoma (Pierce County), Spokane (Spokane County), and St. Paul (Ramsey County). This search discovered half of the Weyerhaeuser estates in the second generation, and four probated wills in the third. None of the probate records examined show estate and/or inheritance taxes of more than \$2 million on any one estate. The two most recent estates probated, 1961 and 1965, had receipts of over \$25 million each after taxes. Table 1 summarizes the estates of members of the second and third generations for whom records were available.

These estates show that the majority of assets are in corporate stock, usually stock of Weyerhaeuser companies. Weyerhaeuser Timber stock, for example, usually makes up half the assets of these estates. It should be clear from these proceedings that not all property is confiscated by the state.

Wills provide a mechanism for the orderly transferral of wealth after death. These are the wealth transactions that are uncovered in the probate proceedings. But as Gerald Jantscher says in his study of Trusts

TABLE 1

## WEYERHAEUSER PROBATE RECORDS, MINNESOTA AND WASHINGTON

	Appraised Value	Estate Receipts	Percent of Appraised Value Represented by Weyerhaeuser Timber Co. Stock
Second Generation			
John Philip W. (1935)	\$380,446	*	n/a
Anna W. (second wife of John Philip (1933)	\$263,132	n/a	n/a
Maud M. Sanborn W. (wife of Charles A.) (1965)	\$864,805	\$1,685,054	84.4% <sup>+</sup>
Rudolph M. W. (1946)	\$8,388,539	\$13,076,201	90.4% <sup>+</sup>
Louise W. (wife of Rudolph M.) (1952)	\$2,666,312	n/a	65.2%
Frederick Edward W. (1945)	\$4,822,804	\$7,998,181	43.3%
Harriette W. (wife of Frederick E.) (1960)	\$2,967,352	\$4,601,493	n/a
Third Generation			
John Philip W., Jr. (1956)	\$11,348,563	n/a	55.1%
George Frederick Jewett (1956)	\$5,595,116	n/a	57.6%
Edwin Davis (1965)	\$20,117,861	\$31,409,010	41.5%
Frederick W. III (1961)	\$18,144,478	28,617,606	78.1% <sup>+</sup>

\*J.P. Weyerhaeuser's probate proceedings show creditor's claim of \$4,292,600.

<sup>+</sup>Percent of Appraised Value represented by all stock in estate.

and Estate Taxation, "The most effective method of reducing the tax to be collected from one's property at death is to distribute all of that property to one's intended legatees during life, leaving no estate to be taxed" (1967:39). This can be done either through outright gifts, or through trusts.

The tax rates on gifts are lower than the rates on estate taxes, so that by giving property to heirs prior to death a tax savings can be realized. An example of the tax savings from an outright gift is illustrated by the case of a gift C. Davis Weyerhaeuser gave to his children. Correspondence between C. Davis Weyerhaeuser and the Family Office showed that a gift of over a million dollars to his children during his lifetime would save him over a half-a-million dollars in estate taxes. Late in 1954, he learned from the Office that his property was valued at \$5,080,647, plus \$1,730,418 which was the value of the property in the C. Davis Weyerhaeuser Trust #2. With a total worth of \$6,811,066 and a proposed gift to his children of \$1,505,250, he would have had to pay \$521,153 in gift taxes (\$397,921 in federal taxes and \$123,232 to the state of Washington). The result of the proposed gift, according to the Office's calculation, would be to reduce "death taxes" by \$608,280. The advantages of passing on wealth to one's children in this manner are readily apparent (WFP/File 12/Box 61: October 12, 1954).

Closely linked to the whole question of inheritance are trusts.

### Trusts

A major strategy in estate planning, trusts are another mechanism utilized by wealthy families to avoid taxes, by-pass probate procedures,



and pass on wealth to succeeding generations. Trusts keep inheritance taxes to a minimum and allow property to pass to heirs in the next generation.

While one of the major advantages of a trust is tax avoidance, there are other non-tax objectives that are often taken into account when the wealthy plan their estates. Carl S. Shoup, in a study of Federal Estate and Gift Taxes, notes that in addition to tax savings, trusts can be used to "accomplish a variety of family and business objectives" (Shoup, 1966:153). These advantages can be summarized as follows.

(1) The creation of a trust provides for "family maintenance and the orderly transfer of family wealth" (Sussman et al., 1970:308). Inheritance in general serves a similar function, but the trust instrument is the most efficient and safest way to accomplish this objective. By providing for the "orderly intergenerational" transfer of assets, it ensures family continuity.

(2) Trusts enable the creator of the trust (the settlor) to maintain control of property and to keep it intact after death. This means that large blocks of stock--the dominant form of assets in the corporate economy--can be maintained from generation to generation. Combined with the previous advantage of an orderly intergenerational transfer, this means that the trust instrument can also "enhance the continuity of the economic system" (Sussman et al., 1970:2). Sussman has shown that the patterns of family inheritance dovetail with the corporate structure.

(3) Trusts are also a means by which the settlor can control the beneficiary. Trusts usually specify what the beneficiary can and cannot do with the property. Often the terms of the trust are spelled out in

great detail. The trust created by Frederick Edward Weyerhaeuser in his will (1945), for example, was for the benefit of his children. But it specified that the assets were to be held in trust until his children reached their 35th birthday. It was further specified that the income from the trust was not to be distributed to the children until after their mother's death. Through a trust the actual ownership, then, is separated from the beneficiary. This prevents the beneficiary from actually controlling the property. The control is either spelled out by the settlor in the conditions of the trust and/or vested in the trustees. In the majority of cases a bank serves as trustee (cf. Sussman et al., 1970); this is not the case however with the Weyerhaeuser family. In all Weyerhaeuser trusts on which I have information, other members of the family (usually cousins or uncles) serve as trustees. This spreads control of trust assets out among several family members. This not only prevents one member of the family from acting alone, but also gives members of the family responsibilities in the financial affairs of other members.

(4) Creation of a trust provides for prudent and efficient management of investments. "A trust can," as Business Week pointed out, "protect your dependents and your beneficiaries from speculative mismanagement losses" (Business Week, 1954b:175; this article summarized some of the advantages of the family trust). In the case of the Weyerhaeuser family, the Family Office provides these professional services; most trusts established by family members are managed by its staff. For providing this service, the Office assesses each trust yearly. In 1955, for example, the C. Davis Weyerhaeuser Religious Trust was assessed \$850

(WFP/File 12/Box 61). Although the Office manages these trusts, they do not have control over them. The Office merely advises; actual control is vested in the trustees specified in each trust.

(5) A final advantage of a trust established before death is that it avoids probate. This is an especially attractive feature for wealthy families seeking to avoid publicity.

A trust can be either testamentary (i.e., created by a will), or inter vivos (i.e., set up during the settlor's lifetime). A trust can also be either revocable or irrevocable. An irrevocable trust involves a complete surrender of property and is the only kind that can be used as a tax-saving device. It avoids payment of the estate tax. Property in trust is not taxed except when the property is initially placed in trust. At this time the settlor may have to pay a gift tax, "but rates there average 25% lower than on estates" (Business Week, 1953:144). An irrevocable trust can be established either inter vivos or testamentary.

Trusts provide a kinship group with another mechanism for preserving both family continuity and family control of business assets. The following survey of Weyerhaeuser trusts will illustrate the ways in which the family has utilized them to coordinate its investments and perpetuate family wealth.

One of the earliest Weyerhaeuser trusts of which we have record was created by Elise Weyerhaeuser Hill, oldest daughter of Frederick Weyerhaeuser; it was executed on March 17, 1933. It is of particular interest because it illustrates the estate planning of the only member of the second generation who was childless, and thus differs from other Weyerhaeuser trusts in this generation. The Elise W. Hill Trust appointed



C.J. McGough as trustee. It is the only trust on which information is available that used someone outside of the Weyerhaeuser family as a trustee. All other trusts utilize two or three family members as trustees. It should be noted, however, that C.J. McGough was probably the most important employee of the Family Office.<sup>5</sup> It was to him that family members wrote for advice throughout the 1940's and 1950's.

The Elise W. Hill Trust also differed from other Weyerhaeuser trusts in that it selected lateral kin as beneficiaries. This obviously resulted from the fact that the Hills were childless. Elise's trust established her brother John Philip Weyerhaeuser and her brother-in-law Samuel S. Davis as beneficiaries. In 1935 and 1936, they each received \$75,000 and \$71,000, respectively. Ten years after the trust was created it listed a trial balance of nearly \$2 million in assets (WFP/File 12/Box

At the time of Mr. Weyerhaeuser's death, the trust of October 5, 1935.

<sup>5</sup>Two examples illustrate McGough's importance in the family's financial affairs. The first comes from a letter from McGough to C. Davis Weyerhaeuser, dated December 7, 1955. McGough wrote Dave to advise him to sell his 75 shares of Georgia-Pacific Plywood 5% Cumulative Preferred stock after December 20th. McGough reminded him that the 20th marked the end of the six-month period necessary to qualify for long-term capital gains treatment (WFP/File 12/Box 61; letter McGough to C.D.W., December 7, 1955).

The second, an exchange between Carl A. Weyerhaeuser and McGough, concerned a house that Carl sought to buy. In the process he sought out McGough's advice. In a conversation with McGough on November 9, 1943, Carl told him he was interested in buying a house with nine acres for \$85,000. It would take only two inside servants, he told McGough, to keep it up. The following day, McGough told Carl to turn down the proposition because of the "unsettled condition" and the "worsening servant problem." In this case, Carl did not take McGough's advice; he closed the deal later in the day for \$75,000. He told McGough that he did not want "this purchase mentioned to other members of the family," as it represented more money invested in housing than his cousins had spent (WFP/File 12/Box 59; Memo Re: conversation with Carl A. Weyerhaeuser, November 9-11, 1943).

59; Doc. December 15, 1943; the actual figure was \$1,973,833).

Later in 1933, John Philip Weyerhaeuser created two "living trusts." These were more typical of succeeding trusts than his sister's. Both trusts appointed his children as trustees. The first selected his sons, Frederick King Weyerhaeuser and John Philip Weyerhaeuser, Jr., while the second chose all three children--his two sons and his daughter, Elizabeth W. Titcomb. From the "Inventory and Appraisal" (Pierce County, 1935) of John P. Weyerhaeuser's probate proceedings we learn that on October 5, 1933, he "executed a trust instrument with his sons, Frederick K. Weyerhaeuser and J.P. Weyerhaeuser, Jr., as trustees, and transferred to the trust certain stocks and other property hereinafter specified.... While by the terms of said trust it is revocable, said trust was not in fact revoked but remained in effect at the time of death.... At the time of Mr. Weyerhaeuser's death, the trust of October 5, 1933, had the following assets," and the "Inventory and Appraisal" proceeds to list this first trust's assets, which totalled \$401,596. A summary of the more important assets, as a percentage of the total assets in this trust, follows:

Cash in the Continental Illinois National Bank & Trust Company.....	1.1%
Stocks:	
Great Northern Railroad.....	4.0%
Humbird Lumber Company.....	6.9%
Northern Pacific Railroad.....	3.1%
Weyerhaeuser Timber Company.....	49.9%
Bonds:	
Cowlitz County (Washington).....	2.9%
Accounts receivable:	
Edward Rutledge Timber Company.....	15.8%

While the total valuation of the trust's assets was \$401,596, the appraised value of the trust was listed at \$321,277. This represented a 20% discount of the total valuation due to the fact that the "trust estate cannot be distributed until the liabilities referred to have been paid" (Pierce County, 1935).

Three years later, in 1936, this first trust held assets of \$476,984; 48% of the assets were in stocks, of which 60.4% was in Weyerhaeuser Timber stock. The second trust contained assets of \$574,017 in 1937, of which 55.3% was in stock, with 61.4% of the stock Weyerhaeuser Timber (WFP/File 35/Box 183).

In 1934, less than a year before his death, John P. Weyerhaeuser created three additional trusts for the benefit of his grandchildren. His three children were appointed trustees for each trust, which included (1) a trust for the children of John P. Weyerhaeuser, Jr., (2) a trust for the children of Frederick King Weyerhaeuser, and (3) a trust for the children of Elizabeth W. Titcomb. These are known as generation-skipping trusts. In addition to maintaining family continuity of stock ownership, they maximize tax savings. Carl Shoup shows how generation-skipping through a trust works.

The father A, by his will, places certain property in a trust, the income to go to his son B for life; upon B's death the trust is dissolved, and the property passes to B's son C. A's taxable estate includes that property, but upon B's death the property does not go into B's estate. It will not be taxed again until C disposes of it. Thus the tax is skipped by one generation, in the sense that B's generation enjoys use of the property but never pays death tax on it. Note that an outright bequest from A to grandchild C does not, in this sense, skip one generation of tax; B, in this instance, never enjoys use of the property. Of course he may benefit indirectly in that he may thereby be relieved of an obligation to support his children. (Shoup, 1966:32; emphasis added)



The three trusts set up by John P. Weyerhaeuser for the benefit of his children's children did just this. According to the probate proceedings:

On Dec. 29, 1934, the decedent transferred to Frederick K. Weyerhaeuser, J.P. Weyerhaeuser, Jr., and Elizabeth W. Titcomb, trustees, 240 shares of the stock of the John Philip Company, a Delaware corporation, of the par value of \$100.00 per share, for the benefit of the children of J.P. Weyerhaeuser, Jr., to-wit, Ann Weyerhaeuser, John Philip Weyerhaeuser III, George Weyerhaeuser and Elizabeth Weyerhaeuser, and every other child thereafter born to said J.P. Weyerhaeuser, Jr., according to the terms of the trust agreement of that date, copy of which is attached hereto, marked Exhibit 'B' and made a part hereof. (Pierce County, 1935:6)

The same was done for the children of Elizabeth W. Titcomb. In the case of Frederick K. Weyerhaeuser's children, the trust was actually set up for the benefit of Vivian O'Gara Weyerhaeuser and her children.

The John Philip Company was a personal holding company of John P. Weyerhaeuser. Its holdings were not revealed in the inventory until the state of Washington challenged the claim that the trust was created prior to contemplation of death. Because the time lag was less than a year the appraiser appointed by the state contested the executor's claim that the stock was not given in contemplation of death. This is a legal technicality which is usually interpreted as three years before death. In this case the estate won, but was required to list the assessed value of the stock in the probate proceedings.

The appraised value of stock in closely-held corporations is, however, difficult to assess and such stock often passes through probate at a fraction of its true value. This was the case with the trusts John P. Weyerhaeuser set up with John Philip Company stock. In the probate pro-

ceedings it was claimed that a share of John Philip Company stock was worth \$210. Yet in another trust, established by Frederick King Weyerhaeuser (with Vivian O'Gara Weyerhaeuser, John P. Weyerhaeuser, Jr., and Thomas Lincoln O'Gara as trustees), the stock of the John Philip Company was valued at \$1416.67 per share when the company was liquidated less than a year later in October 1936 (WFP/File 35/Box 183). If this latter figure is used, the value of each trust, containing 240 shares of the John Philip Company, would have been \$340,000. This is actually closer to the valuation of each of these trusts as it was reported in the Weyerhaeuser Family Papers (see prior discussion).

The actual value in 1936 for the three trusts John P. Weyerhaeuser set up for his grandchildren averaged \$325,710 apiece. With 89.5% of the assets in each trust in stock, slightly more than half or 52.3% of the stock was Weyerhaeuser Timber stock (WFP/File 35/Box 183). Within fifteen years the value of each of these trusts was more than a million dollars. The trust for the children of John P. Weyerhaeuser, Jr., for example, was valued at \$1,375,000, while the one for Frederick King Weyerhaeuser's children was worth \$1,432,000 (WFP/File 39/Box 195). In fifteen years each trust had more than quadrupled.

This survey of some of the trusts established by John P. Weyerhaeuser illustrates several features of trusts:

- (1) use of an inter vivos trust;
- (2) use of generation-skipping trusts;
- (3) the massive accumulation of assets which can take place in a relatively short time; and
- (4) use of family members as trustees.

The trusts established by John P. Weyerhaeuser and his sister Elise were created in the early 1930's. It has been a common practice among the wealthy to establish trusts when stock prices are low (Jantscher, 1967:40). Lundberg gives the example of trusts set up by J.D. Rockefeller, Jr.

Charles A. W.	Maud Moon W.	Carl A. W.	\$2,180,000	2.67
(w11)	(w11)	(w11)		
Appl				2.16
1931				
1931				1.56
(May				
Fred				1.13
(Aug				

As of December 18, 1934, when stock prices were abnormally low, two trusts for Abby Rockefeller were launched giving 2.13 per cent ownership of Standard Oil Company of California; One for John D. III giving .99 per cent ownership; and one for Nelson A. Rockefeller giving .92 per cent ownership--4.04 per cent in all. Similar trusts were set up at the time for the same children in Standard Oil Company of New Jersey. Later, as the will disclosed, trusts had been established for all six children and the twenty-two grandchildren. The family was now resting quietly in trust. (Lundberg, 1968:161-162)

A similar situation existed in the Weyerhaeuser family in regard to Weyerhaeuser Timber stock (TNEC, 1940). The TNEC study showed the trusts and percent of Weyerhaeuser Timber stock owned given in Table 2. Trusts listed in the top twenty stockholders of Weyerhaeuser Timber accounted for slightly more than 10% of the outstanding common stock of the company. Trusts accounted for two-thirds of the stock the family held in Weyerhaeuser Timber in 1931.

There are a number of devices available for wealthy families to control blocks of stock: holding companies, foundations, and outright ownership in a personal account. A combination of these is usually utilized, although different families have different preferences. Families also may shift stock between devices to maximize their control and/or tax savings. The Ford family, for example, in the middle 1930's held 97% of the stock of Ford Motor Company outright. In 1935, with the



TABLE 2  
WEYERHAEUSER TRUSTS REPORTED IN TNEC STUDY, 1940

Settlor	Beneficiary	Trustees	Value	%
Charles A. W. (will)	Maud Moon W. (wife)	Carl A. W. W.S. Rosenberry	\$2,180,000	2.67
Apollonia W. Davis (Dec. 29, 1931)	Samuel S. Davis (husband)	John P. W. George F. Jewett Edwin W. Davis	\$1,764,710	2.16
Elise W. Hill (May 21, 1932)	Wm. B. Hill (husband)	John P. W. George F. Jewett Edwin W. Davis	\$1,275,300	1.56
Frederick E. W. (August 21, 1932)	Harriette D. W. (wife)	John P. W. C. Davis W.	\$ 926,500	1.13
?	?	James R. Jewett	\$1,303,967	1.60
John P. W. (two trusts; Oct. 1933)	?	Frederick K. W. John P.W., Jr.	\$ 333,454* (1936)	0.41
John P. W. (three trusts; Dec. 1934)	grandchildren	Frederick K. W. John P. W., Jr. E. W. Titcomb	\$ 461,700* (1936)	0.56
Frederick K. W. (Aug. 20, 1935)	Vivian O'Gara W. (wife)	Margaret W. Driscoll Louis E. Weyerhaeuser	\$ 149,300* (1937)	0.21
				10.30

\*Estimate from WFP/File 35/Box 183; and File 39/Box 195

advent of the "wealth tax," it became detrimental to will stock directly to one's children. Henry and Edsel Ford therefore left "only 10% of the stock to their children and 90 percent to the Ford Foundation" (Horowitz and Kolodney, 1974:43). In this manner they escaped estate taxes and maintained control of the Ford Motor Company.

The Weyerhaeusers, however, rely primarily on trusts as the device for holding the majority of their corporate stock. Their strategy is apparently similar to that of the duPonts, who also rely heavily on trusts. The Nader study group, for example, found that duPont

family members put 50-70% of their wealth into trusts prior to their death. Family trusts contain 5% of all outstanding duPont common stock as well as 50% of all Christiana Securities common, which represents control of another 15% of duPont stock. A family member may also put stocks into a trust account for a charity or foundation, which receives the income from the stock while the family still holds the stock's voting rights. (Phelan and Pozen, 1973:135)

Trusts can also be established through individual wills--the testamentary trust. This does not save estate taxes, but does provide for continued family control of the property. If combined with a generation-skipping trust, however, it does provide a tax saving for the generation skipped.

Two Weyerhaeuser wills from the second generation illustrate the use of the testamentary trust. Rudolph M. Weyerhaeuser's will created two trusts, one for his only child, Margaret W. Driscoll, and the other for his wife, Louise L. Weyerhaeuser. Rudolph selected three of his nephews--Frederick King Weyerhaeuser, Edwin W. Davis, and Frederick Weyerhaeuser III--as trustees for both trusts. Five years after the will had been probated (1951), his wife's trust was valued at \$2,174,000 and the assets of his daughter's trust totalled \$3,215,000 (WFP/File 39/Box 195).

A year earlier Rudolph's younger brother, Frederick Edward, had created a trust in his will for his wife and children. By March 1951, this trust contained assets of \$2,174,000. Frederick E. Weyerhaeuser

also appointed two of his nephews--Edwin W. Davis and Frederick King Weyerhaeuser as trustees. The trust listed his wife as beneficiary, but the actual conditions of the trust stipulated that the trust was established for his children. The property in trust was to be held until Frederick III and C. Davis Weyerhaeuser, his two children, turned 35. Income from the trust was not to be distributed to the children until after their mother's death. This particular trust illustrates two purposes that trusts are utilized for: (1) they accumulate income for later distribution, to provide financial security for one's children; and (2) they often establish certain conditions on the principle (cf. Lundberg, 1968:204. He cites the example of Marshall Field, whose trust locked up the principle until his grandchildren reached fifty).

Rudolph M. Weyerhaeuser's trust demonstrates the use of a trust to transfer property that does not skip a generation. The trust, in this case, pays income to the child until he or she reaches a certain age, usually 30 or 35; upon reaching the stated age the corpus passes outright to the beneficiary (cf. Jantscher, 1967). The trust created by Frederick E. Weyerhaeuser also specified holding the property till the age of 35, but with the provision that the income be retained until his wife's death. Income accumulated by the trust in this manner builds up the assets faster than if the income from the trust were being distributed.

Another example of a generation-skipping trust comes from the probate proceedings of Frederick E. Weyerhaeuser's wife. Harriette D. Weyerhaeuser created six trusts, one for each of her grandchildren. Each trust received \$53,572 in stock. She appointed Frederick King Weyerhaeuser and C. Davis Weyerhaeuser trustees of the trusts created for Frederick



Weyerhaeuser III's children, and John Philip Weyerhaeuser III and Clarence A. Black (C. Davis Weyerhaeuser's brother-in-law) trustees for the children of C. Davis Weyerhaeuser. (The combined total of all six trusts represented only 10% of the appraised value of Harriette's estate.)

Not all trusts are created exclusively for the benefit of one's relatives. If a wealthy individual wants to avoid estate taxes altogether, or for some reason does not want to pass on his or her wealth to the next generation, he or she can establish a charitable trust. Carl Shoup spells out the conditions for establishing a charitable trust:

An unlimited deduction from taxable estate or taxable gift is granted to "contribution," a term used here to cover all transfers, during life or at death, to (1) the United States, any state, territory, or political subdivision thereof, or the District of Columbia; (2) veterans' organizations; (3) corporations organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to animals; or (4) a fraternal society or association operating under the lodge system. Further conditions are that: transfers under (1) must be exclusively for public purposes, and under (3) and (4) must be for the religious, etc. purposes named in (3); and the net earnings of organizations in (2) and (3) must in no part inure to the benefit of any private shareholder or individual. The transfers must in any case involve a public, not a private, benefit; a transfer to an educational trust for the benefit of the decedent's grandnieces and grandnephews has been held not deductible. (Shoup, 1966:60-61)

This was the alternative chosen by a member of the third generation, George F. Jewett. He appointed his wife Mary Cooper Jewett as the trustee of an irrevocable charitable trust. His will spelled out the conditions.

I direct my trustees to use the income and any part of the corpus of said trust funds exclusively for charitable, educational, religious, scientific, vocational, community

welfare and literary purposes and support by gifts worthy charitable, cultural, religious, scientific, educational or community welfare organizations, and to provide educational advantages, opportunities and facilities and to establish or finance endowments, fellowships, scholarships and to make any gift or gifts to corporations or associations that may be organized and operated exclusively for charitable, religious, educational, scientific or literary purposes. (Spokane County, 1956:2)

No conditions were placed on the type of property the trustee could maintain in the trust. The will continued:

I authorize and empower my trustee to retain the whole or any part of the corpus of said trust and the income therefrom in the securities, stocks or other property in which it may be invested at the time of my death or to sell the whole or any part thereof and to invest and reinvest the proceeds and I declare that in making investments my trustee shall not be bound to such securities and property only as are sanctioned by law for trust funds, but the trustee may at her or his discretion, invest in any securities or property. (ibid.)

There was however a provision terminating the trust "upon the death of the survivor of [George F. Jewett's] wife, daughter and son," at which time "this trust [would] terminate and the corpus and accumulated income of said trust shall be distributed to Wellesley College of Wellesley, Massachusetts" (ibid.). Originally Jewett had designated half the corpus to go to Wellesley and half "to the Weyerhaeuser Timber Company of St. Paul, Minnesota" (ibid.). The latter was crossed out, presumably because such a provision would not qualify for exemption from estate or inheritance taxes.

Trusts are one way of perpetuating family wealth. Wealth and family control are also maintained by the use of the holding company.

the subsidiaries with a minimum amount of investments" (Bonbright and Means, 1932:12).

### Holding Companies

The holding company is another part of the maze of interconnected corporations, foundations, trusts, personal holdings, nominees, etc., that make up the network of family wealth. Coordinated and managed by the family office, the holding company is often the central link in this network. Lundberg claims (1968) the key to "superwealth" is family holdings. Such holdings or "generic fortunes" as he calls them usually revolve around a combination of institutional forms which includes one or more holding companies.

Generally speaking, a holding company is any corporation holding securities in another company. But this would include virtually all companies; Weyerhaeuser Timber in 1914, for example, held shares in 27 other corporations (Hidy et al., 1963:588). The term then is usually reserved for a corporation that "exercises control" over other corporations, although some writers have also included "the ability to control" as a feature of holding companies (Bonbright and Means, 1932:8). Bonbright and Means in their work on The Holding Company include "not only those companies that have a complete working control over the policies of other companies, but also those companies which exercise a material influence over other companies as the result...of a significant minority stockholding" (1932:9; emphasis theirs). They are primarily discussing holding companies, like railroads, utilities, and banks, which are utilized to maintain control of several "hitherto independent companies," to combine a "unified financial structure," and "to pyramid the voting control so as to give the organizers of the holding company control over



the subsidiaries with a minimum amount of investments" (Bonbright and Means, 1932:12).

Families also utilize personal and/or family holding companies to control other firms and to avoid taxes. "A personal holding company," by definition, "is a closed corporation, organized to hold corporate stocks and bonds and other investment assets, including personal service contracts, and employed to retain income for distribution at such time as is most advantageous to the individual stockholders from a tax point of view" (quoted in Lundberg, 1968:206; emphasis added, from the Standard Federal Tax Reporter, Income Tax Index). Not only can the personal holding company--or as Lundberg often calls it, the family investment company--"hold back some of its income as corporate reserves, thus reducing the tax liability of its members," but it can also reduce taxes by the fact of incorporation (Lundberg, 1968:207).

An individual can realize large tax savings by incorporating an investment into a personal holding company. This advantage can be realized "assuming 1965 corporate rates of 22 per cent of the first \$25,000 of corporate income and 48 per cent of the excess and a marginal individual rate of 70 per cent on income over \$100,000" (Lubick, 1964: 855). The example given by Lubick is of a portfolio of \$3,000,000 of common stock yielding four per cent. Since the average yield on Weyerhaeuser Company stock has been closer to 12 per cent, we will use this figure. The tax without incorporation on a dividend income of \$360,000 subject to 70% top marginal rate, would be \$252,000.

Taxation without incorporation:

is mentioned by Adolf Berle and Gardiner Means in their The Modern

Dividend Income.....	\$360,000
X Individual rate.....	.70
	<hr/>
Tax	\$252,000

By incorporating, however, the holding company would pay only \$19,420 in taxes.

#### Taxation with incorporation:

Dividend Income.....	\$360,000
Less intercorporate dividend deduction--85%....	306,000
	<hr/>
Taxable Income.....	54,000
X .22 (First \$25,000).....	5,500
X .48 (Second \$29,000).....	13,920
	<hr/>
Tax	19,420

Without incorporation into a personal holding company an individual would pay 13 times as much in taxes, if his or her dividend income was \$360,000. If the dividend income was \$120,000 the advantage would increase twentyfold. Thus by keeping their investments in "multiple corporations to avoid a 48 per cent corporate rate" the rich could theoretically maintain an unlimited portfolio while escaping top marginal individual tax rates (Lubick, 1964:856-57).

Holding companies serve two main functions, as a means of (1) reducing or avoiding taxes and (2) controlling other corporations through minority holdings. The holding company as a device for corporate control is mentioned by Adolf Berle and Gardiner Means in their The Modern

Corporation and Private Property (1967). Through a process of pyramiding, corporate control can be maintained while at the same time the investment is reduced. They call this type of control a "legal device." "The owner of a majority of the stock of the company at the apex of a pyramid can have almost complete control of the entire property as a sole owner even though his ownership interest is less than one per cent of the whole" (Berle and Means, 1967:69; also see p. 70 for a chart depicting the pyramid structure of the Van Sweringen family in a number of railroads).

In the same year in which Berle and Means originally published their famous work, which has become the "authority" for those who maintain that corporate control and ownership have become separate functions in the modern economy, Means in conjunction with James Bonbright published their work on the holding company. Here they provide a further account of how "the controlling interests" in a group of corporations can "maintain their control with a minimum amount of capital investment" (Bonbright and Means, 1932:18). Pyramiding control not only has the advantage of a small investment, but it is also, according to Bonbright and Means, a good "device for disfranchising the great mass of investors" (1932:147; emphasis added). They continue:

More important, however, than any one of these legal devices by which the organizers of a holding company maintain their own control, despite their relatively small investment, is the device of a widely scattered distribution of share ownership. The effect of such a distribution is to disfranchise the large majority of investors because of their inability to oppose the present management by pooling their interests. (Bonbright and Means, 1932:148)

It should be remembered that, by "management," Means includes both the "board of directors and the senior officers of the corporation" (Berle



and Means, 1967:196).

A more recent inquiry into pyramiding as a mechanism for controlling corporations has been undertaken by Zeitlin et al. (1974) in their study of family-controlled corporations in Chile. "Pyramiding," they write, "by utilizing the capital of controlled corporations to bring still other corporations under control, drastically reduces the ownership base (or investment) necessary to exert such control." (Zeitlin et al., 1974: 94).

It is fairly well agreed upon that in the early stages of capitalism, ownership and control were vested in one capitalist entrepreneur or in a small group of entrepreneurs. With increased centralization and concentration of capital it became necessary to pool the interests of a number of formally "independent" capitalists. This movement from the individual form of capitalist property to the corporate form or joint-stock company brings about "the collective-capitalist form of property" (Menshikov, 1969:11). This process, as we have seen in Chapter I, has led many social scientists to conclude that ownership and control have become divorced in the modern corporation. It is certainly true that the forms of both ownership and control today are vastly more complex than they were during earlier stages of capitalist development. The complexities of the accumulation process have brought about more differentiation in the types of mechanisms utilized for holding stocks. The use of pyramiding through a holding company is one of the mechanisms available for controlling corporations.

### The Weyerhaeusers and Holding Companies

The Weyerhaeuser family has utilized several holding companies through the years. We will examine the historical development of several corporations which they have used as coordinating agencies in the past, and of several former operating companies that now function as holding companies. We will also try to determine the purpose and function of the two major holding companies utilized by the family today.

The 1934 article in Fortune showed a chart of the major interests of the Weyerhaeuser family. Two companies in the Weyerhaeuser group functioned as coordinating agencies. One, the Weyerhaeuser Sales Company, served as the exclusive selling agency for all the Weyerhaeuser mills. The other, General Timber Services, Inc., provided a variety of services for all the operating companies. As the coordinating agent between all the operating companies, General Timber provided some services formerly provided by the Family Office. Organized by the principal stockholders of the Weyerhaeuser companies in 1931, "it was empowered 'to furnish management services of every kind,' or information and advice, for every conceivable type of activity and even 'to undertake and assume the supervision and/or management of any portion or all of the business or operations of any business enterprises' in the Weyerhaeuser group" (Hidy et al., 1963:369). Thus during the Depression, when many Weyerhaeuser companies were losing money (particularly in the Inland Empire), General Timber provided auditing, accounting, market study, advertising, and other services for companies that could not afford them. The activities of General Timber were coordinated out of the Family Office in St. Paul, but General Timber never served as a holding company. It

did not own stock in the other firms it served. General Timber was owned by the stockholders of the Weyerhaeuser firms and not by the operating companies themselves (Fortune, 1934:182). In 1945, four of the eleven directors of General Timber Services were members of the Weyerhaeuser family. Frederick King Weyerhaeuser was president, in addition to being a director with his uncle Frederick E. Weyerhaeuser and his cousins E.W. Davis and Frederick Weyerhaeuser. The other Weyerhaeuser associates were represented by the descendants of the original founders. The stockholders of General Timber, for the most part, were not individuals but family holding companies. The Laird-Norton family, for example, held 27% of the stock through the Laird, Norton Company. The McKnight family held 5% through S.T. McKnight Company, while C.R. Musser held 5%. The Weyerhaeusers owned 32% of the outstanding class A stock, which had voting rights, through one of their holding companies, Bonners Ferry Lumber Company (WFP/File 52/Box 243).

It is interesting to note that in the 1930's other family groups associated with the Weyerhaeusers made extensive use of holding companies for holding Weyerhaeuser Timber stock. This was not the case, however, with the Weyerhaeuser family.<sup>6</sup>

It is not clear exactly when the family began using Bonners Ferry as a holding company. Incorporated in 1902, Bonners Ferry (BF) was originally

<sup>6</sup>See the TNEC study (1940) which shows that the McKnight family held 5.11% of the outstanding Weyerhaeuser Timber common stock in the S.T. McKnight Company and the Fishers held 1.22% in the O.W. Fisher Company. The Weyerhaeuser family as we have seen held slightly more than 15% of the stock. It was held, however, either directly or in trusts and not through a holding company.



an operating company with mills and property in Northern Idaho. It was one of those firms in the Inland Empire that never fared very well. Like other firms in this region it was at a disadvantage because the West Coast firms could ship lumber to the East Coast through the Panama Canal more cheaply than the Inland Empire firms could ship by rail to the Midwest. As an operating company BF never made a profit (Hidy et al., 1963: 533).

In the late 1940's, in addition to holding one-third of the stock of General Timber Services, Bonners Ferry held 1,125 shares of the Rock Island Lumber Company. The Weyerhaeusers owned 83.5% or 10,854 shares of the Rock Island Lumber Company, but most of this was held by individual family members or in trusts.<sup>7</sup> The Denkmann family still retained 15.84% of the stock, while the employees owned less than 1% (WFP/File 52/Box 243. The Hauberg family owned 9.05%, the Reimers 3.37%, and Mrs. Wentworth 3.42%).

In 1950, there were extended discussions at the Family Meeting about what to do with Bonners Ferry. Those discussions took place in conjunction with talk about Coal Valley Company, North East Service Company, and various family trusts (WFP/File 39/Box 195/Folder 130). The problems facing the family in 1950 were outlined as follows: Since 85% of stock dividends were now excluded from taxable income, it was now more advantageous to own stocks than bonds. Prior to this, interest had been subjected to taxation in its entirety, which meant it had been

<sup>7</sup>In 1946, the 10,854 Weyerhaeuser shares were valued at \$350 per share and showed a profit of \$1,101,700, or a return of 29%, with an earning ratio of 3:1 (WFP/File 52/Box 243).

necessary to invest in tax-free Government bonds. With the 85% exclusion rule there was no longer a need for holding large amounts of Government bonds. It was feasible, the argument ran, to make a growth situation out of BF, because it was not necessary for a personal holding company to distribute capital gains to its stockholders. This could be "a potent factor in the preservation of the solidarity and influence of the Weyerhaeuser family in the field of business and finance," the argument continued. (Discussion of the BF proposal comes from agenda of the Family Meeting, January 27-28, 1950; WFP/File 39/Box 195/Folder 130.)

Other problems facing the family centered around a need to involve members of the fourth generation in the management of "so-called Weyerhaeuser companies." The fourth generation was also faced, according to the Meeting in 1950, with the problem of obtaining an income sufficient to maintain the standard of living to which they were accustomed. This transfer of wealth to the fourth generation was a problem because of the "severe Federal income taxes" faced by the third generation. The final problem discussed also touched on this latter question of wealth transfers: "a natural objective of the family is to pass on the Weyerhaeuser 'fortune' to the fourth generation and to build it up for them as far as possible" (*ibid.*)

The solution proposed by Frederick King Weyerhaeuser, in his comments to the family, was to develop Bonners Ferry as a holding company. This holding company would purchase interests in the "so-called" Weyerhaeuser companies. This solution was viewed as having something for both generations. For the fourth generation there would be an opportunity to buy BF stock under a long-term plan if they became active in the management

of Weyerhaeuser companies. The third generation, on the other hand, might avoid confiscatory income taxes by converting large parts of their holdings into tax-exempt bonds. They would do this by selling some of their stock holdings in various Weyerhaeuser companies to BF, and using the proceeds to buy tax-free municipal bonds.

The Meeting adopted the major provisions of this proposal. Bonners Ferry was turned into a family holding company by buying out members of the Denkmann family. The Weyerhaeusers then created an issue of preferred stock and declared a tax-free distribution to holders of common stock (WFP/File 39/Box 195/Folder 130). Three years later Bonners Ferry distributed a total of \$3,550,200 in earnings to the family, 85% of which was non-taxable (WFP/File 39/Box 195).

By 1964, the tax laws were such that all earnings had to be distributed to the stockholders (Interviewee, IV:D). According to this interviewee, this put the owners of BF in a higher tax bracket. The decision was then made to merge Bonners Ferry with Potlatch Forests, and on May 28, "Bonners Ferry Lumber Company (a non-operating company) and subsidiary Clearwater Timber Co." merged with Potlatch, the latter "issuing 103.44767 shares for each share of Bonners Ferry capital stock" (Moody's, 1974:2846). In other words, for each share of BF stock a member of the Weyerhaeuser family held, he or she obtained 103 shares of Potlatch stock.

The Rock Island Corporation is another former operating company that has become a major holding company for the Weyerhaeuser family. (This was one of the original companies founded by Frederick Weyerhaeuser in Rock Island, Ill.; it should not be confused with the famous railroad holding company of the same name.) As with Bonners Ferry, the



Weyerhaeuser family bought up all stock owned by the Denkmann family in 1950, thereby giving itself control of all 13,000 shares of Rock Island. Forty-two per cent of Rock Island was controlled by Bonners Ferry and Coal Valley (another family holding company). The rest of Rock Island's stock was owned by individual family members directly or through trusts (WFP/File 39/Box 195/Folder 130). In 1950, earnings were estimated at \$1,200,000, or \$93 per share (ibid.).

All members of the Weyerhaeuser family have a "stock interest-- investment" in Rock Island. Today its board consists chiefly of members of the Weyerhaeuser family from the fourth generation (Standard and Poor's, 1975). Two members of the fifth generation--Rod Titcomb and Dan Davis-- are serving a two-year apprenticeship of sorts on the board (Interviewee, IV:C). Dan Davis lives in Eugene, Oregon, and is involved in his own business ventures. His third cousin, Rod Titcomb, a graduate of Williams College, is working as an assistant trust officer at Northwest National Bank and attends night law school at William Mitchell College in St. Paul. The only board member of Rock Island who is not a member of the family is Joseph S. Micallef. A graduate of William Mitchell College of Law, Micallef is head of Fiduciary Counselling--the Family Office.

Through Rock Island Corporation the family shares a number of common investments.<sup>8</sup> The Dietzgen Corporation was the only operating company

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<sup>8</sup>All of the investments described in the following discussion may not be coordinated through Rock Island, but various members of the family told me of them in interviews. I was never able to do follow-up interviews with family members and the head of the Family Office. I had planned on sorting out the exact relationships between these various investments and holding companies with further interviews. But in December 1975 individuals with offices in the Family Office would no longer allow me to interview them (phone conversations with family member and Micallef).

owned by Rock Island in 1975. With headquarters in Chicago, Dietzgen is involved in drafting, surveying, and printmaking. Five years ago the former operating companies of Rock Island Lumber Company were bought by Edward R. Titcomb when RI wanted to convert its holdings to cash. Titcomb formed Rodman Industries, which is today a "privately-held corporation" owned by Titcomb and possibly a few other family members. Its only connections with Rock Island today--besides an office on the 21st floor of the First National Bank Building in St. Paul--are two director interlocks. Edward R. Titcomb is president of Rodman, and he and Micallef serve as directors of both Rodman and Rock Island. Rodman Industries manufactures wood windows and high density particle board, and has 220 employees and sales of \$8 million.

In the late 1960's several members of the family became involved with investments in Hawaii. After a Christmas "vacation" in Hawaii several family members became involved in a joint venture with Chinn Ho on Makaha. Chinn Ho is described by family members as a Chinese businessman. A recent book on Hawaii describes him as so "haole-fied" (Westernized) that he is not considered a part of the Chinese community by the community in Hawaii (Simpich, 1971:110). The main investment, Makaha Inn, had one hotel of 200 rooms and 586 condominiums. About this same time other families of wealth were investing their surplus capital in hotel and real estate operations in Hawaii. The Rockefellers (primarily Laurance) were involved in a joint venture with Eastern Airlines in Mauna Kea Beach on the Island of Hawaii (Simpich, 1971:107). Long time associates of the Weyerhaeusers, the Laird-Norton family, were also speculating in Hawaii. As Simpich reported it, "a number of the better hotels have owners who

are content to remain small while catering to upper-income brackets." The Halekulani, "known for a clientele 'newly wed or nearly dead'," is, for example, "a 188-room cottage in a garden type operation owned by the Norton Clapp family of Seattle" (Simpich, 1971:104). The Weyerhaeuser family has recently divested itself of its Hawaiian investments. It still retains real estate elsewhere, including a recreational land development and orange groves in Florida (Interviewees, IV: A and D).

Rock The family continues to hold several inactive corporations which are used as financial companies. Pine Land Lumber Company is an example of such a corporation. It holds mineral rights to land in northern Minnesota. Pine Land also serves as a training ground for members of the family interested in family-related businesses. Bill Rasmussen after marrying into the family served for several years as a director and president. Rod Titcomb, aged 28, a member of the fifth generation, is presently president of Pine Land. These private companies, most likely owned by Rock Island, provide business experience for the upcoming generation.

such Members of the family living in St. Paul have a 50% investment in the Minnesota North Stars, a professional hockey team (Interviewee, IV: D). One of these investors claims this is "just a group of individuals that has nothing to do with anything but ownership (Interviewee, IV:B). His second cousin, however, is chairman of the board of the North Stars. The hallway outside the latter's office, as well as the walls in his office, are literally covered with individual and team pictures of the North Stars. Another family member, the latter's second cousin-in-law, is also on the board and is the executive secretary of this professional



sports team. This seems like a fairly active role for "just a group of individual investors."

Whether these investments are coordinated through Rock Island, the holding company of which John Driscoll is president, is unknown. The exact structure of these investments and the relationship between holding companies and investments remains hidden. It is clear that not all family members buy into every venture in which the family engages. But Rock Island does handle investments, especially stocks and bonds, for family members (Interviewee, IV:A). As president of Rock Island, Driscoll's job is to find profitable investments for the family. As he says, in reference to the North Stars, "I tried to find investments for all members of the family." But while family members living in St. Paul invested in hockey, others did not. The Hawaiian investments involved more members of the family around the country. John Driscoll and John Pascoe, though, were the two principal family members behind the Makaha venture (Interviewee, IV:D).

Many wealthy families have become involved in venture capital. One such venture capital spin-off for the Weyerhaeusers has been COMSHARE, Inc. "The company is engaged in the business of providing remote processing computer services utilizing technology commonly known as time-sharing" (COMSHARE, 1975c:1). The proxy statement and 10-K Annual Report for COMSHARE provide additional help in piecing together one of the mechanisms of internal coordination. Two members of the Weyerhaeuser family, Stanley R. Day and W. John Driscoll, are on the board of directors. The proxy statement, however, not only provides information on the stock holdings of these two directors, but also maps out the relationship

between this corporation, another family holding company, and two "nominee partnerships." Under the heading, "Principal Shareholders," we read:

The Common Stock is the only voting security of the Company. Bliss & Company and Hanson & Company, St. Paul, Minnesota, own 217,842 and 105,771 shares of Common Stock of the Company respectively, of record. Bliss & Company and Hanson & Company are nominee partnerships for various members of the Weyerhaeuser Family. The shares owned of record by Bliss & Company constitute 16.19% of the outstanding shares of Common Stock of the Company as of September 18, 1974, the record date. The "Weyerhaeuser Family" as used in this Proxy Statement means certain of the descendants (and their spouses) of Frederick Weyerhaeuser, who died in 1914 and who was one of the founders of Weyerhaeuser Company, a forest products company located in Tacoma, Washington.

Stanley R. Day and W. John Driscoll, Directors of the Company, and their wives are members of the Weyerhaeuser Family. Members of the Weyerhaeuser Family own beneficially an aggregate of 346,513 shares of Common Stock of the Company, constituting 25.76% of the outstanding Common Stock of the Company as of September 18, 1974. No member of the Weyerhaeuser Family owns beneficially more than 10% of the outstanding Common Stock of the Company. (COMSHARE, 1975b:2)

And under a footnote in reference to Driscoll's holdings we find the following:

Excludes 39,934 shares owned by Mr. Driscoll's mother and 15,130 shares owned beneficially by Mr. Driscoll's wife. Mr. Driscoll disclaims any beneficial interest in such shares. The shares owned by Mr. Driscoll and his mother are held of record by Bliss & Company and the shares owned by Mr. Driscoll's wife are held of record by Hanson & Company. In addition, Mr. Driscoll is an officer, director and owns 3.0515% of the stock of Green Valley Company, a corporate holding company, which owns beneficially 113,646 shares of Common Stock of the Company. These shares are held of record in the name of Bliss & Company. All of the capital stock of Green Valley Company is owned by members of the Weyerhaeuser Family. Mr. Driscoll is a co-trustee of six trusts which own an aggregate of 53,734 shares of Common Stock of the Company, which are held in the name of Bliss & Company or Hanson & Company. Mr. Driscoll disclaims any beneficial interest in such shares. The shares in these trusts include the shares

owned beneficially by Mr. Driscoll's mother. All of the shares of Common Stock described in this footnote as being owned of record by Bliss & Company or by Hanson & Company are included in the shares referred to under the caption "Principal Shareholders" in this Proxy Statement. (COMSHARE, 1974b:3)

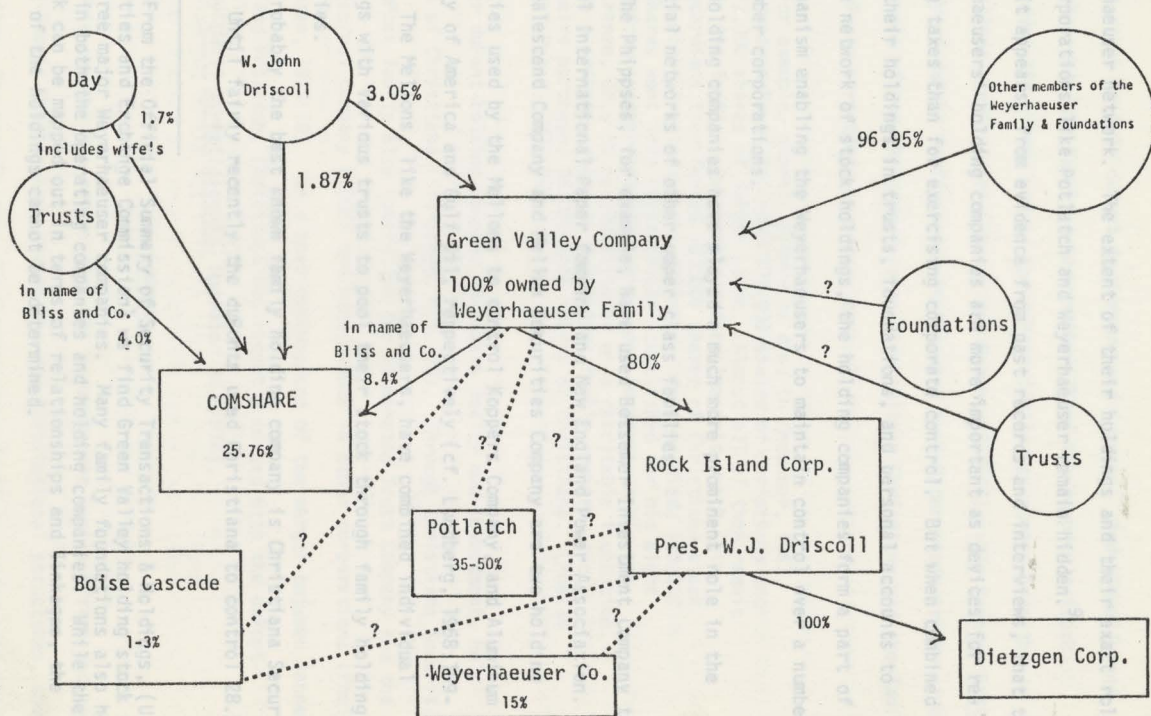
This information enables us to outline the pyramiding structure shown in Chart 2.

Green Valley Co. is another family holding company. Members of the Weyerhaeuser family own 100% of the capital stock. Like Rock Island, Green Valley is another former operating company, originally called Coal Valley; the story has it that no one liked the older name, so it was changed (Interviewee, IV:A). Green Valley holds 80% of the capital stock of Rock Island. This "arrangement," as one member of the fourth generation says, provides certain tax advantages (Interviewee, IV:D). It gives the companies liquid assets and the ability to carry over losses and gains (cf. Weisenberger, 1965:95-98). A lot of decisions, he says, are made for tax reasons. It's not as it sounds, however. It's not, he says, a matter of escaping taxes, but of minimizing them (Interviewee, IV:D).

The stock of Green Valley and Rock Island, the two major holding companies, is held directly and indirectly by family members. As the proxy statement reports, John Driscoll owns slightly more than 3% of Green Valley's stock. Through a variety of family foundations (to be examined in Chapter V) and trusts set up for individual family members, the family owns the rest of Rock Island's and Green Valley's stock. These holding companies in turn own stock in COMSHARE, Potlatch, Boise Cascade, and the Weyerhaeuser Company. These holding companies, however, as agents of corporate control, may not be the central elements in the



CHART 2  
WEYERHAEUSER FAMILY INTERESTS



Weyerhaeuser network. The extent of their holdings and their exact role in corporations like Potlatch and Weyerhaeuser remain hidden.<sup>9</sup>

It appears, from evidence from past records and interviews, that the Weyerhaeusers' holding companies are more important as devices for reducing taxes than for exercising corporate control. But when combined with their holdings in trusts, foundations, and personal accounts to form a network of stock holdings, the holding companies form a part of a mechanism enabling the Weyerhaeusers to maintain control over a number of timber corporations.

Holding companies have played a much more prominent role in the financial networks of other upper class families.

The Phippses, for example, have used Bessemer Investment Company to control International Paper Company and New England Power Association. The Coalescend Company and Mellon Securities Company are two holding companies used by the Mellons to control Koppers Company, and Aluminum Company of America and Gulf Oil, respectively (cf. Lundberg, 1968:199-200). The Mellons, like the Weyerhaeusers, have combined individual holdings with various trusts to pool their stock through family holding companies.

Probably the best known family holding company is Christiana Securities Company. Until fairly recently the duPonts used Christiana to control 28.5%

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<sup>9</sup>From the Official Summary of Security Transactions & Holdings, (U.S. Securities and Exchange Commission) we find Green Valley holding stock in the three major Weyerhaeuser companies. Many family foundations also hold stock in both the operating companies and holding companies. While the network can be mapped out in terms of relationships and linkages, the extent of the holdings cannot be determined.

of the stock in E.I. duPont de Nemours and Company. Individually and through trusts the family owned another 7% of the company's stock. "With over 35% of the stock, the duPont family has always been the controlling stockholder" (Phelan and Pozen, 1973:24). The Company State, a study of duPont family power in Delaware by a Nader study group, gives an example of how, by transferring stock within Christiana and the family, the duPonts perpetuate corporate control.

For example, shortly before he died in December, 1963, Irene duPont, Sr. held 575,000 shares of Christiana and 12,000 shares of duPont stock. Almost all of them remain in the family. Two months before Irene's death, his guardians transferred 160,000 shares of Christiana stock to eight trusts for his children. When he died, 119,312 shares went into eight trusts established for his eight heirs; another 160,000 shares went in trust to his son, Irene, Jr., to be administered as a charitable foundation. In a private sale only for duPont family members, the heirs purchased 96,000 more shares of Christiana. (Phelan and Pozen, 1973:24)

Another duPont holding company, Delaware Realty and Investment, held 32.67% of Christiana (Villarejo, N.D.:45). Through Christiana Securities the duPont family also controlled the Wilmington Trust Company and the News-Journal Company (100%) and owned stock in other corporations (Phelan and Pozen, 1973:10). In a move reminiscent of the merger between Bonners Ferry and Potlatch, Christiana was recently merged with the duPont Company (Wall Street Journal, December 16, 1974).

#### Summary

This chapter has argued that the Weyerhaeuser Family Office and the Annual Family Meeting have become the new institutional structures, the mechanisms, for coordinating the Weyerhaeuser family's varied activities



in the economic, political, and cultural sectors of society. *a family*  
*dynas* The most important functions the Office and Meeting perform are  
 internal to the family group. They provide a structure which enables the  
 Weyerhaeuser extended family to maintain strong kinship ties. They co-  
 ordinate and manage gifts and trusts, both mechanisms for avoiding taxes  
 and passing on wealth. They oversee family foundations and holding  
 companies, two institutional devices utilized for controlling corporate  
 stock. Inheritance may be the manner in which family continuity is *making*  
 assured, but the Office and Meeting are the mechanisms for carrying it  
 out. *ly's inter-institutional links.*

In their contacts with their offices the younger generation of *to*  
 Weyerhaeusers and Rockefellers have had similar experiences. Alienated  
 from their parents, they have felt the Office was "a tool for the adults"  
 (Interviews; Collier and Horowitz, 1976:562-575). Family members working  
 in family businesses have had closer contacts with the Office and with  
 their cousins. Those who have "dropped out" may have weaker ties to  
 their cousins, but they remain dependent upon the Office. Collier and  
 Horowitz describe the Rockefeller Office as surrogate parents for the  
 Rockefeller cousins.

The Office continues to function in *loco parentis*, a  
 bureaucratic guardian of elaborately complex proportions  
 handling everything legal and financial for its wards,  
 from the doling out of their income to preparing their  
 tax returns, and even to relatively simple tasks like  
 the purchase of automobiles and house insurance....  
 By insulating the Cousins from the facts and process of  
 their wealth, it made them dependent to an extraordinary  
 degree, adding a sense of helplessness to the sense of  
 guilt they already felt as recipients of the awesome  
 legacy. (Collier and Horowitz, 1976:559)

The Weyerhaeuser Family Office thus helps to perpetuate a family dynasty that otherwise might have broken down. It not only provides personal services for family members, paying bills, keeping books, and referring members to lawyers and brokers, but it provides the structure for the family to coordinate its investments, political giving, and philanthropic gifts.

The Family Meeting also serves as a device holding the family together. It provides the forum and structure for joint decision-making. The Office and Meeting together serve as the hub of the wheel of the family's inter-institutional links.

The next two chapters examine the Weyerhaeuser family's links to corporations. Historical and present involvement with various timber companies will be explored to determine in what ways the Weyerhaeusers' relationships to various corporations have changed in the last five generations.

society. Property has always formed the linkage between wealth and power. In societies characterized by a capitalist economic system, the dominant institutional form of property has become the large corporation. It is

## CHAPTER V: CORPORATIONS I: HISTORIC ROLE AND FAMILY INVOLVEMENT

(THREE GENERATIONS OF CONTINUITY) of the family under

Capitalism comes from its role in the corporate structure.

This is a story of two men who in the unfettered freedom of the United States sought their fortunes and found them in a big way; the road wide open; theirs for the taking. (Hauberg, 1957:1)

This chapter focuses on the economic activities of the Weyerhaeuser family prior to 1940. It begins with a brief historical sketch of the partnership between Frederick Weyerhaeuser and F.C.A. Denkmann, tracing their involvement in a number of successive firms and business ventures. Our purpose, however, is not to develop a comprehensive business history of the numerous corporations in which they were involved--others have already undertaken this task (Hidy et al., 1963; Hauberg, 1957). Rather, it is to examine in some detail the linkages that the family, through its individual members, had with these various economic interests. We are especially interested in exploring the familial bases of wealth and the role of families in economic institutions, in order to shed light on long-standing questions concerning ownership and control of large corporations (Berle and Means, 1967; Sweezy, 1953a; Mills, 1959; Bell, 1962).

The concentration and centralization of capital after the Civil War and up to World War I witnessed a new form of capitalist organization. Great American fortunes can be traced to the emergence of the modern corporation during that time period.

Wealth and power are closely linked to institutional arrangements in



society. Property has always formed the linkage between wealth and power. In societies characterized by a capitalist economic system, the dominant institutional form of property has become the large corporation. It is here, within a specific system of property relations, that C. Wright Mills rooted family wealth. The wealth and power of the family under capitalism comes from its role in the corporate structure.

Wealth is acquired and held in and through institutions.

The pyramid of wealth cannot be understood merely in terms of the very rich; for the great inheriting families, as we shall see, are now supplemented by the corporate institutions of modern society: every one of the very rich families has been and is closely connected--always legally and frequently managerially as well--with one of the multi-million dollar corporations. (Mills, 1959:9-10)

When the lumber yard in which Frederick Weyerhaeuser was working went under in the economic panic of 1857-1858, he obtained credit and took over Mead, Smith and Marsh's assets at Coal Valley. He soon leased the firm's sawmill in Rock Island and within three years sought to buy it.

The property in question, however, was "smothered under loads of legal liens, mortgages, tax sales and court judgments" (Hauberg, 1957: 33). Because of these, Weyerhaeuser and his brother-in-law were not able to purchase the property directly, but had to retire the mortgage on the property through court proceedings. The property was finally sold at a sheriff's auction to the highest bidder--the new partners. There are several conflicting accounts of the purchase price and the date of incorporation (Hidy, et al., 1963; Hauberg, 1957; and Weyerhaeuser Family, 1940). Nonetheless there is agreement on the fact that Weyerhaeuser talked his brother-in-law F.C.A. Denkmann out of his plans to take his family by wagon to the Colorado gold fields and sell groceries. Instead

he convinced Denkmann to join him in buying and operating the sawmill at Rock Island. They did so, in either January or May of 1860.

Weyerhaeuser evidently made the largest investment, supplying over \$3,000 in cash plus "a strange conglomeration of assets--buggy, wagon, two houses, two cows..." plus a loan to Denkmann to equalize the investment(Hidy et al., 1963:8; Hauberg, 1957:37, where he itemizes the assets of both partners). With the purchase of a sawmill and the lumber yard Weyerhaeuser had been working in, the two brothers-in-law formed a partnership under the name of Weyerhaeuser & Denkmann "to conduct the 'Rock Island sawmill' and the Coal Valley Lumber Yard" (Hauberg, 1957:38).

With the economic depression and hard times over, the decade of the 1860's brought prosperity. Throughout the Midwest the lumber industry was "stimulated by a fast expanding demand" for wood products (Hidy et al., 1963:18). The rapid increase of population in the "relatively treeless areas west of the Mississippi" meant an expanding market for lumber and other wood products. According to Hidy et al.,

By the time Weyerhaeuser and Denkmann formed their partnership, the first fumbling days of midwestern lumbering were over. Many firms had already failed. Newcomers could profit by learning lessons from their predecessors' errors, and they could also profit through the low capitalization of business erected on purchased bankrupt property. The partners took full advantage of both opportunities. (Hidy et al., 1963:26)

Throughout the 1860's, the partners bought logs from raftsmen on the Mississippi River at Rock Island. The logs originated upriver on tributaries of the Mississippi--the Black, Chippewa, and St. Croix Rivers in Wisconsin. Not until early 1868 is there any report of the partners acquiring stumpage (the right to cut trees without owning the land) (Hidy

et al., 1963:31). It was another four years before they actually bought timber acreage--the land itself. In the meantime, they acquired a half interest in a second sawmill in Rock Island, on July 6, 1869. With a capitalization of \$16,200, financed by reinvesting "an unknown percentage of the profits," they bought the Rock Island sawmill of Gray, Cooper and Anawalt (Hidy et al., 1963:32; cf. also Hauberg, 1957:69-73).

During the 1860's, Frederick Weyerhaeuser was involved in several business ventures outside of the lumber industry. When Denkmann repaid his loan, Frederick Weyerhaeuser bought coal land in Coal Valley. He sold it several years later at "a good profit." In 1865, along with another brother-in-law, Hugh Caughery (his sister's husband), he invested \$18,000 in building a flour mill. But farmers in the area shifted from raising wheat to corn, and the flour milling business never became profitable (Hidy et al., 1963:31). Later in the same decade he invested \$35,000 in a Rock Island factory to manufacture woolen goods, incorporating the venture under the name of the Rock Island Woolen Manufacturing Company (Hidy et al., 1963:47; Hauberg, 1957:67-68). For the most part, however, Frederick Weyerhaeuser's investments and business dealings were in lumber and timber, the industry in which he was to make for himself the name "Lumber King."

In their first Rock Island business venture the partners had different work tasks. Denkmann with his previous training as a machinist was responsible for keeping the sawmill running smoothly. Weyerhaeuser's duties involved procuring logs for the sawmill and selling the final lumber products. Another Weyerhaeuser brother-in-law, Michael Koch, worked for the partners "as bookkeeper, yard salesman, timekeeper, and



paymaster" (Hidy et al., 1963:29). According to this account, other "relatives of the partners and their wives" were employed in the sawmill at Rock Island and at the retail lumberyard in Coal Valley (Hidy et al., 1963:29).

The family nature of initial enterprise was soon to expand in two directions. The first involved the sons of the partners; the second was to encompass a number of families from other firms that in these early years were competitors of the Weyerhaeuser & Denkmann Company. This latter was done by organizing a number of other family firms into larger economic units. By getting them to pool their resources, Frederick Weyerhaeuser made associates out of his former competitors.

With an increasing need for logs at the Rock Island mill, Weyerhaeuser began travelling farther and farther up the tributaries of the Mississippi in search of timber. This concern over the log supply was shared by a number of his competitors who owned sawmills in other towns along the river and were also dependent upon the forests of Wisconsin for their logs. By the late 1860's Frederick Weyerhaeuser is reported to have travelled as far north as the Chippewa River in northwestern Wisconsin in search of suitable trees for his Rock Island sawmill. The majority of the stumpage along the banks of the Chippewa River was particularly attractive because it was not under the control of other mill-owners. In fact, as late as the 1860's it was still under the control of the railroads, institutions like Cornell University, and the government, which was "still selling sections and quarter sections to anyone making locations" (Hidy et al., 1963:43). And since Weyerhaeuser was dependent on the land of others for his supply of logs, the Chippewa was an

attractive river basin. He then began to organize the other millmen up and down the Chippewa as a source of logs centered around the activities of several large mills at Eau Claire and Chippewa Falls. These large mills were "operated by men of considerable capital," who weren't too happy about others cutting into their supply of logs (Hauberg, 1957:119). The lumbermen from the Mississippi were viewed as "invaders." The Chippewa millmen accused the Weyerhaeuser interests of being "absentee capitalists" who were trying "to wrest control of the government pine lands from them" (Hidy et al., 1963:44). The Mississippi lumbermen had been "long-standing competitors" of each other, but--faced with both legislative and court action to prevent them from floating their logs down the Chippewa to their mills on the Mississippi--these lumbermen banded together. The resulting cooperation between former competitors brought together a number of families with sawmills along the Mississippi. These families, joined together out of common interest, included the Lamb family of Clinton, Iowa, the Laird-Norton families from Winona, Minn., the Mussers of Muscatine, Iowa, and the Dimock-Goulds of Moline, Ill. In the late 1860's these Mississippi millmen had collected and sorted their logs at the mouth of the Chippewa at a place called Beef Slough, before rafting and delivering them to mills farther down the Mississippi. But the Chippewa millmen now sought to prevent the logs of the Mississippi millmen from reaching Beef Slough. Thus, as they continued to buy timberland upriver from Eau Claire, the Mississippi lumbermen were faced with the difficulty of getting their logs past the mills of the Chippewa River lumbermen. In 1870, Weyerhaeuser with two others leased Beef

Slough for five years. He then began to organize the other millmen up and down the Mississippi. He urged "upon them the necessity of joining forces in an effort to procure logs from the Chippewa Valley" (F. Weyerhaeuser, 1951:10). By the end of the year he had organized seventeen firms into the Mississippi River Logging Company. Incorporated on January 2, 1871, the new company united these former competitors for the purpose of pooling, sorting, and processing logs (F. Weyerhaeuser, 1951:10).

Although the firm of Weyerhaeuser & Denkmann only held 10% of the shares of the new firm, most observers agreed that Frederick Weyerhaeuser was the recognized leader of the new organization. As his oldest grandson was to write later, "the men who thus joined together for the first time comprised an unusual group. All were of fine character, but intensely individualistic. Despite this, however, they came to hold complete confidence in each other and in Frederick Weyerhaeuser, the leader in many of their Common endeavors" (F. Weyerhaeuser, 1951:11; cf. also Hidy et al., 1963:53).

The group was unusual not only in the character of the men who belonged to it but also in the new economic form it provided. The same grandson also commented that this group of Mississippi River lumbermen came to be viewed as "one of the earliest mergers of substantial size in American industrial history" (F. Weyerhaeuser, 1951:11).

Combining the interests of lumbermen on the Mississippi, however, was only the beginning of the Weyerhaeuser empire. Shortly after his success in organizing the Mississippi River Logging Company, Weyerhaeuser began buying timber land (as compared to stumpage) on the Chippewa and



its tributaries. The first record of his buying land in this region is his purchase of 8,120 acres on the Jump River, a Chippewa tributary, for \$8 an acre.

The Mississippi millmen became more and more dependent on the Chippewa for their logs, and consequently came into greater and greater conflict with the millowners on the Chippewa (at Eau Claire). The history of the resulting conflict, which reportedly included the dynamiting of dams and other hostilities, has been told in Timber & Men: The Weyerhaeuser Story (Hidy et al., 1963). The details of the conflict are not important for our purposes. What is worth noting, however, is that ten years after the lumbermen on the Mississippi joined together for their own self-interest, the Chippewa River millmen were persuaded to join forces with them.

The union between the two groups of millowners actually resulted from a flood which washed out the booms at Chippewa Falls and Eau Claire. The logs of the Chippewa millman were all carried downriver to the booms of the Mississippi millmen. The agreement reached between the two groups was the work, once again, of Frederick Weyerhaeuser, and created the Chippewa Logging Company. Incorporated on June 28, 1881, the union resulted in full coordination between the two factions. The Mississippi River Logging Company, under the leadership of Weyerhaeuser, owned 65% of the Chippewa Logging Company, while the Eau Claire mills owned a minority interest. Hidy et al. call the agreement "a victory for Weyerhaeuser and the Mississippi River mills" (Hidy et al., 1963:74). And it was, for they now controlled the supply of logs and coordinated logging and driving activities the length of the Chippewa River. Hidy et al.,

however, down play the extent of the new organization's powers, even though at the time of its formation the "pool" was referred to as a monopoly. When compared to the Standard Oil monopoly, the Weyerhaeuser interests controlled no where near as much of the industry's total production (Hidy et al., 1963:78-79).

As with the Mississippi River Logging Company, Weyerhaeuser became president of the Chippewa Logging Company. And as was the case with the earlier organization, which united former competitors, some of the men of the Chippewa Logging Company became Frederick Weyerhaeuser's closest friends and business associates. Some of the descendants of these individuals are still important stockholders in the Weyerhaeuser companies. The formation of the Chippewa Logging Company represented, as a Fortune article said, "[the] second extension of the Weyerhaeuser empire, the famous pool that dominated the Lake states lumber industry during the height of its prosperity, until 1900 when timber was thin and the industry had to move on" (Fortune, 1934:173).

It was this group of lumbermen that became known as the Weyerhaeuser "syndicate," which included all of the larger sawmills on the lower Mississippi and the Chippewa Rivers. Fortune wrote in 1934 that Weyerhaeuser "was shrewd enough to make associates of competitors and to avoid the lime-light" (Fortune, 1934:170). Although he never held a majority of the stock in any of these enterprises, Fortune felt little doubt that "Weyerhaeuser ran the business" (Fortune, 1934:173). Fortune called this type of control an "anomaly among interests," saying that "seldom do you find working control in the hands of such a small minority" (Fortune, 1934:64; emphasis theirs).

A good example of the type of minority interest held by Frederick Weyerhaeuser can be found by examining the original issue of stock for the Mississippi River Logging Company. "Stock certificates were issued in 1876," Frederick King Weyerhaeuser (1951:10) reported, "with fourteen concerns acquiring forty-one shares of stock at a par value of \$25,000 per share", as follows:

	Shares
W.J. Young & Co., Clinton, Iowa.....	6
C. Lamb & Sons, Clinton.....	6
Hershey Lumber Co., Muscatine, Iowa.....	3
Weyerhaeuser & Denkmann, Rock Island.....	4
Laird, Norton & Co., Winona.....	4
Youmans Bros. & Hodgins, Winona.....	4
The Clinton Lumber Co., Clinton.....	2
Dimock, Gould & Co., Moline.....	2
A. Boeckeler & Co., St. Louis.....	2
P.M. Musser & Co., Muscatine.....	2
David Joyce, Lyons, Clinton.....	1
J.S. Keater, Rock Island.....	2
Pelan & Randall, Dubuque.....	1
Hill Lemmon & Co., St. Louis.....	2
<hr/>	
Total 41	

The millmen's initial purpose for organizing had been to ensure that a continuing supply of logs reached the mills on the Mississippi, which meant collecting, sorting, and rafting logs, first on the Mississippi and later on the Chippewa. This purpose, however, was soon expanded to include the acquisition of timber lands. Hidy *et al.* report that by "the mid-nineties almost all the remaining merchantable timber in the valley [Chippewa], except the extensive Knapp, Stout holdings on the Menomonie, was owned by individuals or firms associated with Frederick Weyerhaeuser" (1963:85). Weyerhaeuser's largest single purchase prior to the turn of the century came in 1882, "when he acquired 109,601 acres



from Cornell University for \$1,841,746. By estimate this acquisition comprised 597,931,000 board feet of pine, priced at \$3.00 per thousand and \$0.50 an acre for land" (Hidy et al., 1963:84).

By the end of the 1880's Weyerhaeuser and his associates had exhausted most of the white pine in Wisconsin. They turned to the forests of Minnesota for their supply of logs. In 1890, they began buying land on the upper Mississippi in Minnesota. In 1891 the Weyerhaeuser family moved to St. Paul. From his new home, Weyerhaeuser, in conjunction with his three oldest sons, expanded his base of operations throughout north-east Minnesota. As they shifted their activity from the white pine forests of Wisconsin to Minnesota, many of Weyerhaeuser's associates from the Mississippi and Chippewa joined him in investing in Minnesota pine land. They also formed a number of new companies for the purpose of building new sawmills and manufacturing facilities in the upper Lake States. These new ventures enabled them to saw logs closer to their source, rather than rafting them down to the older mills on the middle Mississippi.

In a study of timber concentration, Sarah Jenkins Salo says that "by 1890 Weyerhaeuser directed dozens of timber, logging and milling companies. The more important companies outside of the early Rock Island lumber interests were the Chippewa Lumber and Boom Company of Little Falls, Minnesota and the Northern Lumber Company of Cloquet, Minnesota" (Salo, 1945:4).

The timber of the Lake States was not inexhaustible, however, and Weyerhaeuser interests soon expanded to other areas: the South, and the West. Weyerhaeuser's only major investment in the South was in the

Southern Lumber Company of Louisiana, which he undertook with the Denkmann, Laird-Norton, Lindsay, Richardson, and Ainsworth families. Frederick's aversion to the South reportedly stemmed from his feeling "that the Negroes were too lazy," (Fortune, 1934:174) and that some "members of his family would have to live in the South" (Hidy et al., 1963:208). The latter prospect he found "repugnant," and soon he was looking westward in search of new timber resources. But while the Weyerhaeuser family headed west, the "Denkmann's (sic) as a family group invested heavily in the South" (Hauberg, 1957:134). This was also true of some of Weyerhaeuser's other associates, but the majority were soon involved in large investments in the Pacific Northwest.

As early as 1890, Weyerhaeuser and some of his associates had taken an option on "a tremendous land grant of 850,000 acres that the government had made in 1864 to the Oregon Central Military Road Company" (Hidy et al., 1963:212). But it was not until the turn of the century that the group actually bought land in this region.

It was then that James J. Hill offered nearly a million acres of railroad land for sale. As Frederick Weyerhaeuser had done three decades earlier, he again turned to the lumbermen on the upper Mississippi River to raise the money needed for the new venture. Many of his friends reportedly refused, but nonetheless on January 3, 1900, the contract for the sale, one of the largest land transactions in the country's history, "was signed simply by two men--Mr. F. Weyerhaeuser for himself and associates and Wm. H. Phipps, Land Commissioner for the Northern Pacific Railroad Company..." (Hauberg, 1957:126). For \$6 an acre Weyerhaeuser and his associates bought 900,000 acres of choice timberland in the

state of Washington. This was the same land that a few years earlier had been given to the Northern Pacific under the Lieu Selection Act of 1897 (cf. Fortune, 1934:174; cf. also Salo, 1945:13, for a discussion of land-grant timber). At the time of this purchase, Weyerhaeuser is supposed to have commented, "This is not for us, nor for our children, but for our grandchildren" (Fortune, 1934:174).

This new joint venture of Weyerhaeuser and his associates was incorporated under the name of the Weyerhaeuser Timber Company on February 8, 1900. Many of the families that had been associated with Weyerhaeuser and Denkmann since the days of the Mississippi River Logging Company were subscribers to the original shares of stock. John H. Hauberg (1957:126) lists these original shareholders.

Laird Norton Company (Wm. H. Laird), Winona.....	12,400
S.T. McKnight (Sumner T.), Minneapolis.....	3,500
R.L. McCormick (Robert L.), Hayward, Wis.....	3,500
A. Lamb (Artemus), Clinton, Ia.....	3,000
L. Lamb.....	3,000
Wm. Carson, Burlington, Ia.....	2,400
H.S. Rand, Burlington, Ia.....	600
P.M. Musser, Muscatine, Ia.....	2,400
Peter Musser, per P.M.M.....	600
Thomas Irvine, St. Paul, Minn.....	1,750
Sarah Hershey Eddy.....	1,650
Mira Hershey.....	1,650
A.B. McDonnell.....	1,750
C.H. Ingram, Eau Claire, Wis.....	3,500
J.J. Mitchell by F. Weyerhaeuser.....	500
Weyerhaeuser & Denkmann.....	18,200

At \$100 a share, Weyerhaeuser & Denkmann's shares cost 1.82 million dollars and represented 30.13% of the total shares outstanding. The next largest stockholder was the Laird-Norton family, which accounted for 20.53% of the shares at a cost of 1.24 million dollars. The next largest group of stockholders held 5.8% of the stock.



As Weyerhaeuser and his associates moved into the twentieth century, several trends continued. First, his sons (the second generation) continued to assume more and more of the responsibility for managing the increasing number of business ventures in which the family was involved. Second, the locus of the family's operations continued to shift from the Lake States to the Far West and the Inland Empire. And third, the timber industry continued to be extremely profitable, as it was to be for the next couple of decades.

That the times were profitable ones for Weyerhaeuser & Denkmann is illustrated by the dividends they received from their stockholdings in 1902. John H. Hauberg, Denkmann's son-in-law, reported the dividends received by the St. Paul office of Weyerhaeuser & Denkmann in 1902, shown in Table 3.

From Hauberg's listing we can calculate that each partner received nearly a million dollars (\$971,624) in dividends in this year alone. But Hauberg's listing may be incomplete, because prior to 1902 Weyerhaeuser & Denkmann owned stock in dozens of companies. (A complete listing of these corporations can be found in Table 4.) There may be several reasons why these companies were not listed in the 1902 Weyerhaeuser & Denkmann dividend list. First, the companies may not have been controlled by the St. Paul office. This is unlikely, however, since all reports of Weyerhaeuser activities at the turn of the century refer to the St. Paul office as the coordinating agency (cf. Fortune, 1934).

Another possibility is that the dividends simply were not reported. This is unlikely, however, since in 1902 there was less motive for hiding one's income, because there was no income tax. Hauberg even commented

TABLE 3

## STATEMENT OF DIVIDENDS RECEIVED BY THE ST. PAUL

OFFICE OF WEYERHAEUSER &amp; DENKMANN FOR THE YEAR

1902

White River Lumber Co. ....	F.C.A.D. ....	\$ 40,625.00
White River Lumber Co. ....	F.W. ....	40,625.00
Shell Lake Lumber Co. ....	F.C.A.D. ....	75,000.00
Shell Lake Lumber Co. ....	F.W. ....	75,000.00
Great Northern R'y. Co. ....		29,925.00
Pine Tree Lumber Co. ....	F.C.A.D. ....	46,800.00
Pine Tree Lumber Co. ....	F.W. ....	46,800.00
Tri City R'y. Co. ....		7,572.00
Coast Lumber Co. ....		1,700.24
Interstate Inv. Trust Ltd. ....		895.00
Chicago Gt. Western 4% Debenture Stk. ....		4,000.00
Interest 1903 ....		57,307.71
Cloquet Lumber Co. ....	F.C.A.D. ....	4,500.00
Cloquet Lumber Co. ....	F.W. ....	4,500.00
Miss. River Lumber Co. ....	F.C.A.D. ....	73,750.00
Miss. River Lumber Co. ....	F.W. ....	73,750.00
St. Croix Boom Corp. ....		2,040.00
Third St. Bldg. St. Paul K. & H. Rent ....		5,776.44
Northern Lumber Co. ....	F.C.A.D. ....	44,750.00
Northern Lumber Co. ....	F.W. ....	44,750.00
Superior Timber Co. ....	F.C.A.D. ....	646,824.07
Superior Timber Co. ....	F.W. ....	646,824.07
Northern Securities Co. ....		45,610.00
Rutledge Lumber Co. ....	F.C.A.D. ....	39,375.00
Rutledge Lumber Co. ....	F.W. ....	39,375.00
Erie Railroad Co. 1st Pref. Div. ....		1,500.00
Lindsay Land & Lbr. Co. ....		1,064.00

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**\$2,100,638.53**

Source: Hauberg, 1957:127-128.

on this fact when he said, "we of today may envy Weyerhaeuser & Denkmann in that at that time there was no tax requiring that they share their income with the Government" (Hauberg, 1957:127; emphasis added). A third possibility, and the most likely, is that some of these companies did

not pay dividends. Many of the companies, particularly in the West and the Inland Empire, were relatively new and it was several years before they began paying dividends.<sup>1</sup>

Within two years of his initial purchase of timber land in the West-- and this was to be an indication of twentieth century trends--Weyerhaeuser expanded his empire by buying an additional 200,000 acres of land in Oregon at \$5 per acre. Before half a decade had passed the Weyerhaeuser Timber Company had bought up nearly 1,500,000 acres of timber land in Oregon and Washington.

Sarah Jenkins Salo claims that it was a common practice among lumbermen to obtain large tracts of land through "dummy entrymen." This had been the method used to buy timber in the Lake States. "No timber operator," Salo says, "could build up a reserve supply of land without violating federal land laws which restricted individual ownership to one hundred and sixty acres" (1945:2). By hiring these "dummy entrymen" to buy homesteads (160 acres), most timbermen were successful in evading or circumventing the Homestead Act of 1860. Thus the two partners, Salo claims, "bought up most of the best timber in Wisconsin through legal and illegal means" (1945:2). She does not, however, provide us with the evidence to substantiate these claims. The muckrakers likewise failed to document any illegal purchases of timber lands by Weyerhaeuser interests (cf. Norcross, 1907; and Russell, 1912).

In the West many of these same lumbermen obtained their timber land from the railroads and homesteaders who had earlier acquired them from

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<sup>1</sup>This was especially true of the companies in Idaho. See Chapter VI.



government land grants. Although perfectly legal, one could certainly wonder whether this was a circumvention of the law, which had been intended to provide land for homesteaders and railroad rights-of-way. Whether Weyerhaeuser or any of his associates ever acquired their timber holdings through illegal methods is really unimportant.<sup>2</sup> What is worth noting, however, is that Weyerhaeuser acquired such a vast concentration of holdings that he came under sharp attack from two sources: the federal government and the muckrakers.

The muckrakers began their attack on the lumber trust with an article on the "Lumber King" himself, Frederick Weyerhaeuser. Charles P. Norcross entitled his Cosmopolitan article "Weyerhaeuser--Richer than John D. Rockefeller". "Weyerhaeuser, timber king and recluse," he wrote, "is lord of millions of far-flung timber lands, with a fortune that overshadows that of John D. Rockefeller" (Norcross, 1907:252). Norcross, who was head of William Randolph Hearst's Washington bureau, wrote that Weyerhaeuser controlled an estimated 30 million acres of timber land. Control over this land was the basis for Norcross' claim that Weyerhaeuser was richer than Rockefeller. To claim that Weyerhaeuser controlled some 30 million acres of timber land stretches the facts by some fifteen-fold, but even if the Weyerhaeuser interests did control this many acres, it is unlikely that Weyerhaeuser's personal fortune ever

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<sup>2</sup>"The Weyerhaeuser group, who acted scrupulously within the law," Hidy et al. write, "had obtained its large Pacific Coast holdings in the nick of time, for some of the land would soon have been withdrawn from purchase" (Hidy et al., 1963:296).

exceeded that of John D. Rockefeller's. The 1934 Fortune article estimated that Frederick Weyerhaeuser was worth "one-third of a billion dollars-- actually, probably one fifth of this amount" (Fortune, 1934:176). His obituary in the New York Times (April 5, 1914) claimed \$20-30 million, and his son Charles Augustus Weyerhaeuser's obituary estimated his father left \$300 million (New York Times [February 16, 1930]).

The response of the Weyerhaeuser family to the articles by the muckrakers was, according to Hidy et al., "a dignified silence," although they do report that one of Frederick Weyerhaeuser's sons responded by saying that Norcross' work was the emanation of a "diseased Hearst mind" (Hidy et al., 1963:302).

Several years later, another Hearst publication followed with a story by Charles Edward Russell (1912), another well-known muckraker, entitled, "The Mysterious Octopus: Story of the Strange and Powerful Organization that Controls the American Lumber Trade."

These articles raised two major concerns. One was that the timber industry had acquired large blocks of choice land by questionable means. Of particular concern to the muckrakers was the purchase of "lieu-land" from the railroads. As Russell wrote regarding the transaction between the Weyerhaeuser Timber Company and the Northern Pacific Railroad:

How these things were managed no one can say. All we know is that this great domain once belonged to the people; that it was filched from them by the railroads; and that, the spoilers being despoiled, it is now a part of the empire that is dominated by Frederick Weyerhaeuser. (Russell, 1912:1747)

The second point the muckrakers raised was that the timber industry had become a vast, highly interrelated empire, a "mysterious octopus," as

Russell put it. Norcross also made reference to the "Weyerhaeuser syndicate" (1907:255), and Russell described the origins of the interrelated interests in the combine formed by the Mississippi lumbermen (1912:1738-40).

Both articles failed, however, to describe the number of firms and interests of the Weyerhaeusers at this time. By the first decade of this century the Weyerhaeuser family owned interests in nearly fifty forest products companies (see Table 4). These companies were interrelated by stock ownership and director interlocks involving not only the Weyerhaeusers but many of the other families that were associated with Frederick on the Chippewa and Mississippi Rivers.

TABLE 4

## FIRMS IN WHICH THE WEYERHAEUSER FAMILY OWNED AN INTEREST

BETWEEN 1900 AND 1914

Middle Mississippi River

Weyerhaeuser & Denkmann Company  
 F. Weyerhaeuser Co.  
 Rock Island Lumber & Coal Company  
 Rock Island Lumber & Manufacturing Company  
 Rock Island Sash & Door Works  
 Minnesota Boom Company

Chippewa River

Beef Slough Manufacturing, Booming, Log Driving & Transportation Co.  
 Chippewa Logging Company  
 Chippewa Lumber & Boom Company  
 Chippewa River Improvement & Log Driving Company  
 Chippewa River & Menomonie Railway Company  
 Mississippi River Logging Company

St. Croix River and Northern Wisconsin

Ann River Logging Company  
 Atwood Lumber Company



Atwood Lumber & Manufacturing Company  
 Musser-Sauntry Land, Logging & Manufacturing Company  
 St. Croix Boom Company  
 St. Croix Lumbermen's Dam & Boom Company  
 Nebagamon Lumber Company  
 Edward Rutledge Lumber & Manufacturing Company  
 North Wisconsin Lumber Company  
 Shell Lake Lumber Company  
 White River Lumber Company

Upper Mississippi River

Mississippi River Lumber Company  
 Northland Pine Company  
 Pine Tree Lumber Company--Pine Tree Manufacturing Company

St. Louis River and Northern Minnesota

Cloquet Lumber Company  
 Johnson-Wentworth Lumber Company  
 Northern Lumber Company  
 Northwest Paper Company (W. Va.)--The Northwest Paper Company (Minn.)  
 Virginia & Rainy Lake Lumber Company

South

Calcasieu Pine Company--Calcasieu Timber Company  
 Southland Lumber Company  
 Southern Lumber Company (Ark.)  
 Southern Lumber Company (La.)

Idaho

Barber Lumber Company  
 Boise Payette Lumber Company  
 Payette Lumber & Manufacturing Company  
 Bonners Ferry Lumber Company  
 Clearwater Timber Company  
 Dover Lumber Company  
 Edward Rutledge Timber Company  
 Humbird Lumber Company  
 Potlatch Lumber Company

Pacific Northwest

Coast Lumber Company  
 Sound Timber Company  
 Weyerhaeuser Timber Company

Source: Hidy et al., 1963:588-589. Note: many of these companies

Within less than a generation the business operations of the Weyerhaeuser family had grown from a small lumber yard on the Mississippi at Rock Island to an interest in nearly 50 firms with operations in a dozen states. Like families in other industries the Weyerhaeusers had built their fortune on an expanding economy, industrialization, and monopoly interests.

In their attacks on the timber industry the muckrakers had raised the issues of the concentration of timber lands in the hands of a few, had questioned the diminishing supply of timber resources, and had described the industry as under the control of a small group of men. The Weyerhaeusers were also involved in a number of other controversies during the first part of the twentieth century. Hidy et al. describe a court battle over the rafting of logs, several disputes over land ownership which resulted in numerous suits being brought by farmers, and a refusal to pay taxes on some cut-over lands (Hidy et al., 1963:114, 303-305).

It was not surprising then that the federal government undertook an investigation into the activities of the lumber industry in the same year that Norcross' exposé was published. In 1907 the Bureau of Corporations began its investigation of the lumber industry. Concluding that a few corporations in the lumber industry had an unhealthy concentration of power, the Bureau's report stated that three corporations--the Southern Pacific Railroad, the Northern Pacific Railroad, and the Weyerhaeuser Timber Company--"together have 23.5 per cent of all privately owned

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had numerous subsidiaries; Weyerhaeuser Timber Co. held shares in 27 corporations in 1914.

timber in the five States of the Pacific Northwest" (U.S. Bureau of Corporations, 1913-1914 (Vol. 1):100). Although the Weyerhaeuser Timber Company refused to supply a list of its stockholders and the amounts of stock they owned to the investigation, the report determined through "informal statements" that "Mr. Weyerhaeuser owns from 10 to 60 per cent of the stock in each company..." (U.S. Bureau of Corporations, 1913-1914 (Vol. 1):102).

The Bureau of Corporations report went on to say that

While the control of one company in these groups may lie with certain individuals and the control of another company with certain other individuals, there is a remarkable interweaving of interests among the various companies.

As a whole they are controlled by a comparatively small number of persons closely united in subgroups through long business connection and often through family relationships. There is a very marked general spirit of harmony and cooperation among them. An extensive consolidation among these interests may easily be brought about at any time when circumstances favor it. (U.S. Bureau of Corporations, 1913-1914 (Vol. 1):103; emphasis added)

By the time of their father's death in 1914 the sons of Frederick Weyerhaeuser had assumed full responsibility for managing the family's businesses. Hidy et al. report that by

1914 the four Weyerhaeuser sons were all proved executives, and active in the companies their father had fostered: Charles at Little Falls and Minneapolis with Pine Tree and Northland; Rudolph at Cloquet with Northern, Cloquet, Johnson-Wentworth, and Northwest Paper; John in the affairs of the Weyerhaeuser Timber Company and other western firms; and Frederick E. in the St. Paul office where he had already shown a high talent for supervision and coordination. (Hidy et al., 1963:313)

John Philip Weyerhaeuser succeeded his father as president of Weyerhaeuser Timber Company and served in this capacity from 1914 until



1928. The task of managing the family firms in the Inland Empire went to Charles Augustus Weyerhaeuser. He had begun his career in the Lake States but soon found his major responsibilities were in Idaho. It was here that he founded Potlatch in 1903 and served as its president until 1930. Charles was also involved in organizing the Edward Rutledge Timber Company, which later merged with Potlatch and the Clearwater Timber Company to form Potlatch Forests.

Rudolph M. Weyerhaeuser was the brother involved in family businesses in the Lake States. Most Wisconsin operations had been greatly reduced by this time, leaving only firms in northeastern Minnesota. Rudolph was especially active in a management role in Northern Lumber Company, Cloquet Lumber, and Northwest Paper. He served as president of the latter from 1898 to 1928, at which time the operations of all the companies around Cloquet, Minn., were merged into Northwest Paper Company. Rudolph continued as a member of the executive committee and board chairman until 1936 and again from 1940 until his death in 1946.

After their father's death the sons discovered that they needed a way to coordinate the management of the growing Weyerhaeuser firms. Under Frederick Edward Weyerhaeuser's direction they set up a "central governing agency...to coordinate the loosely organized syndicate and affiliated companies" (Salo, 1945:56). Frederick Edward organized General Timber Services Co. to perform this task. Headquartered in St. Paul, General Timber was to act as "a holding company for the six syndicate plants and their numerous subsidiaries" (Salo, 1945:56). General Timber was responsible for handling public relations, advertising, and accounting for the various Weyerhaeuser firms.

CHART 3  
WEYERHAEUSER CORPORATE INTERESTS IN 1934

Weyerhaeuser Sales Company was set up to coordinate sales for the six major Weyerhaeuser firms. One biographical source reports that Weyerhaeuser Sales Company was one of Frederick Edward's "most original" achievements.

Noting that many of the family's associated mills competed with each other in the same markets and utilized a variety of wholesaling outlets, he suggested that the wholesaling function be performed by a new, common agency. Beginning informally in 1916, the Weyerhaeuser Sales Company was incorporated three years later. After near destruction by the extreme individualism of mill managers, the corporation became a nationwide wholesaler and remained active until its operations and properties were absorbed by the Weyerhaeuser Company in the 1960's. (DAB, 1973 (Supp. III): 813)

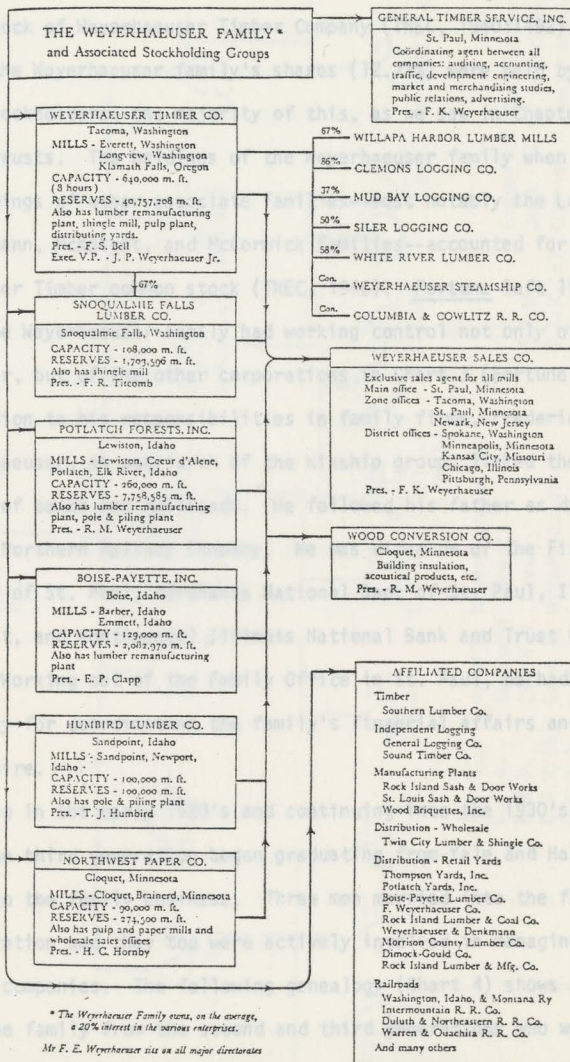
During its existence Weyerhaeuser Sales Company handled the products for all of the companies under Weyerhaeuser control. Both the Sales Company and General Timber were managed and coordinated through offices in St. Paul.

In his position as overseer and coordinator of the family's corporate interests, Frederick Edward Weyerhaeuser sat on all the major boards. He was treasurer of Boise Payette (1914-1941), director of Northwest Paper (1898-1928), director of Wood Conversion (1921-1945), and president of Weyerhaeuser Timber Company (1934-1945).

By the 1930's the Weyerhaeuser empire had expanded to nearly one hundred companies. A Fortune article at the middle of the decade outlined the relationships among the major Weyerhaeuser interests (see Chart 3).

Fortune pointed out that the Weyerhaeuser family owned about 22% of the stock in these various enterprises. Six years later a congressional

WEYERHAEUSER CORPORATE INTERESTS IN 1934



<sup>\*</sup> The Weyerhaeuser Family owns, on the average, a 20% interest in the various enterprises.  
 Mr F. E. Weyerhaeuser sits on all major directorates

ONLY THE WEYERHAEUSERS' MAJOR INTERESTS SHOW ON THIS CHART



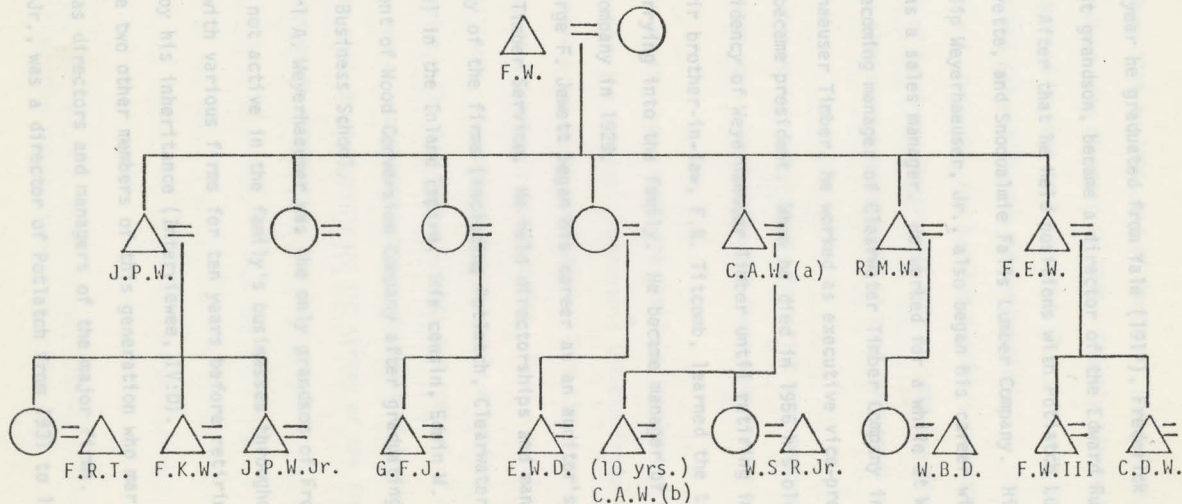
investigation revealed that the Weyerhaeuser family alone owned 15.14% of the common stock of Weyerhaeuser Timber Company (TNEC, 1940:1492). The majority of the Weyerhaeuser family's shares (12.71%) were held by the top twenty stockholders; the majority of this, as we saw in Chapter IV, was held in trusts. The holdings of the Weyerhaeuser family when combined with the holdings of other associate families--most notably the Laird-Norton, Denkmann, McKnight, and McCormick families--accounted for 44.41% of Weyerhaeuser Timber common stock (TNEC, 1940). Fortune left little doubt that the Weyerhaeuser family had working control not only of Weyerhaeuser Timber, but of the other corporations in Chart 3 (Fortune, 1934).

In addition to his responsibilities in family firms, Frederick Edward Weyerhaeuser, as patriarch of the kinship group, linked the family to a variety of banks and railroads. He followed his father as director of the Great Northern Railway Company. He was director of the First National Bank of St. Paul, Merchants National Bank of St. Paul, Illinois Bank and Trust, and Continental Illinois National Bank and Trust Company of Chicago. Working out of the Family Office in St. Paul, he had overall responsibility for coordinating the family's financial affairs and the corporate empire.

Beginning in the early 1920's and continuing into the 1930's, members of the third generation began graduating from Yale and Harvard and going into the family business. Three men married into the family in this generation and they too were actively involved in managing Weyerhaeuser companies. The following genealogy (Chart 4) shows the members of the family from the second and third generations who were active in various Weyerhaeuser firms.

### CHART 4

#### MEMBERS OF THE SECOND AND THIRD GENERATIONS INVOLVED IN THE WEYERHAEUSER FAMILY BUSINESS



J.P.W.Jr. John P. Weyerhaeuser Jr.  
 G.F.J. George F. Jewett  
 E.W.D. Edwin W. Davis  
 C.A.W.(b) Carl A. Weyerhaeuser  
 W.S.R.Jr. Walter S. Rosenberry Jr.  
 W.B.D. Walter B. Driscoll  
 F.W. III Frederick Weyerhaeuser III  
 C.D.W. C. Davis Weyerhaeuser

F.W. Frederick Weyerhaeuser  
 J.P.W. John Philip Weyerhaeuser  
 C.A.W.(a) Charles A. Weyerhaeuser  
 R.M.W. Rudolph M. Weyerhaeuser  
 F.E.W. Frederick E. Weyerhaeuser  
 F.R.T. Francis R. Titcomb  
 F.K.W. Frederick K. Weyerhaeuser

The year he graduated from Yale (1917), Frederick King Weyerhaeuser, the oldest grandson, became a director of the Edward Rutledge Timber Company. After that he held positions with Potlatch Lumber Company, Boise Payette, and Snoqualmie Falls Lumber Company. His younger brother, John Philip Weyerhaeuser, Jr., also began his career with Rutledge, working as a sales manager. He worked for a while at Weyerhaeuser Timber before becoming manager of Clearwater Timber Company in 1925. Returning to Weyerhaeuser Timber, he worked as executive vice-president until 1947 when he became president. When he died in 1956 his older brother assumed the presidency of Weyerhaeuser Timber until retiring in 1960.

Their brother-in-law, F.R. Titcomb, learned the timber business after marrying into the family. He became manager of the Weyerhaeuser Timber Company in 1929.

George F. Jewett began his career as an auditor's apprentice with General Timber Service. He held directorships and management positions with many of the firms (including Potlatch, Clearwater, and Edward Rutledge) in the Inland Empire. His cousin, Edwin W. Davis, took over the management of Wood Conversion Company after graduating from Yale and Harvard Business School.

Carl A. Weyerhaeuser was the only grandson of Frederick Weyerhaeuser who was not active in the family's businesses throughout his life. He worked with various firms for ten years before retiring to write poetry and enjoy his inheritance (Interviewee, IV:D).

The two other members of this generation who married into the family served as directors and managers of the major firms. Walter S. Rosenberry, Jr., was a director of Potlatch from 1931 to 1932, of Boise



Payette from 1944 to 1950, and of Northwest Paper from 1947 to 1949. He and Sarah-Maud were divorced in 1949. Shortly afterwards his directorships ended and he went to Washington, D.C., to work as a federal bureaucrat with the Federal Housing Administration.

Walter B. Driscoll, who married Rudolph's only child, was vice-president of Northwest Paper from 1928 to 1938 and director from 1930 to 1938. He also served as director of Wood Conversion until his death in 1938.

The two youngest grandsons, Frederick Weyerhaeuser III and C. Davis Weyerhaeuser were also involved in these same companies in various capacities.

This chapter has traced the family's involvement in numerous business ventures from the original partnership between Frederick Weyerhaeuser and his brother-in-law up to the 1940's. This time span witnessed the emergence of a family of great wealth. From a small sawmill in Rock Island Illinois, the empire grew to nearly a hundred firms and their subsidiaries. The family's ownership and control of firms in the lumber industry not only expanded but gave no signs of breaking up or diminishing. The next chapter continues the survey of the family's involvement in the corporate structure.

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<sup>1</sup>Many of these were actually subsidiaries of Weyerhaeuser Timber Co. and the other larger firms.

CHAPTER VI: CORPORATIONS II: CONTINUED INVOLVEMENT  
AND SHIFTING FORMS

Through the first half of the twentieth century the number of firms in which the Weyerhaeuser family had an interest grew from several dozen to nearly one hundred.<sup>1</sup> After Frederick Weyerhaeuser's death in 1914, the sons in the second generation had taken over the management and direction of these firms. Stock ownership continued to be concentrated within the family, held either in the trust of various members or individually. By the middle of the twentieth century this meant that some 63 individual family members owned stock in the various Weyerhaeuser enterprises. The management of these same firms was in the hands of Frederick Weyerhaeuser's grandsons--the third generation. All members of this third generation were actively involved in the family's business activities as managers, directors, and stockholders.

Frederick King Weyerhaeuser, the oldest grandson of Frederick Weyerhaeuser, had become the patriarch of the family by the late 1940's, even though his younger brother was president of Weyerhaeuser Timber Co. and remained so until 1956. Frederick King lived in St. Paul, headquarters of the family's operations. He served as president of Weyerhaeuser Sales Company and of General Timber Services, chairman of the

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<sup>1</sup>Many of these were actually subsidiaries of Weyerhaeuser Timber Co. and the other larger firms.

board of Northwest Paper Company, chairman of the executive committee of Potlatch Forests, vice-president of Weyerhaeuser Timber, and a director of Wood Conversion Company. He had also inherited the family's directorships on the boards of the Great Northern Railway, First National Bank of St. Paul, and First Trust Company of St. Paul. Frederick King also assumed responsibility for family affairs and investments after his uncle, Frederick Edward Weyerhaeuser, died in 1945.

The historical involvement of the Weyerhaeuser family in numerous timber companies has been well documented. The purpose of this chapter is to determine whether the family is still active in the affairs of these companies, and if so, in what way.

In examining the question of corporate ownership and control, we will want to look at changing patterns of stock ownership and director interlocks within the Weyerhaeuser corporations. If the notion of family capitalism rests on the fusion of property interests with kinship--and if the major form of property in a capitalist society is corporate stock--then the cornerstone of family capitalism would be family control of modern corporations. To determine whether the Weyerhaeuser family actually controls a particular corporation we have established the following criteria. A corporation will be said to be under family control if the following conditions are met: (1) members of the same kinship group own a combined total of 10% or more of the common stock, (2) it can be shown that this investment is coordinated, and/or (3) family members are involved in management or as directors.

Interlocking directorates are another means utilized by interest groups to control and/or coordinate corporations. "An interest group,"



according to Baran and Sweezy (1966:17), "is a number of corporations under common control, the locus of power being normally an investment or commercial bank or a great family fortune." In the last chapter we saw how the Weyerhaeuser family and their associate families formed an interest group in the timber industries. Through interlocks, stock ownership, and their role in management, the family maintained control over a number of timber companies.

Director interlocks, however, are only one means of ascertaining corporate control. As such they should be viewed as an indicator of concentrated corporate control and decision-making among connected corporations (Porter, 1965:233; M. Allen, 1974). They indicate the potential of a power relationship, but fail to tell us the importance of the connections between firms. Interlocking directorates do, however, enable us to map the connections between firms which may be represented in an economic or family interest group.

Not all interest groups are evidenced by interlocked directorates. Michael P. Allen (1975:30-31) summarizes Sweezy's findings that a family can ensure family control, without extensive interlocks, through stockholdings. "The corporations controlled by the Rockefeller family in 1935...", Allen points out, "do not constitute a highly integrated interest group" (M. Allen, 1975:31). Yet in both cases the families held enough stock to control a number of corporations.

The best single indicator of control is stock ownership. It is necessary, however, in the case of family control, to establish that a certain amount of stock is concentrated in the hands of a number of individuals--in this case a kinship group. It is also necessary either

to demonstrate that these common investments are coordinated, or at a minimum to show that some mechanism exists for their coordination. This suggests that there is more to family control than stock ownership or kin linkages--ownership and kin linkages need to be coordinated in order for a family to maintain control. This chapter will focus on the linkages and their shifting patterns, primarily in the form of director interlocks and stock ownership. These are two of the mechanisms utilized by this particular kinship group to maintain control in a number of timber corporations.

In 1950, five major timber companies--Weyerhaeuser Timber, Boise Payette, Potlatch Forests, Northwest Paper, and Wood Conversion--could be identified as Weyerhaeuser firms. These corporations were all founded by the Weyerhaeusers and the other families that have been associated with them for three generations. Each of the corporations had at least three Weyerhaeusers on the board of directors and usually at least one family member was employed by each of the corporations, usually as an officer. By 1950, the third generation had assumed the leadership role in these corporations, cousins inheriting their directorships from fathers and uncles in the preceding generation. The descendants of some of the other founding families also inherited directorships. In fact, by 1950, virtually all board members were the grandsons of the original group of investors that Frederick Weyerhaeuser organized three-quarters of a century before on the Mississippi and Chippewa Rivers. Not only were these families still represented on the boards of all five corporations, but there was also extensive individual interlocking among the five firms.

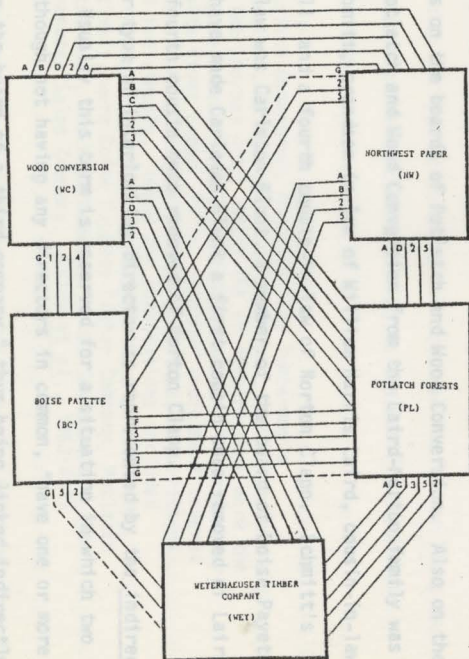
The network of director interlocks in 1950 shows the pattern of relationships among these five corporations given in Chart 5. Each solid line in Chart 5 represents an individual who sat on the board of directors of each company connected by that line. For example, solid line (C), connecting Wood Conversion, Potlatch Forests, and Weyerhaeuser Timber, means that John Philip Weyerhaeuser, Jr., then president of Weyerhaeuser Timber, was a member of the board of directors of each of these companies. This is a direct individual interlock. At the same time, solid line (D) represents John Philip's brother, Frederick King Weyerhaeuser, then vice-president of Potlatch, who also sat on the boards of Potlatch, Wood Conversion, Northwest Paper, and Weyerhaeuser Timber. These also represent a direct individual interlock. Their cousin Edwin Weyerhaeuser Davis, represented by solid line (A), was also a board member of Wood Conversion, Potlatch Forests, Northwest Paper, and Weyerhaeuser Timber.

Members of these five corporate boards who were not Weyerhaeusers also had extensive and complex kinship ties. The Denkmann family, for example, was represented on all boards except Boise Payette. The two most prominent members of the Denkmanns in 1950 (also the third generation) were Charles C. Cook and Frederick William Reimers, who sat on the boards of Wood Conversion and Northwest Paper, and Potlatch and Weyerhaeuser Timber, respectively. Cook was Reimers' nephew-in-law, having married F.C.A. Denkmann's great grand-daughter, Mary Catherine Richardson. This would make Cook a second cousin-in-law once removed from the Weyerhaeusers of the third generation; while Reimers would have been a second cousin of the Weyerhaeuser clan of the third generation. In other words Frederick



CHART 5

WEYERHAEUSER CORPORATE INTERLOCKS, 1950



Individual Interlocks:

1. C.R. MUSSER (WC) (BC) (PL)
2. GEORGE R. LITTLE (WC) (BC) (PL) (NW) (WEY)
3. LAIRD BELL (WC) (PL) (WEY)
4. JOHN M. MUSSER (WC) (BC)
5. NORTON CLAPP (BC) (PL) (NW) (WEY)
6. C. C. COOK (WC) (NW)

- A. EDWIN W. DAVIS (WC) (PL) (NW) (WEY)
- B. FREDERICK WEYERHAEUSER III (PL) (NW)
- C. JOHN P. WEYERHAEUSER, JR. (WC) (PL) (WEY)
- D. FREDERICK K. WEYERHAEUSER (WC) (NW) (WEY)
- E. C. DAVIS WEYERHAEUSER (BC) (PL)
- F. GEORGE F. JEWETT (BC) (PL)

Family Interlocks:

- G. WALTER S. ROSENBERRY, JR. (BC)

INDIVIDUALS IDENTIFIED BY NUMBERS ARE WEYERHAEUSER ASSOCIATES. INDIVIDUALS IDENTIFIED BY LETTERS ARE MEMBERS OF THE WEYERHAEUSER FAMILY. SOLID LINES REPRESENT DIRECT INTERLOCKS. BROKEN LINES REPRESENT FAMILY INTERLOCKS (INDIRECT INTERLOCKS).

King Weyerhaeuser and Frederick William Reimers were second cousins. Reimers was a grandnephew of Frederick Weyerhaeuser.

The Musser family, another among the stockholders in many of the original Weyerhaeuser firms, was represented by R. Drew Musser (Boise Payette), Clifton R. Musser (Boise Payette, Weyerhaeuser Timber, and Potlatch), and John M. Musser (Boise Payette, Northwest Paper, and Wood Conversion).

A third kinship group present on these boards in 1950 was the Laird-Norton family. George R. Little, grandson-in-law of James Laird Norton, sat on the boards of all five corporations. His second cousin-in-law, Norton Clapp, was a member of all boards except the Wood Conversion. Norton Clapp's fourth cousin, Laird Bell, was a member of the Potlatch, Weyerhaeuser Timber, and Wood Conversion boards. Norton Clapp's second cousin-in-law once removed, Thomas C. Taylor (son-in-law of George R. Little), was on the boards of Potlatch and Wood Conversion. Also on the boards of Potlatch and Wood Conversion from the Laird-Norton family was Ralph S. Schmitt, grandson-in-law of William Harris Laird, cousin-in-law of Laird Bell, and a fourth cousin-in-law of Norton Clapp. Schmitt's brother-in-law was Carleton Blunt, a member of the board of Boise Payette. This would have made Carleton Blunt a first cousin once removed of Laird Bell and a fourth cousin once removed of Norton Clapp.

Another type of interlocking director is represented by the indirect interlock. Usually this term is reserved for a situation in which two companies, though not having any directors in common, "have one or more directors on the board of a third company," thus being linked indirectly (U.S. House, 1965b:10). The term is used in this study, however, to denote

a link between two corporations that is based on kinship ties rather than a direct or indirect linkage in the usual sense. This will be called a family or kin interlock. It means in Chart 5 that the member of one board is related, via a kinship link, to someone on another board to which a broken line connects. For example, broken line (G) means that relatives of Walter S. Rosenberry, Jr., sat on the boards of Weyerhaeuser Timber, Potlatch, etc., while he sat on the board of Boise Payette. In this particular case his cousins (or cousins-in-law) Frederick King of Weyerhaeuser, John Philip Weyerhaeuser, Jr., Edwin Weyerhaeuser Davis, George Frederick Jewett, Frederick Weyerhaeuser III, and Charles Davis Weyerhaeuser, sat on the boards of various of the other companies. Early in the century, as we have seen, the family and these firms had come under attack from the "muckrakers of the robber-baron era" and various Congressional investigations. Concern had been raised over the manner in which the lumber industry had acquired its timber lands and over the concentration of timber holding in the Pacific Northwest.

Then in 1940, the Justice Department indicted five lumbermen's associations, 69 individual corporations, and 25 individuals under the Sherman Act. Among the 69 corporations were the Washington Veneer Company, the Weyerhaeuser Timber Company, the White River Lumber Mills. Another indictment covered the Western Pine Association, 98 individual corporations and 28 individuals. Among the corporations included under this charge, which applied to the pine industry exclusively, were Boise Payette Lumber Company, Potlatch Forests, Inc., the Weyerhaeuser Timber Company, and the Weyerhaeuser Sales Company. (Hidy et al., 1963:447)

Identical charges, that these firms had "violated the antitrust laws by curtailing production, fixing prices, and adopting arbitrary rules," had



been brought five years earlier. Nothing had come of that first indictment, but in 1940 "a consent decree was offered," and Weyerhaeuser Timber signed it and paid a fine (cf. Hidy et al., 1963:443-447, for a more detailed discussion of these litigations).

In about 1950, a young senator from the Weyerhaeusers' home state of Minnesota launched a campaign against the use of indirect interlocks as a means of corporate control. The Weyerhaeusers were well aware of this "attack upon corporate directors" (as the National Association of Manufacturers' News called it) by Senator Hubert Humphrey, because Frederick King Weyerhaeuser had circulated a copy of the NAM News article to other family members (WFP/File 39/Box 195) including Frederick Weyerhaeuser III, Edwin W. Davis, John Philip Weyerhaeuser, Jr., and George F. Jewett, each of whom sat on at least two Weyerhaeuser boards.

Naturally the Weyerhaeusers were concerned about these actions and the effect they might have on their public image. In a Fortune article entitled, "Weyerhaeuser Timber: Out of the Woods," Seymour Freedgood claimed that "more than most companies, [Weyerhaeuser] has had to acquire a sense of public interest and to adjust not only its methods but indeed its whole corporate structure to changing political conditions" (Freedgood, 1959:95).

The large number of direct interlocks among the five timber corporations was particularly obvious and troublesome to the family's image. In response to these concerns the family conceived and implemented a plan to remove those interlocks. According to Fortune this breakup was implemented by John Philip Weyerhaeuser, Jr., after he became president of the company in 1947. In the next five years "he pushed through a 'grand

corporate divorcement'" (Freedgood, 1959:95). Freedgood thought that this "divorcement" signaled the breakup by the Weyerhaeuser family of tightly-knit interlocking directorates. Prior to this, Freedgood argued, a number of companies, including Weyerhaeuser Timber and the enterprises that became known as Potlatch Forests and Boise Cascade, "were run as a loosely integrated trust" (Freedgood, 1959:65). The trust had been linked together through these interlocking directorships and used the Weyerhaeuser Sales Company as its major selling agent.

Under this divorcement, the old coordinating agency was dissolved, all interlocking directorships between Weyerhaeuser Timber and its erstwhile brother companies were eliminated, and Weyerhaeuser absorbed the St. Paul sales outlet as a wholly owned subsidiary. The Weyerhaeuser family continues to own a considerable but not controlling share of Weyerhaeuser Timber stock, and it also retains its holdings in Potlatch, Boise Cascade, and other of the formerly associated companies. This is likewise true of the Laird and Norton and other families. But while there remains interlocking ownership of these enterprises, there is no interlocking direction. Indeed today, Potlatch and Boise Cascade are among Weyerhaeuser Timber's most formidable competitors in the lumber field. (Freedgood, 1959:65; emphasis added)

Correspondence among family members and minutes of the Annual Family Meeting reveal that such a plan was developed and carried out during the early 1950's. The specific details of the plan are sketchy, but from the family papers we can piece together the following scenario. At one of the meetings earlier in the decade the decision was made to eliminate interlocking directorates. A letter written by Frederick K. Weyerhaeuser in April 1952 provides evidence of a coordinated plan. He wrote to his cousin, George F. Jewett, to inform him that Phil (John Philip Weyerhaeuser, Jr.) had resigned from Potlatch Forests, and that "either Ed

(E.W. Davis) or myself will have to do same from W.T.C. if we are going to accept the principle of eliminating interlocking directorates" (WFP/ File 39/Box 195; letter from F.K.W. to G.F. Jewett, April 16, 1952). This implies that the prime mover behind the idea of the divorce was Frederick King Weyerhaeuser rather than his brother John Philip Weyerhaeuser, Jr., as Freedgood thought. ~~these interlocks were divorced. If the~~

~~keys~~ Other correspondence indicates that not every member of the family was in complete agreement with this strategy of breaking up the interlocks. Frederick Weyerhaeuser III, for example, raised objections to the proposal to change the board composition. In a letter to his cousin Frederick King Weyerhaeuser he said he was worried about some of the associates getting an "in" and a "power" that would be difficult to check (WFP/File 39/Box 195; letter from F.W. III to F.K.W., April 28, 1952). Frederick Weyerhaeuser III's letter was evidently in response to a letter sent ten days earlier by Frederick King Weyerhaeuser to his brother John Philip Weyerhaeuser, Jr., and his cousins Edwin W. Davis, George F. Jewett, and Frederick Weyerhaeuser III. (This is the same group of family members who earlier had received the memo about Senator Humphrey's attacks.) Frederick King Weyerhaeuser's letter told of his recent conversations with Norton Clapp about the board composition of Weyerhaeuser Sales, Wood Conversion, Potlatch, and Northwest Paper (WFP/ File 39/Box 195; letter from F.K.W. to E.W. Davis, G.F. Jewett, J.P.W., Jr., and F.W. III, April 18, 1952). ~~1952). At the very minimum, with-~~

~~out~~ It thus appears, contrary to Fortune's announcement, that not only did interlocking ownership (as Fortune grants) remain between these firms, but so did interlocking directors. It is unclear from these documents



whether the family was aware of the shift from direct to indirect interlocks. But in any case the "principle of eliminating interlocking directorates" was a planned strategy of the family, carried out in reaction to adverse public opinion.

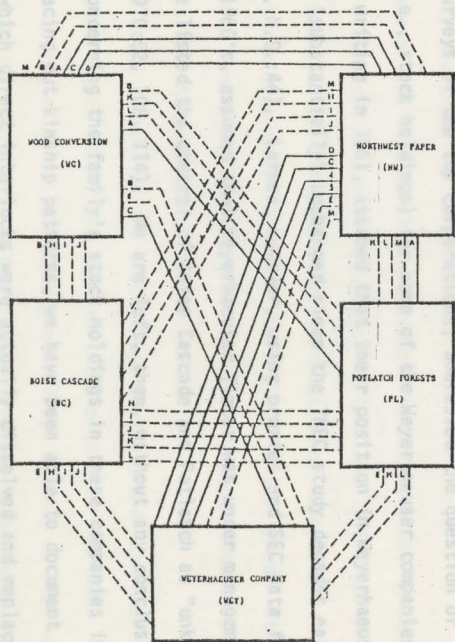
By examining the kinship linkages--something Fortune did not do--we can determine the extent to which these interlocks were divorced. If the Weyerhaeusers had carried out the divorcement as Fortune claims, we would expect that by 1960, a decade later, the interlocks would have been eliminated. Chart 6 depicts the network of Weyerhaeuser interests in 1960.

It is true that the number of direct interlocks was drastically reduced, but they were not totally eliminated. Comparing Charts 5 and 6 shows that what actually happened was that the family replaced the direct interlocks with family or indirect kinship interlocks. If Fortune's analogy of a divorce was correct, we would expect that by 1960 these five companies would appear as "independent" firms. Without the kinship links (i.e., the indirect interlocks) these companies do appear to be more independent. There is no tightly-knit network of direct interlocks. What the "grand corporate divorcement" represented was merely a shift from direct or individual to family interlocks.

The appearance of kinship linkages by themselves does not mean that the Weyerhaeusers or any small number of families control these corporations (cf. Whitley, 1973; and Porter, 1965). At the very minimum, without other evidence of kin interaction or coordination, it does suggest that "structural conditions for contact among directors of competing firms exist (Whitley, 1973:626).

CHART 6

WEYERHAEUSER CORPORATE INTERLOCKS, 1960



Individual Interlocks:

- A. EDWIN W. DAVIS (WC) (PL) (NW)
- D. FREDERICK K. WEYERHAEUSER (NW) (WEY)
- C. JOHN P. WEYERHAEUSER, JR. (WC) (NW) (WEY)
4. JOHN M. MUSSER (NW) (WEY)
6. C. C. COOK (WC) (NW)

Family Interlocks:

- B. FREDERICK WEYERHAEUSER III (WC)
- E. C. DAVIS WEYERHAEUSER (WEY)
- H. ALBERT J. MOORMAN, JR. (BC)
- I. JOHN J. PASCOE (BC)
- J. EDWARD R. TITCOMB (BC)
- K. FREDERICK W. DAVIS (PL)
- L. GEORGE F. JEWETT, JR. (PL)
- M. W. JOHN DRISCOLL (NW)

INDIVIDUALS IDENTIFIED BY NUMBERS ARE WEYERHAEUSER ASSOCIATES.  
 INDIVIDUALS IDENTIFIED BY LETTERS ARE MEMBERS OF THE WEYERHAEUSER FAMILY.  
 SOLID LINES REPRESENT DIRECT INTERLOCKS.  
 BROKEN LINES REPRESENT FAMILY INTERLOCKS (INDIRECT INTERLOCKS).

Stock ownership, as mentioned above, is another important indicator in determining corporate control. In the 1930's Fortune had reported that the Weyerhaeuser family owned an average of 22% of the stock in some 98 companies (Fortune, 1934). The Congressional investigation into corporate stock ownership in 1939 revealed that the Weyerhaeuser family alone owned 15.14% of the stock of Weyerhaeuser Timber Company (TNEC, 1940). The 1959 Fortune article, however, provides no data on stock ownership. It merely comments that the "Weyerhaeuser family continues to own a considerable but not controlling share of Weyerhaeuser Timber, [Potlatch, Boise Cascade, and other firms'] stock" (Freedgood, 1959:95; emphasis added). "Interlocking ownership" of these companies remained, Fortune contended, but not "interlocking direction" (Freedgood, 1959:95).

Definitive information on the family's stock holdings in the 1950's and 1960's is unavailable. Don Villarejo (N.D.) and Robert Larner (1970), in their surveys of the top corporations, addressed the question of control (i.e., stock holdings) for some of the Weyerhaeuser companies. Villarejo, writing in 1961, assumed that their position in Weyerhaeuser Timber was "substantially" unchanged since the TNEC study decades earlier (Villarejo, N.D.:44). Larner, however, using proxies and SEC data from the early 1960's, assumed that Weyerhaeuser Timber was under management control; he listed the control of Boise Cascade and Potlatch as "unknown" (Larner, 1970:82, 108, 114). We are left, then, without any conclusive evidence concerning the family's stock holdings in these companies in 1960.

By tracing out kinship patterns, we have been able to document the extent to which direct interlocks were actually dissolved and replaced by family interlocks. Fortune reported that interlocking ownership remained;



other evidence presented here suggests that interlocking direction did as well. From the family papers we have learned that the family planned and carried out its "divorce" through a coordinated effort by the Family Office and Annual Meetings. These two organizations provided the family with new institutional forms which enable its members to coordinate their economic activities and maintain control over several corporations.

It is interesting to note that proponents of the theory of the breakup of family capitalism never discuss the existence of annual family meetings or family offices. As with the shift from direct to family interlocks, it is my contention that the form of corporate control has shifted: the Weyerhaeuser family no longer uses direct interlocks and individual stock ownership to control their corporations. They use kinship interlocks, which are coordinated, along with their numerous individual trusts and stock holdings, through the Family Office and Annual Family Meetings.

Only two of the three criteria necessary to establish kin group control of a corporation can be documented in 1950 and 1960--family members as managers or directors, and coordination of investments. The third--10% stock ownership--cannot be definitively established. Still, we can surmise from other sources that the family's stock ownership position has not changed much since the 1930's.

One of these sources is the proceedings of the grand Weyerhaeuser-Denkman gathering of 1960. The two families celebrated the 100th anniversary of the original partnership at a large reunion in June of that year. At this centennial celebration, Frederick King Weyerhaeuser, in a report on the families' business history, provided some clues to the

position of the family in regard to its stock holdings at this time.

The remarks from the family reunion indicate that in 1960 the family Weyerhaeuser and Denkmann descendants own the largest family block of stock in Weyerhaeuser Company and Wood Conversion Company. The other main interests in the Weyerhaeuser Company are Laird, Norton, Kieckhefer, Musser, Ingram, and McKnight. Stockholders of Potlatch Forests, Inc., include Laird, Nortons, Mussers and Humbirds. Laird, Nortons and Mussers have a relatively small interest in the Northwest Paper Company. A large group of stockholders in the old Cloquet Lumber Company also has interest in the Northwest Paper Company. Weyerhaeusers and Denkmanns own a considerable interest in Wood Conversion Company, a large part of the stock having been distributed in a spin-off by the Weyerhaeuser Company several years ago. (Weyerhaeuser Family, 1960:8-9)

Continuing his assessment of the family's position in these companies, the family patriarch said,

Weyerhaeuser Company has a board of sixteen. Four are Weyerhaeusers and Denkmanns. Potlatch Forests, Inc. has a board of eight. Five are Weyerhaeusers and Denkmanns. Northwest Paper Company has a board of twelve. Six are Weyerhaeusers and two are Denkmanns. Wood Conversion Company has a board of seven. Four are Weyerhaeusers and Denkmanns. Our ownership of stock, as well as our representation on boards of directors, gives us the opportunity and the responsibility of seeing that these companies have good management. (Weyerhaeuser Family, 1960: 8-9; emphasis added)

The address to family members continued by surveying the involvement of the two families in their various business ventures. A short while later, Frederick King made a pitch to encourage the "young people" present to "undertake employment" in one of the Weyerhaeuser-Denkman firms. In summarizing the present employment situation of family members, he said, "there are two Denkmanns and six Weyerhaeusers employed by the Weyerhaeuser Company, in addition to the board members. There are two Weyerhaeusers at Potlatch, none at Northwest Paper and one with Wood Conversion"

(Weyerhaeuser Family, 1960:10).

The remarks from the family reunion indicate that in 1960 the family was well aware of its "representation" on the boards of these various companies. falls Lumber Company, for example, merged with Weyerhaeuser

Time Fortune's pronouncement of a "grand corporate divorce" (Freedgood, 1959) had been preceded by the ideological "end of ideology" era in the 1950's. Talcott Parsons and Neil Smelser (1956:253) wrote about a shift in corporate control from families to "career managers," in 1956. It was a year later that Daniel Bell (1962:39-45; essay originally published in 1957) announced the "breakup of family capitalism." And by 1959, the same year of the Fortune article, Ralf Dahrendorf (1959) proclaimed an "astonishing consensus among social scientists" on the separation of corporate control from ownership (cf. M. Zeitlin, 1974; and Chapter I above). Taking the work of Berle and Means at face value, these theorists believed that the separation of corporate ownership and control had become "virtually complete." A new class of managers and technocrats, they assumed, had replaced the wealthy family or families that had in an earlier time period both owned and controlled the large economic entities in capitalist society. Whether it was called a grand corporate divorce, as Fortune did, or a managerial revolution, as many of the social scientists did, the implication was the same--power had become separated from social class. Power was now assumed to be rooted in a new group in society--the corporate managers. the size of the state of

The historical evidence about the Weyerhaeuser family does not support these theories. The next question is, what about the present? Does the Weyerhaeuser family continue in the 1970's to dominate these



corporations in the timber industry?

By 1970, many of the Weyerhaeuser interests we have listed earlier had either merged with or been acquired by the remaining corporations. Snoqualmie Falls Lumber Company, for example, merged with Weyerhaeuser Timber in 1948. A number of companies merged with Potlatch Forests: Southern Lumber Company in 1956, and Northwest Paper, General Logging Company, Bonners Ferry Company, and Clearwater Timber in 1964. Other companies were reorganized and/or changed their names. Wood Conversion, for example, became Conwed, Inc., in 1967, while the Rock Island Lumber Company was turned into a family holding company under the name of Rock Island Corporation. The Weyerhaeusers also acquired substantial interests in several new companies: Arcata National, COMSHARE, Inc., and the Dietzgen Corporation. The latter is a subsidiary of the family holding company, Rock Island.

Four of these companies--Weyerhaeuser Company (name changed in 1959 from Weyerhaeuser Timber Company), Boise Cascade, Potlatch Forests, and Arcata National--are among the top 500 corporations in the United States. The largest of these companies is the Weyerhaeuser Company. In 1975 it was ranked 78th in the Fortune 500 (down from 58th in 1973). It was number one in lumber production, timber ownership, and trees planted. The Weyerhaeuser Company alone owns "approximately 5.7 million acres" of timber land in the United States.<sup>2</sup> In addition to outright ownership of land in the U.S.--which amounts to an area the size of the state of

other directors, and the family (interviews, I, I, E).

<sup>2</sup>The company ranks second in acreage to International Paper, but owns more board feet of timber on its acreage than International owns on its 6.6 million acres (Weyerhaeuser Company, 1975f; Moody's, 1953).

Vermont, or 1/86th of the land area of U.S. forests--the company has the harvesting or cutting rights (owns the trees or stumpage, but not the land) on an additional 8.6 million acres in Canada and 1.9 million acres in the Far East (Weyerhaeuser Company, 1974c:2). The company also ranked second in pulp, paper, and packing, third in plywood, and twelfth in mortgage banking in 1973 (Weyerhaeuser Company, 1975f).

Two members of the Weyerhaeuser family, C. Davis Weyerhaeuser and George Hunt Weyerhaeuser, are presently on the board of directors. Between them they own directly or indirectly 907,980 shares of common stock (Weyerhaeuser Company, 1975b). This represents only 0.72% of the total shares of common stock outstanding. But when added to the stock held in various family foundations, the other stock held by some 180 family members, the stock these members hold in trusts and holding companies, the family owns approximately 15% of the stock in the Weyerhaeuser Company (Interviewees, IV:A and D). In the second half of the 1960's, Forbes reported that "some 450 descendants of Weyerhaeuser's dozen or so original stockholders still own around 40% of its 31 million shares" (Forbes, 1966:30).

In addition to his position on the board, George H. Weyerhaeuser is the president and chief executive officer of Weyerhaeuser Company. Another top management position (assistant to the president) is filled by George's brother-in-law, Howard Meadowcroft. In this capacity, the husband of George's youngest sister serves as a liaison between George, other directors, and the family (Interviewee, IV:E).

Other members of the family are employed by the Weyerhaeuser Company. There are three or four members of the fifth generation in lower level

management positions; they are involved in a company training program for sons of company employees. This training program has taken the place of an earlier program set up for family members. Other members of the fifth generation are involved in summer work programs. George's oldest son, for example, has taken off from Yale and worked in the woods of Indonesia for several summers. A member of the fourth generation says, however, that the family isn't interested in "managing" the company (Interviewee, IV:E). *the second company in the Fortune 500 is Boise Cascade. In 1975*

*Boise* All conditions necessary for establishing the fact of family control are here present in the case of the Weyerhaeuser Company: (1) the family owns more than 10% of the stock, (2) the holdings are coordinated through the Family Office and Meeting, and (3) there are members of the family present on the board and in management.

Other descendants of the founding stockholders also continue to sit on Weyerhaeuser's board. In fact only five directors out of the twelve on the board today are not descendants of the founders. The Musser and Ingram families are still represented by John M. Musser and E. Bronson Ingram, respectively. The Denkmanns are represented by John H. Hauberg, Jr., great grandson of F.C.A. Denkman and a second cousin once removed of the company's president, George Weyerhaeuser. The Laird-Norton family is represented by the chairman of the board, Norton Clapp, and by his fourth cousin, Carleton Blunt. The directors on the board who are descendants of the original stockholders (excluding the two Weyerhaeusers) own a total of 3.18% of the common stock (Weyerhaeuser Company, 1975b). *1971*

*Fort* In 1976, Norton Clapp retired from the board. His replacement provides another illustration of family continuity and inherited director-



ships. Booth Gardner, president of Laird Norton Company, a holding company of the Laird-Norton family, replaced his father on the board of 1974. (Weyerhaeuser Company, 1976b). (Booth Gardner is Clapp's adopted son-- Clapp's second wife, Evelyn Booth Gardner, had had one son through a previous marriage.) This illustrates not only the persistence of family continuity, but also the usefulness of genealogical research in tracing out patterns of corporate ownership and family control. George F. Jewett,

The second company in the Fortune 500 is Boise Cascade. In 1975 Boise Cascade was ranked 143rd in sales (down from 61st in 1970) and 102nd in assets. The company owns 2.3 million acres of timber land in the U.S. It is the world's largest manufacturer of composite cans and "the largest supplier of office products in the nation" (Pratt and Ross, 1975:89-90).

In the 1960's the Weyerhaeuser family still held 20-30% of the stock of Boise Cascade (Interviewee, V:D). Today, however, Boise Cascade is the company least integrated into the family's interests. Only one member of the Weyerhaeuser family, Edward R. Titcomb, currently sits on the board of directors. Although his tenure has been longer than any other director (since 1952), he owns less than two-tenths of one percent (0.16%) of the common stock of Boise Cascade. The family's combined interests in Boise Cascade account for only 2-3% of the common stock (Interviewees, IV:A and D). By our criteria Boise Cascade cannot be considered to be under the Weyerhaeuser family control.

Potlatch was ranked 342nd by sales in 1975, down from 307th in 1971. Fortune ranked Potlatch 287th by assets in 1975. With 1.3 million acres of timber in the U.S., Potlatch owns lands in Idaho, Arkansas, and Minne-

sota. Like Weyerhaeuser, Potlatch acquired "a significant portion" of its timberlands around the beginning of the century. At the end of 1974, the company listed the value of its holdings at \$41,646,767, or about \$32 per acre (Pratt and Ross, 1975:95). This is the book or acquisition value of its holdings, which today have increased many-fold.

Potlatch has had and continues to have the strongest links to the family. Four members of the family, Frederick W. Davis, George F. Jewett, Jr., John J. Pascoe, and Frederick T. Weyerhaeuser, sit on the board. Between them and their immediate families they own 6.78% of the outstanding common stock. They hold only 1.87% in personal accounts; the rest is held in trust for wives or children. In other words, the majority of the stock which Weyerhaeuser family directors hold in Potlatch is held indirectly, mostly in trusts. (This pattern is similar to the family's use of trusts for holding Weyerhaeuser Timber stock in the late 1930's--see Chapter V. In addition to the stock of the family members on the board of directors, the Weyerhaeusers own another 28-30% of Potlatch's stock, for a total of 35-40% (Interviewees, IV:A and D). In 1965, the family still owned over half of the outstanding shares. Potlatch's annual 10-K Form filed with the SEC that year revealed "an aggregate of approximately 52% of the registrant's stock is owned by some 102 members of the Weyerhaeuser family who, considered collectively, might also be deemed parents of the registrant within the meaning of the rules of the Securities and Exchange Commission" (Potlatch Corporation, 1965c:3; emphasis added).

All three criteria necessary to establish family control are present in the case of Potlatch: (1) the family owns more than 10% of the stock,

(2) the investment is coordinated through trusts managed in the Family Office and Family Meetings, and (3) the family has a long history of involvement on the board of directors and in management positions. One of these board members, George F. Jewett, Jr., is also presently active in management, as senior vice-president for administration.

The fourth corporation ranked in the Fortune 500 at the beginning of the decade was Arcata National. By 1975 it had slipped to the second 500, where it was ranked 566th in sales. Arcata's principal business consists of "printing and printed products" and redwood timber and lumber processing. Its Redwood Division owns "approximately 21,280 acres of predominately redwood timberland" (Arcata National, 1974c:2). Arcata produces about 10% of the industries' total production of redwood products (Arcata National, 1974c:12). The company states that its timber holdings will be exhausted in 18 years at the "present rate of cutting" (Arcata National, 1974c:3). With the exhaustion of its redwood on the horizon, Arcata has diversified into the printing business. It prints a number of national magazines, including TV Guide, Penthouse, Newsweek, Time, U.S. News and World Report, and Reader's Digest (Arcata National, 1975a).

Three members of the Weyerhaeuser family, John J. Pascoe, Albert J. Moorman, and C. Davis Weyerhaeuser, are presently on Arcata's board. Between them they own 7.32% of the outstanding common stock (Arcata National, 1975b). When the stock held in trusts and individual accounts by other family members is added to this it could total close to 50%. The only approximation family members would reveal in interviews was that the family owned "a lot" of Arcata stock (Interviewees, IV:A and D).

As with Weyerhaeuser and Potlatch, Arcata National meets the three



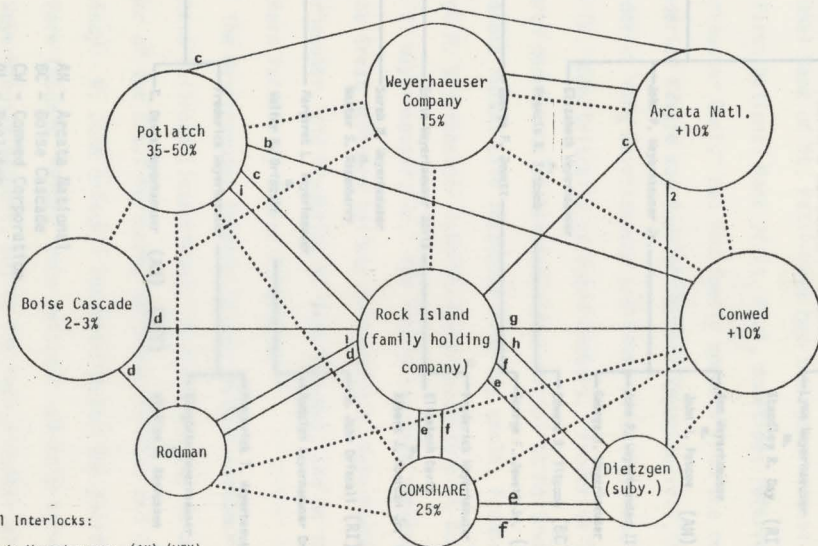
criteria necessary to establish family control. The other company of historical interest is Conwed. With sales of \$65 million in 1975, Conwed is the next largest company believed to be under family control. Frederick T. Weyerhaeuser is president and chief executive officer of the company. His cousin, Rudolph W. Driscoll, and his second cousin, John Philip Weyerhaeuser III, are the other two members of the family on the board. Between them they own 6.27% of Conwed's common stock (Conwed, 1975b). The family's combined holdings probably total close to one-fourth of the stock. Conwed manufactures and distributes ceiling tile and panel insulation made from mineral and wood fiber products. COMSHARE and Dietzgen are two recent acquisitions of the family which are considered under family control. COMSHARE had sales of \$120 million in 1975 (COMSHARE, 1975a). Two family members, W. John Driscoll and Stanley R. Day, hold positions on the board of directors of COMSHARE. Between them they hold 9.8% of the common stock, either directly or indirectly through their immediate families (COMSHARE, 1975b). The Weyerhaeuser family, as we have already seen (Chapter IV), owns a total of 25.76% of COMSHARE's common stock, clearly enough to meet the criterion of family control. Dietzgen, with sales of \$30 million, has been acquired by the family since 1970 (Poor's, 1975). It is a wholly-owned subsidiary of Rock Island, the family holding company (Interviewees, IV:A and C). Dietzgen makes drafting, engineering, and surveying equipment. The family is represented on the board by three members, W. John Driscoll (president of Rock Island), Stanley R. Day, and William R. Rasmussen.

Rodman Industries and Comerco are two more companies linked to the Weyerhaeuser family. Both are closely held and assumed to be under family control. Rodman was purchased in 1970 by Edward R. Titcomb (Interviewee, IV:D). It makes high-density particle-board and wood windows. With sales of \$9 million (Poor's, 1974), it consists of two divisions of the former Rock Island Lumber Company. Edward R. Titcomb and his wife Julie C. Titcomb are the two family members on the board. This is the only company in this survey which has a woman on its board of directors. Joseph S. Micallef, president of F.C.I., the Family Office, is the other board member with links to the family.

Comerco, with sales of \$33 million, makes wood stains and pre-finished institutional casework (Poor's, 1975). Like Rodman, it is closely linked to one of the nuclear family units in the larger kinship group. C. Davis Weyerhaeuser, chairman of the board, and his son, William B. Weyerhaeuser, are the family members on the board. C. Davis' wife's brother, Clarence Black, is president of the company.

This analysis of companies linked to the Weyerhaeuser family reveals the network of corporate interlocks shown in Chart 7. This network of Weyerhaeuser interlocks identifies Rock Island, the family holding company, as the center or hub of family corporate interests. Shared directorships provide direct interlocks between Rock Island and Potlatch, Boise Cascade, Rodman, COMSHARE, Conwed, and Arcata National, while kinship ties link the whole network together through indirect interlocks. These kinship connections can also be illustrated through the Weyerhaeuser genealogy. Chart 8 outlines the kin ties and identifies the family members who were active in family businesses in 1975.

CHART 7  
WEYERHAEUSER CORPORATE INTERLOCKS, 1975



Individual Interlocks:

- A. C. Davis Weyerhaeuser (AN) (WEY)
- B. Frederick T. Weyerhaeuser (PL) (CX)
- C. John J. Pascoe (PL) (AN) (RI) (CX)
- D. E.R. Titcomb (BC) (RI) (ROD)
- E. W. John Driscoll (CS) (DZG) (RI)
- F. Stanley R. Day (CS) (DZG) (RI)
- G. P. W. Driscoll (RI) (CW)
- H. Wm. R. Rasmussen (RI) (DZG)
- I. George F. Jewett, Jr. (PL) (RI)
- 1. Joseph S. Micallef (ROD) (RI)
- 2. Edward L. Scarff (AN) (DZG)

Family Interlocks:

- Albert J. Moorman (AN)
- J.P. Weyerhaeuser III (CW)
- Frederick W. Davis (PL)
- Dan L. Davis (RI)
- E.R. Titcomb, Jr. (RI)
- George H. Weyerhaeuser (WEY)

INDIVIDUALS IDENTIFIED BY LETTERS ARE MEMBERS OF THE WEYERHAEUSER FAMILY.  
INDIVIDUALS IDENTIFIED BY NUMBERS ARE WEYERHAEUSER ASSOCIATES.  
SOLID LINES REPRESENT DIRECT INTERLOCKS.  
BROKEN LINES REPRESENT QUIE OR MORE FAMILY INTERLOCK (INDIRECT INTERLOCKS).

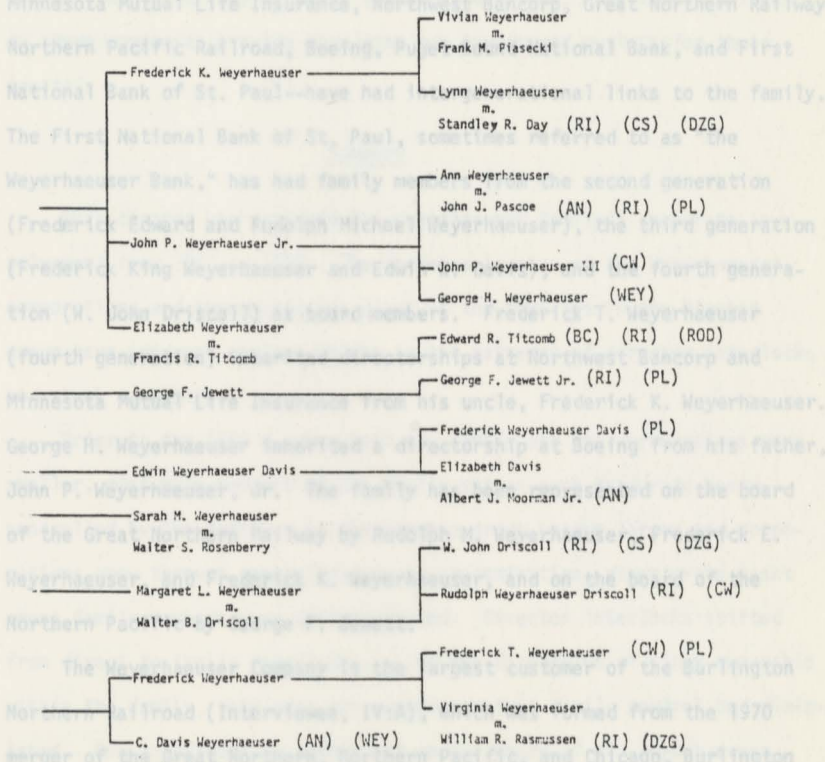
\*Dan L. Davis and E.R. Titcomb Jr., are members of the fifth generation who were added to the board of Rock Island in 1975. They replaced Frederick T. Weyerhaeuser, John P. Weyerhaeuser III, Frederick K. Weyerhaeuser, and Frank H. Plasecki.

DZG Dietzgen  
PL Potlatch  
RI Rock Island  
ROD Rodman  
WEY Weyerhaeuser Company

AN Arcata National  
BC Boise Cascade  
CW Conwed  
CS COMSHARE



MEMBERS OF THE THIRD AND FOURTH GENERATIONS INVOLVED IN WEYERHAEUSER FAMILY BUSINESS - 1975



- AN - Arcata National
- BC - Boise Cascade
- CW - Conwed Corporation
- PL - Potlatch
- RI - Rock Island Corporation\*
- WEY - Weyerhaeuser Company
- ROD - Rodman
- CS - COMSHARE
- DZG - Dietzgen

\*Two members of the fifth generations joined the board of Rock Island in 1976.

Director interlocks have also linked the family to several major corporations outside the timber industry. In each case these companies-- Minnesota Mutual Life Insurance, Northwest Bancorp, Great Northern Railway, Northern Pacific Railroad, Boeing, Puget Sound National Bank, and First National Bank of St. Paul--have had intergenerational links to the family. The First National Bank of St. Paul, sometimes referred to as "the Weyerhaeuser Bank," has had family members from the second generation (Frederick Edward and Rudolph Michael Weyerhaeuser), the third generation (Frederick King Weyerhaeuser and Edwin W. Davis), and the fourth generation (W. John Driscoll) as board members. Frederick T. Weyerhaeuser (fourth generation) inherited directorships at Northwest Bancorp and Minnesota Mutual Life Insurance from his uncle, Frederick K. Weyerhaeuser. George H. Weyerhaeuser inherited a directorship at Boeing from his father, John P. Weyerhaeuser, Jr. The family has been represented on the board of the Great Northern Railway by Rudolph M. Weyerhaeuser, Frederick E. Weyerhaeuser, and Frederick K. Weyerhaeuser, and on the board of the Northern Pacific by George F. Jewett.

The Weyerhaeuser Company is the largest customer of the Burlington Northern Railroad (Interviewee, IV:A), which was formed from the 1970 merger of the Great Northern, Northern Pacific, and Chicago, Burlington & Quincy. W. John Driscoll recently joined the board of the Burlington Northern (Poor's, 1975). John Driscoll not only serves at the center of the Weyerhaeuser network, but is the family member with the most links to corporations outside Weyerhaeuser control. In addition to Burlington Northern and First National Bank of St. Paul, Driscoll sits on the boards of Northern States Power Company, First Midwest Corporation, St. Paul

Companies, and Meridian Investing and Development. The latter three companies are involved in real estate development, insurance, venture capital, and a variety of other financial dealings. The family's links to these companies provide them with new investment outlets for their capital.

#### Summary

This chapter has surveyed the Weyerhaeuser family's corporate involvement from 1950 to 1975. The increase in size of the Weyerhaeuser corporations and the increasing sizes of the families in the kinship group have produced various shifts in the patterns of director interlocks and stock ownership.

Prior to the 1950's, when both the family and the corporations were smaller, most male members of the family sat on each corporate board controlled by the family. As the kinship group became larger and corporations grew through centralization or concentration, directorate tasks among family members were differentiated. Director interlocks shifted from direct to family interlocks. Like the dispersion of stock ownership within the family, this gave the appearance that family control had diminished. One individual no longer sat on the board of all Weyerhaeuser companies, as Frederick E. Weyerhaeuser and his nephew Frederick K. Weyerhaeuser had done earlier. And each year sees a smaller percentage of stock held by any individual member of the family. There has also been a decline in the percentage of stock the family holds in each corporation. But with the exception of Boise Cascade the family continues to maintain enough stock (more than 10%) to exercise control. As with



director interlocks, stock has been dispersed among a larger number of heirs. The stock is held in a wide array of trusts, holding companies, nominees, and in foundations. It is coordinated and managed, as we saw in Chapter IV, by the Family Office and Annual Family Meeting.

The public image of robber barons like the Rockefellers and of American capitalism itself--has been cleaned up beyond recognition. It has taken a great deal of effort and the subsidized bad memory of history; but the greatest credit is due to the royal families themselves, the Rockefellers and the Fords, who by dint of circumstance and through the devices of the lawyers have turned a new institutional face upon the world, at once benign and inscrutable: the nonprofit, charitable foundation. (Morowitz and Solodney, 1974:43)

We examine the role of foundations in this chapter by focusing on fifteen foundations of the Weyerhaeuser family and four foundations sponsored by Weyerhaeuser companies. As one link in a larger network of family wealth and power, the foundation represents an upper class institution that has more visibility than many of the other institutions in this network. Like the other components in this matrix of trusts, holding companies, family offices, and annual family meetings, the foundation affords the major family a mechanism for preserving wealth and maintaining control of an economic empire. The foundation is of course closely associated with family continuity and cohesiveness.

As with the upper class family itself, the foundation's source of wealth is rooted in the major industrial corporations of American capitalism. Nearly all foundations have had close ties to their donors' corporations (cf. U.S. House, 1962).

Pluralists, however, have virtually ignored the role of foundations in their analysis of power in the United States. Arnold Rose in The

Power Structures, for example, says that "the philanthropic foundation" is often deemed powerful because "it has funds to give away" (1967:162).

Rose's brief discussion, however, implies that foundations lack power.

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CHAPTER VII: PHILANTHROPY, RELIGION & IDEOLOGY

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Power Structure, for example, says that "the philanthropic foundation" is often deemed powerful because "it has funds to give away" (1967:162). Rose's brief discussion,<sup>1</sup> however, implies that foundations lack power. This lack of power presumably stems from their tax-exempt status, which results in the bulk of their contributions going to educational institutions and scientific research. Rose concludes that those institutions which foundations support are "not the avenue for exercising power in society" (Rose, 1967:162). Thus ends the pluralist discussion of foundations.

Governing class theorists, who have provided an alternative to the pluralist analysis, have sought to explain foundations as serving several powerful functions in society. They attribute the power that foundations have to their role in (1) reducing taxes for the rich, (2) shaping public policy, (3) maintaining control of corporations, and (4) changing the image of the wealthy family's founder.

In terms of power, these functions of the foundation can be divided into two categories: (1) their economic power, and (2) their ideological power, or what Domhoff has called their "influence over the noneconomic aspects of American life" (for a discussion of the latter aspect of the foundation's role see Domhoff, 1967:147-148).

The economic power of the foundation is derived from its investments, its role in reducing taxes, and its giving. Horowitz and Kolodney claim that foundations were originally designed as tax-free holding companies. Not only were they able to escape taxes on their investments, but they

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<sup>1</sup>Domhoff (1970:325-326) notes pointedly that Rose's discussion of foundations is limited to "a single page."



could also control corporations through these investments. The Rockefeller Foundation, they argue, was set up "as a secure repository designed to insulate a great fortune from the legal and political assaults that plague overtly commercial institutions" (Horowitz and Kolodney, 1974:47).

Foundations can also provide for the "hereditary transmission" of economic power by preserving a family's wealth and maintaining its control over corporate stock. Death often disrupts family control, if a sale of stock is necessary to pay estate and inheritance taxes. By giving the stock to a foundation, however, as either a gift or a bequest, taxes can be reduced or eliminated and control of the stock can be maintained, thus ensuring family continuity (see Lundberg, 1968:849).

The noneconomic aspect of the foundation's role is revealed in the ideological nature of their giving. Foundations grants more often than not serve as seed money or matching money, which gives the foundation more potential as an ideological weapon than it would have as an economic force on its own. The power foundations have in this sphere emanates from their ability to "accept or reject various scientific, educational, and cultural ventures" (Domhoff, 1967:148). Foundation seed money is important, according to Domhoff (1967:71), in shaping the intellectual and cultural climate of American society. This is similar to the argument presented by Horowitz and Kolodney (1974), who claim that the Ford and Rockefeller Foundations have played an influential role in "cooling out" blacks and in shaping foreign policy (cf. R. Allen, 1969; and Domhoff, 1970).

The discussion of Weyerhaeuser foundations that follows takes place within the framework of governing class theory outlined above.

Foundation Directory Weyerhaeuser Foundations lists all foundations with

assets of more than \$1,000,000. In addition to the general heading, the directory lists foundations under five general headings: (1) general purpose, (2) special purpose, (3) family or personal, (4) corporate or company sponsored, and (5) community. (This classification scheme is universally used--cf. Foundation Center, 1975; Weaver, 1967; Andrews, 1956; and Zurcher, 1972.) The Weyerhaeusers are closely linked with two types of foundations, the family foundation and the corporate foundation.

The criteria for classifying a foundation as a Weyerhaeuser foundation are as follows:

(1) Criteria for company sponsored foundations: If the company has had multi-generational links to the family, and/or it has been established in Chapter VI that the family controls the sponsoring corporation, it is said to be a Weyerhaeuser foundation. Four foundations meet these criteria--Weyerhaeuser Company Foundation, Northwest Paper Company Foundation, Conwed Foundation, and Potlatch Forests Foundation. These are analyzed as Weyerhaeuser company foundations.

(2) Criteria for family foundations: If a majority of the foundation's board consists of members of the family or of employees from the Family Office, or if the foundation's books are kept at the Family Office, the foundation is classified as a Weyerhaeuser family foundation. Fifteen foundations fulfill these criteria.

In many ways the foundation is the least secretive of any of the institutional spheres analyzed in this study.<sup>2</sup> The fifth edition of The

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<sup>2</sup>One of the main reasons for this is the number of Congressional investigations made into the role of foundations; cf. U.S. House, 1962, and 1965a.

Foundation Directory (Foundation Center, 1975) lists all foundations with assets of more than \$1,000,000 or grants of \$500,000 or more. In addition to the Directory, the Foundation Center has made available through regional depositories IRS Form 990-AR (each foundation's annual report to the government) for a larger number of foundations. This form lists not only the officers, directors, trustees, donors, assets, gifts received, and expenditures (which are also included in the Directory), but also the foundation's stock holdings and a complete list of its disbursements. Another source which proved useful for the Weyerhaeuser foundations in Minnesota was the Minnesota Foundation Directory, 1972-1973 (Macalester College, 1973).

Utilizing these sources we can identify the Weyerhaeuser family and corporate foundations shown in Table 5.

The boards of the family foundations are staffed or filled exclusively by members of the family or employees of the Family Office, except for the Black Foundation and three foundations established by C.D. Weyerhaeuser. These three foundations, the Stewardship, C. Davis Weyerhaeuser Religious Trust and CDW Corporation, all have C. Davis Weyerhaeuser and his brother-in-law Clarence A. Black on the board of trustees. The Black family is not a part of the Weyerhaeuser kinship group, but they are related to the Weyerhaeusers through C. Davis' marriage to Annette Black. The Black Foundation is included as a Weyerhaeuser foundation because the books are kept at Fiduciary Counselling, Inc., and Frank Underwood, an employee of F.C.I. in Tacoma, is an officer of the foundation. This is another example of interrelatedness of kin groupings among upper class families.



TABLE 5

## ASSETS OF WEYERHAEUSER FAMILY AND CORPORATE FOUNDATIONS, 1970-73

The foundations whose boards do not consist exclusively of Weyerhaeuser family members are again employed by the Family Office include: Davis (Edwin W. and Catherine M.), Driscoll, Rodman, Charles A. Weyer-

## WEYERHAEUSER FAMILY FOUNDATIONS:

Foundation	Assets	(Date)
Black	\$ 119,684	(1971)
CDW Corporation	74,398	(1973)
Davis (Edwin and Catherine)	3,506,213	(1973)
Driscoll	975,607	(1972)
Jewett (G.F.)	13,627,847	(1972)
Meadowdale	20,967	(1972)
Rodman	66,615	(1970)
Stewardship	7,597,289	(1972)
Titcomb +	237,308	(1972)
Weyerhaeuser		
C. Davis Religious Trust	11,790,526	(1973)
Charles A. Memorial	18,435	(1972)
F.K. and Vivian	61,073	(1972)
Frederick and Margaret L.	15,000	(1971)
Weyerhaeuser Foundation	3,422,617	(1972)
Woodbridge	55,647	(1972)

Total \$41,589,226 (a)

- + Indicates that this foundation lists an address other than the Family Office.  
 (a) The total is only an indication of the assets of these foundations. There are real discrepancies among the reports of different sources, due primarily to differences between market values and book or acquisition values of stock held.

## WEYERHAEUSER CORPORATE FOUNDATIONS:

Foundation	Assets	(Date)
Conwed	\$ 75,203	(1972)
Northwest Paper Company	108,476	(1970)
Potlatch Forests	75,203	( )
Weyerhaeuser Company	1,885,812	( )

Foundation (fourth), the Frederick W. Davis Foundation Total \$2,144,694 Meyerhaeuser Foundation

Sources: Foundation Directory, 1975; Foundation's IRS Form 990-AR.

The foundations whose boards do not consist exclusively of Weyerhaeuser family members but contain employees of the Family Office include: Davis (Edwin W. and Catherine M.), Driscoll, Rodman, Charles A. Weyerhaeuser Memorial, and Frederick and Margaret L. Weyerhaeuser. The Davis Foundation board, for example, consists of members of the Davis family-- Bette D. Moorman, Albert J. Moorman, Frederick W. Davis, and Mary E. Davis (see Chart 1)--plus Joseph S. Micallef, the head of the Family Office, who recently replaced two other employees of the Family Office, Donald N. Hanson and Gordon E. Hed.

All these family foundations, with the exception of the Titcomb Foundation, are managed by the Family Office.

With the exception of the Weyerhaeuser Foundation, each foundation represents a nuclear unit, within the larger kin group, that originated with the second, third or fourth generations. For example, the Davis Foundation, established in 1956, received the majority of its assets from the estate of Samuel S. Davis (second generation) and from gifts of Edwin W. Davis (third generation) and Frederick W. Davis (fourth generation). Other nuclear family spheres within the larger kin unit are represented by the Driscoll Foundation (third and fourth generations), the Jewett Foundation (third), the Meadowdale Foundation (the Meadowcrofts, fourth generation), Rodman Foundation and Titcomb Foundation (the Titcombs, third and fourth generations), the Charles A. Weyerhaeuser Memorial Foundation (third and fourth), F.K. and Vivian O'Gara Weyerhaeuser

Foundation (fourth), the Frederick and Margaret L. Weyerhaeuser Foundation (fourth), and the Woodbridge Foundation (the Pascoes, fourth and fifth). There are ten nuclear units within the third generation of the Weyerhaeuser family. The only nuclear unit in that generation not represented with its own foundation is the John Philip Weyerhaeuser, Jr., family (see Chart 1).

Congressman Wright Patman, in his studies of foundations in the American economy, has called these foundations of nuclear units "subsidiary foundations." Patman also cites examples of subsidiary foundations for the Mellon, Rockefeller, and Ford families.<sup>3</sup>

Of the fifteen Weyerhaeuser family foundations, only one bridges all nuclear units and encompasses the whole kinship group. This is the Weyerhaeuser Foundation. It has the largest board of trustees and largest number of officers. By listing each nuclear unit in the third generation we find that each has representation on the board of trustees (see Table 6). In addition to the eleven members of the family on the board, Joseph S. Micallef serves as the assistant treasurer of the Weyerhaeuser Foundation.

This one foundation, then, serves as an important link between all the subunits within the larger kin group. Like the Office out of which this foundation is managed, and the Annual Meeting which makes the philanthropic decisions, this foundation is a key aspect of the family's

<sup>3</sup>Patman lists the following subsidiary foundations for the Ford family: Benson and Edith Ford Fund, Eleanor Clay Ford Fund, Henry and Anne Ford Fund, Walter and Josephine Ford Fund, and William and Martha Ford Fund (U.S. House, 1962:17). For a listing of duPont family foundations see Phelan and Pozen, 1973.



Weyerhaeuser Company  
Foundation..... George H. Weyerhaeuser

TABLE 6

BOARD OF TRUSTEES OF THE WEYERHAEUSER FOUNDATION,

In each BY NUCLEAR UNITS IN THE THIRD GENERATION, 1972-75

Nuclear family unit in third generation	Representative from that nuclear unit presently on board
Titcomb .....	Julie C. Titcomb (president)
Frederick King Weyerhaeuser ....	Lynn W. Day
John P. Weyerhaeuser, Jr. ....	John P. Weyerhaeuser III
George F. Jewett .....	George F. Jewett, Jr.
Edwin W. Davis .....	Bette D. Moorman
Carl A. Weyerhaeuser .....	Carl A. Weyerhaeuser (vice-president)
Rosenberry/Sivertsen .....	Walter S. Rosenberry III
W.J. Driscoll .....	Elizabeth S. Driscoll
Frederick Weyerhaeuser III ....	Nancy N. Weyerhaeuser (secretary)
	Virginia W. Rasmussen
C. Davis Weyerhaeuser .....	C. Davis Weyerhaeuser

Source: Weyerhaeuser Foundation, 1972; Foundation Center, 1975

internal coordination.

While foundations serve as an important internal mechanism uniting large kin groups, their source of power lies in their connections to other institutions. It is these links which are important for our analysis in this chapter and we will return to them in a moment.

The Weyerhaeuser family also has links to company sponsored foundations. The most striking contrast between family foundations and corporate foundations is the reduced number of family members on the boards of the latter. Of the four company sponsored foundations, three have members of the Weyerhaeuser family on their boards:

Conwed Foundation..... F.T. Weyerhaeuser  
R.W. Driscoll  
Potlatch Forests Foundation.. George F. Jewett, Jr.

Weyerhaeuser Company  
 Foundation..... George H. Weyerhaeuser  
 W.H. Meadowcroft

In each case the family member is also an officer and/or director in the corporation sponsoring the foundation.

The family also has links through marriage to foundations of other kinship units. George H. Weyerhaeuser and his wife, Wendy Wagner Weyerhaeuser, are on the board of the Wagner Fund, which holds stock in the Weyerhaeuser Company, St. Regis Paper Company, and MacMillan Bloedel Ltd.<sup>4</sup> Wendy Wagner Weyerhaeuser is also on the board of the R.D. Merrill Foundation, which in addition to the Merrill family contains members of the Denkmann and Bloedel families. The Merrill Foundation, with assets of \$1,778,718 (1972), owns stock in St. Regis Paper, Weyerhaeuser, Pacific Lumber Company, and MacMillan Bloedel.

#### Links With Other Institutions

We have examined the internal structure and linkages of the Weyerhaeuser family's foundations. We now need to explore the links which these foundations have with other institutions in the larger network of family wealth and power. If foundations are to have any impact or influence outside the family, it is here, in their ties to other institutions, that we would expect to find the source of this influence.

<sup>4</sup>MacMillan Bloedel is one of the largest lumber/timber firms in Canada. The reader will recall that Frederick Weyerhaeuser and F.C.A. Denkmann married Bloedel sisters over a hundred years ago. This foundation is the only link I have been able to find between Weyerhaeuser and MacMillan Bloedel. I have been unable to trace the Bloedels who are on the boards of the corporation and the foundation back to the sisters who married Weyerhaeuser and Denkmann.

These external links take three forms:

I. Money flows to foundations from the corporate dividends of their investments, trust funds of family members, and individual gifts. The foundation's portfolio links the foundation to corporations.

II. Money flows from foundations to certain types of social, cultural, educational, and/or religious programs. This links corporate dividends to organizations engaged in social and cultural programs.

III. People (foundation trustees) connect the foundation to other bases of institutional power. This latter linkage results from shared directorships or trusteeships between family foundations and educational institutions, religious organizations, hospitals, children's homes, and cultural activities.

Smaller foundations receive money from three sources: individual donors, trusts, and bequests. Larger foundations also receive money from these same sources, but they represent a much smaller percentage of their yearly income.

Smaller family foundations serve as conduits which channel giving to charitable organizations. The individual family member does not give his or her money directly. These foundations often list assets of less than \$100,000 but receive over \$200,000 a year in gifts. These gifts come from family members and their trusts and holding companies, all of which make tax-deductible gifts from their income. Weaver describes foundations of this type.



The foundation acts for the family as a reservoir into which they can put, as a contribution to capital, a maximum deductible gift of 20 percent of current income in any one year. The foundation, under existing statutes, must expend into income annually, but that income is the earnings on the capital gifts it has received, not the gifts themselves. (Weaver, 1967:43; emphasis his)

Because these foundations receive yearly gifts two or three times larger than their assets, the assets of family foundations are not a good indicator of their importance or potential as givers. Most of the Weyerhaeuser family foundations with assets of less than \$100,000 follow this pattern.

The Rodman Foundation, for example, had assets of \$27,451 in 1972. In 1973 the foundation received gifts totalling \$29,000--\$7,000 in cash from E.R. Titcomb, and the rest in quarterly installments from the 1968 Irrevocable Trust of Edward R. Titcomb. In 1973 the foundation distributed \$30,359. The Charles A. Weyerhaeuser Memorial Foundation listed \$4,073 in assets in 1972, yet received \$106,878 in contributions (Macalester College, 1973). The year before, this foundation received gifts totalling \$212,976. The F.K. and Vivian O'Gara Weyerhaeuser Foundation, with assets of \$60,787 in 1970, reported that it received \$182,250 in gifts. In 1971, the Frederick and Margaret L. Weyerhaeuser Foundation listed assets of \$15,000, but received \$157,319 from the trusts of Margaret L. and Frederick T. Weyerhaeuser.

These examples illustrate the use of small family foundations as mechanisms for yearly giving. Both Lundberg and Zurcher discuss the role these smaller foundations play as conduits. Zurcher emphasizes their role as a conduit for a family's charities (1972:18). Lundberg discusses their role as a conduit "useful in all sorts of secret business affairs

and especially in tax evasions" (1968:418).

Larger family foundations also receive income from trusts, personal gifts, and holding companies, but their largest source of income comes from their investments. It is this portfolio, the income derived from it, and the potential this provides for controlling corporations, which give us a clue to foundation power. This link between foundations and corporations also sheds light on the debate over the control of corporations in society today. Weaver, for example, writing about the investment policies of foundations, says, "In 1960 there were forty-nine foundations with assets greater than \$30 million. Of the forty-five of these for which the information was available, twenty-nine had the majority of their assets in a single donor-related stock, and only one in four had widely diversified portfolios" (Weaver, 1967:99). In his studies of tax-exempt foundations, Congressman Wright Patman identified "111 foundations that owned 10 percent or more of a least 1 class of stock in 1 or more of 263 different corporations on December 31, 1960" (U.S. House, 1962:8). Some of the nation's largest foundations and corporations are linked together in this manner. Examples from Patman's list include the Henry J. Kaiser Family Foundation, which owned 15.4% of the common nonvoting stock of Kaiser Industries; the Ford Foundation, which owned 100% of the Class A nonvoting stock of Ford Motor Company; and the Pew Memorial Trust, which owned 21.29% of the common voting stock of Sun Oil Company.

Thus many major families utilize their foundations as a mechanism for holding enough corporate stock to control the corporations. The use of foundations as devices for holding corporate stock raises a new issue in the debate over the separation of ownership from control. The debate

has usually focused on the control of corporations through an individual's or family's ownership of a certain percentage of stock.<sup>7</sup> As regards the foundation, however, Patman has raised the issue of control without ownership (cf. U.S. House, 1962:17). This is different from the argument raised by the proponents of the managerial thesis, who contend that control is exercised without ownership by the corporate managers.

The issue of control through foundations rests on the question of the control of the foundation. In the case of large family foundations, the foundation may be the legal entity owning the stock, but if the board of the foundation remains in the hands of the family, they can continue to control the corporation through the foundation. At the same time, the property remains secure in a tax-exempt foundation.<sup>5</sup>

Examining the portfolios of the larger Weyerhaeuser family foundations enables us to assess the role these foundations play in the larger network. We have already seen how foundation trustees provide the family link between foundations and corporations. By analyzing the portfolios of the foundations we can determine the importance of foundation stock holdings in corporate control. Our analysis will be confined to those family foundations with assets of more than one million dollars, since the limited assets of the smaller family foundations are usually tied up in Weyerhaeuser stocks (e.g., the F.K. and Vivian O'Gara Weyerhaeuser

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<sup>5</sup>Cf. also Horowitz and Kolodney, 1974:47. They point out, as we have already seen, that the foundation is only one part of a larger matrix of family trusts, holding companies, etc. By holding property in a foundation the family can reduce "the burden of income, gift, and estate taxes for the family," and at the same time maintain control of private and public corporations (U.S. House, 1965a:37).



and the Charles A. Weyerhaeuser Memorial foundations have 100% of their portfolio in stocks of Weyerhaeuser companies). Table 7 shows the percentage of each foundation's portfolio that is invested in stocks of Weyerhaeuser companies.

TABLE 7  
PERCENTAGE OF WEYERHAEUSER FAMILY FOUNDATIONS' ASSETS  
IN WEYERHAEUSER COMPANIES, 1972-74

Foundation	Assets (Market Value, 1972)	Percentage of Portfolio in Weyerhaeuser Interests
Davis	\$ 3,343,644	98.1% (1972)
Driscoll	950,209	none
Jewett	11,762,490	85.8% (1972)
Stewardship	7,597,289 (1974)	94.3% (1972) 91.5% (1974)
C. Davis Weyerhaeuser Religious Trust	11,790,526 (1974)	84.2% (1972) 91.0% (1974)
Weyerhaeuser	3,422,617	56.6% (1972) 30.2% (1973)
	<hr/> Total	
	38,866,775	

Sources: Foundations' IRS Forms 990-AR.

This illustrates the close links family foundations have to donor's and family corporations. The more important question for assessing corporate control by these foundations is, how much of a particular corporation's stock is held by these foundations? Table 8 lists the total num-

ber of shares of corporate stock held by the five largest Weyerhaeuser family foundations and the percentage of stock these five foundations hold in five Weyerhaeuser corporations.

Our analysis reveals that no Weyerhaeuser foundation holds 10% or more of the stock in any one corporation. In fact, the five largest foundations together do not hold enough stock in any one corporation to control it. By themselves, then, the Weyerhaeuser foundations do not play a determining role in holding stock in these Weyerhaeuser interests. The foundations, however, are only one part of the larger network of trusts, individual accounts, holding companies, etc. We have already seen that when the holdings of the foundations are combined with these other devices, control of four of these five corporations is possible.

The portfolios of these Weyerhaeuser family foundations also hold the stocks of private corporations owned by the family, (e.g., Southern Mineral Corporation and Cloquet Timber Company) and of family holding companies like Green Valley Company and Rock Island Corporation. Investments in these corporations represent a small percentage of each foundation's portfolio.<sup>6</sup> Usually each foundation's portfolio also contains a small percentage of "blue chip" stocks, such as A.T.&T., Texaco, IBM, and Commonwealth Edison.

All the foundations, except one, have 80% or more of their investments in Weyerhaeuser interests. The exception is the Weyerhaeuser Foundation. In 1972, 56.6% of its portfolio was in Weyerhaeuser interests. By 1973 this had dropped to 30.2%. This could be a sign that the family

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<sup>6</sup>As late as 1970 and 1971 each foundation's Form 990-AR listed the "Weyerhaeuser Family Interests" separately under that heading.

TABLE 8

## WEYERHAEUSER FOUNDATIONS' OWNERSHIP IN FIVE WEYERHAEUSER COMPANIES, 1972

	ARCATA NATIONAL	BOISE CASCADE	CONWED	POTLATCH	WEYERHAEUSER	
	common	series C				
DAVIS	4,705	6,250	280	6,020	16,776	39,634
JEWETT	13,600	2,400	--	7,107	32,466	183,678
STEWARDSHIP	--	--	--	--	57,771	59,628
C. DAVIS WEYERHAEUSER RELIGIOUS TRUST	51,562	--	--	1,237	85,071	123,711
WEYERHAEUSER	15,120	--	--	3,438	1,265	17,000
Total number of shares held by foundations	84,987	8,650	280	17,802	193,349	423,651
Foundation stock as % of outstanding shares of common	1.3%	4.4%	0.0009%	1.4%	2.7%	0.7%

Sources: Data on foundation portfolios is from IRS Form 990-AR, 1972, except for the C. Davis Weyerhaeuser Religious Trust which is 1974 data. The number of outstanding shares of stock comes from Moody's, 1973.



is diversifying its foundation holdings. If the family is in the process of reducing its holdings in Weyerhaeuser interests, it could be in response to the Tax Reform Act of 1969. This act, among other things, prohibits foundations from accumulating income and seeks to limit the possibility of corporate control through foundation stock holdings (cf. U.S. House, 1973). The decrease in the percentage of holdings could also be an indication of reaction to fluctuations in market values, and/or it could be due to stock splits. In 1973, for example, the Weyerhaeuser Foundation acquired an additional 2,000 shares of Ford Motor Company stock, but the percentage of Ford Motor stock the foundation held only increased from 7.4% to 8.6%. In 1973, the foundation sold 7,000 shares of Weyerhaeuser Company stock, reducing its holdings from 43.2% to 20.9%. While this foundation is diversifying its investments, the major reason for the changes can be attributed to changes in market values and to stock splits.

Although the foundations by themselves do not hold enough stock in Weyerhaeuser companies to control them, they may nonetheless facilitate the process. The taxes saved or avoided at other points in the network by using a foundation as a conduit may enable the family to maintain control of its holdings in trusts, holding companies, and personal accounts. These other points in the network hold stock in the same companies as the foundations. By contributing a portion of their income, derived from corporate dividends, to foundations, these other devices realize tax savings which enable them to maintain their holdings intact. If they had to pay taxes on their holdings they might be forced to sell off some of them. Doing so would have the effect of breaking up their

control (cf. Wisman and Sawers, 1973).

PART 9  
FLOWS OF MONEY TO AND FROM FOUNDATIONS

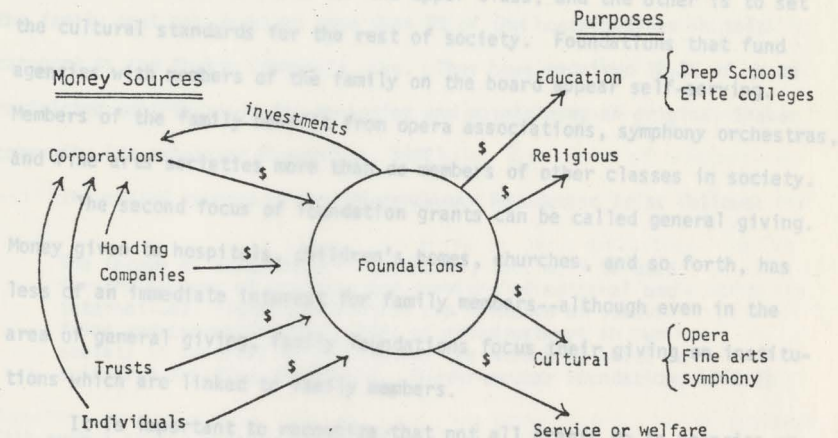
II

Foundations serve as mediating institutions between corporations and social, cultural, educational, and religious institutions. They channel money flowing from corporate dividends to philanthropic activities, which helps to create and shape certain forms of social-welfare and political activity. As mediating institutions, foundations remove money from the public arena (i.e., potential sources of taxes) to the sphere of private giving--money which could or should have gone to the public coffers is controlled by wealthy families. Decisions which affect the lives of many people are removed from the political process and delegated to the private sector. This undemocratic function of the foundation seems intensified when it is discovered that the institutions which the foundation links together are all controlled by the same family. This can best be illustrated by (1) diagramming the money flows (see Chart 9), and (2) examining the institutions mediated.

Foundations receive money or income from their investments in corporate stock, and they also receive some of their income from the dividends of these same stocks held by individuals, holding companies, and trusts. In other words, money from corporate dividends is channelled through foundations, but all the institutions on the left side of Chart 9 also hold corporate stock which is controlled by the family. Money flows through the foundations basically to four types of institutions: educational institutions, religious organizations, cultural forums, and service organizations. Thus, "instead of paying taxes to the government,"

## CHART 9

## FLOWS OF MONEY TO AND FROM FOUNDATIONS



wealthy families have created their "own government through personal gifts and foundation grants" (Phelan and Pozen, 1973:99).

Foundations endorse particular values or ideological assumptions by their choice of institutions to support. The institutions foundations support can be defined, by their focus, as either self-serving or general giving. Cultural and educational institutions appear to be self-serving. For example, private prep schools like St. Paul Academy (Minn.) or Charles Wright (Wash.) are linked to Weyerhaeuser foundations in two ways: they receive foundation money, and members of the family are on the schools' boards of trustees. These schools provide an alternative to public schools for the children of wealthy families like the Weyerhaeusers (cf. Phelan and Pozen, 1973:99, for a discussion of duPont foundations and



their links to private schools).

Foundations that fund cultural activities serve two functions. One is to provide entertainment for the upper class, and the other is to set the cultural standards for the rest of society. Foundations that fund agencies with members of the family on the board appear self-serving. Members of the family benefit from opera associations, symphony orchestras, and fine arts societies more than do members of other classes in society.

The second focus of foundation grants can be called general giving. Money given to hospitals, children's homes, churches, and so forth, has less of an immediate interest for family members--although even in the area of general giving, family foundations focus their giving on institutions which are linked to family members.

It is important to recognize that not all grants go to agencies or institutions that directly service or benefit the interests of the wealthy family. Some of the grants distributed by the Weyerhaeuser Foundation in particular have a more general focus. During the past twenty years, 5% of Weyerhaeuser Foundation money has gone to the American Friends Service Committee, 4% to the United Negro College Fund, 4% to various boards of the United Presbyterian Church, and 22.9% to McCormick Theological Seminary. (These are all grants approved by the board of trustees of the foundation, which we have seen includes members from all nuclear family units in the third generation.) During this time the foundation has also served as a conduit for "restricted" contributions (contributions to the foundation that are earmarked for a specific project). Of nearly half-a-million dollars falling into this latter category, 22.7% has gone for the relocation, enlarging, remodeling, and redecorating of the Elizabeth Chapel of

the House of Hope Presbyterian Church in St. Paul, Minn. The Chapel is named after Elizabeth Weyerhaeuser, and the family has a long history of involvement with this church. The only group with apparently no links to the family that has received more than 5% of the contributions in this category is the Shaker Community, Inc. They have received 12.2% of these restricted contributions for restoring and maintaining an original Shaker community (Weyerhaeuser Foundation, 1972).

The stated purpose of the Weyerhaeuser Foundation is as follows:

The income of Weyerhaeuser Foundation, Inc. will be used for the support of programs and services of national and international significance which are directed at identifying and correcting the causes of maladjustment in our society in contrast to alleviating the hardships which result from existing conditions. (Weyerhaeuser Foundation, 1972:7)

With such a stated purpose one might think the foundation had a C. Wright Millsian analysis, which rather than focusing on personal troubles or stop-gap measures was seeking to alleviate the structural problems in society. Yet, as we have seen, the majority of grants go to organizations committed to maintaining the status quo and preserving the position of the Weyerhaeuser family. (The only notable exception to this appears to be the grants to AFSC from 1962 to 1969.)

Another area or "field of interest" receiving money which does not appear to fit into any category in the foundation's stated purpose is forestry. Nearly 10% of the Weyerhaeuser foundation grants for the last twenty years have gone to organizations in this area. Two groups have received the bulk of these contributions, the Forest History Society (3.9%) and the Yale University School of Forestry (4.2%). The Forest History Society is a "nonprofit educational organization" dedicated to

preserving original sources, writing biographies, and collecting oral histories of figures and companies of historical interest in lumber-, timber-, and forest-related activities.

The company sponsored foundations are similar to the smaller family foundation in their small size and in their patterns of giving. Like the smaller family foundations, they often serve as "channels for current giving" (Andrews, 1956:30). As we have seen, the boards of trustees consist principally of corporate officers and directors. Their links to the family are through family members who serve in these capacities. Unlike general purpose foundations and large family foundations, these corporate foundations seldom aim their programs at "the welfare of mankind." As Andrews points out, they focus on "only the portion of that welfare that benefits the corporation, its employees, its stockholders, or its business relationships" (Andrews, 1956:30). This is certainly the case with Weyerhaeuser company foundations. This usually manifests itself in patterns of giving to community agencies in the towns in which the company has operations or to other groups which serve the interests of the company or its employees.

Conwed Foundation provides a good example. It supports United Fund drives and Junior Achievement programs in the cities in which it has facilities. It also contributes to scholarship and fellowship funds and building funds at the Yale University School of Forestry and the University of Minnesota. Its giving also goes to support the Forest History Society and the Forest Products Research Society (see Conwed Foundation's 1972 IRS Form 990-AR).



## III

The people who serve as foundation trustees link foundations to other bases of institutional power. This is particularly true when the person is a trustee of both the foundation and the beneficiary institution. By examining the specific grants of Weyerhaeuser foundations we can ascertain these links. The 15 family foundations can be divided into two groups, those with assets of more than \$1 million and those with less. We have already seen that, in terms of money flowing into these two groupings, different purposes are served--large foundations hold stock and distribute the income from portfolio investments, while smaller foundations serve as conduits for otherwise taxable income from stock holdings of trusts, etc. If our assumption is correct--that these foundations of different sizes serve different functions for the family--we would expect to find different patterns of giving. The analysis that follows examines the links between foundations and their recipients in terms of both money flowing out and shared trusteeships.

Analysis of the giving patterns of Weyerhaeuser foundations leads to the following conclusions: if one wants to know where a family foundation gives the majority of its money, one needs to determine the involvement of its trustees in other institutional spheres. The Stewardship Foundation, for example, gave \$2,220,500 in 1970 to the endowment fund of Fuller Theological Seminary. C. Davis Weyerhaeuser is one of two trustees of this foundation. He also serves as chairman of the board of trustees of Fuller. The other two foundations created by C. Davis Weyerhaeuser also give to his "pet" projects, which are "evangelical Protestant organizations and religious activities." Throughout his life he has been active

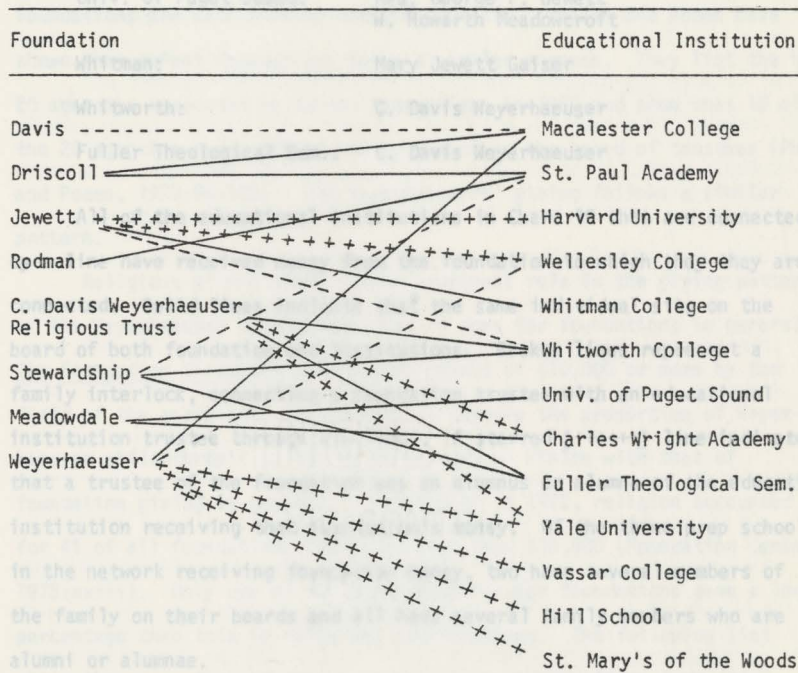
in a number of these conservative fundamentalist groups. In 1973, for example, the Stewardship Foundation gave 40.1% of its \$255,200 in grants that year to the Young Life Campaign. C. Davis Weyerhaeuser is reportedly one of the founders of this "evangelical" group (Interviewee, IV:D). The next largest sums given out by the Stewardship Foundation that year went to the World Vision Relief Organization (13.7%) and Whitworth College (9.9%). C. Davis is also on the board of Whitworth College. C. Davis' other major foundation, CDW Corporation, also gave to Fuller Theological Seminary, Whitworth, and Young Life, and to a large number of other fundamentalist groups, including African Enterprises, Evangelical Alliance Mission, Faith at Work, First Bible and Missionary Conference, Inter-Varsity Christian Fellowship, Latin American Mission, Oriental Missionary Society, and Overseas Crusades, Inc. (Information on grants came from the foundations' 990-AR Forms; trusteeship information came from college catalogues.)

The Forest History Society, as mentioned above, is another organization receiving money from Weyerhaeuser foundations. The Society has strong links to the family through both trusteeships and memberships. John Philip Weyerhaeuser III is a member of the board of directors and Gordon E. Hed, an employee of the Family Office, is assistant secretary-treasurer of the Society. In addition, fifty-nine members of the Weyerhaeuser family, one-third of the family, are members of the Society. (Forest History Society, 1975). Moreover, the Woodbridge Foundation, Weyerhaeuser Company Foundation, Weyerhaeuser Foundation, Conwed Corporation, and Potlatch Corporation have organizational memberships in the Society.

Other Weyerhaeuser foundations are linked to institutional spheres

through shared trustees. Chart 10 summarizes the network of foundation-educational institution links for Weyerhaeuser family foundations.

CHART 10  
EDUCATIONAL LINKS TO WEYERHAEUSER FOUNDATIONS, 1970-1975



————— direct (shared trustee)  
 ----- family (trustees linked by kinship)  
 ++++++ alumni/alumnae

Sources: College Catalogues; Foundations' IRS Form 990-AR, 1971-1974; various biographical sources, e.g., Marquis.



The network reveals four colleges and one seminary which have members of the family on their boards:

Macalester:	W. John Driscoll...past chairman Margaret Driscoll } trustees emeriti F.K. Weyerhaeuser }
Univ. of Puget Sound:	Mrs. George F. Jewett W. Howarth Meadowcroft
Whitman:	Mary Jewett Gaiser
Whitworth:	C. Davis Weyerhaeuser
Fuller Theological Sem.:	C. Davis Weyerhaeuser

All of the educational institutions in Chart 10 that are connected by a line have received money from the foundation to which they they are connected. Solid lines indicate that the same individual sits on the board of both foundation and institutions. Broken lines represent a family interlock, connecting a foundation trustee with an educational institution trustee through kin links. A starred [+++++] line indicates that a trustee of the foundation was an alumnus or alumna of the educational institution receiving that foundation's money. Of the three prep schools in the network receiving foundation money, two have several members of the family on their boards and all have several family members who are alumni or alumnae.

Chart 10 should not be seen as a comprehensive picture of all Weyerhaeuser links to educational institutions. For example, the Charles A. Weyerhaeuser Foundation gave \$100,000 to the Denver Country Day School in Englewood, Colorado. The president and director of this foundation, Walter S. Rosenberry III, lives in Englewood and is linked to this prep school. Similar links also exist for some of the smaller foundations

which were not included in this chart. Another shortcoming of the chart is that most data is only for one or two years, 1970-1972. The only foundation which provides a twenty-year summary of all grants given is the Weyerhaeuser Foundation (cf. Weyerhaeuser Foundation, 1972).

The importance of these links is related to the argument that foundations are self-serving and undemocratic. Phelan and Pozen have shown that duPont foundations serve a similar purpose. They list the top 20 agencies supported by duPont foundations in 1969 and show that 16 of the 20 agencies had a duPont family member on the board of trustees (Phelan and Pozen, 1973:98-102). The Weyerhaeusers' giving follows a similar pattern.

Religious giving plays a more prominent role in the giving patterns of the Weyerhaeuser foundations than it does for foundations in general. The Foundation Directory breaks down grants of \$10,000 or more by the field of the recipient, enabling us to compare the proportion of Weyerhaeuser philanthropic giving going to various fields with that of foundation giving in general.<sup>7</sup> Nationally in 1972, religion accounted for 4% of all foundations grants of more than \$10,000 (Foundation Center, 1975:xxiii). Only one of the major Weyerhaeuser foundations gave a lower percentage than this to religious organizations. The following list shows the percentage of grants to religious organizations from major Weyerhaeuser foundations in 1972:

Davis .....	17.8%
Driscoll .....	2.8%

<sup>7</sup>The national data include only grants of \$10,000 or more reported in The Foundation Grants Index; cf. Foundation Center, 1975:xxiii.

Jewett .....	16.5%
Stewardship .....	90 +%
C. Davis Weyerhaeuser Religious Trust .....	90 +%
Weyerhaeuser .....	37.9%*

\*26.9% of which went to religion and society program at McCormick  
Theological Seminary.

Sources: Weyerhaeuser Foundation, 1972; IRS Forms 990-AR.

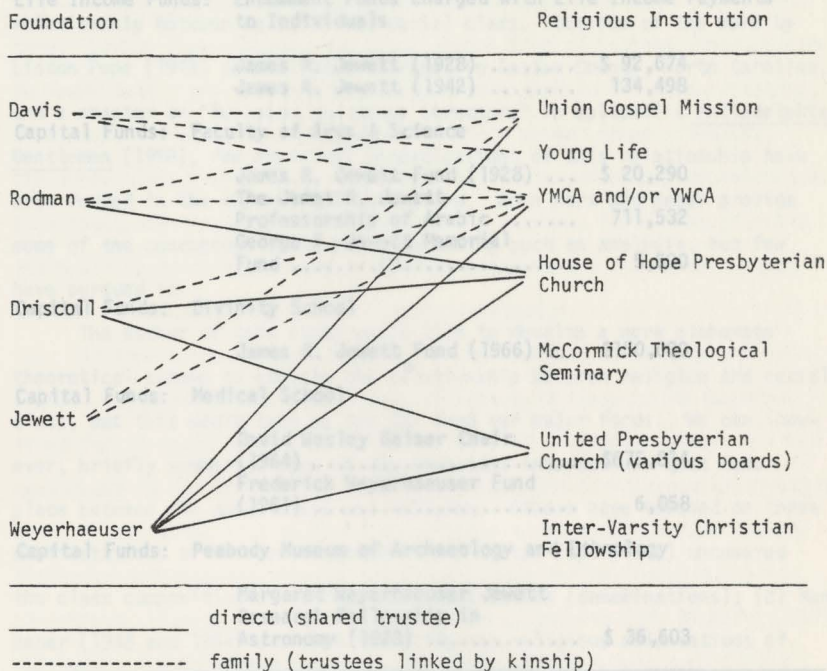
The figures for Weyerhaeuser foundations include all grants, including those of less than \$10,000. In spite of this qualification, the Weyerhaeuser foundations are more heavily linked to religious organizations, in terms of money and people (shared directorships), than many other foundations. Links between Weyerhaeuser foundations and various religious groups are shown in Chart 11.

Not all philanthropic giving is channelled through foundations. Some individual Weyerhaeuser family members have contributed directly to schools, hospitals, and religious buildings or activities. George F. Jewett, for example, was well known in the Spokane area as a "philanthropist." He was known to have made "substantial" contributions to St. John's Cathedral, St. Luke Hospital, Whitworth College, and the YMCA. He financed the Jewett Art Center at Wellesley College and the Donald Kirk David Fellowship at the Harvard Graduate School of Business Administration. He also contributed to the construction of a dormitory at Whitman College and of the Hopkins Center at Dartmouth College (NCAB, Vol. 47(1965):346). The Financial Report to the Board of Overseers of Harvard College reported a number of endowment funds from Jewett family giving (Harvard University, 1970). Table 9 shows the types of funds which this nuclear family unit has established at Harvard.



CHART 11

## RELIGIOUS LINKS TO WEYERHAEUSER FOUNDATIONS, 1970-1975\*



\*This chart does not include C. Davis Weyerhaeuser's foundations, which contribute nearly all their grants to religious organizations.

Source: Foundations' IRS Form 990-AR.

TABLE 9

## JEWETT ENDOWMENT FUNDS AT HARVARD COLLEGE, 1968-1969

Life Income Funds: Endowment Funds Charged with Life Income Payments to Individuals

Liston Pope (1942)	James R. Jewett (1928) .....	\$ 92,674
	James R. Jewett (1942) .....	134,498

Capital Funds: Faculty of Arts & Science

	James R. Jewett Fund (1928) ...	\$ 20,290
	The James R. Jewett	
	Professorship of Arabic .....	711,532
	George F. Jewett Memorial	
	Fund .....	5,500

Capital Funds: Divinity School

	James R. Jewett Fund (1966) ...	\$150,000
--	---------------------------------	-----------

Capital Funds: Medical School

	David Wesley Gaiser Chair	
	(1964) .....	\$675,814
	Frederick Weyerhaeuser Fund	
	(1961) .....	6,058

Capital Funds: Peabody Museum of Archaeology and Ethnology

	Margaret Weyerhaeuser Jewett	
	Research Fellowship in	
	Astronomy (1928) .....	\$ 36,603

Source: Harvard University, 1970.

Endowment funds of this kind often hold stock in companies related to the donor. The stock could have been given with the stipulation that it was not to be sold or exchanged. If this was the arrangement, Harvard would receive the dividends while turning the proxies over to the Weyerhaeusers.

### Religion and Class

In the previous section the links between philanthropic activities and religion were noted. In this section our attention shifts to the relationship between religion and social class. Outside of the work by Liston Pope (1942) on mill town churches in Gaston County, North Carolina, and a chapter on "Religion and Class Structure" in Baltzell's Philadelphia Gentlemen (1958), few empirical investigations of this relationship have been rooted in the theoretical literature. Both Marx and Weber provide some of the conceptual tools for undertaking such an analysis, but few have pursued it.

The author of this study would like to develop a more elaborate theoretical scheme to explain the relationship between religion and social class, but this would take us too far from our major focus. We can, however, briefly summarize some of the important interactions that take place between the upper class and religion. Others have touched on three manifestations of this relationship: (1) Liston Pope (1948) uncovered the class composition of various religious bodies (denominations); (2) Max Weber (1946 and 1964) analyzed the differing religious orientations of different classes; and (3) Baltzell (1958) and Jerome Davis (1932 and 1937) observed and analyzed the links between the upper class and organized religion, focusing on membership, financial aspects, governing bodies, and ideological links.

Utilizing these three components, this section will describe some of the links the Weyerhaeuser family has had to various religious organizations, and will examine some of the family's favorite books and reading material to show how they have used their position to influence the



decisions of church colleges and church mission boards. This brief sketch of upper class involvement in religion will, hopefully, indicate some of the theoretical implications of upper class religion.

In what has become a classic article on "Religion and Class Structure," Liston Pope analyzed the class composition of various denominations. He found that "individual Protestant churches tend to be 'class churches,' with members drawn principally from one class group" (Pope, 1948:89). The upper class, Pope found, is usually associated with the Congregational, Episcopal, and Presbyterian denominations. Overall, Protestant churches reach all segments of the stratification pattern, but each denomination "tends" to be associated with a particular class.

If Pope's observations are true we would expect a disproportionate number of members of the upper class to belong to these three denominations (cf. Baltzell, 1958:370). In the case of the Weyerhaeusers we find that those in the first three generations who list a religious affiliation are all associated with either the Presbyterian or the Episcopal Church. Frederick Weyerhaeuser himself joined the Presbyterian Church early in his career, although he was probably raised a Lutheran (cf. Hauberg, 1957). This was a fairly common practice, as Warner (1949) noted; individuals who are upwardly mobile often change their religious affiliation to a higher status church. This is not meant to imply that Frederick Weyerhaeuser was insincere or opportunistic. From all accounts he was a deeply "religious" person. His youngest son, Frederick Edward Weyerhaeuser, writing to a relative<sup>8</sup> who served a mill town church in Idaho, told of his

<sup>8</sup>The relative was the son of Rudolph Weyerhaeuser Caughey. His exact relationship to the family is not known.

father's interest in the Christian church. Frederick Edward told the Rev. Donald Caughey that his father had been a daily reader of the Bible and that on trips to logging camps he read from Paul's Epistles to the men who gathered in the foreman's office or sleeping quarters (WFP/File 10/Box 49).

Most family members living in St. Paul have been members of the House of Hope Presbyterian Church. They have also been active in the governing bodies of the House of Hope. These include Frederick King Weyerhaeuser, who served as a trustee, and Frederick Weyerhaeuser III and Frederick Edward Weyerhaeuser, both of whom served as elders. Other members of the family with memberships in Presbyterian churches include John Philip Weyerhaeuser, Jr., Edwin W. Davis, Margaret W. Driscoll, and C. Davis Weyerhaeuser. The Jewetts have been affiliated with the Episcopal Church. George F. Jewett, for example, was a member and lay reader of St. John's Cathedral in Spokane, and served as a director of the National Episcopal Church Foundation. W.H. Meadowcroft is also a member of the Episcopal Church (in which he serves as a vestryman), as is Carl A. Weyerhaeuser.

This pattern of membership and involvement in Presbyterian and Episcopal churches can be explained using Pope's analysis. But in addition to their ties to mainstream Protestant churches associated with the upper class, the family has had links to fundamentalist groups. If these links had been through family members not involved with the high status churches, the relationship would not be so complex. Many of the family members, however, who are involved with the Presbyterian Church, are also involved with organizations like the Union Gospel Mission, a

fundamentalist non-denominational group. Frederick Edward Weyerhaeuser, for example, was not only a member of the House of Hope Presbyterian Church, but also president of the Union Gospel Mission. This pattern has been true of his son Frederick Weyerhaeuser III, and of his grandson Frederick T. Weyerhaeuser, both of whom served as directors of this fundamentalist group (Interviewee, IV:B).

Remembering the support given to the mill churches in Gastonia by the mill owners, we might expect the rich to help finance religious groups that "serve" the disadvantaged (Pope, 1942). As with Pope in his analysis of class and religion in Gastonia, our concern is not with the philanthropic motivation of the wealthy, but with the structural relationship between the upper class and fundamentalist churches. In other words, we are more concerned with the unintended consequences of their actions than with their reasons for giving.

Weber's analysis of the relationship between religion and class involved the different religious orientations of the various classes. The privileged classes, Weber said, need religious ideas that will legitimize their position in society. The disadvantaged classes on the other hand seek to alleviate their suffering with a religious ideology (Weber, 1964:107). If Weber's analysis is correct we would expect wealthy families to belong to churches that legitimize their economic and social position. The Weyerhaeusers, with strong ties to the Presbyterian Church, follow this pattern. The religious orientation of the family however differs from the liberal ideas of the church leadership (cf. Baltzell, 1958, who discusses the Protestant elite's affinity for the social gospel movement; cf. also B. Johnson, 1975).



From Weber's analysis of religious orientation we would expect the upper class to hold religious ideas that provide a rational world view and legitimate their class position. By examining the types of groups the Weyerhaeuser family has supported, and the ideology of these groups, we can gain some insights into the family's religious orientation. This orientation is reflected in one of the major controversies in American religious history--the modernism-fundamentalism cleavage. The Weyerhaeuser family has been involved on both sides of the controversy. The institutional links of two members of the family illustrate this division rather well. Peggy Driscoll has been active in mainstream Protestant church activities and represents the liberal position. She has been a member of the Board of Christian Education of the Presbyterian Church, chairman (sic) of the finance committee of United Church Women, a trustee of a liberal Presbyterian college (Macalester), and on the board of the United Presbyterian Foundation. Her cousin C. Davis Weyerhaeuser, on the other hand, has been a strong supporter and advocate of fundamental Christianity. He has served on the boards of the following fundamentalist groups: Moody Bible Institute, Young Life Campaign, Medical Supplies for Missions, Service Men's Christian Center, Multnomah School of the Bible, Inter-Varsity Christian Fellowship, and the Citizens Committee to Save Sunday for the Family. Not only has he supported these groups financially through his foundations, as we saw in the last section, but he has also used his family's position at times to seek benefits for fundamentalist groups. In the 1950's, for example, he sought his father's help in obtaining a rail pass for an individual working for Inter-Varsity. His father was on the board of the Great Northern Railway at the time, on

and shared a seat on the board of the First National Bank of St. Paul with Mr. Gavin, president of the Great Northern (WFP/File 12/Box 60).

Jerome Davis, writing in the American Journal of Sociology and Harper's some forty years ago, suggested that the "control of the church is now largely in the hands of the favored economic classes" (J. Davis, 1937:209). Examining Protestant church boards of control, he concluded that there was "an interlocking control of the church by the same capitalistic interests which control business" (J. Davis, 1937:209; cf. also J. Davis, 1932). But this still does not account for the support the Weyerhaeuser family gives to two different religious groups.

I would like to suggest that although the wealthy usually have memberships in the elite churches, they have a need for the religious orientation of the fundamentalist groups. The ideology of fundamentalism not only provides a way for the poor to alleviate their suffering, but also provides a justification for the wealthy. The same theodicy serves the interests of both the upper and lower classes. The upper class supports fundamentalism because it provides both an ideology of control for the lower class, and an ideological justification of the position of the upper class.

The family's ideological position can be ascertained by examining the contents of two books which Frederick King Weyerhaeuser sent to each member of the family in 1952 (WFP/File 39/Box 195). One, Howard Lowry's The Mind's Adventure (1950), deals with the relationship between religion and education. The other, Clarence Manion's The Key to Peace (1951), provides a particularly good example of an ideological justification. Writing about the relationship between religion and government, Manion

gives a religious legitimation for the process of accumulating an economic surplus.

Since you are thus naturally and morally obliged to help your neighbor in his unfortunate destitution may you shirk this social responsibility by deliberately keeping yourself so poor that you are never in a position to help anybody but yourself? By wilfully avoiding the accumulation of an economic surplus you are flouting your neighbor's rights, in two ways. In the first place you are wilfully risking the possibility that your own sudden destitution may throw a burden upon him. In the second place, your deliberate and wilful improvidence will make it impossible for you to assist him in the unfortunate event of his destitution. It follows therefore that each responsible human being has both a natural right and a natural duty to acquire and hold private property. Any other hypothesis would disregard the sacred unalienable character of human life. (Manion, 1951:65-66)

This book, endorsed by Norman Vincent Peale as "a formula for the perpetuation of real Americanism," also provides a defense of private enterprise and a glorification of individualism.

In using examples from Manion--which is a kind of 1950's Poor Richard's Almanac--I am not arguing that this ideology created a particular economic climate. Nor am I suggesting that Frederick K. Weyerhaeuser sent Manion's book to family members in order to create a "spirit of capitalism" in them. What I am suggesting, however, is that this ideology serves to legitimate the Weyerhaeuser family's economic activities, not only in its own eyes but also in the eyes of the "disadvantaged" classes. This is the close alliance between religion and capitalism that Weber was seeking to analyze in his earlier work on Protestantism and capitalism (Weber, 1946).

The orientation of fundamentalism is at ideological odds with the



social gospel message of some of the Protestant elite (cf. B. Johnson, 1971). This liberal-fundamentalist controversy within American Protestantism is mirrored in the ideological split within the Weyerhaeuser family. In the family it manifests itself through some members' support for fundamentalist groups like the Spiritual Mobilization. Shortly after sending 25 copies of Manion's book to the family members, Frederick K. Weyerhaeuser sent a copy of an article entitled, "Three Fallacies of the Left," to his daughter Lynn (WFP/File 39/Box 194; letter from F.K.W. to Lynn, Oct. 19, 1953). She must have been toying with "socialist ideas" during her college years, for he told her that this article provided the best answer to "socialistic doctrines" that he had read. He also mentioned that "your mother and I contributed to this article." The article was in Faith and Freedom, published by the Spiritual Mobilization. (He also called Lynn's attention to the first article in this issue, on "Pinks in the Pulpit.") A year later he wrote to the family requesting their support for Spiritual Mobilization (WFP/File 39/Box 195; letter from F.K.W. to Family, Dec. 20, 1954). In asking family members to support this group, he spelled out some of his beliefs:

I personally believe that the churches have been the objective of a tremendous campaign by the Socialists and Leftists who have done their best over recent years to confuse the clergy into supporting increasing government activity in the economic field, which can ultimately lead only to the all-powerful state and the loss of the individual freedoms which have made America great. (WFP/File 39/Box 195)

In suggesting that the Weyerhaeuser Foundation fund a Spiritual Mobilization program in 1952, Frederick K. Weyerhaeuser had referred family mem-

bers to an article on "Clergymen and Socialism" (WFP/File 39/Box 193; cf. Robinson, 1951). This article refers to Spiritual Mobilization as one of the groups presenting an alternative to John C. Bennett, Reinhold Niebuhr, and other social gospel spokesmen. The article appeared in The Freeman, which is published by the Foundation of Economic Education, "a non-political, nonprofit, educational, (sic) champion of private property, the free market, the profit and loss system and limited government" (cf. The Freeman, January 1974). The article states that "pinko" clergymen are "turning from the 'social gospel' to the fundamental Bible trusts that souls are saved one at a time, that people do not gain the Kingdom of God in 'social' groups--that there is no 'society', only individual human beings; no 'justice', only free men or slaves" (Robinson, 1951:720; emphasis his).

The modernism-fundamentalism controversy has also manifested itself within the mainstream churches. The cleavage is reflected in the different approaches which Weyerhaeuser family members take towards the role of various church agencies. Peggy Driscoll was a member of the Board of Christian Education of the Presbyterian Church in the 1950's when the Board was involved in this controversy. Her cousin Frederick K. Weyerhaeuser thought the statements and activities of the board, and the publications of the social concerns committee of the national Presbyterian Church, were "leftist." In 1952 he supported a resolution of the Social Education and Action Committee of the Peoria Presbyterian Church which stated that

the Social Education and Action Committee of the Presbyterian Church, U.S.A., is controlled by a leftist minority group which uses the committee publications to further the causes

of pacificism and socialism and through these publications presents a viewpoint... (WFP/File 39/Box 193)

Peggy Driscoll's response to F.K. Weyerhaeuser was that "the pronouncements as finally adopted by the board were not the work of a 'small left-ist group' but the thinking of the whole Presbyterian Church" (WFP/File 39/Box 193).

The Weyerhaeusers' involvement in religious organizations has not been limited to funding or to ideological squabbles. Members of the family have also been involved in decision-making within various religious organizations. By serving on the boards of various churches, church colleges, and seminaries, the family has been in a position to shape the ideological climate of the country. An example of their role in determining the "proper" professor of the Bible at Macalester illustrates this process. In the early 1940's some members of the family were concerned that funds they had contributed to Macalester would be used for purposes they did not support. In an exchange of letters between C. Davis Weyerhaeuser and his father, the concern was expressed that Macalester hire a Bible instructor who would give a "conservative" teaching of the Bible to students, because the other member of the department of religion was "nothing more than a social reformer" (WFP/File 12/Box 60). They communicated their desires to the president of Macalester, Charles J. Turch, a fellow member of the Minnesota Club with Frederick Edward Weyerhaeuser, and to Frederick R. Bigelow, chairman of the board of Macalester. Frederick E. Weyerhaeuser also wrote to two members of the national Board of Christian Education of the Presbyterian Church about the situation at Macalester. His son responded that his letters should go a long way



"toward stemming the modernism that has had such inroads in every department of the Presbyterian Church" (WFP/File 12/Box 60).

Not all of the family's intervention in the affairs of the Presbyterian Church has been aimed against the liberal clergy. At times the family has intervened in the financial decisions of several committees. Several of these committees held investments of Weyerhaeuser Timber Company stock, acquired as gifts from family members. The Board of Christian Education, for example, received 8,000 shares of Weyerhaeuser Timber stock, set up in a trust in the name of Elizabeth Sarah Bloedel. In 1944, the Board advised Rudolph M. Weyerhaeuser that the financial committee of the Board planned to sell its Weyerhaeuser Timber stock. Rudolph wrote to Colonel Babcock on the finance committee requesting that they not sell the stock. He told Babcock he had washed his hands of the matter, but then proceeded to advise the board not to sell. Macalester College, through its president Dr. Turch, Mr. Bigelow, and Rudolph M. Weyerhaeuser, informed the board that it did not favor disposing of all or part of the stock. The investment committee retained the Weyerhaeuser Timber stock (WFP/File 10/Box 49).<sup>9</sup>

The preceding sketch of the Weyerhaeuser family's involvement in religion has shown the family's close ties to religious organizations. The Weyerhaeusers, however, are hardly alone in having a history of involvement in Protestant church organizations; other upper class families have had links to churches through church governing bodies and through

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<sup>9</sup>This stock represented nearly half of the stock held by the Board of Christian Education of the Presbyterian Church. The board held \$615,000 worth of Weyerhaeuser Timber stock, representing 46.5% of all its investments in 1950 (Presbyterian Church, 1951).

their funding of church programs and buildings. Frederick Lewis Allen tells us that J. Pierpont Morgan was not only "a formidably successful banker but a tireless vestryman and church warden, a giver of parish houses and cathedral chapels, an energetic attender of triennial Episcopal Conventions" (F. Allen, 1965:13). John D. Rockefeller was closely associated with the Baptist Church through his gifts and his role as a deacon in his local church (cf. R. Johnson, 1931; and Collier and Horowitz, 1976). Rockefeller had already given millions to the Baptists when he created a "center of Baptist learning" by rebuilding the University of Chicago in 1887 (Collier and Horowitz, 1976:50). Rockefeller financed other church programs during his lifetime, the most notable of which was a \$100,000 donation to the Board of Foreign Missions of the Congregational Church.<sup>10</sup>

#### Conclusions

This chapter has examined and analyzed the Weyerhaeuser family's involvement in religious and philanthropic activities. The main arguments have centered on the role of foundations as mechanisms for (1) controlling corporations, (2) maintaining family cohesiveness, (3) preserving family wealth, (4) avoiding taxes, and (5) creating a favorable ideological climate.

(1) Corporate control. The analysis shows that the Weyerhaeusers do

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<sup>10</sup>It was not the size of the contribution that made the gift notable --by 1905 Rockefeller had already tithed nearly \$100 million--but rather the controversy it fostered. This was the "tainted money" controversy, which pitted one of the leading social gospel spokespersons against the robber barons (cf. Collier and Horowitz, 1976).

not use their foundations as a primary organization for maintaining control of corporations. The investments held by these foundations represent only a small portion of the total stock held by the family in a network that includes trusts, holding companies, foundations, and personal accounts.

(2) Family cohesiveness. One of the most important functions performed by Weyerhaeuser foundations is the maintenance of family solidarity. The Weyerhaeuser Foundation serves this purpose by encompassing all the nuclear units of the larger kinship group on its board.

(3) Preservation of family wealth. Foundations serve as tax-exempt organizations under family control. By contributing money from trusts, estates, and individual gifts to these foundations, the family is able to reduce its tax "burden" and maintain large portions of its fortune intact.

(4) Tax avoidance. Avoiding taxes removes money from the public coffers and sets up a private-organization "government" to decide which programs will "benefit" the larger community. The majority of programs funded by family and company sponsored foundations have strong ties to the family or corporation. Family foundations often share directorships with the organizations they fund, while company foundations usually fund programs in communities in which they have plants.

(5) Ideological climate. Foundations play a role in shaping and molding public opinion through a process of selective giving.

We turn next to examine another external link the family has with the larger society, its involvement in the political process.



exception rather than the rule. The political giving of the Weyerhaeuser family will be compared with the contributions of twelve select families. This comparison will provide a measure of the Weyerhaeusers' political

## CHAPTER VIII: POLITICAL INVOLVEMENT AND INFLUENCE: CAMPAIGN CONTRIBUTIONS, TRADE ASSOCIATIONS, AND OTHER INVOLVEMENTS

In the United States all powers flow directly or indirectly from popular elections.... But that does not prevent a rich man from being more influential than a poor man, since he can use pressure upon the politicians who control public administration. It does not prevent elections from being carried on to the music of clinking dollars. It does not prevent whole legislatures and considerable numbers of national congressmen from feeling the influence of powerful corporations and great financiers. (Gaetano Mosca, 1939:57-58)

The purpose of this chapter is to examine the involvement of the Weyerhaeuser family in the political process. We will examine the various linkages that individual members of the family have with several aspects of the political structure in the United States. These are (1) the family's role in selecting candidates by funding campaigns; (2) corporate involvement in local politics, particularly around the issues of taxes and pollution; (3) the furtherance of a business ideology through public relations and advertising; and (4) involvement in trade associations and other special interest groups. By examining the family's involvement in and linkages to each of these political processes we hope to assess the family's influence on the political structure.

The major focus will center on the family's role in the electoral process, particularly in campaign contributions. Most families of wealth prefer to operate in the political arena via one of the "indirect" routes. The more public participation of the Rockefellers and Kennedys is the

exception rather than the rule.<sup>1</sup> The political giving of the Weyerhaeuser family will be compared with the contributions of twelve select families. This comparison will provide a measure of the Weyerhaeusers' political giving in relationship to other families of wealth.

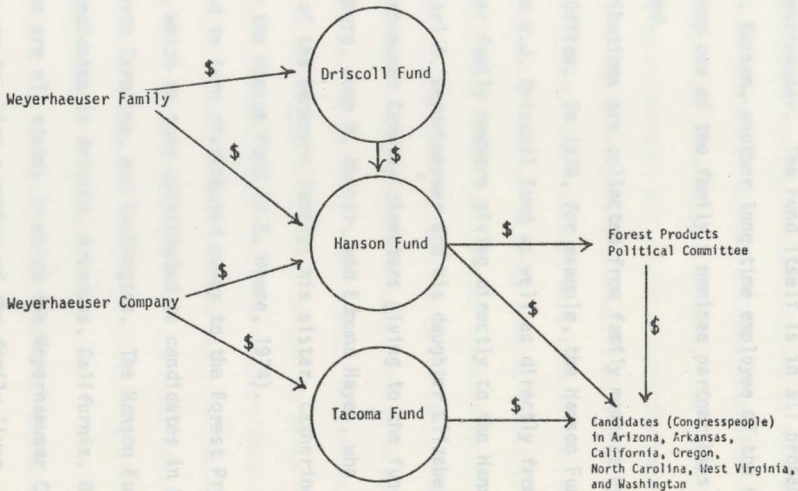
Earlier we saw how the Weyerhaeuser Family Office was used to perpetuate control through the management of common corporate investments, trusts, holding companies, and foundations. In the area of campaign contributions the Office plays an equally central role, collecting, channelling, and distributing money. An examination of the money flowing to candidates reveals how the Family Office serves as a conduit for campaign contributions and how the sources of campaign money are hidden from the public. Money flows from individuals--both family members and corporate officials--through various political funds in the Family Office to various candidates. The use of these funds and their coordination in the Family Office is the key to understanding the family's involvement in the political process.

In recent years the family and the Weyerhaeuser Company have used three funds for channelling money to political candidates. Money is not given to the candidate directly but passes into either the Tacoma Fund, the Hanson Fund, or the W.J. Driscoll Special Fund. The Tacoma Fund is a Weyerhaeuser Company fund. The Hanson Fund is primarily a family fund, but is often used by officers and directors of the Company or by family members of Weyerhaeuser associates. The W. J. Driscoll Fund is mainly a family fund. Chart 12 traces these money flows.

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<sup>1</sup>The Congressional Quarterly's (1974b) study of campaign spending lists eight wealthy individuals who themselves ran for office.

CHART 12  
 FLOWS OF WEYERHAEUSER POLITICAL CONTRIBUTIONS





Both the Hanson Fund and the Driscoll Fund are housed at the Weyerhaeuser Family Office. The treasurer of the Hanson Fund is Gordon E. Hed, a long-time employee of the Family Office and former personal secretary of Frederick King Weyerhaeuser. The Fund itself is in all probability named after Donald N. Hanson, another long-time employee of the Office, and the person for whom one of the family's nominee partnerships for stock holding is named.

Campaign contributions are collected from family members by the staff at the Family Office. In 1974, for example, the Hanson Fund received money from the W.J. Driscoll Fund as well as directly from family members. Weyerhaeuser family members giving directly to the Hanson Fund that year included Carl A. Weyerhaeuser and his daughter Elizabeth W. Bentink-Smith. Weyerhaeuser Company directors giving to the fund in 1974 included John H. Hauberg, John M. Musser, and Edmund Hayes, who is retired. Hauberg is a member of the Denkmann family; his sister, Catherine H. Sweeny, also gave to the Hanson Fund (U.S. House, 1974).

The Hanson Fund in turn distributed money to the Forest Products Political Committee, which in turn contributed to candidates in West Virginia, Oregon, North Carolina, and Washington. The Hanson Fund contributed directly to candidates in Arizona, Arkansas, California, Oregon, and West Virginia. These are all states in which the Weyerhaeuser Company has operations or plants, or in which a member of the family lives.

The Family Meeting also serves as an important mechanism for coordinating the family's political activities. The Meeting provides a forum wherein to arrive at decisions about which candidates to support. It may also still be used to collect contributions. At the Family Meeting in

January of 1952, for example, one of the agenda items was the family's political contributions (WFP/File 39/Box 195).

In 1950, Frederick K. Weyerhaeuser wrote to the family requesting funds from individual members for use in "contributing to expenses of worthwhile candidates for Congress" (WFP/File 39/Box 195/Folder 130). The political collection was undertaken every two years. Two years later members of the family were reminded that a lack of sympathy existed in Congress and state legislatures towards conservative points of view. These legislative bodies, the family members were told at the Family Meeting in 1952, had shown an adverse tendency towards industry. "Collectivist and socialistic theories have been preached by politicians and generally accepted by the public" (WFP/File 39/Box 195). Family members were reminded that it was illegal for corporations to make direct contributions to candidates or political committees. Corporations, they were told, had skirted this legal obstacle by collecting money from their stockholders, directors, and officers. The Weyerhaeuser Timber Company was no exception to this practice. Every second year, \$30,000 was collected to be distributed to the right candidates for state and national elections. Contributions of members of the Weyerhaeuser family accounted for one-third of these funds.

Since 1952 was an election year the family had to decide which Republican presidential candidate they were going to support in the primary. Living in Minnesota it would have been difficult for them not to support Harold Stassen, the state's favorite son. On the other hand, the family's friends and other contacts in the East were advancing the candidacy of General Eisenhower. Yet most of the family's support in the

primary appears to have gone to Robert A. Taft (WFP/File 39/Box 195). Just how much of the \$30,000 (estimated from family papers) that would have been available was spent in the primary and how much went to Eisenhower and Nixon in the general election is unknown; the records of campaign contributions fail to list any Weyerhaeuser contributions in this particular year (Congressional Quarterly, 1952a-1954a).

The political report at the Family Meeting in 1953, after the Eisenhower-Nixon victory, assured the family that it had friends in Washington. The family was told, "Naturally we have more friends in government today due to the Republican victory. We have also made a strong effort the past 10-15 years to cultivate friends in government" (WFP/File 39/Box 195). These "friends" in the executive branch whom the family knew and who knew them favorably included, in addition to Eisenhower and Nixon, Sherman Adams, Willis, Ezra Taft Benson, Jim Block, Sinclair Weeks, George Humphreys, Jim Hagerty, Harold Stassen, and Warren Burger. Friends of the family in the Senate included Robert A. Taft, Everett Dirksen, Joseph R. McCarthy, Eugene D. Milliken, George W. Malone, Edward J. Thye, Prescott S. Bush, Seton, and Frank Carlson.

The Office not only houses the funds and serves as a conduit, but in all probability coordinates political contributions on advice from the Family Meeting. Information on the family's campaign contributions in 1972 provides evidence to suggest a coordinated effort by members of the Weyerhaeuser family in their political giving. Contributions were made on the same day, for the same amount, to the same committee, by family members living in various parts of the country (U.S. General Accounting Office, 1973).



Altogether the Weyerhaeuser family (i.e., various individual members of the family) gave a total of \$114,281 to various political funds and committees in 1972. This includes some \$30,000 contributed prior to the April, 1972, Federal deadline for non-reportable contributions by two family members: Frederick K. Weyerhaeuser gave \$5,000 and his nephew George H. Weyerhaeuser \$25,000.<sup>2</sup> Along with twenty-three other members of the family, Frederick K. and George gave the rest of their money after April 7, 1972. The later contributors are listed in the U.S. General Accounting Office publication (1973) under their various names (see Chart 1). Table 10 gives a list of family members and their contributions. All but \$850 of the \$114,281 found its way into Nixon's campaign coffers.

Evidence for coordinated political giving comes from several observations drawn from Table 10: (1) contributions were made on the same day by family members living throughout the United States; (2) these contributions were for the same amount or for multiples of that amount; and (3) the contributions were to the same committee. This suggests that the task of coordination is carried out by a person at the Family Office, since the funds are housed there.

The pattern of contributions to the W. Driscoll Special Fund is especially revealing. In 1972, 22 of the 25 family members who gave political contributions contributed some \$11,700 to the W. Driscoll Special Fund. (The fund is named after W. John Driscoll, the president of several family holding companies.) On June 27 and 28, 1972, for example, 13

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<sup>2</sup>Common Cause (1972) reported that George gave \$22,000, as did the Seattle Post-Intelligencer (October 12, 1973), while the Congressional Quarterly (1974b) reports a gift of \$25,000 from George.

TABLE 10

## WEYERHAEUSER FAMILY 1972 PRESIDENTIAL CAMPAIGN CONTRIBUTIONS

Donor	Amount	Fund	Date (1972)
Davis, Catherine M.	\$2,100	W DRISCLL SPEC FD/MN	6/29
	1,564	MINN REP FIN COMM	7/25
	200	(same)	8/30
	2,500	MEDIA CM RE EL PRES	9/21
	2,500	MN FC RE EL PRES/MN	9/29
	2,500	RADIO CM RE EL PRES	9/21
	2,500	TV CM RE EL PRES	9/21
Davis, Frederick W.	\$ 180	W DRISCLL SPEC FD/MN	7/20
Driscoll, John	\$2,500	RADIO CM RE EL PRES	9/21
Margaret W.	720	W DRISCLL SPEC FD/MN	6/27
	2,500	NM FC RE EL PRES/NM	10/02
Rudolph W.	200	REPUB NATL FINAN CM	5/01
	200	(same)	5/11
	720	W DRISCLL SPEC FD/MN	6/27
W.B., Mrs.	1,000	REP ST CTL CM/NM	4/12
W.J.	973	WASH DEM NIXON	-
W.J.	500	DM DINNER COM	11/09
W.John	1,000	RN ASSOC COMM	4/21
	720	W DRISCLL SPEC FD/MN	7/18
	3,564	MINN REP FIN COMM	7/25
	2,500	TV CM RE EL PRES	9/21
	2,500	MEDIA CM RE EL PRES	9/21
	2,500	MN FC RE EL PRES/MN	9/29
Walter B., Mrs.	2,500	RADIO CM RE EL PRES	9/21
	2,500	TV CM RE EL PRES	9/21
	2,500	MEDIA CM RE EL PRES	9/21
Gaiser, Mary J.	\$ 620	W DRISCLL SPEC FD	6/27
	550	WA FC RE EL PRES/WA	7/22
Greer, William H., Jr.	\$ 770	W DRISCLL SPEC FD	6/27
	3,000	FRNDS OF L. NUNN/USS	10/11
Hanson Fund	\$1,000	WA FC RE EL PRES/WA	10/27
Jewett, George F., Jr.	\$ 770	W DRISCLL SPEC FD	6/27
McCarthy, Walter R.	\$ 180	W DRISCLL SPEC FD	7/06
Meadowcroft, W. H.	\$ 180	W DRISCLL SPEC FD	6/27

Mooman, Albert J.	\$ 200	VICT 72 LUNCHEON/CA	9/14
Pascoe, Ann W.	\$ 180	W DRISCLL SPEC FD	7/05
Phares, Elise R.	\$ 180	W DRISCLL SPEC FD	7/13
Piasecki, Frank, Mrs.	\$ 300	THE MCCABE AWD D CM	10/18
V.W., Mrs.	1,000	FIN COMM TO RE EL PRES	9/15
Vivian	180	W DRISCLL SPEC FD	7/06
Vivian W. Mrs	2,000	VICT 72 DNR COMM	9/19
Rosenberry, Walter	\$ 250	MCGOV FOR PRES INC	8/21
Walter S.	350	MUSKIE SOUTHERN COMM	10/02
Walter III	250	MCGOV FOR PRES INC	11/01
Walter S. III	180	W DRISCLL SPEC FD	7/06
Sivertsen, S.W.	\$1,250	TV CM RE EL PRES	9/21
S.M.W., Mrs.	1,250	RADIO CM RE EL PRES	9/21
	1,250	MEDIA CM RE EL PRES	9/21
Sara Maud W.	1,564	MINN REP FIN COMM	7/25
Sara W.	1,250	MN FC RE EL PRES/MN	9/29
Titcomb, Edward R.	\$ 460	W DRISCLL SPED FD	6/27
	1,500	MINN REP RIN COMM	9/26
Weyerhaeuser, C. Davis	\$1,000	WASH DEM NIXON	-
	1,080	W DRISCLL SPEC FD	6/28
Carl A.	1,080	W DRISCLL SPEC FD	6/27
F.K.	750	W DRISCLL SPEC FD	6/27
	1,564	MINN REP FIN COMM	7/25
	1,000	VICT 72 DNR COMM	9/25
	2,500	MA FC RE EL PRES/MA	9/27
F.T.	782	MINN REP FIN COMM	7/26
	1,000	MINN REP FIN COMM	9/19
Frederick K.	1,000	REP CONV GALA 72	7/10
Frederick T.	180	W DRISCLL SPEC FD	6/27
George H.	180	W DRISCLL SPEC FD	7/20
William B.	180	W DRISCLL SPEC FD	6/28
J.P. III	180	W DRISCLL SPEC FD	6/27
F.K.	2,500	RADIO CM RE EL PRES	9/21
Frederick K.	2,500	TV CM RE EL PRES	-
F.K.	2,500	MEDIA CM RE EL PRES	9/21
Total		\$84,281	

Source: U.S. General Accounting Office, 1973.



individual family members contributed to this particular fund--nearly all contributed \$180 or multiples of \$180. Frederick T. Weyerhaeuser, his second cousin John P. Weyerhaeuser III and another cousin, William B. Weyerhaeuser, made contributions of exactly \$180; Rudolph W. Driscoll and his mother each contributed \$720 or four times \$180; Carl A. Weyerhaeuser and his cousin C. Davis Weyerhaeuser each gave \$1080 or six times \$180. Other family members gave to the Driscoll Fund during a two-week period in July.

Not everyone gave in multiples of \$180, although those that did not came close enough (e.g., \$770 rather than \$720; \$460 rather than \$360; and \$620 rather than \$720) to suspect a mistake in the reporting. Whether this is what happened cannot be determined from the report (U.S. General Accounting Office, 1973). What is more convincing, though, is that only members of the fourth generation gave \$180; members of the third generation usually gave more, generally a multiple of \$180. Carl A. Weyerhaeuser, C. Davis Weyerhaeuser, Catherine M. Davis, and George F. Jewett, Jr., for example, all members of the third generation, follow this pattern. Gifts for exactly the same amount and given on the same day, and the pattern of generational differences, strongly suggest that these contributions were coordinated.

Two additional dates are worth noting because they lend additional evidence to the thesis of coordination. On July 25, three members of the Weyerhaeusers, Catherine M. Davis, Sara Maud W. Sivertsen, and Frederick K. Weyerhaeuser, each gave \$1,563.65 to the Minnesota Republican Finance Committee, while W. John Driscoll gave \$3,563.65 to the same

committee.<sup>3</sup> It hardly seems coincidental. Then on September 21, five family members made contributions totaling \$31,250 to three different media committees--the Media, Radio, and TV Committees to Re-Elect the President. Once again this is suggestive of family coordination.

As with previous matched dates and amounts, all these individuals do not live in the same city. They are distributed in various communities around the country. In the case of the Driscoll Fund, for example, individual family members living in Pasadena, St. Paul, Tacoma, Milton (Mass.), Englewood (Colo.), Santa Fe, Kirkland (Wash.), Atherton (Calif.), Chevy Chase (Md.), Ross (Calif.), Wayzata (Minn.), Denver, Haverford (Penna.), and Spokane, all made contributions to this family political fund. This dispersion around the country, in addition to exact amounts and dates, suggests a further mechanism may be used in the coordinating process.

It thus appears that the Family Office actually writes the checks to these committees. It would be a difficult task to coordinate the giving of 13 individuals to the Driscoll Fund in any other way. It would also be next to impossible for five individuals to give the same amount on the same day to the media committees without some device for coordinating their actions.

#### Money Flows in 1972

The links between corporate and family wealth and government were exposed for everyone to see in 1972. It was not only the expose of

<sup>3</sup>This latter gift of W. John Driscoll's is actually reported twice, once alphabetized under Driscoll, W. John, and later under W. John Driscoll. I have listed it only once, which may be incorrect, but I am assuming it is another mistake in reporting.

illegal campaign gifts, laundered money, and dirty tricks associated with Watergate that made this year so interesting, but the passage of a new campaign act the previous year. On April 7, 1972, this new "reform" legislation went into effect, requiring "political committees to report to the Office of Federal Elections the name and address of each person and organization making a contribution, loan, refund, rebate, payment, or monetary transfer to presidential and vice-presidential committees and candidates in excess of \$100, together with the amount and date of the transaction" (U.S. General Accounting Office, 1973).

It is well known that the Federal Election Campaign Act of 1971, as it was called, did not "clean up" the giving and spending of campaign funds. It did, however, provide for the first time on a national basis greater insight into the sources of funds used to support candidates. In a two-volume report published by the U.S. General Accounting Office (1973) for the Office of Federal Elections, we find over 80,000 entries of "contributions, loans," etc., which were made between April 7, 1972, and December 31, 1972.

One of the loopholes in the new law was the provision that contributions prior to April 7, 1972, did not have to be reported. It is a well known fact about the 1972 election that the Nixon campaign received support from a large number of donors prior to this date "with the expectation that their names would never be made public" (Congressional Quarterly, 1974b:7). Close to \$20 million reached the Nixon organization in this manner. This included "some huge contributions from individuals and industry and special interest groups--some illegal, as violating the ban on direct corporate contributions" (Congressional Quarterly, 1974b:7;



cf. Congressional Quarterly, 1974b:65-69 for a listing of individual contributions of \$40,000 or more prior to April 7, 1972). Many of these pre-April 7 funds have become public knowledge as a result of Watergate hearings and a Common Cause lawsuit.

These new sources of data provide us with a great deal of information, giving not only the amount of money the Weyerhaeusers spent on politics in 1972, but also as we have seen the evidence that their political giving is organized. With the data gleaned from these new disclosures we can also piece together the networks or channels through which Weyerhaeuser money flows. The charting of money flows for 1972, in Chart 13, reveals a pattern similar to that in Chart 12. It provides a graphic depiction of the paths that Weyerhaeuser money took to reach the Nixon campaign.

None of the money contributed in the 1972 presidential campaign went directly to a candidate. Individual family contributors gave money either to the W. Driscoll Special Fund or to other political committees. Several of these committees as we have seen are managed by the Family Office. Other committees were state or national committees associated with the Committee to Re-Elect the President (CREEP).

Chart 13 shows contributions from other than family members which can be attributed to the Weyerhaeuser interests. Most notably, the Weyerhaeuser Company and its officers and directors are included in the chart. Four officers of the Weyerhaeuser Company gave \$4,000 to the Republican cause in 1972, each contributing \$1,000 as follows:

C. Calvert Knudsen .....	Wash. FC RE EL PRES
Bernie Orell .....	Wash. Dem. Nixon
M.D. Robison .....	Tacoma Fund

R.L. Schuyler ..... FIN COM RE EL PRES

Directors of the Weyerhaeuser Company and members of their families, many of whom are descendants of the original Weyerhaeuser associates, contributed another \$27,625, as shown in Table 11 (these figures exclude contributions by George H. and C. Davis Weyerhaeuser, who have been counted with the Weyerhaeuser family). Since many of these directors have other interests and sit on other corporate boards, it would be difficult to argue that all of this money represents Weyerhaeuser interests alone or directly. Two of these funds, however, the Hanson Fund and the Tacoma Fund, have already been identified as Weyerhaeuser funds--one is managed out of the Family Office, the other out of corporate headquarters.

The Weyerhaeuser Company has three other political funds that are used at the state and local level. The WEYCO Executive Fund is registered in Minnesota and funds candidates there and in Oregon and Washington. As with the Hanson fund, WEYCO operates out of the Family Office. The treasurer of the WEYCO Fund is Donald N. Hanson, and the chairman of the fund is Bernard Orell, vice-president of public affairs for the Weyerhaeuser Company. This gives both the corporation and the family representation on the same political committee. The Federal Way State Fund and the Quadrant Corporation, a Weyerhaeuser Company subsidiary, are company funds used to channel money to state House and Senate candidates in Oregon and Washington.

Company lobbyists play an active role in deciding who gets money and who does not (cf. Evergreen State College, 1975). The Evergreen study of Weyerhaeuser Company reported that

Weyerhaeuser spreads its contributions fairly thin, giving \$100 or so to about half of the candidates, winners or losers. They concentrate on some important people like Leonard Sawyer, Speaker of the House, who got a \$750 contribution out of his \$13,000 campaign fund, or six percent of his fund. Most Washington campaigns cost about \$11,000 to run, and Weyerhaeuser rarely gives more than five percent of that. (Evergreen State College, 1975:40)

Analysis of Weyerhaeuser giving in Oregon reveals a similar pattern of giving (cf. Oregon, 1974). State senators and representatives usually receive \$100, unless they chair important committees, in which case they are likely to get more.

Many corporations have one person who is responsible for collecting money from the officers, directors, and employees. This money is then sent on to a candidate or committee, usually in a company envelope so there is no question about where the money came from (cf. Gale and Dunn, 1972; cf. Heard, 1962:109-119).

Political money often comes directly from corporations, even though it is an illegal practice for them to make direct contributions. Morton Mintz and Jerry Cohen cite several ways corporations make indirect contributions, including:

Corporate payments of cash bonuses to employees with the understanding that a portion of the funds will be used as a political contribution to a selected candidate and the remainder for payment of taxes on the entire "bonus."

Corporations loaning employees to work in political campaigns while still paying their salaries. (Mintz and Cohen, 1971:206)

As Mintz and Cohen point out, these practices are examples of ways in which corporations skirt the Corrupt Practices Act of 1925. This Act made it "unlawful for any national bank, or any corporation...to make a



CHART 13  
WEYERHAEUSER FAMILY AND CORPORATE 1972 PRESIDENTIAL CAMPAIGN CONTRIBUTIONS

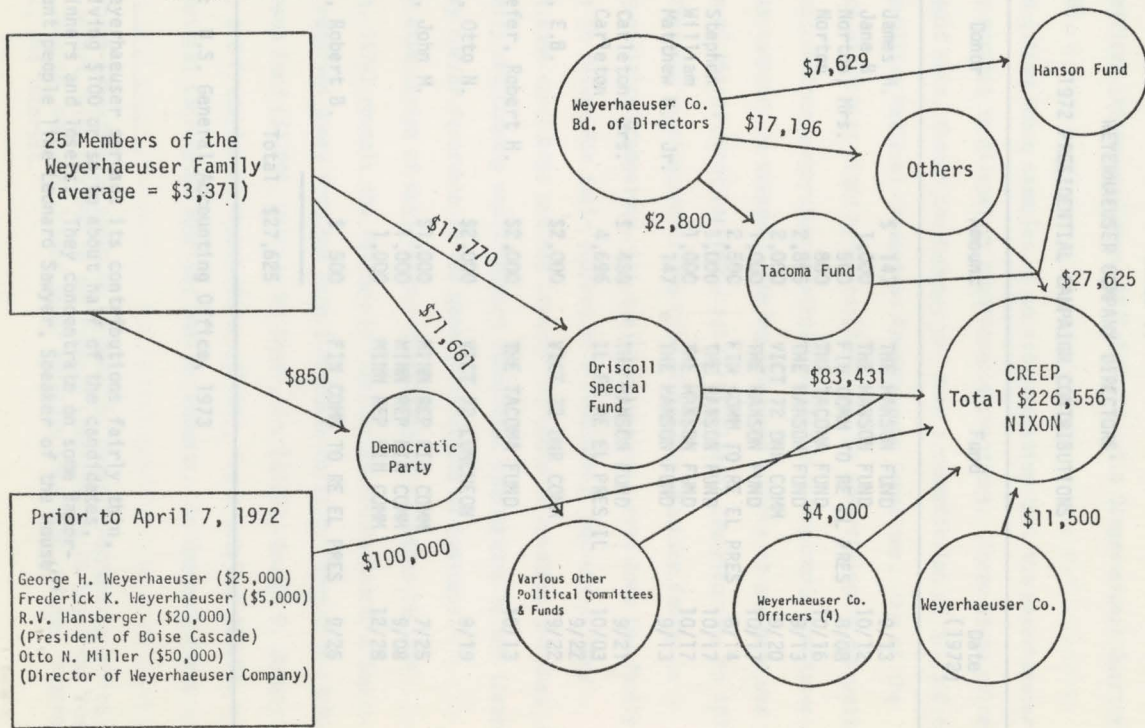


TABLE 11

## WEYERHAEUSER COMPANY DIRECTORS'

## 1972 PRESIDENTIAL CAMPAIGN CONTRIBUTIONS

Donor	Amount	Fund	Date (1972)
Clapp, James H.	\$ 147	THE HANSON FUND	9/13
Jane B.	1,000	THE HANSON FUND	10/12
Norton, Mrs.	500	FIN COMM TO RE EL PRES	8/08
Norton	800	THE TACOMA FUND	10/16
	2,855	THE HANSON FUND	9/13
	2,000	VICT 72 DNR COMM	9/20
	1,000	THE HANSON FUND	10/17
	2,500	FIN COMM TO RE EL PRES	8/14
Stephen	1,000	THE HANSON FUND	10/17
William	1,000	THE HANSON FUND	10/17
Matthew N., Jr.	147	THE HANSON FUND	9/13
Blunt, Carleton, Mrs.	\$ 480	THE HANSON FUND	9/21
Carleton	4,696	IL FC RE EL PRES/IL	10/03
			9/22
Ingram, E.B.	\$2,000	VICT 72 DNR COMM	9/22
Kieckhefer, Robert H.	\$2,000	THE TACOMA FUND	10/13
Miller, Otto N.	\$2,000	VICT 72 LUNCHEON	9/19
Musser, John M.	\$1,000	MINN REP FIN COMM	7/25
	1,000	MINN REP FIN COMM	9/08
	1,000	MINN REP FIN COMM	12/28
Wilson, Robert B.	\$ 500	FIN COMM TO RE EL PRES	9/26
	Total	\$27,625	

Source: U.S. General Accounting Office, 1973

Weyerhaeuser spreads its contributions fairly thin, giving \$100 or so to about half of the candidates, winners and losers. They concentrate on some important people like Leonard Sawyer, Speaker of the House,

contribution or expenditure in connection with any election to any political office" (Mintz and Cohen, 1971:205; cf. also Congressional Quarterly, 1971a:8).

In citing these examples, I am not suggesting that the Weyerhaeuser Company engages in illegal or questionable practices. There is no evidence to suggest this, though the Company did make a contribution of \$11,500 to the Republican National Convention Arrangements Committee. One of the indirect activities cited by Heard (1962:134) is advertising in convention programs; whether corporate contributions to the arrangements committee fit this category is unknown. The Weyerhaeuser Company at any rate was not one of the corporations found guilty of illegal contributions in 1972.<sup>4</sup>

After our examination of the role of the Weyerhaeuser family in funding political campaigns, the question remains: what does the family receive in return for their support of a candidate? And why do they support some candidates and not others? It could be hypothesized that the family and Company would support candidates sympathetic to the timber industry and/or favorable to the general interests of business.

An examination of Weyerhaeuser contributions in Oregon in 1974 (Oregon, 1974) reveals the following: Senator Robert Packwood, a Republican, received money from the Forest Products Political Committee (\$200), the Hanson Fund (\$1700), William H. Greer, Jr. (\$100), George F. Jewett (\$250), and Frederick K. Weyerhaeuser (\$1000), for a total of \$3,250. Congressional candidates received smaller amounts. In Oregon's First

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<sup>4</sup>Boise Cascade also shows up in the U.S. General Accounting Office (1973) report, with \$25,000 to the Finance Committee to Re-Elect the President. This is, however, listed under receipts including refunds, returns, rebates, and interest.



Congressional District, Diarmuid O'Scannlain, a Republican running against Les AuCoin, a liberal Democrat, received \$2,000 from the Hanson Fund. In the Third Congressional District, Robert Duncan, an incumbent Democrat, received \$3,022 from the Hanson Fund. John Dellenback, a Republican incumbent running against James Weaver, a liberal Democrat, received \$2,000 from the Forest Products Political Committee and \$500 from the Hanson Fund.

One can explain the support given Dellenback and O'Scannlain in part by the public record of their opponents, both of whom were viewed as pro-consumer and pro-environmentalist. An examination of voting records on two issues affecting Weyerhaeuser--a bill giving the Environmental Protection Agency the right to conduct its own litigation, and a bill restricting the use of Domestic International Sales Corporation (DISC) export tax subsidies--shows that Weaver and AuCoin have voted against Weyerhaeuser interests (cf. Public Citizen, 1976). (We are aware that an analysis of two issues is inadequate, but it provides some insight into the problem of why some candidates receive support and others do not. This could be a partial explanation for Weyerhaeuser's support of Dellenback and O'Scannlain. The problem, however, is that Weyerhaeuser also contributed to Duncan's campaign and he voted along with Weaver and AuCoin against Weyerhaeuser interests on those two bills. An analysis of Packwood's voting record, on the other hand, shows that he voted on two bills in ways deemed to be in Weyerhaeuser's interests. He voted against limiting the DISC export tax subsidy, and against requiring public disclosure of U.S. corporate payments in connection with overseas business.

The result of this brief analysis of voting patterns suggests that

Weyerhaeuser campaign contributions do not buy votes or guarantee that a senator or congressperson will vote in accord with their interests. It is more likely that the contribution assures Weyerhaeuser lobbyists a hearing on matters affecting the company. The Evergreen study summarized the role of contributions this way: "While a Weyerhaeuser contribution is not a decisive influence in a candidate's campaign, a minor contribution is an inexpensive way to let a candidate know that Weyerhaeuser is interested in him/her" (Evergreen State College, 1975:41).

It is likely that "the fat cats who contribute \$500 or more to individual candidates do not own the party lock, stock and barrel," as Domhoff says, but "they do have a dominant interest" (Domhoff, 1972a:13). This assessment could also apply to Weyerhaeuser political giving.

#### Comparison With Other Families and Earlier Years

Political scientist Herbert E. Alexander has provided detailed empirical information on the role of the wealthy in financing elections. It provides us with good background data for analyzing the significance of Weyerhaeuser contributions. Alexander's discussion of the role of twelve wealthy families in each presidential election will provide information on a group of upper class families with which the Weyerhaeusers can be compared.

In 1957, the Senate Subcommittee on Privileges and Elections of the Rules and Administration Committee issued a report on the finances of the 1956 general election, now known as the Gore Committee report (U.S. Senate, 1957). The committee selected for special study "prominent" families that had made "significant political contributions" to Federal election campaigns,

along with officials of the 225 largest corporations, officials of labor unions, officials of military prime contractors, and officials of oil companies and other special interest groups.<sup>5</sup>

Alexander Heard, a former professor of Herbert Alexander's and the author of The Costs of Democracy (1962), says that the Gore Committee chose the group of families "for analysis because of the large aggregate volume of its members' donations" (Heard, 1962:137). Other than this we are never told on what bases these families were chosen. Heard also points out that "the totals for some of the families fell below the amounts reported for several individual contributors" (Heard, 1962:137). Furthermore, the report usually includes only those family members bearing a common surname. As Mills pointed out, analyzing family groups by this means results in an incomplete total of contributions because "many

<sup>5</sup>Cf. Congressional Quarterly, 1957a:187-212. The 1952 election analysis of wealthy family giving used a group of 11 family groups (U.S. Senate, 1956). The report says that the "list is illustrative only. It does not include all families whose members make large campaign gifts. Nor have all contributions in each family necessarily been identified" (U.S. Senate, 1956:525).

Analyses of family groups in earlier elections are also available. Studies of campaign expenditures prior to 1956 used a different set of families each year. In 1944, 64 family groups were analyzed by the Green Committee (U.S. Senate, 1945:140-151). A similar selection of family groups, once again limited to 12 families, can be found for the 1940 election (U.S. Senate, 1941:143-147). All of these reports list contributions of \$500 and over that were reported to the Clerk of the House and to the Secretary of the Senate by the candidates and the political committees. In addition, in 1956 questionnaires were sent to national, state, and local political and labor organizations, asking for detailed reports on campaign financing from September 1 through November 30, 1956 (U.S. Senate, 1957).

Another source of data has been the Congressional Quarterly (1952a-1975a) and the Congressional Quarterly Weekly Report. These publications have provided lists of all reported campaign contributions of \$500 or more for all Federal elections since 1954.



contributions can be made by family members of different names" (Mills, 1959:167). These observations demonstrate once again the importance of genealogical research in determining all members of a particular kin group.

The Gore Committee (U.S. Senate, 1957) chose the following twelve families: duPont, Field, Ford, Harriman, Lehman, Mellon, Olin, Pew, Reynolds, Rockefeller, Vanderbilt, and Whitney. Studies of succeeding elections by Heard and Alexander have utilized these same twelve family groups, enabling us to compare patterns of giving in successive elections.

Through the years these families have given predominantly to Republican politics. The Weyerhaeusers as we have seen followed this pattern in 1972. Their total of campaign contributions for 1972 came to \$114,281 (see Table 10 and Chart 13). This included all contributions of \$100 or more, while Alexander's assessment of the contributions of the 12 families includes all contributions of \$500 or more. The breakdown for each of the twelve families in 1972 is shown in Table 12.

For purposes of comparison the twelve families can be divided into two groups, those who gave more than \$50,000 and those who gave less. Those under \$50,000 gave an average of \$27,656 per family. Those over \$50,000 gave an average of \$447,640. The twelve families together averaged \$307,646 in 1972. This included \$1.3 million from the Mellons and \$0.5 million from the Rockefellers. The Weyerhaeuser total of \$114,279 compares favorably to the average giving in the second grouping, those under \$50,000. Actually, the Weyerhaeuser giving is nearly two-and-a-half times the average for this second group. If only the Weyerhaeuser contributions of \$500 or more are included (the figure used by Alexander), their

TABLE 12  
CONTRIBUTIONS OF 12 PROMINENT FAMILIES, 1972

Name	Number of Members Contributing <sup>a</sup>	Total Contributions	Contribution Breakdown		
			Republican	Democratic	Misc.
DuPont	85	\$ 547,683.60	\$ 505,233.60	\$ 35,200	\$ 7,250
Field	5	18,450	6,500	10,750	1,200
Ford	17	194,646.49	159,026.49	35,620	--
Harriman	3	57,269.56	43,500	13,769.56	--
Lehman	6 <sup>b</sup>	40,400	4,000	31,400	5,000
Mellon	15	1,290,125	1,287,625	500	2,000
Olin	6	317,413	314,413	--	3,000
Pew	11 <sup>c</sup>	281,623	277,623	4,000	--
Reynolds	3	21,125	3,000	18,125	--
Rockefeller	19	\$21,360	470,200	33,210	17,950
Vanderbilt	5	30,651.08	13,019.08	15,632	2,000
Whitney	8	371,000	369,000 <sup>d</sup>	1,000	1,000
Totals	183	\$3,691,746.73	\$3,453,140.17	\$199,206.56	\$39,400

<sup>a</sup>In this analysis, husbands and wives were counted separately. Therefore, Mr. and Mrs. \_\_\_\_\_ would constitute two contributing family members.

<sup>b</sup>Lehman Brothers (Investment Banking Firm) was counted as one contributing member.

<sup>c</sup>Contributions from the estate of J.N. Pew, deceased, were included with contributions from Mary Ethel Pew, executrix of the estate.

<sup>d</sup>Total does not include a \$250,000 contribution to Nixon, which was returned.

Source: Alexander, 1976:396.

giving comes to \$79,279.

Alexander, in his study of the 1972 election, notes an observable "trend toward Democratic contributions in these formerly all-Republican family groups" (Alexander, 1976:389). Yet, figuring the percentages, these families still gave 93.5% of their funds to the Republicans. What Alexander apparently means is that families are more likely to split their giving. Like the Olin's, the Weyerhaeusers however continue to give exclusively to the Republicans. (Although two members of the Weyerhaeuser family, both from the Rosenberry family, did contribute to the Democrats, these contributions were in amounts of less than \$500.)

Data on Weyerhaeuser contributions in earlier years were not as complete as for the 1972 election. In 1956, for example, only three members of the family show up in the Congressional Quarterly reports on the 1956 elections (cf. Congressional Quarterly, 1957a; and Congressional Quarterly Weekly Report, February 22, 1957). The three gave a total of \$29,000 to various Republican committees. All were members of the third generation. Mr. and Mrs. George F. Jewett gave \$19,000 to the Republican Senatorial and Congressional Campaign Committee and \$6,000 to the Republican National Committee. A cousin, Edwin W. Davis, contributed \$1,000 to the Republican National Committee. And Mr. and Mrs. Frederick K. Weyerhaeuser gave \$2,000 to the Republican National Committee.

The twelve families selected by the Gore Committee in 1956 represent not only a disproportionate amount of the country's wealth, but play a major role in financing elections. In 1956, for example, they accounted for over 10% of all contributions over \$500. A microscopic fraction of the population of the United States gave 2.4% of all campaign contributions that year (there were \$44,577,049 in reported contributions in 1956). The twelve families contributed a total of \$1,153,735 (see Table 13).

Grouping the families into the two categories (contributions above or below \$50,000) provides a means of comparing their giving. In the first category, those giving more than \$50,000, seven families contributed a total of \$955,377, or an average of \$136,482 per family. The Weyerhaeuser total of \$29,000 falls short of the \$39,000 average contribution for the second group in the 12 select families. While it is possible that the Weyerhaeusers gave more than reported, this is also likely to be the



TABLE 13

## CONTRIBUTIONS OF 12 FAMILIES, 1956

Family	Total	Republican	Democratic	Miscellaneous
Ju Pont	\$ 248,423	\$ 248,423	--	--
Field	33,500	7,500	\$ 23,000	\$3,000
Ford	36,899	36,899	--	--
Harriman	38,850	34,350	4,500	--
Lehman	34,500	14,000	23,500	2,000
Mellon	100,150	100,150	--	--
Olin	53,550	53,550	--	--
Pew	216,800	216,800	--	--
Reynolds	49,609	--	49,609	--
Rockefeller	152,604	152,604	--	--
VanDerbilt	62,400	54,800	6,500	1,100
Whitney	121,450	121,450	--	--
Totals	\$1,153,735	\$1,040,526	\$107,109	\$6,100

Source: Congressional Quarterly, 1957a:212.

case with other family groups. In both cases, these should be viewed as conservative estimates of campaign contributions.

In 1956, 90.2% of the contributions of the 12 families went to Republican candidates and committees. Seven families--duPont, Ford, Mellon, Olin, Pew, Rockefeller, and Whitney--gave exclusively to the Republican Party. All but the Ford family were in the first grouping, those giving more than \$50,000. While the Weyerhaeusers do not fit into this group in terms of the amount of money contributed, they do follow the pattern of giving exclusively to Republicans. The remaining families divided their giving, with the exception of the Reynolds family of Virginia, which gave exclusively to the Democrats.

In the years between the Presidential elections (1958-1959), the three members of the Weyerhaeuser family mentioned above contributed an additional \$14,000 to various Republican committees and funds (Congressional Quarterly, 1959a and 1960a).

The next year for a Presidential election, 1960, found six members

of the Weyerhaeuser family delivering a total of \$9,000 to the Republicans. George H. Weyerhaeuser and his cousin-in-law Frank Piasecki, both members of the fourth generation, joined members of the third generation for the first time. In spite of the additional contributors, the family still fell short of the average for families in the second group of the 12 families (see Table 14). The 1960 average contribution for this second grouping within the 12 families was \$29,406. The first group, consisting of four families, contributed an average of \$102,818. The total share of giving by these families for those contributing \$500 or over, dropped from 10.6% to 7.6% in 1960. Only three of the 12 prominent families--the Fords, Olins, and Pews--gave exclusively to Republican politics. And the percentage of money going to Republican committees and candidates dropped to 84.5% (cf. Alexander, 1962).

The 1960 election was the first studied in detail by Alexander. He made an attempt to include in his list of "prominent" families "all members of these families...including members by marriage" (Alexander, 1962: 60). But like the earlier listing of 12 families it does "not necessarily include all contributions made by all members of these families," nor does the list include all prominent families (Alexander, 1962:60). Once again the duPonts lead the list in terms of giving in 1960 (see Table 14). The intervening years between Presidential elections again found the Weyerhaeusers actively involved in the political process. During 1961 and 1962, Frederick K. Weyerhaeuser, Edwin W. Davis, and Mrs. George F. Jewett (in 1961 she married Dr. David Wesley Gaiser) contributed a total of \$9,500 to various Republican committees. In 1961 Donald N. Hanson, an employee of the Family Office, gave another \$1,000.

TABLE 14  
CONTRIBUTIONS OF 12 PROMINENT FAMILIES, 1960

Family	Number of Members	Total Contributions	Republican	Democratic	Miscellaneous
duPont	56	\$135,746	\$125,085	\$ 4,500	\$ 7,000
Field	3	13,250	8,000	2,750	2,500
Ford	11	31,000	31,000	—	—
Harriman	3	31,750	22,750	9,000	—
Lehman	7	39,200	14,000	24,700	500
Mellon	12	85,650	64,250	12,400	11,000
Olin	4	37,000	37,000	—	—
Pew	6	74,000	74,000	—	—
Reynolds	6	13,000	2,000	11,000	—
Rockefeller	19	115,875	114,875	1,000	—
Vanderbilt	6	29,500	18,000	10,500	1,000
Whitney	5	40,550	37,550	3,000	—
	138	\$646,521	\$548,510	\$78,850	\$22,000

\* Husbands and wives were counted individually in this case.

Source: Alexander, 1962:61.

While there was a general shift among the 12 prominent families in the Democratic direction in 1964 (see Table 15), this was not true of Weyerhaeuser contributions that year. Evidence available shows that the family gave strictly to the Republican Party again in 1964. Four individual family members contributed \$16,000 (Congressional Quarterly Weekly Report, January 21, 1966). When compared with the average family contribution in the second group of 12 families, those giving less than \$50,000, the Weyerhaeusers still come up short. But the average for the second group dropped from \$29,406 in 1960 to \$24,281 in 1964; while the contributions of the Weyerhaeuser family rose from \$9,000 to \$16,000. I suspect that this reflects more the discrepancies in reporting than anything of real significance.



The shift to the Democratic Party among the 12 families (see Table 15) was reflected in the drop in the percentage of money going to Republicans, down to 73.9%. The Ford family in particular showed a significant shift to the Democratic camp in the 1964 election. The Olin and Pew families, as Alexander has pointed out, "are the only ones strictly Republican for 1956, 1960 and 1964" (Alexander, 1966:89-90). The overall average for the twelve families dropped from \$53,877 in 1960 to \$50,192 in 1964. The average for each of our categories also dropped. Those giving less than \$50,000, for example, averaged only \$24,281 in 1964, down from \$29,406 in 1960. The total contributions of these 12 families (\$602,926) represented only 7.2% of the total \$8.3 million given in

TABLE 15  
CONTRIBUTIONS OF 12 PROMINENT FAMILIES, 1964

Name	Number of Members Contributing*	Total Contributions	Republican	Democratic	Miscellaneous
duPont	21	\$ 73,510	\$ 71,010	\$ —	\$ 2,500
Field	2	16,500	1,000	15,000	500
Ford	2	45,100	4,100	41,000	—
Harriman	4	39,000	25,000	14,000	—
Lehman	6	40,000	2,000	37,000	1,000
Mellon	12	122,156	93,510	17,500	11,146
Olin	5	44,900	44,900	—	—
Pew	10	103,510	94,510	—	9,000
Reynolds	3	8,000	—	8,000	—
Rockefeller	14	65,500	65,500	—	—
Vanderbilt	2	2,750	750	2,000	—
Whitney	5	44,000	43,000	1,000	—
	86	\$602,926	\$445,280	\$133,500	\$ 24,146

\* Husbands and wives were counted individually in this case.

Source: Alexander, 1966:89.

donations of \$500 or more.

The Weyerhaeuser family's political giving increased two-and-a-half times in 1968. Whether this is attributable to better reporting or to more members giving cannot be determined. Ten members of the family gave \$40,996 to Republican causes that year (see Table 16).

TABLE 16

## WEYERHAEUSER FAMILY CAMPAIGN CONTRIBUTIONS, 1968

Donor	Amount
Mrs. Mary Jewett Gaiser .....	\$ 3,500
William Hershey Greer, Jr. ....	6,000
George F. Jewett .....	3,000
Vivian W. Piasecki .....	700
F.R. Titcomb .....	1,000
C. Davis Weyerhaeuser .....	1,000
Frederick K. Weyerhaeuser .....	22,796
Mr. and Mrs. George H. Weyerhaeuser ....	1,000
Miss H.W. Weyerhaeuser .....	1,000
Vivian O. Weyerhaeuser .....	1,000
	Total \$40,996

Source: Alexander and Jones, 1971.

In 1968 the second grouping of our 12 families, those who gave less than \$50,000, averaged contributions of \$22,667 per family. The Weyerhaeusers' \$40,996, then, puts them in a league with this second group of 12 prominent families (see Table 17).

There are some who might call 1968 the year of the Rockefellers. This family has always stood out, not only as the wealthiest family in America, but as the most politically visible upper class family. They

have not only been one of the most prominent families in this group of 12 families, but members of the family have also been directly involved in electoral politics. The duPonts and Harrimans, among the 12, have also been directly involved in the political arena, but never as visibly as the Rockefellers. Herbert Alexander estimates that the Rockefeller family has probably spent close to \$25 million in politics from 1952-to 1970; This he admits is probably a conservative estimate (Alexander, 1972:47).

TABLE 17

## CONTRIBUTIONS OF 12 PROMINENT FAMILIES, 1968

Name	Number of Members Contributing <sup>a</sup>	Total Contributions	Contribution Breakdown		Miscellaneous
			Republican	Democratic	
DuPont	32	107,000	99,800	1,700	5,500
Field	4	39,800	2,000	17,000	20,000
Ford	8	109,750	57,750	52,000	—
Harriman	2	17,000	16,500	—	500
Lehman	7	51,000	2,500	48,500	—
Mellon	22	298,962	278,962	17,000+	3,000
Olin	7	70,000	70,000	—	—
Pew	11 <sup>b</sup>	213,549	207,898	—	5,651
Reynolds	No Contributions				
Rockefeller	21	1,714,375+ <sup>c</sup>	1,700,875	13,500	—
Vanderbilt	2	12,000	11,000	—	1,000
Whitney	6	133,500	133,500	—	—
Totals	122	2,766,136	2,580,785	149,700	35,651

<sup>a</sup> In this analysis, husbands and wives were counted separately. Therefore, Mr. and Mrs. . . . . would constitute two (2) contributing family members.

<sup>b</sup> The Estate of J. N. Pew Deceased was counted as one contributing member.

<sup>c</sup> This Rockefeller total does not include the \$356,000 contribution made by Nelson Rockefeller for his own campaign.

Source: Alexander, 1971:180.

In 1968 alone the Rockefellers spent more than \$2 million. As Alexander reports it, "Mrs. Martha Baird Rockefeller, Nelson's stepmother, contributed a total of \$1,482,625 to one Rockefeller-for-President committee in eight separate lots ranging from \$425,000 on June 6 to \$10,000 on Sept.



18" (Alexander, 1972:47). In other words, Mrs. John D. Rockefeller, Jr.'s gift to her stepson accounted for more than 50% of the total of all 12 families' contributions in 1968. Even if we subtract her gift from the total, the contributions of these 12 families doubled their 1964 totals. Including her gift, the 12 families accounted for 15.8% of the \$17.5 million total of contributions over \$500. Without her gift, 7.4% of all contributions of \$500 or more were made by the select families.

Returning to Weyerhaeuser gifts (Table 16), we find only three individuals who gave more than \$3,000 in 1968. Mrs. Mary Jewett Gaiser gave \$3,500 to four different Republican committees, while her son-in-law William H. Greer, Jr., a Washington, D.C., attorney, contributed a total of \$6,000 spread among five different committees. Frederick K. Weyerhaeuser spread his \$22,796 among ten different committees or candidates. Two committees received gifts of \$3,000, while one committee (a Nixon committee in Oregon) received \$6,000.

Presumably, Frederick K. was subject to a Federal gift tax on this latter contribution. The maximum allowable contribution to any one candidate in Oregon, even in 1968, was \$5,000 (cf. Gale and Dunn, 1973). The pattern of dividing gifts among committees and candidates is a means of avoiding payment of gift tax on contributions of more than \$3,000. More importantly, it keeps contributions within the letter of the law. The Federal Corrupt Practices Act of 1925 was established to regulate campaign contributions and expenditures in Federal elections. According to the Act, "technically, an individual cannot contribute more than \$5,000 to any national committee or candidate. However, he can contribute unlimited funds to state, country and local groups which pass along the

money in their name" (Congressional Quarterly, 1971b:18). Although Frederick K. Weyerhaeuser's gift to Nixon in Oregon fell outside the Federal act, Oregon was one of the few states that had a similar law on its books in 1968.

The rest of Frederick K. Weyerhaeuser's gifts were to different committees, which meant he fit the loophole provided by the Corrupt Practices Act.

Members of the same family can legally contribute up to \$5,000 each. A wealthy donor wanting to give more than \$5,000 to a candidate or a political committee can privately subsidize gifts by his relatives. Each such subsidized gift can amount to \$5,000. In this way, the donor can arrange for his brothers, sisters, uncles, aunts, wife and children to present \$5,000 gifts to the favored candidate or committee. (Congressional Quarterly, 1971b:18)

For a discussion of this and other loopholes in the Act, see Congressional Quarterly, 1971:18.

Heard claims that the data on other families suggest that some of the prominent families coordinate their giving internally. The Pews, for example, "repeatedly over the years have shown up giving identical sums to a large number of widely dispersed committees and candidates" (Heard, 1962:138). Other families, on the other hand, appear to lack any kind of cohesion in their political giving. Heard cites the example of six Vanderbilts and seven Lehmans who in 1956 gave to both parties. This could also be interpreted to mean that they hedged their bets. Whether it is a coordinated effort or not cannot be determined solely from the data available.

In his report on campaign financing in 1960, Herbert E. Alexander

noted that "the pattern of giving by four of the five Rockefeller brothers (Winthrop excepted) and Mrs. Mauze is remarkably alike in that each often makes a contribution on the same day, apparently through joint decision-- a practice that may simplify solicitation considerably!" (Alexander, 1962: 62). Yet Nelson claims that the Rockefeller family does not "pool" their political campaign contributions. When asked if the family did, at his hearings to be Vice-President, Rockefeller said, "No, sir. In fact, we disagree" (U.S. Senate, 1974b:181).

The Weyerhaeusers would have a hard time making a similar statement, given the evidence. They could argue that they acted as individuals in choosing to make contributions, which is probably true. But it appears as if somebody made an assessment, almost a tax, on members of different generations. This does not mean that family members were coerced in any way--merely that their political giving was synchronized.

Returning to our survey of Weyerhaeuser giving, we find that between 1968 and 1972 the family contributed \$43,000 (cf. Alexander and Fischer, 1972; and Alexander and Jones, 1971), more than the family contributed to the 1968 election. Again all of the family's gifts went to the Republican Party, primarily to the Republican National Committee, the Republican Booster Club, and the Republican National Financial Committee. Over \$31,000 is accounted for by these committees. The remaining money went to Congressional candidates in Florida and Maryland, with \$2,000 going to a Reagan for Governor Committee in California.

A. Frederick K. Weyerhaeuser again heads the list of family members with a total of \$12,000 to five different committees. George F. Jewett and his brother-in-law, William H. Greer, Jr., gave more than \$13,000 to ten



different committees. No family member is listed as giving more than \$3,000 to any one committee, although Frederick K. Weyerhaeuser gave \$3,000 to the Republican National Committee on two different occasions and \$5,000 to Cramer's senatorial campaign in Florida in two equal portions.

#### Other Forms of Political Involvement

Through the years there have been a number of issues which the Weyerhaeuser companies have defined as crucial to their existence. These have often entered the public arena to become hotly debated political issues. They have involved large segments of the public as well as members of the family. At times debate has gone on outside of the public view, in trade associations, Congressional committees, or policy formation groups. Early in the century the issues were taxation of timber lands, concentration of timber holdings, log driving rights and river navigation, logging contracts, public land policy, and disputed land claims. In later years, sustained yield logging and clear cutting, pollution standards, labor disputes, and price fixing were to become issues in which the companies were involved. Many of these issues not only affected the Weyerhaeuser interests, but were industry-wide problems that needed solving.

The policy of the Weyerhaeuser interests has always been to avoid any public role in political affairs. Hidy et al. (1963) claim that the Weyerhaeusers and their associates never took much of an interest in elections. They quote a letter written by Frederick Edward Weyerhaeuser to A.E. Rickard of Bonners Ferry shortly after the turn of the century, stating that his father was "very positive in his demands that our representatives keep out of politics" (Hidy et al., 1963:301). It is this

lack of interest in politics, Hidy et al. claim, that enabled the Weyerhaeusers to escape attack from the muckrakers and Congressional investigators. Their implication is that the Weyerhaeusers were "apolitical." This conclusion is misleading, for although family members were not active in politics, i.e., as candidates or public figures, they have had a role in the political process. Campaign contributions have been one activity. The remainder of this chapter explores some of the other ways in which the Weyerhaeusers have used the political process.

#### Local Politics: Taxes and Pollution

Although Frederick Weyerhaeuser may have advocated a policy of non-involvement in politics, he nevertheless used several subtle and not so subtle means of applying pressure on local political officials. Timber taxation is a case in point. In Timber and Men, Hidy et al. present the Weyerhaeusers as leaders in conservation, reforestation, and fire protection. This appears to be true. But in almost all cases, these "progressive" programs are linked to the issue of taxes. Just before the turn of the century, Frederick Weyerhaeuser linked the problems of fires and reforestation to taxation.

In my opinion the only way to preserve the young pine timber in Minnesota is to make such laws as will be reasonably sure to keep all fires from destroying the young and growing timber, then reduce the taxes of all cut-over lands. What would be safer still would be to have all cut-over lands deeded back to the state at a small consideration.... No one can hold cut-over lands and pay the present taxes. (Hidy et al., 1963:149)

High taxes, particularly on cutover land, were blamed for the timber companies' practice of cutting trees and moving on rather than replanting.

The relationship between tax policy and patterns of ownership contributed to a constant collision between lumbermen and county tax officials (cf. Hidy et al., 1963:147). Weyerhaeuser and other lumbermen argued that the tax burden was the primary reason that trees were converted into logs or cutover lands were forfeited to the government. They argued that it was unprofitable to replant or to practice conservation measures because of high taxes. Over fifty years later officials of the Weyerhaeuser Company would be using similar arguments about the cost of anti-pollution devices.

Around the turn of the century, the burden of taxes and the costs of preventing forest fires led members of the Weyerhaeuser group to advocate a partnership between "individual lumbermen and the government." These two interests, they argued, "must join hands" (Hidy et al., 1963:381). Speaking before the American Forestry Congress in 1905, Frederick Edward Weyerhaeuser reminded his fellow lumbermen that it was necessary to reform the tax system, "which in his opinion meant substitution of a yield tax on timber harvest for a fixed annual tax on timberlands" (Hidy et al., 1963:381). Taxes were blamed for the overcutting of timberlands in the Lake States. The overcutting and "destructive competition" resulted in lumbermen who were too poor to engage in programs of reforestation. Three years later Frederick Weyerhaeuser was to echo his son's words, when testifying before a Congressional investigation of the pulp and paper industry. Next to the danger of fire, he said, "unscientific taxation" was the "chief deterrent to forest reproduction." Paying taxes on land and for standing timber, Weyerhaeuser argued, "made it impossible for private owners to reforest cutover lands" (Hidy et al., 1963:382).



Through the years several strategies were utilized by the Weyerhaeusers to get taxes lowered. In the 1890's, Charles Augustus Weyerhaeuser and Drew Musser, then managers of Pine Tree Lumber Company, a new Weyerhaeuser firm in northern Minnesota, were advised to get "acquainted with officials on the town, county and state levels, constantly presenting the company's case, and persistently remonstrating against injustices. In the end," their legal advisor told them, "it was better to withhold the payment of excessive taxes and even propose to let the land revert to the state. The counties, rather than get nothing, 'will remit all the penalties and part of the original taxes provided the owners agree to pay the tax.' Pine Tree at once developed a firmer attitude and won a number of skirmishes with the assessors" (Hidy et al., 1963:115).<sup>6</sup>

It had been Frederick Weyerhaeuser's genius, according to Hidy et al., that brought the lumbermen in the Chippewa and Mississippi River valleys together to work out cooperative solutions to their problems (cf. Kohlmeyer, 1972, esp. Chaps. 5-7). One such political-legal battle had been fought around the creation of Beef Slough at the mouth of the Chippewa. The various lumber interests operating on the Chippewa needed to secure a continuing supply of fresh logs for their mills farther down the Mississippi (see Chapter V). Gaining control of Beef Slough was the first in what was to become a number of legal and political battles in the Wisconsin legislature for the Weyerhaeusers and other families later associated with the Mississippi River Logging Company.

<sup>6</sup>Their legal advisor was Charles L. Lindbergh, father of the famous flyer. He advised Pine Tree Lumber on both damage suits and taxes. The quote in Hidy et al. is from a paper written by Lindbergh in 1896 entitled "Opinion on the Non-Payment of Exorbitant Taxes" (Hidy et al., 1963:115).

The issue centered originally on an attempt by steamboat captains and owners to prevent the construction of booms across the river to collect the logs run down the river by the Mississippi River Logging Company. Through a suit in 1876, the U.S. Army Engineers had sought to improve navigation on the Chippewa. The suit was brought against the Beef Slough Company and Mississippi River Logging. They were cited "to show cause why an injunction should not be issued restraining them from interfering with the navigation of the Chippewa River" (Kohlmeyer, 1972:101). Several officials of Mississippi River Logging Company, including Frederick Weyerhaeuser, journeyed to Washington, D.C., the following year to "plead with Attorney General Charles Devens" to allow them to run logs down the river (Kohlmeyer, 1972:102). They claimed that running logs on the river every spring did not interfere with river navigation. They also carried on an intensive lobbying campaign, calling on their friends both in the Wisconsin legislature and the U.S. Congress for help.

After several years of lobbying and other political pressures, their efforts paid off when a circuit court judge ruled that both logs and steamboats had a right to the river. Thus as the result of "a large outlay of money" and pressure on state legislatures and the Federal government, the Mississippi lumbermen had won the right to run their logs on navigable waterways (for a fuller discussion of this case, cf. Kohlmeyer, 1972:101-103).

In the 1920's, as they had done in the Beef Slough case earlier, Weyerhaeuser interests put pressure on state authorities, this time to change the tax structure on timber lands. Several Weyerhaeuser officials, among them George F. Jewett, "wrote letters, speeches, articles, and

bills to suggest means of coping with the problem" (Hidy et al., 1963: 497). These pressures, Hidy et al. tell us, were "influential." But when these more subtle political pressures failed to reduce the tax burden, i.e., "when taxes became prohibitive, the Weyerhaeuser companies, like others, stopped paying them. In Oregon, Washington, Idaho, and Minnesota they simply abandoned some cutover land for tax delinquencies" (Hidy et al., 1963:497). The idea was that these "tax strikes" would "awaken local bodies to the difficulties of the lumber industry." Hidy et al. report that

It did in fact result in greater tax flexibility. The next year the Weyerhaeuser Timber Company executive committee instructed its officials to pay some Oregon taxes in person. The manager was to inform the county officials that it was a sacrifice on the part of the company to make this payment but that it did so as a reward for reductions made and as an incentive to the granting of further concessions and that if nothing was done prior to the time when the next half-year's taxes were due, they would not be paid at that time.

In Idaho, Potlatch Forests paid only a little more than 40 percent of its taxes in 1932. Cutover lands in Washington were likewise left delinquent in tax payments. (Hidy et al., 1963:497)

The "tax strike" may have been the ultimate weapon, but in many cases it worked. Another strategy closely associated with the tax strike, and advocated in the 1920's and early 1930's by Weyerhaeuser officials, was "increased state ownership of cutover lands." The idea behind this was that the state or Federal government would bear the cost of reforestation, fire protection, and other expenses associated with growing trees. But the state would then let the timber companies "log reforested lands when the timber on such areas was 'ripe'" (Hidy et al., 1963:445). In this manner the timber companies would avoid the risks and taxes associated



with growing timber. (Companies pass on similar costs--for pollution control devices, for example--to taxpayers today; cf. J. O'Connor, 1973).

The timber companies' role as advocates of public land ownership was, however, short-lived. By the mid-1930's, when the U.S. Forest Service and New Deal policies were recommending increased public ownership, lumbermen became opposed to the idea. Hidy et al. (1963:445) claim it was the result of "some basic changes, including a revision of taxation, new methods of fire protection, and rising prices of stumpage, [that] were making private reforestation feasible."

As Federal landownership increased during the late 1930's and early 1940's, the Weyerhaeusers reacted with alarm. Frederick King Weyerhaeuser, for example, responded to the "trend" a decade later in the following words:

One hundred years ago the policy of our government was to get land into the hands of the people, today it apparently is to get private lands into the hands of the government. (F. Weyerhaeuser, 1952:21)

Yet, as Hidy et al. report the "trend," it hardly seems alarming. "In the decade 1937-1947 Federal ownership increased throughout the United States: in the state of Washington from 32 to 35 percent; in Oregon from 46 to 53 percent; in Idaho from 58 to 64 percent; and in Nevada from 82 to 87 percent" (Hidy et al., 1963:445).

It does not appear that the timber companies ever seriously entertained a policy of public land ownership. A more plausible explanation would be that they were really attempting to reduce their taxes and/or to get state funding for reforestation. This is apparently the case because of the links between reforestation programs, fire prevention, and conser-

vation programs.

Many of the early stages of Weyerhaeuser's reforestation programs, for example, appeared as pilot projects in an attempt to convince state governments or the Federal government either to get off their backs or to help them out. This was the strategy behind the formation of the Weyerhaeuser Logged-Off Land Company. As George Long, the first general manager of the Weyerhaeuser Timber Company, told the press when Logged-Off Land was incorporated in 1924,

Our new plan is an attempt on our part to fulfill the moral obligation to the public of ownership of such a natural resource as timber. I can say frankly that under our present [state] laws there is no hope of our making a profit on most of the land in our possession. We do hope, however, that by furnishing an object lesson as to what can be done in reforestation we can obtain the cooperation of the State authorities, and perhaps help formulate a State policy along this line. We expect to show that reforestation can be made profitable under reduced taxation, and having shown this conclusively, we can influence public opinion to adjust the tax laws so that other private holders of cutover land can go in for reforestation and thus give the State an inexhaustible supply. (quoted in Hidy et al., 1963:390)

By the end of the decade, timber interests had succeeded in passing two bills, the Clarke-McNary Act and the McSweeney-McNary Act, which assured the Weyerhaeusers of Federal and state government money for reforestation (cf. Hidy et al., 1963:389-390).

The strategy of not paying taxes is one example of how corporate officials and the timber companies have exerted pressure on local governments to get them to enact legislation on their behalf. Another use of corporate power to influence local politics has been the threat of plant closures (cf. Domhoff, 1967:136-137). This has been the tactic used

recently in response to pressure from environmental groups and some segments of the public for pulp, paper, and timber companies to clean up the air and water around their plants and mills.

Several years ago the Weyerhaeuser Company announced that it was closing its sulfite pulp mill in Everett, Wash., because it was too costly to install pollution control devices that were needed to meet new national pollution standards. In this case the pressure was not directed at a specific local community, although it affected jobs locally, but at a nation-wide policy that timber companies had been fighting against for some time (Wall Street Journal, January 12, 1972).

Tax strikes and threats to move plants or close them down are just two examples of how the officials of the Weyerhaeuser Company have used their economic position in local communities to exert political pressure on local officials. The case of mill closures in Everett also suggests the way in which corporations seek to influence government policy through public relations and advertising.

#### Public Relations and Advertising

Corporations not only involve themselves directly in the political process, through campaign contributions, lobbyists, and other attempts to shape policy "by governmental decision makers," but they also get involved indirectly through programs "designed to create a public opinion favorable to the corporation's political goals" (Epstein, 1969:67).

Taking the process a step further, Ralph Miliband argues that business is also involved in legitimizing the cultural, political, and ideological climate in advanced capitalist societies, through promotional groups and



advertising (Miliband, 1969:212-215). In this section we will examine several activities of the Weyerhaeuser Company which appear aimed at creating a pro-business consensus. They seek to sell a positive image not only of the corporation itself, but also of the role of business in the larger society.

The focus of advertising has shifted over the years, so that the business committee now uses its vast resources to promote ideological views which give it a favorable political climate in which to operate. "In the late 1940's," Earl F. Cheit (1964:152) writes, businesses "were preaching Free Enterprise; today [the 1960's], it is the Gospel of Social Responsibility."

Several examples will demonstrate the means by which the Weyerhaeusers foster or contribute to a favorable environment for business.

Public relations departments of various Weyerhaeuser companies write press releases that are usually printed verbatim in local papers. These stories focus on new investments in a particular community or tell of recent corporate contributions to civic or community groups. On March 2, 1975, for example, readers of the Eugene (Ore.) Register-Guard learned that the Weyerhaeuser Company in Springfield, Ore., gave \$3,500 to the Boys Club of Springfield. The company has a large paper, plywood, and sawmill operation in Springfield. The smell from the paper mill, and the waste dumped into the Willamette River, have been constant sources of community-corporate tension for years.

Philanthropic activities in communities in which the company has plants serve as good-will gestures. They are subtle attempts to create a climate in local communities which presents the company in a favorable

light. The Rockefellers and duPonts engage in similar practices (cf. Phelan and Pozen, 1973; and Collier and Horowitz, 1976). Laurance Rockefeller, for example, has been engaged in conservation endeavors for years. But as Collier and Horowitz (1976) point out, his activities are usually closely linked to his business interests.

Corporate slogans are another way in which the Weyerhaeuser Company has sought to change its image. In its advertising and other promotional material, the company refers to itself as "The Tree Growing Company." Employees can buy belt buckles, nylon jackets, paper litter bags, coffee mugs, and T-shirts emblazoned with the corporate slogan from the gift shop at corporate headquarters. For many years timber companies have been accused of a "cut-and-run" policy; the corporate image promoted by the Weyerhaeuser Company is an attempt to change public perception of the company.

Another activity which gives the company positive press is its tree farm program. In cooperation with small landowners, state departments of forestry, and the U.S. Forest Service, the Weyerhaeuser Company established the tree farm program in 1941. Set up as a sustained yield program, one additional advantage of the tree farm idea was that it presented the timber industry as environmentally and economically responsible, rather than as the "ruthless exploiters" of the forest. "The phrase 'tree farm' [was] suggested by a Weyerhaeuser public relations man, Ron Olzendam" (Hidy et al., 1963:505). It was thought to have a wider appeal than "a property on sustained yield." One of the members of the family, C. Davis Weyerhaeuser, thought it was a good idea because "anybody can do tree farming." Even Hidy et al. recognize the importance of programs like

tree farming in changing the corporation's image.

By forming lands into tree farms, lumbermen could show the public that they were devoting themselves to the nation's welfare. They could encourage a public attitude of friendliness instead of disdain. The plan to turn privately owned forest land into tree farms would be not only sound business but also excellent public relations. As timberland owners recognized this fact, the practice of tree farming spread rapidly. (Hidy et al., 1963:505-506; emphasis added)

The tree farm program has now been adopted by other corporations in the industry, as well as by the National Forest Products Association and other industry-wide trade groups. When the American Forest Products Industries adopted the Tree Farm Program as one of its own, Frederick K. Weyerhaeuser was a member of the executive committee. In addition to being good public relations, the tree farm program provides other benefits to the company sponsoring the farm. A recent newspaper account called the program "Weyerhaeuser's Tree Farm Family" (Eugene Register-Guard, February 9, 1975). "Property owners who have signed on with Weyerhaeuser," the story points out, receive "free help in planting and managing small tree farms." Weyerhaeuser News, a company publication for employees and retirees, reports that landowners will receive help from company foresters and will "be eligible to purchase seedlings at cost" (Weyerhaeuser Company, 1975d (April):3). What does the company get for its "free" help, in addition to free publicity? The company gets the trees without paying property taxes on the land that grows them. "There is a 'catch' to all this help.... In exchange for the advice, information, and low cost nursery stock the company solicits a 'gentlemen's agreement' that [the farmer] will allow Weyerhaeuser the



first opportunity to purchase logs when they're merchantable" (Weyerhaeuser Company, 1975d (April):3). Whether the company ever actually gets the trees is not important. What is important is that the image of Weyerhaeuser as "The Tree Growing Company" is enhanced.

The focus and message of advertising in general has shifted during the last decade. Companies used to advertise the products they produced and sold. Oil companies sought to convince the public they should buy their brand of gasoline, while the auto industry sought to sell their latest models. Today, however, oil companies, auto manufacturers, pulp and paper firms, and the timber industry are selling a new image. The consumer (in a very broad sense) is asked to believe that corporations care about clean air and water, energy needs of the future, auto safety, etc. Potlatch Corporation provides us an example of advertising that no longer seeks to sell a product but rather a good image.

One of Potlatch's biggest mills, on the Clearwater River in Idaho, has been a notorious polluter and a target of environmentalists for years. In 1970, according to a Nader study of the pulp and paper industry, Potlatch

ran a series of ads in Time which were meant to impress the public with the mill's dedication. "It costs us a bundle," said the caption under a picture of a blue and wooded stream, "but the Clearwater River still runs clear." What the ad did not say was that the picture was not taken near the Potlatch plant in Lewiston, but about 50 miles upstream. A Wall Street Journal story describing the incident said, "Perhaps another reason the picture was taken upstream is that downstream the Clearwater isn't so clear. At least a dozen times a year it churns with a foul-smelling white foam that sometimes spurts high into the air, just a few yards from the intake for Lewiston's water supply." (Fallows, 1971:73-74)

Miliband, discussing "the power of advertising" in the process of legitimation, makes similar observations about the attempt to sell business. Advertising by business, he says, has "not been simply concerned to sell products, but to sell to the public business itself, as an activity wholly beneficial not only to those who own it but to those who work for it, to those who buy from it, and to society at large" (Miliband, 1969:215).

#### Trade Associations and Policy Groups

Not only do individual companies seek to sell an image or push a particular policy through advertising, but they also use trade associations or what Miliband calls "promotional groups" for a similar purpose. Industry-wide promotional groups like the National Forest Products Association, the American Paper Institute, and the American Forestry Association have developed such slogans as "Timber is a crop" and "Trees: America's only renewable resource."

The Weyerhaeuser family has a number of historical and on-going links with various trade associations, business organizations such as the National Association of Manufacturers (NAM) and the Business Council, and other policy formation groups. Through the years the Weyerhaeusers have supported NAM programs and given financial support. In 1947, for example, Frederick K. Weyerhaeuser personally gave \$2,500 to NAM's public relations program (WFP/File 52/Box 243). A year later, he declined to serve as chairman of the St. Paul campaign, although he "strongly approved" of what NAM was doing (WFP/File 17/Box 93). NAM carries on extensive lobbying campaigns through its members in the business community. An example of

this type of political coordination through NAM is the following telegram Frederick K. Weyerhaeuser received from the director of NAM in 1947:

Six Billion Federal Budget cut in doubt in Senate.

Suggest you phone or wire Minn. Senators & Representatives immediately expressing views on need for gov. economics and tax and debt reduction. (WFP/File 16/Box 83)

While Frederick K. Weyerhaeuser was involved with NAM, he and other members of the family were also active in trade associations. George F. Jewett, for example, was a director of the National Lumber Manufacturers Association. He served as chairman of the conservation committee from 1931 through 1935, and as a director of the American Forestry Association in the 1940's. Frederick K. was also a director of the National Lumber Manufacturers Association during the 1930's and 1940's.

In the 1960's, George H. Weyerhaeuser replaced his Uncle Fred and his cousin once removed George F. Jewett as a director of the National Lumber Manufacturers Association. In 1963 George Weyerhaeuser was named to the Washington State Committee of the Forest Industries' Committee on Timber Valuation and Taxation. Today he is a member of the Business Council, the National Export Expansion Council, and the Institute for Paper Chemistry. He also sits on the boards of the Stanford Research Institute, the Yale School of Forestry and Natural Environment, and the Advisory Council on Japan-U.S. Economic Relations. The latter is sponsored by the Chamber of Commerce of the United States. Members of the Advisory Council on Japan-U.S. Economic Relations include "officers or trustees of major U.S. business organizations with international interests." In 1974 George was one of the U.S. delegates



to, and a speaker at, the Second Tripartite Businessmen's Conference, consisting of business leaders from the European Economic Community, Japan, and the United States. Meeting in Puerto Rico in February of that year, the Council issued a report containing policy recommendations that were submitted to the respective governments of the participants (cf. Chamber of Commerce, 1974). The preface of the report says that it "bears directly on the world's critical energy and natural resources shortages, plus international trade, investment and monetary issues" (Chamber of Commerce, 1974:preface).

Other members of the U.S. delegation included such notables as Carl A. Gerstacker, chairman of the board of Dow Chemical Company; Orville L. Freeman, president of Business International Corporation; and E. Douglas Kenna, president of NAM. David Rockefeller, chairman of the board of Chase Manhattan Bank and a fellow member of the Business Council with George, was vice-chairman of the Advisory Council.

Addressing the conference on the present energy crisis and the scarcity of natural resources, George's remarks focused on "forest products supply." After telling the delegates that there is a potential surplus of timber in the world today, he proceeded to identify two causes for the shortage of timber in North America. The problems, he said, are related to the manufacturing capacity and politics (Chamber of Commerce, 1974:135). Both problems he ultimately reduced to political ones. Anti-export interest groups and increased "environmental consciousness" in the developed nations had reduced the capacity of mills in North America. "A major share of the additional capital that the industry has been able to raise," he argued, "has gone not into new capacity, but into adding

pollution control equipment to the mill emission points" (Chamber of Commerce, 1974:135-36). The solution to the problems posed by these "environmental pressures," he said, is laissez-faire capitalism. The heart of his argument was for an uncontrolled economy, which he believed would lead to "rationality" (Chamber of Commerce, 1974:138). "The effect requires planning, investment, and the application of skill in both the private and public sectors. Economics," he concluded, "will drive the United States toward that effort. Emotional reactions to change, as reflected in the political system, may try to impede it" (Chamber of Commerce, 1974:149).

The Business Council, on which George also sits, serves as another indirect link to government for the Weyerhaeuser family. Besides George, the Weyerhaeuser Company has two other representatives from its board of directors on the Council. William M. Allen, chairman of the Boeing Company, is an honorary member, and Otto N. Miller is a graduate member (Business Council, 1972). The Business Council provides a link between government and the top corporate executives in the country. In 1972, for example, 18 of the top industrial corporations in the country were represented on the Council. The Council is also well stocked with members from the 12 families used earlier in this chapter to survey campaign contributions.<sup>7</sup> The duPonts are represented by Crawford H. Greenewalt, chair-

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<sup>7</sup>It is also interesting to note that, among special interest groups contributing to politics in 1968, "the highest percentage of recorded contributions are among membership of the Business Council" (Alexander, 1972: 152-153). Fifty-eight percent of the Council's membership were listed as large contributors in 1968, "53% in 1964, and almost 60% in 1960" (Alexander, 1971:182-183). A Fortune article by Alexander and Meyers (1970), "A Financial Landslide for the G.O.P.," also includes a discussion of the Business Council.

man of the finance committee of E.I. duPont de Nemours; the Fords by Henry Ford II, chairman of Ford Motor Company; the Harrimans by W. Averell Harriman; the Reynoldses by Richard S. Reynolds, Jr., chairman and president of Reynolds Metals; the Whitneys by John Hay Whitney, chairman of Whitney Communications Corp; and the Rockefellers by David Rockefeller, chairman of Chase Manhattan Bank, and Winthrop W. Aldrich, of Room 5600. (For more background on the Business Council, cf. Domhoff, 1974a:98-103, and 1970:189-190; and Kubey, 1973.)

Every family needs its links to the Central Intelligence Agency and the Weyerhaeuser family is no exception. George F. Jewett, Jr., a second cousin of George Weyerhaeuser and senior vice-president of Potlatch Corporation, is a trustee of the Asia Foundation. The Asia Foundation is a well-known conduit for C.I.A. funds. In the late 1960's, the Asia Foundation became "increasingly interested in the expansion of Pacific trade. It...sponsored trade conferences and is underwriting trade advisors to Asian governments" (quoted in Domhoff, 1970:271).

The Asia Foundation's expanding interest in trade in the Pacific Rim came at a time when timber companies were seeking investments in that area of the world. The Weyerhaeuser Company, for example, was granted timber concessions on 250,000 acres by the Republic of Indonesia in 1969 (Weyerhaeuser Company, 1975f). In the later part of the 1960's the company acquired timber rights, sawmills, and veneer plants in Malaysia, the Philippines, and Hong Kong. The company is also involved in a lucrative export business and several joint ventures with Japan. Potlatch at about this same time acquired lumber and plywood mills in West Samoa. These acquisitions gave Potlatch an expanded timber base in the Far East of



412,000 acres (Potlatch, 1975c).

Additional Forms of Political Involvement  
1983-83-6)

To my knowledge no member of the Weyerhaeuser family has ever been elected to or sought an elected office--except for Frederick Weyerhaeuser, who once served as county commissioner in Rock Island (cf. Hauberg, 1957). But family members, in addition to their role in financing political campaigns, have played a direct role in party politics. Vivian O'Gara Weyerhaeuser has been particularly active in Republican Party politics at the national level. In 1940, she headed the Women Willkie Workers in the New York headquarters. Harriette D. Weyerhaeuser was also heavily involved in the Willkie campaign.<sup>8</sup> From 1948 to 1952, Vivian O'Gara Weyerhaeuser served as a member of the executive committee of the Republican State Central Committee of Minnesota. During this time she was also public relations chairman (sic) of the Minnesota Federation of Women's Republican Clubs. The 1952 election found her serving as national director of Special Organizations of Citizens for Eisenhower-Nixon. The presidential

<sup>8</sup>The Willkie campaign also received family support from Walter Rosenberg, Jr. He served as a political advance man in the Willkie-Stassen campaign in 1940. It was his responsibility to organize and make arrangements for Willkie's trip through the West. His expenses were paid for by Frederick Edward Weyerhaeuser, who in a letter to his brother assured him that it would not give the family undue publicity. He wrote, "I cautioned Walter to keep out of the limelight as much as possible, and if possible avoid letting his business connections be known" (WFP/File 12/Box 61; letter from F.E.W. to R.M.W., August 21, 1940). The family has not always been in agreement on the role they should play in politics or even on whether they should be involved. In 1943 and 1944, Walter was involved in the Stassen campaign. An exchange of letters between Rudolph Michael Weyerhaeuser and his nephew debated whether the family should support Stassen and whether Walter should be involved so openly in politics (WFP/File 12/Box 61).

campaign of 1964 saw her heading the Central Division of the National Council of the Women's National Republican Club of New York (Folwell, 1969:63-4).

Men from major families are rewarded for their political work and contributions by being appointed to special committees or to policy formulating groups. John P. Weyerhaeuser, Jr., for example, was named by the State Department as a U.S. delegate to the thirteenth session of the Timber Committee of the United Nation's Economic Commission for Europe. He was president of Weyerhaeuser Timber at the time (New York Times, March 25, 1955). The women, on the other hand, are rewarded by appointment to civic or cultural committees. Mrs. Frederick K. (Vivian) Weyerhaeuser was appointed by Nixon in 1970 to the Committee for the Preservation of the White House. She shared this distinction with a member from the Mellon family and from the duPonts (New York Times, November 21, 1970).

In the past the family has had a variety of indirect links to elected officials and governmental agencies. Charles W. Briggs, an attorney in a law firm housed in the First National Bank Building in St. Paul, is a good example of one type of link the family has had to elected officials. Briggs, a Harvard Law School graduate and a member of the Minnesota Club, was Weyerhaeuser Company counsel from 1940 to the 1960's. A member of the National Lumber Manufacturers Association, he was working on the issue of timber taxation in 1943. His work resulted in a proposal to reform the timber tax. The major provision dealt with the impact of Federal taxes on the forest products industry. The problem, Briggs wrote, "has been accentuated by the increasing difference between depletion

allowances and the market value of the stumpage that is being cut" (WFP/ File 10/Box 49). Briggs was in touch with a number of Senators in his lobbying efforts to change timber taxation. During this time he worked closely with Charles McGough at the Weyerhaeuser Family Office.

Another mode of cultivating indirect links with elected officials has been through lobbyists in the public relations department. One of these lobbyists is Bernard L. Orell. A long-time employee of the Weyerhaeuser Company, he got his start in government as a WOC (without compensation). The WOC was a program set up by the government during World War II to "gain expertise and support of industry for wartime mobilization" (McConnell, 1966:261; cf. also U.S. House, 1955). Participants in the program became known as "dollar-a-year men" because they served without pay. As McConnell points out, this meant that their regular peacetime employer paid their salary. It also meant that businessmen had a direct "pipeline" to government (cf. McConnell, 1966:261-269).

As a WOC, Orell was a direct link between the company and the government. On leave from the Weyerhaeuser Sales Company, he worked as the Director of the Forest Products Division in the Business and Defense Services Administration in Washington, D.C. McConnell writes that,

under his [Orell's] direction, the Division was able to report to a conference that it had successfully intervened with the Tariff Commission, the State Department, the Treasury, the Export-Import Bank and various other agencies in such matters as plywood imports, financing of foreign manufacturers, government purchases of lumber products, and general Forest Service policies. The Division under Mr. Orell's direction claimed a "batting average" of 0.875 on these undertakings. If Mr. Orell sensed any ambiguity in his responsibilities, his superior, the Administrator, was greatly pleased with the success obtained by this division. (McConnell, 1966: 270-271)



The Administrator of the Department of Commerce at the time was Charles F. Honeywell. If he was pleased with Orell's performance, imagine how happy Orell's other boss, Frederick K. Weyerhaeuser, president of Weyerhaeuser Timber, must have been with Orell's work as director of the Forest Products Division. In a letter to Mr. Honeywell, on April 26, 1954, Frederick K. said he was glad to know that "Mr. Orell is proving helpful in his work for the Business and Defense Administration" (WFP/File 26/Box 143). Mr. Orell is today vice-president at Weyerhaeuser Company in charge of public affairs. In this post he oversees the public relations department, which among other things serves as a liaison with government (Evergreen State College, 1975).

#### Summary

Members of the Weyerhaeuser family are linked to the political process through a number of direct and indirect connections. Large political contributions play an important role in selecting candidates within the major parties. Wealthy families, as one of the groups of large contributors, are an important source of funds for both political parties. In selecting candidates for presidential elections, 12 wealthy families have often provided up to 10% of the money from large contributions. The Weyerhaeusers in recent years have matched the average contribution of the second grouping (contributions below \$50,000 per family) among the 12 families. In other words, the pattern and amount of Weyerhaeuser political giving is comparable to that of other upper class families. There is strong evidence that the family coordinates its contributors

tions, since they often give the same amount to the same committee on the same day. In the past it was the role of the family patriarch to solicit money for campaign expenses every two years. This task is now performed by the Family Office. It is also the Office's task to collect the money and channel it through various family and company funds before it reaches the candidates.

In addition to funding political parties, family members have headed up various state and national Republican committees. This is a role that is often assumed by the women in the family. The fact that the family, unlike some other wealthy families which split their giving between the two parties, gives almost exclusively to the Republican Party suggests that in the political arena the family may be more united than in other institutional spheres. I am not suggesting that the family is a monolithic entity. It would be absurd to argue that all members thought and acted alike. It does, however, appear that in political matters the family is more united than in religious or philanthropic activities. In religious activities, for example, we noted a division within the family between those members supporting liberal Protestant groups and those sympathetic to fundamentalist causes.

There is also what could be explained as a differentiation of tasks among family members engaged in political and religious activities. Some women in the family--Vivian O'Gara Weyerhaeuser, for example--are heavily involved in politics and civic activities. Others, for instance Margaret Driscoll, have devoted their time to church work. This differentiation of tasks is also reflected in the variety of roles which the men in the family perform. Some are active in family businesses, while others

have sought to foster a particular religious or political climate.

The Weyerhaeusers' involvement with key institutions, such as trade associations, the Business Council, and the Republican Party, gives them an influential role in selecting political candidates, shaping public opinion, and determining government policy. The family's sphere of political activities does not give them control over the political process, but does enable them to influence policy and shape public opinion (cf. Domhoff, 1970:105, where he distinguishes between control of the political process and dominance over it).

This chapter has also surveyed the role of public relations and advertising in creating an ideological climate favorable to business. This has involved selling a positive image of the role of timber companies, business, and the economic system in general, through advertising, trade associations, and local philanthropic activities.

Involvement in local issues which have a direct impact on the corporate activities of timber companies has been another area of direct and indirect family political activity. Tax strikes, lobbying, and other forms of political pressure have been applied to elected officials, judges, and the U.S. Attorney General to gain favorable treatment. This has usually meant either a reduction in taxes or the use of state funds for forest fire protection, reforestation, or pollution controls.

This study has shown the importance of investigating a corporation's history and the kinship ties of its directors and principal shareholders if the locus of corporate control is to be established. Zetlin et al. have called for such a study in order to determine how extensive control groups are in modern capitalism.



### CONCLUSIONS AND THEORETICAL IMPLICATIONS

This study has examined some of the relationships among kinship, class, property, and power within one upper class family. Intra-familial relations (i.e., kin ties) were traced through the use of a genealogy. This method enabled us to discover all individuals within the Weyerhaeuser kinship group, which was especially important in tracing the family's linkages to other institutions. Network analysis enabled us to map the family's spheres of influence outside of the kin circles. Beginning with the kinship group itself the study moved outward to trace the family's external relationships to corporations, foundations, churches, schools, and the political process. Interviews with family members and examination of family papers uncovered the existence of a Family Meeting and Family Office. The results of the research suggest that these two institutions are the key to understanding how the Weyerhaeuser kin have maintained a cohesive family unit through successive generations, as well as how the group continues to exercise control over large corporations and how it exerts political, cultural, and religious influence out of all proportion to its size.

This study has shown the importance of investigating a corporation's history and the kinship ties of its directors and principal shareholders if the locus of corporate control is to be established. Zeitlin et al. have called for such a study in order to determine how extensive control groups are in modern capitalism.

In particular, it is necessary to look at the congeries of intercorporate relationships in which the corporation may be (and usually is) involved. It is generally recognized that many legally distinct personal holdings, together with those held through personal and family holding companies, trusts, estates (and/or such intermediaries as nominees and brokers), may form a single family bloc for purposes of control. Aggregating such holdings (and penetrating their anonymity) is a primary task in any study of corporate control. Most important, it is necessary to break out of the framework of the single corporation in an effort to identify interconnections between it and other corporations, and through them to specific individuals, families, or other cohesive groups that might exert control. Otherwise, the search for the locus of control is severely hampered at the outset. (Zeitlin et al., 1974:102)

This study of the Weyerhaeusers has done this with one kinship group. The results reveal, among other things, that three corporations which Larner (1970) classified as under management control in the early 1960's were actually under family control. Larner's (1970:82) superficial assessment of the top 500 corporations in 1963 classified the Weyerhaeuser Company under management control; Boise Cascade and Potlatch were reported as "unknown," which Larner translated into management control (Larner, 1970:108, 114). Our assessment, using three criteria for family control, shows that in the early 1960's all three firms were under Weyerhaeuser family control.<sup>1</sup> Even in the mid-1970's, Weyerhaeuser and Potlatch remain under family control.

We have seen in some detail the extent of the Weyerhaeuser family's continued involvement in a variety of timber companies. Philip Burch's

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<sup>1</sup>Burch (1972), with a more thorough assessment, did classify Weyerhaeuser and Potlatch as probably under family and Boise Cascade as possibly under family control in 1965, which turns out to be a fairly good assessment of the loci of control for these three firms.

study (1972) enables us to speculate on the involvement of other upper class families in corporations to which they have been linked historically. This data can answer in a preliminary way the question of whether the Weyerhaeuser family is a unique case, an isolated example of family control, or whether it is part of a larger economic pattern in which major families serve as a mechanism of capitalist class control.

Burch has shown in his survey of the top 500 corporations the persistence and pervasiveness of family control. Utilizing criteria of stock ownership, representation on the board of directors, and "managerial direction," Burch (1972:102) concluded that "there was just about as much family as managerial control of large corporations in the mid-1960's." Comparing the situation of the mid-1960's with that of the late 1930's, he found that the majority of families listed by the TNEC as having working control in 1939 continued to "dominate...or are associated with these same firms as of the mid-1960's" (Burch, 1972:102).

For purposes of comparison with the Weyerhaeusers, we will use the same 12 families utilized in Chapter VIII to provide another reference point. Half of the 12 families--Ford, Pew, Mellon, duPont, Rockefeller, and Reynolds--were listed in the TNEC study of corporate ownership in 1939. Comparing their holdings then with Burch's (1972) assessment of their holdings in the mid-1960's revealed a decline in the percentage of stock held, but in all cases the continuation of enough stock (Burch uses the figure of 4-5%) to control the corporations historically linked to each family. The Ford family, for example, owned 100% of Ford Motor stock in 1939; by the mid-1960's this had declined to 39%. The Pews owned 44-56% of the shares of Sun Oil in 1967, down from 69.4% in 1934. The Mellon



family continued to control 20-40% of the stock of Gulf Oil, Koppers, Alcoa, and the Mellon National Bank as late as the mid-1960's. The duPonts in 1967 controlled the E.I. duPont de Nemours Company through Christiana Securities, a family holding company. The family owned 75% of Christiana, which owned 29% of duPont. The duPonts also owned 14% of United States Rubber (now Uniroyal) in 1967, but owned less than 5% of General Motors, a company of which they owned 23.8% in 1939. The Reynolds family holding in R.J. Reynolds Tobacco had declined from 17.4% in 1939, but was still enough for Burch to classify it as probably under family control. The Rockefellers' interests in the Standard Oils of California, New Jersey, and Indiana also declined, to the point that Burch (1972:37) classified them as only possibly under family control. Burch also identifies Olin Mathieson Chemical, a firm not listed in the TNEC study, as being owned (11.6%) by the Olin family.

These examples show that other capitalist families have followed ownership and control patterns similar to the Weyerhaeusers, suggesting that the Weyerhaeuser family may be fairly typical of families of this type. Such findings call into question the beliefs of those who argue that major families have lost their base of power because stock ownership has become widely dispersed.

U.3. In the case of the Weyerhaeusers there is some evidence of a shift away from active management. Evidence of this shift is reflected in the following developments: (1) The training program originally instituted for family members has been expanded to include the sons of all Weyerhaeuser Company managers. (2) Arcata, Potlatch, and Boise Cascade have hired outside "professionals" to manage the firms. And (3) the family at

times seems to be more concerned with preserving its wealth than with running corporations. These three examples would appear to support the notion of a separation of control from ownership.

These shifts are a part of a larger trend in the development of capitalism noted by Marx, namely the shift from direct control and ownership by individual capitalists to a more collective form of ownership, the corporation (cf. Menshikov, 1969). In separating functioning capital from capital as property, "the capitalist preserves actual control which enables him, as before, to 'skim the cream' from other people's capital, without troubling himself to manage it" (Menshikov, 1969:14). It does not necessarily mean that control has become the prerogative of the managers or that managers represent a new class separate from owners (cf. Kolko, 1962; Domhoff, 1967; Miliband, 1969).

Domhoff (1967:144) used the notion of a "power elite" to describe the managers, who may or may not be members of the upper class, but who are likely to have been "selected, trained, and employed in institutions which function to the benefit of members of the upper class and which are controlled by members of the upper class." In other words, what appears as a shift in the locus of power may only be a new mechanism of control. Michael Soref, in a recent study of capitalist class control over large U.S. corporations, has argued that "the managerialists have mistaken the separation of administration from control for the complete separation of ownership from control" (Soref, 1976:14).

The locus of control in the case of the Weyerhaeusers is found in the matrix of trusts, holding companies, Family Office, Annual Meetings, and foundations. The findings suggest that these instruments of control

enable the upper class family to perpetuate its control and dominance. Most of these methods of control rely on secrecy, and it is not surprising that they have remained hidden (Hill, 1974:43).

There are limitations in studying one kin group, as we have done. It does not allow for an extensive survey of other upper class families, for one. The case study has, however, uncovered a matrix of intercorporate connections and provided a detailed description of one family's involvement in and relationship to a variety of institutions. It suggests that these methods of control may be operating among other upper class families and may be located in similar institutional arrangements in these other kin groups. We have presented evidence from secondary sources that the Mellons and Rockefellers utilize similar institutional arrangements to perpetuate family control. In Chapter IV, for example, we mentioned that the Mellon family utilizes a family office. This office, Mrs. Richard K. Mellon said in an article in the New York Times (January 19, 1971), is "the sole spokesman for our family in all business matters and in the administration of our charitable programs."

The Mellon family recently exercised its power in a public show of force in connection with Gulf Oil. Burch's assessment of who controlled Gulf in the mid-1960's revealed Gulf to be under Mellon family control. In 1976 the Wall Street Journal reported the existence of a secret company slush fund used for illegal campaign contributions and bribes to foreign officials. The Mellon interests on the board of Gulf recommended ousting Gulf's chairman. "The Mellon forces warned the Gulf chairman that they had the votes to oust him if he refused to resign" (Wall Street Journal, January 15, 1976). The Mellon family owns about 15% of Gulf



stock, according to Newsweek (January 26, 1976), and was successful in dismissing the chairman and several other top managers involved in the illegal activity. Examples like this illustrate that families which own seemingly small percentages of corporate stock can control those corporations.

Hiring professional managers from outside the family does not mean that family members are not involved in family businesses, as the previous example illustrated. In the case of the Weyerhaeusers we have seen how they utilize the Family Meeting to make decisions about board choices, common investments, and the recruitment of family members for management positions. The kinship group itself can also serve as an informal link, through mechanisms of control like the Family Office and Meeting, to the formal structures of power, such as the corporations and the state. Stock ownership, interlocks, and kinship ties are good indicators of the presence of power but are no guarantee that the family will always win. Other structural constraints ensure that the corporations will act in the interest of the class that owns and controls them (Soref, 1976). This shift to institutional forms of control makes power difficult to analyze. It is much like Kadushin's (1968) dispositional concept of power--we can see the effects or results but we cannot measure or witness power itself.

The Mellons carried more weight at the Gulf board meeting than others, most likely because of their stock holdings. Weyerhaeuser interests on the boards of Potlatch, Weyerhaeuser, Arcata National, and Conwed have enough power to affect decisions in their favor. As one member of the fourth generation said, "When decisions have to be made someone from 'our crowd' always steps forward" (Interviewee, IV:A). This does not mean

that the Weyerhaeusers can do anything they want. They still operate within the structural constraints of corporate capitalism.

These constraints can also be examined by recalling the development of the Office in the case of the Weyerhaeuser family. The office and meeting often appear as organizational forms created out of necessity rather than as a consciously planned strategy. This suggests a structuralist perspective for analyzing the emergence of these new devices within the kinship group. In seeking to hold the family together, to avoid estate and inheritance taxes, to coordinate philanthropic and political giving, and to provide a device to manage joint investments, the family office emerged as a new form of control. Its intention may not have been control but the consequences of its organizational linkages and structure now facilitate control and coordination. Its structure provides the mechanism for perpetuating the fusion of kinship and property which forms the basis for a capitalist class. Because of the complexities of managing trusts, filing foundation tax returns, and coordinating investments, it is probable that other major capitalist families have developed similar devices to carry out these tasks. The existence of an office and meeting was found in the cases of the Mellons and the Rockefellers.

The Phipps family provides us with another example. The heirs of Henry Phipps, a Pittsburgh steel master, have also organized an office that serves many of the functions performed by Fiduciary Counselling, Inc., Richard K. Mellon and Sons, and Rockefeller Family and Associates. The Phipps family office is described by Richard Austin Smith in a Fortune article about a suit brought by one of Henry Phipps' grandsons against the rest of the family and the office for mismanaging a family holding

company and trusts (R. Smith, 1960). Like the Weyerhaeuser Family Office, the Phipps office pays the family's personal bills, arranges the finances of family members, etc. Smith describes the office as the administrative heart of the Phipps family empire.

In addition, it had a corporate reality. It was Bessemer Securities Corp., the family holding company, whose shares were held by thirty-eight family trusts, including Esmond's (he was the life tenant of 5 per cent of Bessemer's stock), and it was Bessemer Trust Co., corporate trustee of those thirty-eight trusts.

Bessemer Securities in 1954 had total assets of \$265 million. More than 40 per cent of this total was concentrated in big real-estate holdings in New York, Florida, Pennsylvania, and Illinois, and in the common stock of five enterprises: W.R. Grace, \$7 million; International Paper, \$20 million; Mellon National Bank, \$15 million; Ingersoll-Rand, \$11 million; Gulf Oil, \$5 million. (R. Smith, 1960:163)

In focusing on one capitalist family and its linkages to other institutional spheres, this study has demonstrated how kinship solidarity and cohesiveness can be maintained. It suggests that the bases of kin cohesiveness and continuity in upper class families lie in the institutional and structural arrangements of contemporary or corporate capitalism.

The family at times plays a role in shaping these institutional structures. This is particularly true of its role in the political process. Through campaign contributions, participation in trade associations, and representation on the Business Council, the family is involved in formulating and determining state policy and ideological supports for the system as a whole.

The family, on the other hand, also responds to the structural constraints of the economic order and the dynamics of class struggles. Economic structures based on a specific mode of production--property re-



lations, the inheritance of property, and capital accumulation--influence and shape the responses which the family makes. Capitalism, then, can be seen as perpetuating class positions based on kinship, i.e., as perpetuating propertied families and the inheritance of wealth. What is at stake is the survival not merely of the kinship group but of all of the supports--that is, of the corporate system and state apparatuses which form the heart of contemporary capitalism.

A study of the nature of a capitalist family and of the mechanisms linking the upper class to the state fits within the theoretical framework of the instrumentalists. Such a study however does not rule out the other side of the coin--that the structure of society reproduces class structure and that "state policy is determined by the contradictions and constraints of the capitalist system" (Gold et al., 1975:31).

C. Wright Mills, who is usually depicted as an instrumentalist, did recognize both aspects of this interaction, the elite formations and the structural constraints.

The study of elites does not rule out an acceptance of the kind of structural view one finds, for example, in Marx... The relation of institutional structure and elite formations is of course a two-sided play. Institutions, as I've repeatedly documented, select and form those who come to the top. In fact, sometimes the norms of selection and the shaping influences of institutional structures are more important to understanding human affairs and even the affairs of the powerful than the actual circles of men on top at any given time. I believe that is true just now, for example, in many major corporations. But it's also true, given the shape of major institutions in the United States today, that those at the top are more than privileged persons: to a varying extent, in different historical situations, they are also powerful with all the means of power now at their disposal. (Mills, 1968:248-249)

As recent discussions of the nature of the state have made clear, the distinction between instrumentalist and structuralist is not as clear-cut as the debate between Poulantzas and Miliband might suggest. In fact some of these articles (Gold et al., 1975; Esping-Anderson et al., 1976; Domhoff, 1976b) suggest a convergence. This approach appears to be more useful in understanding class domination and the role of the state than does either position taken alone. While the methods of power structure research imply a structuralist analysis, there is nothing inherently contradictory about fitting such studies into a general theoretical analysis of the state. Claus Offe in fact suggests a need to investigate the concealing mechanisms of the state; his critiques of both the instrumentalists (influence theories) and the structuralists (constraint theories) claims that neither is able to demonstrate the structural necessity of the class character of the political system (cf. Sardei-Biermann et al., 1973). Most of those who have been labelled instrumentalists would fit their empirical studies into a structuralist framework (cf. Domhoff, 1976b). Domhoff, for example, would argue that his research, although focusing on the ruling class, "needs to be fitted into larger contexts" (Domhoff, 1972:28). The context he refers to is the "American capitalist system," which is shaped by conflict among capitalists and between capitalists and others.

Institutional arrangements and classes can be understood as being shaped by the necessities of capitalist society. An example will illustrate the argument. Let us suppose that a member of the Weyerhaeuser family wanted to turn his or her back on their wealth. What options would be open to that person? He or she could give the money to the

poor or channel it all to environmental groups. But could he/she? For all practical purposes, no. He or she could give small portions to particular causes, in a manner reminiscent of Abby Rockefeller's support for leftist political movements. But he or she could not dispose of all of his or her wealth or use it for purposes at odds with family or class interests. The legal constraints of trusts, holding companies, and other institutional devices would prevent the person from "breaking" with family interests. Sandra Rockefeller, for example, tried to give her money away, about the same time that she dropped her last name. "Yet the trust fund," Collier and Horowitz (1976:540) report, "was more firmly affixed to her than her name."

As Domhoff (1976b:223) argues, "real people who are part of classes and interest groups are historically real actors who created and continue to create the 'apparatus' that mediates and organizes." But ultimately these actors cannot be separated from institutional arrangements which are tied to class relations. In terms of the capitalist family, the family does not possess a power of its own but operates within the constraints of structural arrangements dictated by class relations. The family, as Poulantzas says, is one of the apparatuses in the capitalist mode of production whose role is "to maintain the unity and cohesion of a social formation by concentrating and sanctioning class domination, and in this way reproducing social relations, i.e., class relations" (Poulantzas, 1975:24-25). The family as a unit of class structure plays an important role in this process. But a family's role is determined not by pre-ordained ideas but by its relationship to the capitalist accumulation process and the mode of production. To argue otherwise would be to suggest



a reified notion of the family (cf. Lundberg, 1937:8).  
 What I am suggesting is the importance of including the whole structural fabric in the analysis of elites. Economic elites or wealthy families are part of economic processes themselves. We can separate the elite or family for purposes of analysis--by tracing their interconnections and linkages--but this should not imply that they are autonomous actors. These networks are part of the structural arrangements which encompass all "social formations."

#### Further Research

The areas in need of further research can be grouped under two general headings, empirical and theoretical.  
 In the empirical area, we need to develop more case studies of upper class kinship units, to determine how extensive the institutional organizations developed and used by the Weyerhaeusers are among other families. This study suggests some of the places in which to look for evidence that other kin networks exist. One such place is foundations. Are foundations which are dominated by other kin groups centrally managed? If so, I believe they are probably coordinated out of a family office. Do these foundations have similar portfolios and a common address where the books are kept? A common address might itself indicate the existence of a family office. Similar patterns of stock holdings could indicate the existence of a matrix of trusts, holding companies, and other shared investment devices.  
 Another place to look for evidence of extensive kin connections would be campaign contributions. Do other family groups use centrally

coordinated political funds to channel political giving? The brief comparison between the Weyerhaeusers and the other upper class families is suggestive of such a process. Corporate boards are another place needing examination to determine how extensive kinship ties and intercorporate connections are. The starting point that would best facilitate a comparative study of upper class families would be the development of genealogies of these families; Adams (1970), Zeitlin et al. (1974), and Singer (1968) have already suggested such an undertaking.

One of the most important areas of empirical research needed to facilitate better theoretical work is the kind of extensive comparative study of other capitalist families which I have been suggesting. This study has shown that other kinship units, the Rockefellers and Mellons for example, do utilize an office and meeting. The question is, how extensive are these mechanisms of control, cohesiveness, continuity, and coordination among other kinship units? Britain (Whitley, 1973; Lupton and ) There is also a need for further study of capitalist families in other countries. Some work has been done in this area, the most comprehensive of which is the work by Zeitlin et al. (1974) on capitalist families in Chile. They found in studying the kinship ties of intercorporate relationships in Chile that "of the 15 corporations classified under ultimate management control according to the methods, procedures, and definitions of Berle and Means, 14 were, in fact, controlled by minority interests, generally by a family or two interrelated families and their associates" (Zeitlin et al., 1974:102). Zeitlin's work has focused almost exclusively on the question of corporate ownership and control. Other areas, such as inheritance patterns, kinship cohesiveness,

and political giving, are also suggestive of the kinecon group.

An anthropologist, Milton Singer, has discovered similar patterns of corporate ownership and control in India. Singer says that effective family control has been maintained through a number of different organizational devices, the most important of which is to have the company's affairs managed by a "managing agency" which is owned and controlled by the family, to organize the company as a subsidiary of a "parent" company which is family controlled, and to appoint members of the family to the managing directorship and to the board of directors of the company. (Singer, 1968:440)

The "managing agency" Singer refers to sounds analogous to the Family Office we have discovered in the case of the Weyerhaeusers. The use of devices of indirect control in India sounds similar to the structure of pyramidal control discovered by Zeitlin et al. in Chile.

Other studies have found a variety of "kinship connections among financial and political elite" in Great Britain (Whitley, 1973; Lupton and Wilson, 1959). Lupton and Wilson, for example, mapped out "parts of the social structure" in an attempt to find structural explanations for "top decision makers." They found a number of kinship links among top decision-makers in Britain. More recently Whitley examined the kin links through nuclear families among large financial institutions in Britain (1973:625-630). He found a "high degree of interconnection by kinship," which he argues suggests "that structural conditions for contact among directors of competing firms exist" (Whitley, 1973:626). John Porter's analysis of social class and power in Canada also found a number of kinship connections within the economic elite (Porter, 1965).

In the theoretical area, more work is needed to integrate the



findings of power structure research into a more comprehensive analysis of the structure of capitalist society. We have repeatedly mentioned the close affinity between kinship and class throughout this study. A great deal more theoretical work is needed to expand this analysis. Zeitlin et al., for example, hint in a footnote:

The concept of the kinecon group and of social class are...integrally related: both refer to the fusion of kinship and property systems, and it is through this fusion on a higher level that classes are perpetuated. (Zeitlin et al., 1974:110)

The development of a theory of family capitalism could be the beginning of such an undertaking.

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