

## **The New Problem with No Name**

Introduction to *Corporation Nation: How Corporations Are Taking Over Our Lives and What We Can Do About It*

By Charles Derber

The corporate mystique is a set of cherished beliefs and illusions at the very heart of American culture. We are all, in some measure, captives of the new mystique, which is at the root of the way we think about the most important institutions in our society-chief among them corporations themselves. The corporate mystique dictates how we think about not only what corporations are and the importance of their roles in our lives, but what government and markets, business and democracy, and the good life are all about. It is the main recipe for how to live and think in a corporate world.

Yet the corporate mystique is, at heart, an ideology, which for decades has effectively disguised the rising power of corporations in our lives. Corporate ascendancy is emerging as the universal order of the post-communist world. Its most obvious feature is the reign of vast and much-admired global corporations, from General Electric to Microsoft to Disney. Yet the essence of corporate ascendancy is the quiet shift of sovereignty that is shaking the roots of our democracy.

Corporate ascendancy refers to the rise of a new weakened form of democracy in which the powers of average Americans are being transferred to vast institutions with diminishing public accountability. With the government increasingly unresponsive to popular opinion, and corporations almost entirely unaccountable to the public, corporations have begun acquiring new public powers and acting as unelected partners with governments.

Our social landscape is now dominated by corporations that are bigger and more powerful than most countries. General Motors has annual sales larger than Israel's Gross Domestic Product; Exxon's annual sales are larger than Poland's GDP. One hundred sixty-one countries have smaller annual revenues than Wal-Mart does. General Electric has hundreds of subsidiaries-giant companies such as GE Capital- which are themselves bigger than most nations.

Two hundred corporations, led by giants such as GE, Time Warner, and Philip Morris, dominate America's economy-and much of the rest of the world. Their combined sales in 1996 were larger than the combined gross national product of all but the nine largest nations. Historians speak of the twentieth century as the age of nations and nationalism. Our end of century and the next century loom as the triumphal age of corporations.

America's biggest companies-and some huge European and Japanese corporations-are an overwhelming force in our national politics. Corporations poured almost \$2 billion into political campaigns in 1996 alone-only one of many measures of corporate political power. The relation between corporate power and democracy goes largely undiscussed in newspapers, schools, legislatures, and dinner conversations, as does the very nature of the corporation itself, a question that a hundred years ago was at the center of the national consciousness. It is a testament to the power of the corporate mystique that neither liberals nor conservatives have the vocabulary to raise these questions today.

In a rare effort by opinion makers to broach these issues, Ted Turner, founder of CNN and now a top executive in Time Warner, the world's biggest media corporation, has publicly worried about the democratic implications of corporate concentration in media: "Media concentration is a frightening thing. It's owned more and more by Disney, General Electric . . . Westinghouse, which now owns CBS. You have two of the four major networks owned by people that have huge investments in nuclear power and nuclear weapons-both GE and Westinghouse. What kinds of balanced stories are they going to give you on the news about the nuclear issues? Turner did not note that Time Warner is

the second largest book publisher in the world, the largest music company, the owner of many of America's most important magazines-including Time, Fortune, Life, People, Money, Sports Illustrated, and Martha Stewart Living-and, along with TCI, the owner of television cable systems serving 47 percent of the American cable audience. Turner is implicitly asking whether democracy can survive in a world dominated by companies such as his own.

Corporate ascendancy does not yet threaten to lead to absolute corporate power, but it involves the growing public powers of corporate entities that are defined by the corporate mystique as private enterprise. In addition to capturing huge global markets for traditional products, corporations are invading traditionally public sectors such as medicine, education, social services, and law enforcement. Corporations now own and manage huge domains of the public sector. To speak of the incorporation of America is not to speak metaphorically: There is scarcely any sphere of American life that is not coming under corporate administration.

The corporate mystique has helped to obscure not only the very question of corporate power, but how deeply personal the subject is. The personal identity of today's worker, consumer, and citizen is becoming a corporate construction. Corporations help create our growing obsession with money and success molding both our morality and material lives. We get our dreams and opinions from corporate-owned media such as Time Warner or Disney, our children's education from curricula provided by Microsoft or AT&T, our food from Philip Morris, the world's largest grocer, and our credit from one-stop corporate superbanks such as Citibank and Chase, but this insight only scratches the surface of corporate involvement in our lives. Every citizen has a place in the world of corporate ascendancy, including those not working in the corporation or not working at all. It is impossible to underestimate the extent to which one's own moral integrity and sense of self-respect stem from how one is situated in that world, and the extent to which most of us are involved as both agents and targets of corporate power.

In the past, corporations have served as a shelter from the cold calculus of the market, breeding loyalty and moral commitment among workers and consumers alike. Today, in our new era of greed, the corporation is rushing to shed the last vestiges of community within its walls. Downsizing, outsourcing, and permanent insecurity are the new dread mantras of the corporate world, and they are deeply personal in their impact. The new corporate "morality" is at the heart of a rising uncivil order, which is spreading into every corner of our lives a systemic and sometimes misplaced and abusive market logic. As each of us comes to terms with our unwitting dual complicity-both as perpetrators and victims of corporate abuse-our sense of personal and moral identity will never be quite the same.

The corporate order is undermining the security of American life as our parents knew it, along with the moral certitudes of loyalty and community they lived by. This is not an unambiguous loss; America at mid-century was for many a compromised and constraining place. But the new generation is growing up with an identity it would not have chosen: that of a permanently anxious class with contingency as its new moral code. As jobs have become temporary or otherwise contingent in the new corporate order, so have our communities and, increasingly, our marriages. The crisis of contingency has deeply seared our consciousness; it marks our personal lives with both new opportunities and terrible vulnerabilities. Both advocates and critics of the corporation ... have failed to appreciate how deeply corporate morality shapes personal morality, and has engendered today's crisis of values.

Students have often told me that they leave their sociology classes depressed because the sociological analysis they find there seems at once persuasive and without redemption. Social criticism has its role, but too often it has helped undermine itself in the United States by offering no solutions. Critics without constructive approaches get treated as Cassandras and reasonably dismissed as idealists or

nihilists. No matter how compelling a critique, it will find little fertile soil if it offers no constructive solutions, no alternatives to inspire and involve them...

Today, the prospects of change are inhibited by both the vast power of the corporation and the enchantments of the corporate mystique, both of which have effectively removed the issue of corporate sovereignty from national consciousness. But in the Gilded Age, one hundred years ago, and half a century later in the New Deal, the question of the corporation and its moral responsibilities became the centerpiece of American politics, carried by strong populist and labor movements. Although the issue has been buried now for at least two decades, new conditions are arising that could elevate these concerns once again to the forefront of national political debate.

While there is much to learn from populism, New Deal liberalism, and American radical thought, they are inadequate as responses to today's problems. Among their great flaws is their tendency to confuse a critique of corporate ascendancy with an all-out assault on business as a social enterprise ... this approach has doomed virtually all American critics of the market order, and has created misleading notions about the change we need. We desperately need a challenge to the culture of greed, materialism, and manic consumerism that the new corporate order has bred. But there will be no solutions to downsizing, inequality, and the morality of contingency-and little hope for a more humane or democratic culture-in a world of declining or failing business. The changes we need must defend society against the new corporate assault- while at the same time protecting the health of business enterprise itself.

Positive populism starts with a recognition of the many benefits that the American corporation-and American business generally-has delivered. Visitors from around the world marvel at the consumer cornucopia that Americans enjoy, and flock to American shopping malls to buy goods that are either unavailable or vastly more expensive in their own countries. American corporations are among the most innovative and productive enterprises in history, and deliver unrivaled creature comforts to their huge consumer base...

The American public has historically rejected populism, in part because it has benefited handsomely from the success of the American corporation. Millions of Americans have been employed their whole lives by corporations and are understandably grateful for the standard of living they enjoy. While poor Americans and even many in the middle class haven't shared in the great corporate profit boom of the last two decades, they still can regard themselves as privileged compared to most of the world's population.

Even Karl Marx, their most famous foe, recognized the dynamism of the emerging corporations in his own time, and celebrated their coming as the precondition for a better life. Marx dedicated his life to a harsh critique of the new capitalist world in the making, but never forgot that the rising corporation was the engine of a radical new prosperity. Only corporate capitalism, he said, could liberate most of the world from centuries of feudal poverty and despotism, and open the door to the rule of law, individual rights, and opportunity. Marx was wrong about many things, but right in recognizing the deep contradictions involved in trying to humanize the rising market order. For even as corporations wreak havoc on the lives of millions of workers and communities here and all over the world, they are still global symbols of opportunity and the central engine of economic growth on which most Americans depend. Americans now harbor deep new grievances toward corporations. We feel betrayed by their frequently cold, calculated influence on our lives, and fear their growing power and wealth. But a new populism cannot take hold until it's demonstrated that it will not hurt business or the larger economy.

The realistic opportunities for change today lie in contradictory principles within contemporary business about how to remain competitive. While most large corporations have taken the same low road as their robber baron forebears a century ago, many of the same companies are seeking to empower

employees, and to decentralize the huge bureaucracies that have traditionally protected corporations from public accountability. The new movements for corporate responsibility, while deeply flawed, hint that cooperation and economic democracy-core goals of positive populism- may ironically be emerging as necessary conditions of business success. Many sectors of business can find a place in the positive populist movement-which is not likely to succeed without their embrace.

Positive populism is a movement that affirms the virtues of business even as it seeks to humanize and democratize it. This creates many conundrums, for it is a movement which can succeed only by tapping the deep personal anger and hurt that corporations create among disposable workers and communities-without demonizing either corporations or their leaders. Positive populism seeks to encourage corporations to take the high road to social justice, but also recognizes that the new moral order we need will not always go hand in hand with maximizing profits.

The change we need will have to be championed by many sectors of the business world, but must be led by social movements whose values transcend making money and profit-including a newly assertive labor movement and vocal grassroots movements in communities across the nation. It must call on the strength of both "insider" and "outsider" populist forces-managers and shareholders seeking to democratize the business system from within, and populist labor and social movements acting from outside the corporation to preserve the ideals of democracy. Cooperation between insiders and outsiders is essential to positive populism, but their relation will be a difficult one, and their strategies not always harmonious. How to reconcile them is one of the great challenges of the twenty-first-century progressive agenda.

Since the crisis of corporate ascendancy is both economic and spiritual, so must be the movements that seek reform. Our nation is in need of a transformative movement, one that combines the forces of healthy business, energized workers and unions, and newly activist citizens, in the pursuit of a truly democratic culture. Deep economic and political changes are necessary to achieve corporate responsibility and a society that values people over money. What we need, finally, is a politics of the heart-but one that recognizes that we need more than changes of heart to create a new moral and truly democratic society.

---

Charles Derber, professor of sociology at Boston College, is a leading social critic, who has written eight widely acclaimed books. The most recent is *People Before Profit: The New Globalization In An Age of Terror, Big Money, and Economic Crisis* (St. Martin's Press, 2002). He is also the author of *Corporation Nation: How Corporations Are Taking Over Our Lives and What We Can Do About It* (St. Martins Press, 2000). New editions of his books, *The Wilding of America* and the *Pursuit of Attention*, have been issued in 2000 and 2001, as well as a paperback edition of *Corporation Nation*. His books have been reviewed by the New York Times, the Washington Post and numerous other major media. He writes for many newspapers and magazines, has been a monthly commentator on national talk radio, and appears regularly on national TV and radio shows. You can visit his web page at:  
[http://www2.bc.edu/~derber/Homepage\(Frames\).htm](http://www2.bc.edu/~derber/Homepage(Frames).htm)

## **An Overview of Corporate Power**

Citizen Works

### **CORPORATE DOMINANCE: DEFINING THE PROBLEM**

America is built on simple yet revolutionary principles; fundamentally, self-governance is an inalienable right and governments should serve the interests of the people. These are essential characteristics of a healthy and functioning democracy. But America has stumbled upon a formidable roadblock to the realization of our founding fathers' dream, as Lincoln said, of a country that is "of the people, by the people, and for the people"<sup>1</sup>. Clearly, the gap between our democratic ideals and our current reality is due to many factors; one of the biggest is that mammoth corporations, huge in size, wealth and power, are drowning out the voices and interests of everyday American citizens. The following is a broad overview of the ways in which corporate dominance is stifling democracy, stunting our communities and devastating the environment.

### **THE CORPORATE INFLUENCE ON GOVERNMENT**

A huge component of increasing corporate control, power and irresponsibility is the grip that corporations have over our government. The most obvious way that corporations influence government officials and policy is through campaign donations and lobbying. In the 2000 election cycle alone, businesses gave \$1.2 billion to congressional campaigns<sup>2</sup>, lining the pockets of both the Democrats and Republicans. Unless you are rich, it is nearly impossible to run a viable congressional campaign without corporate financial backing, since their donations make up about 75% of the money that candidates receive<sup>3</sup>. In the most recent election, the candidate who raised the most money won 94% of the time<sup>4</sup>.

Once elected, an army of roughly 20,000 corporate lobbyists provides constant reminders of just whose money elected whom<sup>5</sup>. The combination of corporate political donations and pressure from lobbyists is an excellent investment for the corporate world. It helps them frame the issues and keep critical interests out of the halls of government. Sometimes the payoff is direct. In 2000, corporations received \$125 billion in tax-breaks and subsidies<sup>6</sup>, a return of about 100 to 1 on their investment. In addition to draining taxpayer dollars to support corporate welfare, the government also heavily subsidizes the research and development side of many industries, particularly the pharmaceutical, technology and military hardware/weapons industries, spending billions of government dollars and then giving away the findings for virtually nothing to corporations, who proceed to make a profit<sup>7</sup>.

The ties between corporations and governments run so deep that a revolving door has appeared between the two sectors. Many of President Bush's appointees, for example, are ex-corporate executives now in government positions where their role is to regulate the industries they were once a part of. For example, 41 officials in the Bush administration have close ties to the oil industry<sup>8</sup>. These kinds of connections clearly make it difficult for objective evaluation and regulation of industry, or for the interests of ordinary citizens to receive equivalent consideration.

### **THE RISE OF MULTINATIONALS**

In the past several decades, corporations have been given free reign to enter markets around the world with little regulation and with the license to demand priority treatment. With the emergence of the World Trade Organization (WTO) in 1995, and the transformation of the World Bank and International Monetary Fund into corporate-driven institutions, there now exists an institutional framework by which corporations are legally dominating markets around the world, dictating economic policies of developing nations, and strong-arming their way to resource and wealth extraction<sup>9</sup>. Although we usually think of these transnational institutions as determining the economic policies of indebted

nations in Asia, Africa and Latin America, it's also true that international trade agreements such as NAFTA pose considerable threats to the U.S. system of democracy.

One example of how international trade agreements give corporations more rights than citizens is Chapter 11 of NAFTA, the chapter that defines investors' rights. Chapter 11 grants corporations of each nation (the U.S., Mexico and Canada) the power to sue the other two nations and overturn laws that might be construed as interfering with the corporation's profits. If a company believes that a NAFTA government has violated these new investor rights and protections, it can initiate a binding dispute resolution process for monetary damages before a trade tribunal – a process which is closed to public participation, observation and input. Individuals, on the other hand, have no legal status in NAFTA. Human and labor rights, environmental protections, and democratic accountability were consciously excluded. As Jeff Faux of the Economic Policy Institute puts it, "NAFTA thus represents the most extreme example of the so-called neoliberal model, in which supranational rules liberate the private corporate investor from the constraint of democratic public values."<sup>10</sup>

The recent mass wave of corporate mergers has resulted in extreme consolidation of wealth for a very small number of corporations. In fact, 51 of the world's 100 largest economies are corporations, while only 49 are nations<sup>11</sup>. The result is that unaccountable corporations and corporate dominated institutions like the IMF, World Bank and WTO have more power and influence than many countries' governments<sup>12</sup>.

### **WHAT DRIVES THE SYSTEM?**

Hardwired into the corporate machinery is a drive to maximize shareholder value. Translated into practice, this economic imperative means that corporations do whatever it takes to maximize their gains while externalizing all possible costs onto workers, communities, consumers and the planet.

CEOs are in fact legally bound to make as much money as possible for their shareholders. The problem with this kind of system design is not the notion of profit in itself, but rather that the real costs of business ventures and corporate activity are not taken into account. Consequently, communities, workers and the environment are left to pick up the tab for corporate irresponsibility. Any economic model that solely relies on profit and growth to gauge success is fundamentally unsustainable and flawed because it neglects critical components of a healthy society: the well being of communities, workers, and the environment. A huge component of this problem is that there are very few avenues available for the voices and concerns of employees, communities or other stakeholders to be heard and heeded as they are excluded from the corporate decision-making process.

The logical result of the single-minded profit-based approach is an array of both legal and illegal bad corporate behavior. For example, in the name of profit corporations legally can, and often do, re-incorporate in an off-shore tax haven without moving any of their operations. While still benefiting from government services and contracts these corporate tax traitors can save tens of millions in annual tax returns. Officials from the U.S. Treasury Department estimate that between \$70 and \$155 billion disappears into the "Bermuda Triangle" of off-shore tax havens each year<sup>13</sup>. By utilizing tax havens and other tax loopholes corporations are paying less than their fair share, only 1.3 percent of the nation's Gross Domestic Product, the lowest percentage in two decades<sup>14</sup>. At the same time, many of these same companies are receiving untold billions in corporate welfare subsidies. Additionally, because of weak whistleblower protection laws, corporate disclosure regulations and public right-to-know laws, it is often difficult for the public to learn when corporations are breaking the law.

While much corporate irresponsibility, abuse and tax-avoidance is legal, we recently witnessed a wave of corporate crime that was fueled, in part, by the drive to maximize profits. But corporate crime is not a new phenomenon. While the FBI doesn't keep statistics on corporate crime, one university professor found that in 1997 there were twice as many workplace deaths as murders<sup>15</sup>. White-collar

corporate crime - consumer fraud, deceptive advertising, tax cheating, and insurance, Medicare, and securities fraud - cost society between \$200 - \$500 billion each year<sup>16</sup>. Compare this to the cost of burglary and robbery costs, which the FBI estimates is about \$3.8 billion a year<sup>17</sup>.

The punishments for white-collar crime are also significantly less than those for street crime, generally on the order of months instead of years. Corporate crime, like violating environmental, workplace safety or labor laws, regularly goes un-prosecuted and often results in nothing more than a minor fine that the corporation can write off as the cost of doing business. The big Wall Street banks that were charged with stock-research abuses in 2002, for instance, are claiming that more than \$1 billion of their \$1.5 billion global settlement is tax-deductible.<sup>18</sup>

Frank Easterbrook and Daniel Fischel, two leaders of the Chicago School of Law and Economics, summed up the profit-at-any-cost school of thought 20 years ago: "Managers not only may but *should* violate the rules when it is profitable to do so."<sup>19</sup>

### **THE CORPORATE CRIME WAVE – A SYSTEM OUT OF CONTROL**

The explosion of corporate scandals in 2001 and 2002 should not surprise anyone. The drive to maximize profits at all costs (externalized costs, that is) reached manic proportions during the recent stock market bubble. And when the bubble burst, it sent many companies into a devastating tailspin that hit employees and shareholders the hardest. A total of 186 public companies with \$368 billion in debt filed for bankruptcy protection in 2002, shattering the record for a second straight year<sup>20</sup>. With nearly half of all U.S. households owning stock<sup>21</sup>, the corporate restatements of earnings and huge losses of stock value (both for criminal corporations and across the market), hurt millions of ordinary citizens.

The corporate scandals of 2002 were caused by a number of factors that can be viewed as the failure of both internal and external accountability. Observers, such as The Conference Board<sup>22</sup>, that describe the cause as a failure of internal accountability point to a breakdown in corporate governance. Corporate governance is the accountability of management to shareholders and directors. Shareholders (mostly passive investors) are technically the owners of publicly traded companies, but since they are such a diffuse group, they exert little control. Instead, they "elect" a board of directors to look out for their interest, which is almost always narrowly defined as making money. However, these directors are generally handpicked by management and wind up serving the interests of management more than the interests of shareholders.

An illustration of the resulting unaccountability of management is the ridiculous pay packages that top executives have received in recent years<sup>23</sup>. Nor is this lack of accountability unique to companies involved in financial fraud. On average, CEO pay is astronomical, and still rising. In 2001 the average CEO earned 411 times what the average worker earned<sup>24</sup>. Incentive packages for CEOs often include millions in stock options that can motivate executives to pursue short-term profit at any cost, even if that involves laying off employees or artificially inflating share price through accounting fraud.

Even where directors are more independent, they still only represent a small slice of people affected by a company's actions. If workers, communities, consumers and other stakeholders were given a participatory voice in corporate governance, corporations would probably become responsive to more than just profit-driven investors, and more closely resemble their roots as public-minded entities. But shuffling the players on the board is not enough. We are still left with the failure of corporations to be accountable to the broader citizenry. (The analysis of the Enron scandal provided by its own board through the so-called "Powers Report" – which depicted a company defrauded by a few greedy executives – ignores the damage that Enron did to California consumers, the environment, etc.)

Much of the debate after the recent scandals focused upon the failure of the system's traditional watchdogs – including accountants, stock analysts and the media. The dismantlement of New Deal-era protections and the aggressive deregulatory agenda of the last 30 years led to massive conflicts of interest between and among the accounting and banking sectors. The doctrine of deregulation only left corporations alone to bend and break the law, while these so-called watchdogs aided and abetted the fraud. Their indifference was fueled by “tort reform” laws that gutted the liability of aiders and abettors of fraud, such as the Private Securities Litigation Reform Act of 1995<sup>25</sup>.

But while a few laws were passed regarding accounting reform and analyst ties to banks that underwrite the businesses to which they are supposed to provide objective stock analysis, the general faith in deregulated markets continues. Although many “experts” were touting the benefits that deregulating the electricity markets would bring to places like California, we now know the results: gouging of customers (including poor homeowners and small businesses), blackouts, and fraud and manipulation of trading by Enron and other companies. Nevertheless, efforts to gut the Public Utility Holding Company Act (PUHCA) continue unabated<sup>26</sup>.

The larger lessons seem to have gone unnoticed. The most prominent companies involved in the corporate scandals came from industrial sectors — energy, banking and telecommunications — that were quickly transformed in recent years by new laws that lowered existing barriers to the companies' rapid expansion and involvement across business sectors. For example, after the Telecommunications Act of 1996, the telecom industry (buoyed by overinflated expectations about the new high-tech economy) spent nearly half a trillion dollars building a monumental high-tech network with extensive overcapacity that caused it to grow its debt from \$9 billion to \$306 billion by the year 2000<sup>27</sup>. Telecom investors alone lost nearly \$2 trillion, while half a million workers lost their jobs, and dozens of debt-laden companies went bankrupt, including WorldCom, the biggest bankruptcy in history<sup>28</sup>.

We also saw the repeal of the New Deal-era Glass-Steagall Act, which established the strict separation between investment banking, insurance, and underwriting businesses. As a result of lobbying efforts led by Citigroup, in 1999 the Act was fully repealed after several years of gradual dismantlement. As a result, investment analysts rated stocks that their own banks were underwriting, giving them strong recommendations, while privately deriding them as junk.

### **BIG PICTURE: LEGAL WRONGDOING**

Of course the most horrific truth about the recent corporate scandals is that much of the devastation was the result of perfectly legal actions. The fact that millions of employees, pensioners, and investors lost their life's savings while executives knowingly cashed out without going to jail indicates a much larger and more fundamental problem. Corporations have become so powerful, and have so many rights, that many of the worst abuses of corporations and top executives are often considered to be legal. And even when the bad behavior is illegal, the enforcement of the law is undermined every step of the way, and the penalties are minor — considered merely the cost of doing business. For example, it is easier and cheaper in many cases for a company to pay a fine for dumping toxic waste into the sewer than it is for the company to dispose of it properly. The problem therefore is not just that they break the law, but that they write the laws, influence the people and entities that enforce the laws, and use their illegitimate claims to constitutional rights to block any serious attempt at holding them accountable.

### **HOW DID THIS HAPPEN?**

While the enormous power and influence of today's corporations results in a complex web of negative impacts, corporations as large, private institutions are historically speaking a fairly recent creation. Reading two of the next session describes how corporations gained increasing amounts of power through both legal and legislative measures. One seminal legal case is important to understand, *Santa Clara v. Southern Pacific Railroad*. As a byproduct this 1886 case, corporations gained access

to the legal standing of “persons” and as a result can use constitutional rights installed for citizens to challenge attempts to limit their power. The importance of this corporate status of personhood cannot be overstated: it means corporations have the same rights as real people including constitutional rights to free speech, protection from search and seizures, and freedom from discrimination, all of which can manifest itself in legalized corporate abuse (session II readings include further analysis). While the Supreme Court never ruled or heard arguments in the case as to whether corporations qualified as “persons”, *Santa Clara* has effectively given corporations the legal standing of people<sup>29</sup>.

## **MOVING TOWARDS SOLUTIONS**

### **Challenging Corporate Power on a Number of Fronts**

Corporations did not always have such a firm grip on power and wield such commanding influence over our lives. Even though the problems of corporate dominance may seem insurmountable, we can proceed toward countering their power and grip over all of society by building a widespread movement of citizens tackling the problem from many angles, ultimately reasserting citizen authority over corporations.

There is a huge array of potential solutions, and a variety of strategic approaches that can be used, including legislative fixes, legal challenges, community empowerment and direct limits of corporations. Some are already being used in one place or another; others have yet to be tried. None of these is the magic bullet to suddenly fix the problem of abusive corporate power. These approaches vary in size and scope and their usefulness and appropriateness will vary from community to community, and from issue to issue. For example, in some places citizens can pursue legislative strategies. Under other circumstances, it may be necessary to begin with an educational program to lay the groundwork before mounting a fundamental challenge to entrenched corporate interests. In fact, all of these approaches should include an educational component and focused outreach to new people and groups. A successful national movement to curb abusive corporate power will include efforts on many fronts and will operate on the local, state and national levels all at once. We need organized citizens to educate one another and mobilize a multi-faceted, coordinated campaign to make substantial steps forward.

### **ILLEGITIMATE LEGAL RIGHTS**

Ultimately, we need to reclaim the very concepts with which democracy was originally conceived; corporations only have the rights that we as citizens allow them to have; they should exist to provide the public good. Citizen participation, not the maximization of corporate profit, is the fundamental essence of democracy.

Corporations have not always had a firm grip on the rights of people while managing to escape the responsibilities of citizenship. At the center of the illegitimate corporate claim to the rights of people is the notion of corporate personhood, based on the 1886 case *Santa Clara v Southern Pacific Railroad*. While 100 plus years of corporate legal theory is based on the corporations-as-people assumption, remember that *the Supreme Court has never ruled on corporate personhood*. American citizens have never voted on corporate personhood and congress has never passed legislation about corporate personhood. We have truly been bamboozled. The struggle to reclaim citizen authority over corporations and strip the illegitimate corporate claims to constitutional rights and protections of people will require years, perhaps decades of work. It will necessarily involve both local and national campaigns as well as legal and legislative battles. Although revoking corporate personhood may ultimately require a constitutional amendment, there are significant steps we can take before we are strong enough to mount a campaign of that magnitude. (See Box entitled *Abolishing Corporate Personhood* for an example of a local approach.)

Another approach is to challenge specific corporate rights. One of the many rights that corporations claim is that of free speech, which, among other things, allows them to make campaign contributions. This “right” was affirmed in the 1976 case *Buckley v. Valeo* which stated that money is a form of free speech and corporations, as people, have the right to use speech (i.e. money) to influence candidates and elections. Finding a way to legally challenge this assumption may be a key step to significantly reduce corporate influence of politics as well as educate the public about corporate personhood.

Corporate access to First Amendment rights is also being challenged on another front. Marc Kasky, an activist in California, alleges that Nike is deceiving consumers in a PR campaign to convince the public that it has cleaned up its subcontractors’ sweatshop labor practices. It is against California law for corporations to intentionally deceive people so Kasky is suing Nike, Inc. Nike isn’t saying it didn’t lie, but rather is arguing that corporations have the same free speech rights as individual citizens and therefore can lie just like regular folks. The California Supreme Court disagreed, and now the U.S. Supreme Court will hear arguments about whether Nike can use the First Amendment to protect its “right to lie.”<sup>30</sup> This controversy is an excellent opportunity to educate the public about corporate claims to constitutional rights and re-examine the assumptions of corporate personhood. A decision is expected in late July 2003. See [www.reclaimdemocracy.org](http://www.reclaimdemocracy.org) for more information.

### **ABOLISHING CORPORATE PERSONHOOD: A Case Study of Porter Township**

In early December 2002, one small township in Pennsylvania made history by being the first local government in the U.S. to eliminate corporate claims to civil and constitutional privileges. Porter Township is in many ways a microcosm of the struggle between people fighting to make their voices heard and corporations claiming the rights afforded to natural people in the constitution and utilizing these legal privileges to override democratic decision-making. The Porter community was working to regulate the dumping of Pittsburg-generated toxic sludge in their township by adopting a “tipping fee” which requires dumpers to pay per ton of sludge dumped and allows the Township to verify the safety of the sludge applied to the land. Sludge companies have used both the legal and legislative process in an attempt to override the decision-making authority of several Pennsylvania Townships to regulate toxic dumping. The legal attempt involves the Synagro Corporation claiming that “tipping fees” violate their constitutional rights, in this case using the 14th Amendment’s protection against discrimination. In response to this litigation, the people of Porter Township asserted their democratic rights to be able to make and enforce legislation and laws for the good of citizens by passing an ordinance that denies that corporations are “persons,” thus stripping them of the same constitutional protections that natural persons are afforded. Corporations use their legal status as “persons” to claim an array of rights including First Amendment free speech protections, protections from search and seizure, double jeopardy, self incrimination and discrimination as well as rights like due process. Corporations are legal fictions and lack the morality and responsibility to community that many people value. They should not have access to the same constitutional protections. A starting point for a community that wants to challenge corporate personhood is to connect a corporation’s false claims to constitutional rights to specific local battles like Porter Township did in Pennsylvania. These local battles could include campaigns to keep giant chain stores out of the community, stopping the development of dumps and incinerators or fighting corporate farming. For more information about corporate personhood check out: [www.poclاد.org](http://www.poclاد.org) and [www.wilpf.org](http://www.wilpf.org)

### *Corporate Crime and Punishment*

A double standard plagues our criminal justice system. While corporations have the legal rights of people, they escape many of the responsibilities and consequences of citizenship. Burglars, car thieves and drug users typically are aggressively prosecuted and serve years in jail. Corporate law violations cost society at least \$2 trillion dollars<sup>31</sup> and often go unpunished. When corporate crimes like toxic pollution, food and drug violations, fraud, bribery, illegal agreements, and wrongful death of community members and employees are prosecuted, the resulting fines are generally insufficient and can be written off as the cost of doing business. Individuals convicted of criminal activity can have

Individuals convicted of criminal activity can have their rights taken away from them and often have difficulties getting a job. Corporations with repeated criminal activity usually suffer no such difficulties, not even when it comes to getting government contracts. Another problem is the sheer power of large corporations versus the government. Both the Department of Justice and the Securities and Exchange Commission (the two agencies responsible for prosecuting corporate crime) are woefully under-funded and unfocused when it comes to unraveling complicated corporate crime. But plenty of resources are devoted to street crime. The lack of much initiative against corporate crime at the federal level has in some cases caused some politically ambitious attorneys general in a few states to take aggressive action<sup>33</sup>. In order to force corporations to change their behavior we need to punish them as institutions, not just individual executives. One attempt to crack down on corporate crime is the Corporate Three Strikes Act currently being pursued in California (see box entitled *Corporate Three Strikes*).

**CORPORATE THREE STRIKES**

The courts have long held that corporations may be dissolved or denied permission to do business if they violate the law. Usually it is the responsibility of the Attorney General to initiate charter revocation proceedings against criminal corporations, an action that is sometimes used against small corporations, but rarely used against the larger corporations. Californians are seeking to enact state legislation in the Corporate Three Strikes Act, which would require California to take legal action to put out of business in the state any corporation that has three “major violations” in a ten-year period. In this case, a “major violation” is defined as an intentional or grossly negligent violation of existing law that results in a death, or in a fine, damages or settlement of over a million dollars.

After Enron, the Corporate Three Strikes Act is an excellent example of how we can be tougher on corporate crime and assert our authority over corporations.

See [www.corporate3strikes.org](http://www.corporate3strikes.org) for more information.

Another approach is to change the system design or incentives that motivate executives to commit crimes in the interest of maximizing profits. One model of this approach has been suggested by attorney Robert Hinkley, who calls his approach the Code for Social Responsibility (see box entitled *Code for Corporate Responsibility*).

**CULTURAL TRANSFORMATIONS**

Corporations are invading our lives from all angles through a cascading assault of sponsorships and advertisements, an all-encompassing web of product placements and branding. Our sports stadiums and museums garishly broadcast the names of corporations<sup>34</sup>; our symphonies and public works are only made possible through their “generous” sponsorship. Even our schools, universities, and places of worship now increasingly bear the marks and mindsets of corporations. We no longer relate to each other as

**THE CODE FOR CORPORATE RESPONSIBILITY**

Robert Hinkley was a corporate securities attorney for 23 years before he realised that “many of the social ills created by corporations stem directly from corporate law...[which] actually inhibits executives and corporations from being socially responsible.” His beef is with the state laws that say the only purpose of a corporation is to maximize profits and make as much money as possible for shareholders. Hinkley says, “corporate law thus casts ethical and social concerns as irrelevant, or as a stumbling block to the corporation’s fundamental mandate.” The implications of the “profit-only” focus are apparent in crumbling job security, disintegrating communities and the devastated ecosystems that surround us. Hinkley’s suggestion is simple: adjust state corporate legal codes which define the purpose of corporations to expand their realm of responsibility. This would fundamentally restructure the priorities of the corporate world to better align them with the values of the citizenry. This change is captured in these 28 words that can be inserted into state corporate laws: *...but not at the expense of the environment, human rights, the public safety, the communities in which the corporation operates or the dignity of its employees.*

The Code was introduced into the California Senate on February 19, 2003.

citizens, but as consumers, our identities somehow defined by the clothes we wear, the cars we drive, even the soft drinks we prefer. Corporate values have permeated our culture, through and through. We can challenge the corporate co-optation of our culture, both through individual actions and coordinated campaigns. For example, 11 years ago, Adbusters started Buy Nothing Day<sup>35</sup> on the busiest shopping day of the year, the day after Thanksgiving, as a simple yet powerful way to challenge our over-consuming culture. Citizens participate in a variety of ways by stepping out of the insanity of consumer work-spend-work-spend fray for 24 hours to organize symbolic and educational actions. In the same vein, in 2002 Citizen Works launched an annual event, Big Business Day, as a vehicle to demonstrate opposition to corporate driven culture and corporate power. Each year, communities across the country organize teach-ins, rallies, protests, parades and other media events to illustrate a local aspect of the problem of corporate power. Big Business Day is helping to build the movement to challenge corporate power by educating and activating concerned citizens, and raising awareness about corporate power among the general public.

Citizens also find other ways to locally challenge the infiltration of corporatism into their communities. Some communities are running campaigns against Channel One, a mandatory T.V. program shown to eight million students in 12,000 schools across the country. The program contains a mix of ads, news and other programming. Critics contend that the content of Channel One forces children to watch commercial advertising, wastes school time, promotes violent entertainment, wastes money and promotes television instead of reading. See [www.commercialalert.org](http://www.commercialalert.org) for more information.

On a larger scale, campaigns targeting corporations nationally or internationally have proven to be an effective tool to both educate the public and initiate change within specific companies and industries. Thanks to the vision and hard work of anti-sweatshop and other activists, companies with well-known brands like Nike, the Gap, Starbucks, Coca-Cola and other large retailers have been forced to address growing public concern over the content of and conditions

under which their products are made overseas<sup>36</sup>. Similarly, stores like Wal-Mart and Home Depot have had to respond to citizen protest about their unethical labor and environmental practices<sup>37</sup>. We can also include a message of challenging corporate power while running winning local sustainability campaigns to stop damaging corporate development projects. Both types of campaigns are opportunities to educate the broader public about the need to fundamentally change the role of corporations in our democracy<sup>38</sup>.

### **COUNTERING THE CORPORATE MEDIA**

Corporate control of the media is one of the biggest threats to democracy. There are a number of ways that activists can respond to growing corporate control of the media: fight that control, support alternatives, or establish your own media outlet (e.g. through the Independent Media Network).

#### *Challenging Corporate Consolidation of the Media:*

Media Access Project: [www.mediaaccess.org](http://www.mediaaccess.org)

Center for Digital Democracy [www.democraticmedia.org](http://www.democraticmedia.org)

#### *Critiquing the Content of Corporate News:*

Fairness and Accuracy in Reporting: [www.fair.org](http://www.fair.org)

Independent Press Association: [www.ipa.org](http://www.ipa.org)

Project Censored: [www.projectcensored.org](http://www.projectcensored.org)

#### *Alternative Media Sources:*

Independent Media Center [www.indymedia.org](http://www.indymedia.org)

Independent Press Association [www.indypress.org](http://www.indypress.org)

For more information see: *The Progressive Guide to Alternative Media and Activism*

### **CHALLENGING CORPORATE POLITICAL POWER**

We know that it will take a multi-faceted effort to weaken the vice grip corporations have on our government. Back in 1906, in an address to Congress, Theodore Roosevelt said “let us prohibit in

effective fashion all corporations from making contributions for any political purpose, directly or indirectly.”

Fighting to ensure that public officials are truly independent and beholden only to their voting constituents, activists and public interest advocates throughout the twentieth century have championed various campaign finance reforms (CFR) aimed at curbing corporate influence in government. Particularly in the last two decades, since monumental court decisions expanded opportunities for corporations to contribute to electoral campaigns, the debate about money in politics has become increasingly visible and the necessity for reform clear to the public.

The turning point that ushered in the modern campaign finance reform era was the passage of the Federal Election Campaign Act (FECA) in 1971. This act, along with a slew of amendments in 1972 after the Watergate scandal, represented an effort to address the damaging conflicts of interests created when big corporate money elects public officials. Among other things, it enacted spending caps, limited the amount an individual could contribute to a federal candidate to \$1000, and established the Federal Election Commission to enforce the regulations.

This system was never given a fair chance, though, because in 1976 the Supreme Court ruled in *Buckley v. Valeo* (see *Legal Rights* section) that the key provisions were unconstitutional<sup>39</sup>. This decision was monumental and laid the foundation for the unjust and disastrous system we are faced with today.

The next campaign finance reform victory came in March of 2002, when after years of proposals and compromises and in the wake of the Enron scandal, the Congress passed into law the McCain-Feingold campaign finance bill. While proponents of reform celebrated, most of them recognized it as a compromise and a modest step forward. The laws’ two major provisions are a ban on soft money (money donated to parties that is not subject to contribution limits or disclosure), contributions to national parties, and restrictions on the timeframe within which interest groups are allowed to air ads. But many of the key provisions of the initial bill drafted in 1996 did not make it into the final version of the law. These include bans on PACs (Political Action Committees), voluntary spending limits in exchange for free broadcast time, and a mandate for Senate candidates to raise 60 percent of their funds in their home state. Some critics even say that the law has the potential to further cripple the system with its increase in the hard money (money donated directly to candidates) limit from \$1000 to \$2000<sup>40</sup>. While McCain-Feingold was on the whole an important victory for the CFR movement, we must consider it a step towards more fundamental change, not a final destination.

#### **FOUR LEADERS IN PUBLIC FINANCING**

Arizona, Maine, Massachusetts, and Vermont have led the way toward publicly financed elections. In those states, voters have chosen a system that provides qualifying candidates who agree to limit their spending and reject contributions from private sources with a set amount of public funds to run for office. Evaluation of these new laws is underway, but early analysis of the first election cycle (2000) under the system already reveals improvements in transparency and access for a broad field of candidates. See *Public Campaign* [www.publiccampaign.org/](http://www.publiccampaign.org/) for more information.

The ultimate goal of the CFR movement should be full public financing of federal, state, and local elections. Over two-thirds of people polled favor public financing of campaigns if it means limits on spending and a ban on private and special interest money<sup>41</sup> and most industrialized nations have it. Public financing would quell the voice of corporate special interests that are so loud in Washington, and allow solid candidates from all backgrounds to compete. (See box entitled *Four Leaders in Public Financing*.)

In addition to publicly financed elections, Mark Green<sup>42</sup>, a longtime expert on campaign finance reform and author of *Selling Out*, lays out the following additional steps, essential to a clean system:

- Overturn *Buckley v. Valeo*: take away the corporate claim to free speech rights.
- Restructure the Federal Election Commission: make it nonpartisan instead of bipartisan, increase staff and budget, take it off the 'honor system' by mandating audits, and empower it to review laws regularly.
- Allot free broadcast time and mailings to qualified candidates.

Getting corporate money out of electoral politics is only one of the reforms necessary if we are to eliminate immense corporate influence of government. Corporations manipulate our democratic process with an army of lobbyists, scores of unelected and appointed high-ranking government officials, and by demanding massive industrial subsidies. The following are some important steps to counter this influence beyond CFR:

- To balance the loud voice of the corporate interests that often dominate Washington, the federal government could create a "Consumer Protection Agency" to advocate for consumer interests, investigate, develop facts, participate in federal agency proceedings, challenge agencies that neglect to enforce statutes passed by Congress, and present consumer interests to legislators, regulators and courts<sup>43</sup>.
- The "revolving door" between business and government should be closed. Public officials should be required to recuse themselves for 3 years from any investigation, enforcement action, or rule-making involving a former employer or client.
- We can also drastically cut the subsidies, giveaways, and huge bailouts that only benefit corporations at the expense of taxpayers<sup>44</sup>. Good Jobs First ([www.goodjobsfirst](http://www.goodjobsfirst)) helps groups that want to fight local giveaways to corporations.

## **ECONOMIC POWER**

Economic power can be measured in different ways, including market size and control. Many giant corporations use their superior size and cross-sectoral integration to stifle competition within their market sector<sup>45</sup>. As we have seen, corporations have become so big that they are, as economies, larger than dozens of nations<sup>46</sup>. They are able to wield tremendous amounts of influence and power to shape domestic and international economic policy, consumer choice, and aspects of cultural life.

A single corporation is able to integrate operations across many sectors, stifling competition and access to markets. For example, Clear Channel, a firm that controls 1,200 radio stations in the United States, owns concert promotion firms and many concert venues across the country. Clear Channel uses its radio stations to promote its concerts, and some independent concert promoters claim they are denied access to airtime for paid advertisements and some bands produced by competing promoters do not get airtime either<sup>47</sup>. This illustrates how companies involved in many phases of production or delivery of a particular service can leverage their power in one market to exert influence over another.

For Clear Channel, as for Enron, corporate misconduct has been enabled by deregulation. Deregulation is part of a broader economic philosophy that is often described as *neoliberal*, and is based on the idea that free, unregulated markets are the best way to provide equal access to opportunities for growth and progress. What the theorists behind neoliberalism neglect, though, is that the world does not operate in a vacuum free of stresses and complicating influences. We have seen time and time again that markets left unregulated do not in fact allow equality. Rather, they produce increasing

inequality and a wild, volatile atmosphere that does not encourage sustained growth, while constantly narrowing consumer choice and making it difficult for smaller and new businesses to startup and sustain<sup>48</sup>. Deregulation assumes that competition will promote efficiency that benefits all, and that government is wasteful because it has no incentives to do better. It should be clear after what energy deregulation did to California that the assertions about increased efficiency and consumer choice have proven false<sup>49</sup>.

### **American Independent Business Alliance**

Activists at *Reclaim Democracy* in Boulder, Colorado joined with independent business owners to establish the American Independent Business Alliance, a group that helps people in communities across the country establish independent business associations. The IBA's help local business compete successfully against chains and reverse the trend of losing community-based businesses. By its third year, Boulder IBA had united over 150 member businesses and made a tremendous impact on community consciousness.

Visit [www.amiba.net](http://www.amiba.net) to learn more.

There are a number of national and state groups working to reverse the deregulatory tide and advocate for sensible economic policies on the state, national, and international levels. Some of these include Public Citizen [www.citizen.org](http://www.citizen.org) (particularly in the area of energy and water utilities), United for a Fair Economy [www.ufe.org](http://www.ufe.org), the Economic Policy Institute [www.epinet.org](http://www.epinet.org), Institute for Policy Studies [www.ipd-dc.org](http://www.ipd-dc.org), New Rules Project [www.newrules.org](http://www.newrules.org), and Campaign for America's Future [www.ourfuture.org](http://www.ourfuture.org).

Communities around the country are challenging these neoliberal economic policies and challenging the corporate dominance of local markets in other ways. Community groups have beaten back large corporate box stores like Wal-Mart in a number of towns.

In addition to resisting corporations, communities are working to strengthen local economies through such means as small business associations. Owners of small businesses have begun to organize independent business alliances that aim to highlight the value of supporting local business. These alliances are instrumental in preserving local cultural heritage, integrity in business practices and community involvement, and often set a standard that larger international chain corporations cannot meet. (See box entitled *American Independent Business Alliance*.)

### **Limiting Corporate Intrusion on Competitive Markets: Nebraska Fights Corporate Concentration of Farms**

Nine states have placed some sort of restriction on corporate-owned farms, whose profits usually end up in corporate headquarters, not the local economy. The country's toughest anti-corporate farming law was adopted in 1982 as part of Nebraska's constitution. Its reach is broad, covering not only land ownership but the operation of farms and ranches.

The family farm corporation is exempt from the law, but it must meet two conditions: a majority of the livestock must be owned by members of the family, and the family members must live on the farm or be engaged in the day-to-day work and management of the farm.

Most significantly, if there is a violation of the law and the state fails to act to enforce it, any citizen has standing to sue the corporation. For more information, check out Nebraska's *Friends of the Constitution* at [www.i300.org](http://www.i300.org).

Another way that communities fight corporate control of the local economy is by resisting the expansion of markets into essential services. Battles over the privatization of municipal services like water and electricity are critical parts of the resistance to corporate rule over community services<sup>50</sup>. Sometimes those battles attempt to reverse corporate control. After the California energy crisis San Francisco barely voted down a proposal to reclaim its electrical utility. (See box entitled *Limiting Corporate Intrusion on Competitive Markets*.)

These fights are also tied in a way to national and international policies<sup>51</sup>. While starting with advocacy on the local level is certainly the best way to protect services in your community, there are many ways that state, national or international policies affect your local struggle. The battle against trade agreements is in many ways a battle to protect local control.

But how do we make the connection?

On a global scale, we are fighting an aggressive push by the corporate-driven international financial institutions to coerce developing nations to relax trade laws, open markets and usher in privatization<sup>52</sup>. This agenda is being driven by taxpayer-funded institutions such as the IMF and the World Bank. And we can fight these institutions by taking away their funds. One way is to pressure our elected officials to vote against any funding reauthorization.

The World Bank Bonds Boycott is another way that your community can help deflate these institutions' ability to exert remote decision-making authority over local communities in poor nations. The World Bank pressures governments to cut social spending on vital health and human services, and funds destructive development projects. The Boycott is in effect in several cities, investment firms, and unions internationally<sup>53</sup>.

Both domestically and internationally, internal pressure to change corporate behavior is growing through a rapidly-expanding network of socially-conscious investors. A record number (up to 893 by late February) of shareholder proposals have been filed at 2,000 widely held U.S. companies in 2003, according to the Investor Responsibility Research Center. The resolutions address company policy on corporate tax dodging, worker rights, global warming, executive compensation and other corporate governance questions<sup>54</sup>.

There are at least as many approaches to solving the problem of corporate dominance as there are components of the problem. Instead of allowing the choice to overwhelm us, we should recognize that these approaches can be complimentary and that a multi-faceted effort is indeed necessary to effectively challenge the complex problem corporate power. Only through a comprehensive and versatile effort of coordinated groups will we engage massive numbers of diverse citizens and build a strong and successful movement.

---

<sup>1</sup> *Gettysburg Address*, delivered November 19, 1863

<sup>2</sup> Center for Responsive Politics, <http://www.opensecrets.org/overview/blio.asp?Cycle=2000>

<sup>3</sup> Center for Responsive Politics, <http://www.opensecrets.org/overview/blio.asp?cycle=2000>

<sup>4</sup> Center for Responsive Politics, <http://www.opensecrets.org/pressreleases/Election2002Analysis.asp>

<sup>5</sup> [http://www.pbs.org/now/transcript/transcript\\_lewis.html](http://www.pbs.org/now/transcript/transcript_lewis.html)

<sup>6</sup> Public Citizen; <http://www.citizen.org/congress/welfare/index.cfm>

<sup>7</sup> See *Cutting Corporate Welfare*, Ralph Nader

<sup>8</sup> "War in Iraq: The Oil Factor," Miriam Pemberton, *Foreign Policy in Focus*, September 2002

<sup>9</sup> See 50 Years Is Enough, [www.50years.org](http://www.50years.org), *Multinational Monitor*, [www.multinationalmonitor.org](http://www.multinationalmonitor.org), *When Corporations Rule the World*, David Korten, and International Forum on Globalization, [www.ifg.org](http://www.ifg.org)

<sup>10</sup> See "NAFTA's Investor Rights: A Corporate Dream, A Citizen Nightmare," Mary Bottari, *Multinational Monitor*, April 2001; "Corporate Control of North America; And how to bring NAFTA under popular governance," by Jeff Faux, *American Prospect*, January 13, 2003.

<sup>11</sup> See *The Divine Right of Capitol*, Marjorie Kelly

<sup>12</sup> See *50 Years Is Enough: The Case Against the World Bank and the International Monetary Fund*, Kevin Danaher; <http://multinationalmonitor.org/mm2001/01september/sep01toc.html>

<sup>13</sup> "Capitalist Tools", St. Louis Post-Dispatch, May 23, 2002

<sup>14</sup> Citizens for Tax Justice, <http://www.ctj.org/html/corp0302.htm>

<sup>15</sup> *The Rich Get Richer and the Poor Get Prison*, Jeffrey Reiman

<sup>16</sup> *ibid*, see also *Corporate Crime and Violence*, Russell Mokhiber

<sup>17</sup> *ibid*

- <sup>18</sup> “The Stock-Research Pact,” Greg Zuckerman, *Wall Street Journal*, January 13, 2003.
- <sup>19</sup> <http://lists.essential.org/pipermail/corp-focus/2002/000105.html>
- <sup>20</sup> “Bankruptcies Smash Record as Fraud Takes Toll: U.S. Corporations”, December 31, 2002, Dena Aubin, *Financial Post*
- <sup>21</sup> <http://members.ici.org/pubinfo/equity.pdf>
- <sup>22</sup> See The Conference Board, [www.conference-board.org](http://www.conference-board.org)
- <sup>23</sup> “The Greedy Bunch”, August 11, 2002, Mark Gimein, *Fortune*
- <sup>24</sup> “Executive Excess 2000,” United For a Fair Economy/Institute for Policy Studies, <http://www.faireconomy.org/press/2002/EE2002.pdf>
- <sup>25</sup> See “The Enron Debacle and Gatekeeper Liability: Why Would the Gatekeepers Remain Silent?” Testimony by Professor John C. Coffee before the Senate Committee on Commerce, Science and Transportation, December 18, 2001
- <sup>26</sup> See Public Citizen, [www.citizen.org/cmep](http://www.citizen.org/cmep)
- <sup>27</sup> “Too Much, Too Soon For Telecom”, Karen Kaplan and Jon Healy, *LA Times*, June 30, 2002
- <sup>28</sup> “WorldCom files Record Bankruptcy Case”, Christopher Stern and Carrie Johnson, *Washington Post*, July 22, 2002
- <sup>29</sup> See *Unequal Protection: The Rise of Corporate Dominance and the Theft of Human Rights*, Thom Hartman
- <sup>30</sup> “Supreme Court to Review Nike Case in Major Look at Free Speech Rights of Companies”, *New York Times*, January 19, 2003
- <sup>31</sup> [www.corporate3strikes.org](http://www.corporate3strikes.org)
- <sup>32</sup> [www.pogo.org/p/contracts/co-020505-contractors.html](http://www.pogo.org/p/contracts/co-020505-contractors.html)
- <sup>33</sup> See “Attorneys General Crusade Against Corporate Misdeeds: States Often Sue When the Federal Government Won’t,” Caroline Mayer, *Washington Post*, February 19, 2003.
- <sup>34</sup> League of Fans, [www.leagueoffans.org](http://www.leagueoffans.org)
- <sup>35</sup> *Adbusters*, [www.adbusters.org](http://www.adbusters.org)
- <sup>36</sup> *The Global Activist’s Manual (Local Ways to Change the World)*, Mike Prokosch (ed.)
- <sup>37</sup> For a list of corporate campaigns, see links at *Multinational Monitor Magazine* ([www.multinationalmonitor.org](http://www.multinationalmonitor.org)) and Empowering Democracy ([www.empoweringdemocracy.org](http://www.empoweringdemocracy.org)).
- <sup>38</sup> See Good Jobs First, [www.goodjobsfirst.org](http://www.goodjobsfirst.org).
- <sup>39</sup> *Selling Out: How Big Corporate Money Buys Elections, Rams Through Legislation, and Betrays Our Democracy*, Mark Green
- <sup>40</sup> *ibid*
- <sup>41</sup> Public Campaign, [www.publiccampaign.org](http://www.publiccampaign.org)
- <sup>42</sup> *Selling Out*, Mark Green
- <sup>43</sup> For the Consumer and Shareholder Protection Association, see <http://www.essentialinformation.org/features/ctspa1.html>
- <sup>44</sup> For more information about corporate welfare see Essential Action <http://www.essential.org/features/corporatesocialism.html>; Cato Institute, <http://www.cato.org/fiscal/corporate-welfare.html>, as well as Taxpayers for Common Sense, [www.taxpayer.net](http://www.taxpayer.net).
- <sup>45</sup> *When Corporations Rule the World*, David Korten.
- <sup>46</sup> Kelly, *The Divine Right of Capital*.
- <sup>47</sup> “Divide and Conquer: Restraining Vertical Integration and Cross-Industry Ownership,” Robert Weissman, *Multinational Monitor*, Oct./Nov. 2002
- <sup>48</sup> See *When Corporations Rule the World*, David Korten, *One Market Under God*, Tom Frank, and *Everything for Sale*, Robert Kuttner.
- <sup>49</sup> See “Blind Faith: How Deregulation and Enron’s Influence Over Government Looted Billions From Americans,” Public Citizen, [www.citizen.org/cmep](http://www.citizen.org/cmep)
- <sup>50</sup> *The American Local Power Project* can help connect you with local power advocates in your community, <http://www.local.org/>, and Public Citizen, [www.citizen.org/cmep/water](http://www.citizen.org/cmep/water)
- <sup>51</sup> Citizen’s Network on Essential Services, [www.servicesforall.org](http://www.servicesforall.org)
- <sup>52</sup> Global Trade Watch, <http://www.citizen.org/trade/>
- <sup>53</sup> World Bank Bonds Boycott, <http://econjustice.net/wbbb/>
- <sup>54</sup> See [www.socialinvestmentforum.org](http://www.socialinvestmentforum.org); [www.shareholderaction.org](http://www.shareholderaction.org); [www.thecorporatelibrary.com](http://www.thecorporatelibrary.com)

## Session I

1. How do corporations affect your life, both positively and negatively? How do they affect your family, your kids, the environment, and low-, middle-, and high-income communities?
2. What are the lessons we should take away from Enron, WorldCom, and other fallen giants of 2001-2002? What systemic problems do these corporate scandals bring to light?
3. In what ways do corporations impact democracy?
4. How does the structure of corporations dictate their priorities and impact communities, employees and the environment? What responsibilities do you think corporations should have?
5. What role does the corporation play in the growing wealth gap in the U.S. and around the world? Is the wealth gap unjust? Dangerous?
6. Did you draw hope from any part of the readings? Where do you see opportunities to create change?
7. What kind of society do you envision by the end of the century? How do we get there?
8. Where are we in the process of creating fundamental change to restore true democratic principles in our society and what role do citizens play in creating that change?