

Hostile Takeover - The Corporate Control Of Society And Human Life

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Theme: [Global Economy](#)

Global Research, May 19, 2006

19 May 2006

Large transnational corporations are clearly the dominant institution of our time. They're preeminent throughout the world but especially in the Global North and its epicenter in the US. They control or greatly influence what we eat and drink, where we live, what we wear, how we get most of our essential services like health care and even what we're taught in schools up to the highest levels. They create and control our sources of information and greatly influence how we think and our view of the world and them. They even now own patents on our genetic code, the most basic elements of human life, and are likely planning to manipulate and control them as just another commodity to exploit for profit in their brave new world that should concern everyone. They also carefully craft their image and use catchy slogans to convince us of their benefit to society and the world, like: "better things for better living through chemistry" (if you don't mind toxic air, water and soil), "we bring good things to life" (for them, not us), and "all the news that's fit to print" (only if you love state and corporate friendly disinformation and propaganda). The slogans are clever, but the truth is ugly.

Corporations also decide who will govern and how. We may think we do, but it's not so and never was. Those national elections, especially the last two, only looked legitimate to most people, but not to those who know and understand how the system works. Here's how it really works. The "power elite" or privileged class C. Wright Mills wrote about 50 years ago in his classic book by that title are the real king and decision makers. He wrote how corporate, government and military elites formed a trinity of power after WW II and that the "power elite" were those "who decide whatever is decided" of importance. The holy trinity Mills wrote about still exists but today in the shape of a triangle with the transnational giants clearly on top and government, the military and all other institutions of importance there to serve their interests. These corporations have become so large and dominant they run our lives and the world, and in a zero sum world and the chips that count most in their stack, they do it for their continuing gain and at our increasing expense. Something is way out of whack, and in this essay I'll try to explain what it is and why we better understand it.

The Power of Transnational Corporations and the Harm They Cause

As corporations have grown in size they've gained in power and influence. And so has the harm they cause - to communities, nations, the great majority of the public and the planet. Today corporate giants decide who governs and how, who serves on our courts, what laws are enacted and even whether and when wars are fought, against whom and for what purpose or gain. It's for their gain, who else's, certainly not ours. Once we start one, they can even make profit projections from it like on any other business venture. For them, that's all it is - another way to make a buck, lots of them.

The central thesis of this essay is that giant transnational corporations today have become so dominant they now control our lives and the world, and they exploit both fully and ruthlessly. While they claim to be serving us and bringing us the fruits of the so-called “free market,” in fact, they just use us for their gain. They’ve deceived us and highjacked the government to serve them as subservient proxies in their unending pursuit to dominate the world’s markets, resources, cheap labor abroad and our own right here. And they’ve done it much like what happens in the marketplace when a predator company attempts to take control of another one that prefers to remain independent. They launch a hostile takeover, going around or over the heads of the target’s management, their employees and the communities they operate in. They go right to the target’s shareholders and promise them a better deal, meaning a premium price on the stock they hold.

They do this, as in a friendly merger, for a variety of financial and strategic reasons, but essentially it’s to achieve any possible immediate gain as well as over the longer term greater market dominance that will build future profits. But what happens in the wake of a takeover. Assets get stripped, spun-off and/or sold-off. Plants are closed. Jobs are lost. And all this is done for the primary bottom line goal – “the bottom line,” higher profits, whatever the cost to people, communities or society.

Think of it this way. Large corporations today everywhere, but especially the largest ones in the Global North, are a destructive force, hostile to people, societies and the environment. They’re nothing less than legal private tyrannies operating freely with virtually no restraint. Everything for them, animal, vegetable or mineral, is viewed as a production input to be commodified and consumed for profit and then discarded when no longer of use. And to achieve maximum profits, costs must be rigidly controlled. That means the lowest prices paid for goods and services, the lowest wages paid to workers (below privileged higher management who reward themselves richly), as little as possible spent on essential benefits like health care and pensions, and increasingly little or no concern about the long-term cost of exploiting, plundering or even destroying the natural environment and the future ability of the planet to sustain life. These issues, however recognized and grave, are for someone else to deal with later.

For now all that matters is today, the next quarter’s earnings and keeping the stockholders and Wall Street happy. They only understand numbers on financial statements and are blind, unconcerned and even hostile to human and societal welfare or a safe environment that will protect and sustain all life forms. They call it “free market capitalism.” It’s really the law of the jungle. They’re the predators, we’re the prey, and every day they eat us alive.

Does all this make sense? And do corporate chieftains who live in a community, love their wives and children, contribute to charities, attend church and believe in its teachings really go to work every day and think – “who and what can I exploit today?” They sure do because they have no other choice. No more so than breathing in and breathing out.

How the Law Affects Corporate Behavior

Publicly owned corporations are mandated by law to serve only the interests of their shareholders and do it by working to maximize the value of their equity holdings by increasing profits. That’s it. Case closed. Think of these businesses as gated communities of owners (large and small), the welfare of whom is all that matters and the world outside the gates is to be used and exploited for that one purpose only. Forget about any social responsibility or safeguarding the environment. The idea is to grow sales, keep costs low,

increase profits, and if you do it well, shareholder value will rise, the owners and Wall Street will be happy, and you as a CEO or senior executive will probably get a raise, good bonus and keep your job. Try being worker-friendly, a nice guy, a good citizen or a friend of the earth and fail to achieve the above objectives and you'll likely face dismissal and even possible shareholder lawsuit for not pursuing your fiduciary responsibility. Anyone choosing this line of work has no other choice. To do the job well, you have to think only of the care and feeding of your shareholders and the investment community, ignore the law if that's what it takes to do it, and obey the only law that counts - the one that helps you grow the "bottom line."

There's nothing in the Constitution, which is public law, that gives corporations the rights they've gotten. It never mattered to them. They just crafted their own private law, piece by piece, over many years with the help of corporate-friendly lawyers, legislators and the courts. And today it's easier than ever with both major parties strongly pro-business and the courts stacked with business-friendly judges ready to do their bidding. The result is big business is now the paymaster, or puppetmaster, with government and the halls of justice their faithful servants. There's no government of, for and by the people, no public sovereignty, no democratic rights or any choices but to accept their authority and bow to their will. It's a democracy for the few alone - the privileged elite. Our only choice is to go along to get along or get out of their way.

A Profile of the World's Largest 200 Transnational Corporations

In December, 2000 The Institute for Policy Studies released a report called "The Rise of Corporate Global Power." It was a profile of the 200 largest transnationals that showed just how dominant they are. A summary of their findings is listed below.

1. Of the world's 100 largest economies, 51 are corporations.
2. The combined sales of these 200 corporations (called "The Group" below) in 1999 equalled 27.5% of world Gross Domestic Product (GDP) and are growing faster than overall global economic activity.
3. The Group's combined sales exceed the total combined economies of all nations in the world except the largest 10.
4. The Group's combined sales are 18 times the income of the bottom one fourth of the world's population (1.2 billion people) living in "severe" poverty.
5. Despite their combined size and percentage of world economic activity, The Group employs only 0.78% of the world's workforce.
6. From 1983 to 1999 The Group's workforce grew only 14.4% while their profits increased by 362.4% or about 25 times as much.
7. The largest employer in the world, Walmart, employed 1,140,000 in 1999 (1.6 million in 2005) or 5% of The Group's total employment. It's also a model (and increasingly a target) for corporate union-busting, widespread use of part-time workers and a practice of avoiding giving its workers needed benefits like health insurance.
8. 82 US corporations are in The Group, twice as many as Japan with 41, the next highest contributing country.

9. 44 of the US corporations in The Group didn't pay the full 35% federal tax rate from 1996 - 1998. 7 of them paid no tax in 1998 and also got tax rebates, including Enron and Worldcom now exposed as corporate criminals.

10. The percent of The Group's sales from the service sector (not manufacturing) grew from 33.8% in 1983 to 46.7% in 1999. In the US, the service sector comprised 79% of the total economy in 2004.

How Corporate Behavior Affects the Public Interest

Big corporations have almost always thrived in the US. But a crucial, defining moment happened in 1886 when the Supreme Court granted corporations the legal status of personhood in *Santa Clara County v. Southern Pacific Railway* - a simple tax dispute case unrelated to the issue of corporate personhood. Incredibly it wasn't the Justices who decided corporations are persons, but the Court's reporter (J.C. Bancroft Davis) who after the decision was rendered wrote it in his "headnotes." The Court did nothing to refute them, likely by intent, and the result was corporations got what they had long coveted.

That decision granted corporations the same constitutional rights as people, but because of their limited liability status, protected shareholders from the obligations of their debts, other obligations, and many of the responsibilities individuals legally have. Armed with this new legal status corporations were able to win many additional favorable court decisions up to the present. They also gained much regulatory relief and favorable legislation while, at the same time, being protected by their limited liability status. As a result, corporations have been able to increase their power and grow to their present size and dominance.

Although corporations aren't human, they can live forever, change their identity, reside in many places simultaneously in many countries, can't be imprisoned for wrongdoing and can change themselves into new persons at will for any reason. They have the same rights and protections as people under the Bill of Rights but not the responsibilities. From that right, corporations became unbound, free to grow and gain immense power and be able to become the dominant institution that now runs the country, the world and all our lives. Most important, they got an unwritten license from all three branches of the government to operate freely for their own benefit and others of their privileged class and do it at the public expense everywhere. They've exploited it fully as they've grown in size and dominance, and the result has been lives destroyed, the environment harmed and needless wars fought on their behalf because they open markets and grow profits. It's no exaggeration to say these institutions today are real "weapons of mass destruction."

In the early days of the republic it all might have been different had Thomas Jefferson and James Madison prevailed over Federalists John Adams and Alexander Hamilton. Jefferson and Madison believed the Bill of Rights should include "freedom from monopolies in commerce" (what are now giant corporations) and "freedom from a permanent military" or standing armies. Adams and Hamilton felt otherwise, and the final compromise was the first 10 Bill of Rights amendments that are now the law but not the other two Jefferson and Madison wanted included. Try to imagine what this country might be like today had we gotten them all.

We didn't, of course, so the result, as they say, is history. It allowed small corporations to grow into giants and so-called "free market capitalism" to become the dominant state religion of this country and the West. We may say it's free, but it only is for those own and

control it, and notice we never hear the system called “fair.” That’s because in most key industries a handful of corporate giants dominate and now work in cartel-like alliance with their “friendly” competitors here and abroad to control (read: exploit) the markets they serve. They’re also able to co-opt the leaders and business elites of countries in the developing world, or work in partnership with them in the larger ones like China, India and Brazil, to allow them market entry. As an inducement, they offer to invest their capital and offer their technology in return for a business-friendly climate and access to the host country’s cheap labor. It’s an alliance based on pure exploitation for profit at the expense of people who are used, abused and discarded when they have no further value.

This essay is mainly about how these same corporate giants dominate and exploit here in the US. They can’t get away with the flagrant abuses commonplace in sweatshop labor countries, but they’re moving in that direction. It’s no longer like the past in this country when I was young and beginning my working life (a distant memory of better times) when manufacturing was strong, jobs paid well and had good benefits, and workers were protected by strong unions that served their interests even while partnering with management and willing to do the bidding of government.

I still remember well an incident early in my working life when as a newly minted MBA I worked as a marketing research analyst for several large corporations prior to joining a small family business. At one of those companies in the early 60s, my boss called me into his office on my first day on the job. He jokingly told me he was so happy with my work he was giving me a raise. We both chuckled, and he then explained on that day everyone in the company got an inflation-based increase. It was automatic from the lowliest worker to top management because the unions (then strong) got it written into their labor contract. In that company, everyone got the same benefits as union members. Try finding anything like that today even for union members alone. It’s almost unheard of.

Today, the country is primarily dominated by service industries many of which require little formal education, only pay low wages and few if any benefits, and offer few chances for advancement. The US Department of Labor projects that job categories with the greatest expected future growth are cashiers, waiters and waitresses, janitors and retail clerks. These and other low wage, low benefit jobs are what many young people entering the workforce can look forward to today. You don’t need a Harvard degree for them or even one from a junior college – and for the ones listed above, no degree is needed, not even a high school one.

The continuing decline of good job opportunities is a key reason why the quality of education in urban schools has deteriorated so much in recent years and school dropout rates are so high. In my city of Chicago, half of all students entering high school never graduate and of those who do 74% of them must take remedial English and 94% remedial math at the Chicago City Colleges according to a report published in the Chicago Sun Times. The situation isn’t much better in inner cities throughout the country, nor is the level of racial segregation that’s grown to levels last seen in the 1960s according to Jonathan Kozol in his new book *The Shame of the Nation*. Again in Chicago, a shocking 87% of public school enrollment was black or Hispanic, and the situation is about as bad or even worse in most other big cities.

The lack of good job opportunities for a growing population of ill-prepared young people is also a major reason for the growth of our prison population that now exceeds 2.1 million, is the largest in the world even ahead of China with over four times our population, and is

incarcerating about 900 new prisoners every week. I wrote a recent heavily documented article about this called The US Gulag Prison System.

The US Has Always Been the Unthinkable and Unmentionable – A Rigid Class Society

The US has always been what the “power elite” never admit or discuss – a rigid class society. But once there was a thriving middle class along with a small minority of rich and well-off and a large segment of low paid workers and the poor. That majority in the middle could afford their own homes, send their kids to college and afford many amenities like new cars, some travel, convenience appliances and decent health care. I can still remember buying a health insurance plan while finishing my graduate work in 1959 that cost about \$100 and change total for respectable coverage for a full year. Honest, I’m not kidding.

Fewer people each year can afford these “luxuries” now, including decent health care coverage, because of the hollowing out of the economy, stagnant wage growth (to be discussed below) and skyrocketing costs of essentials like health insurance, prescription drugs and college tuition for those wanting a higher education. Services now account for nearly 80% of all business while manufacturing has declined to about 14%, and total manufacturing employment is half the percentage of total employment it was 40 years ago and falling. Also, financial services of all types now comprise the largest single sector of the economy at 21% of it. But most of it involves investment and speculation running into the hundreds of trillions of dollars annually worldwide (and the US is the epicenter of it all) just for transactions involving currencies and so-called over-the-counter and exchange-traded financial derivatives. It’s not the purpose of this essay to explain the nuts and bolts of this kind of trading except to say they produce nothing anyone can go in a store and buy or that enhance the well-being of the majority public that doesn’t even know, let alone understand, that this kind of activity goes on or what the inherent dangers from it may be.

The dismantling of our manufacturing base, however, is a subject that should make daily headlines but is seldom discussed in the mainstream. It’s crucially important because one has to wonder how any nation can avoid eventual decline when it allows its manufacturing to be done abroad, reduces its need for a highly trained work force and ends up destroying its middle class that made it prosper in the first place. There are distinguished thinkers who believe as I do that the US has seen its better days and is now in a downward trajectory economically. Unless a way is found to reverse this destructive trend, the US will be Number One only in military spending and waging wars. And no nation in history based on militarism and conquest has ever not failed ultimately to destroy itself.

I’d like to quote two distinguished thinkers who’ve addressed the issue of growing inequality in the US. On most social matters they’d likely disagree, but not on this one. One was former liberal Supreme Court Justice Louis D. Brandeis who explained: “We can have democracy in this country, or we can have great wealth concentrated in the hands of the few, but we can’t have both.” The other was distinguished “free market” economist and Nobel laureate Milton Friedman. In his view: “The greatest problem facing our country is the breaking down into two classes, those who have and those who have not. The growing differences between the incomes of the skilled and the less skilled, the educated and the uneducated, pose a very real danger. If that widening rift continues, we’re going to be in terrible trouble.....We cannot remain a democratic, open society that is divided into two classes.”

The Downward Trajectory of American Workers

Over the past generation working people have seen an unprecedented fall in their standard of living. In the past (except for periods of economic downturn), workers saw their wages and benefits grow each year and their living standards improve. Today it's just the opposite. Adjusted for inflation, the average working person in the US earns less than 30 years ago, and even with modest annual increases is not keeping up with inflation. In addition, the federal minimum wage is a paltry \$5.15 an hour and was last increased in 1997. That rate is now at the lowest point it's been relative to average wages since 1949. It's incentivized individual states to raise their own which they have the right to do, and, as of mid-year 2005, 17 of them and the District of Columbia have done it covering nearly half the US population. That helps, but not enough.

Some of the world data is especially shocking, appalling and indicative of the economic trend in the US. According to the UN 2002 Human Development Report, the richest 1% in 1999-2000 received as much income as the bottom 57% combined, over 45% of the world's population lived then on less than \$2 a day, about 40% had no sanitation services and about 840 million people were malnourished. In addition, 1 in 6 grade school children were not in school, and half the global nonagricultural labor force was either unemployed or underemployed. Most shocking and disturbing of all is that many millions (likely tens of millions) of people in the less developed world die each year from starvation and treatable diseases because of abuse and/or neglect by rich nations that could prevent it. And these numbers reflect the state of things at the end of a decade of overall impressive economic growth. But it shows how those gains went mainly to a privileged upper class who got them at the expense of the majority below them, especially the most desperate and needy.

The same trend is evident in the US although not as stark as in the less developed world. Except for the mild recession in 2001-2002, overall US economic growth for the past 15 years has been strong and worker productivity high. But the gains from it went to the privileged at the top and were gotten at the expense of working people who saw their wages fail to keep up with inflation and their essential benefits decline. In 2004 the average CEO earned 431 times the income of the average working person. That was up from 85 times in 1990 and 42 times in 1980. It's hard to believe and even harder with the real life example below.

I'd like to nominate a "poster executive" who for me symbolizes classic gross corporate excess and greed. He's the chairman and CEO of Capital One Financial, the giant credit card company that's awaiting the finalizing of its acquisition of North Fork Bancorp. At completion of this deal, the Wall Street Journal reported on March 24 this lucky fellow will realize a gain of \$249.3 million from stock options he exercised last year. That's in addition to the \$56 million he earned in 2004. What on earth will he spend it on, and how many less fortunate ones will have to ante up to pay for this in the de rigueur job cuts that always follow big acquisitions.

And what will all those other lucky CEOs and top executives spend theirs on as well. If you're not already gagging, let me make you choke. According to a study just released by two Ivy League academics based on interviews with CEOs and top managers of the largest 1,500 public US companies, the top five executives collectively at those companies pocketed \$122 billion in compensation from 1999-2003 plus at least \$60 billion more in supplemental benefits from SERPs (Supplemental Executive Retirement Plans). Also, other data show average annual CEO pay rose from about \$1 million a year in 1980 to an estimated \$14.4 million in 2001 and rising - plus all those juicy benefits. I repeat - what on earth can they spend it on. They could never even count it.

Reasons for This Unabated Downward Trajectory

The reasons for this decline were as follows:

The shift away from manufacturing to services.

The growth of so-called “globalization” sending many jobs abroad including high-paying ones.

The decline of unions to levels last seen before the mass unionization struggles of the 1930s because of government and corporate antipathy toward them and corporations using the threat to close plants and move jobs offshore to force workers to take pay cuts and accept lower benefits. And then they still move jobs abroad.

Deregulation of key industries including transportation, communications and finance, which opened these industries to low cost competition that put pressure on unions and forced workers to accept lower pay and benefits to keep their jobs.

The growth of high technology allowing machines (mainly computers) to do the work of people, thus reducing the need for them.

The effects of racism and sexism (in a society with deep-rooted racism, sexism and classism) as seen in the data showing 30% of black workers and 40% of Latino workers earning poverty wages with women in both categories most affected. And the average black family owns only 14% as much as the average white family.

The unabated downward trajectory of workers’ real income already discussed. The only family income gains have come from two income households, in many cases because wives were forced to enter the workforce out of necessity.

Statistics Documenting the Decline

Hot off the press from the latest US Federal Reserve triennial survey (and most comprehensive one of all) of household wealth published in late February, 2006:

-Median American family income grew a paltry 1.5% after inflation between 2001 and 2004, but there was a widening gap between upper and lower income households.

-While the richest 10% rose an inflation adjusted 6.5%, the bottom 25% fell 1.5%.

-Stephen Brobeck, Executive Director of the Consumer Federation of America, explained – “While the typical American household basically ran in place, less affluent households actually lost ground.”

Even hotter off the press, the US Department of Labor and Congressional Budget Office reported in late March that in the last 5 years ending year-end 2005, inflation adjusted GDP per person rose 8.4% but the average weekly wage fell 0.3%. Following a long-term trend since the 1970s, those in the upper income percentiles gained the most while those in the lower half of them lost the most. And the income gap between rich and poor continued to widen.

-The racial disparity was especially dramatic. The median white family’s net worth in 2004

was \$140,700 compared with \$24,800 for the typical nonwhite family.

According to the 2005 Federal Poverty Guidelines, 12.7%, or 37 million people, lived in poverty in 2004. However, because of an acknowledged flawed model to measure poverty, the true number is far higher – at least many millions more and increasing even in times of prosperity.

In December, 2004 the New York Times reported the US ranked 49th in world literacy, and the US Department of Labor estimates over 20% of the population is functionally illiterate (compared to about 1% in Venezuela and Cuba, two of the countries we demonize the most). It's also true, as discussed above briefly, that the quality of public education has been in decline in urban schools for many years. In addition (also mentioned), the extent of racial segregation is now as great as in the 1960s, despite supposed but unrealized gains from the civil rights legislation of that time. Further, state and local education budgets aren't keeping up with a growing need or are being cut. It's also no better for those needing college aid as federal Pell grants have been frozen or cut for three straight years, and it was just reported in late March by public college finance officials that state higher education funding has fallen sharply from \$7,121 per student in 2001 to \$5,833 in 2005. It means a growing number of lower income students are now deprived of a chance for higher education – and it's getting steadily worse.

The World Health Organization ranked the US 37th in the world in “overall health performance” and 54th in the fairness of health care. And in 2004 about 46 million people had no health insurance and millions more were underinsured. These appalling numbers are in spite of the fact that the US spends far more on health care per capita than any other country. And all developed countries in the world, except the US and South Africa, provide free health care for all its citizens paid for through taxes.

The European Dream reported US childhood poverty ranked 22nd or second to last among developed nations.

The US ranked last among the world's 20 most developed nations in its worker compensation growth rate in the 1980s with conditions only slightly better in the 1990s.

The New York Times reported 12 million American families, over 10% of all households, struggle to feed themselves.

The NYT also reported the US ranks 41st in world infant mortality.

All this and many more depressing statistics are happening in the richest country in the world with a 2005 Gross Domestic Product of \$12.5 trillion.

The dramatic effects of social inequality in the US are seen in the Economic Policy Institute's 2004 report on the State of Working America.” It shows the top 1% controls more than one-third of the nation's wealth while the bottom 80% have 16%. Even worse, the top 20% holds 84% of all wealth while the poorest 20% are in debt and owe more than they own.

Corporate Gain Has Come at the Cost of Worker Loss

Not coincidentally, as workers have seen their living standards decline, transnational corporations have experienced unprecedented growth and dominance. And that trend continues unabated. How and why is this happening? Begin with the most business-friendly

governments the country has had over the last 25 years since the “roaring” 1920s when President Calvin Coolidge explained that “the business of America is business.” He, and two other Republican presidents then did everything they could to help their business friends. But they were small-timers compared to today, and the size, dominance and global reach of big business then was a small fraction of what it is now. And back then, job “outsourcing”, GATT and WTO type trade agreements, and the concept of globalization weren’t in the vocabulary. Now they’re central to the problem as they’ve put working people in corporate straightjackets and created a severe class divide in the country (not to mention the developing world where it’s far worse) that keeps widening.

How World Trade Agreements Destroy Good Jobs and the American Dream

World trade between nations is nothing new, and the General Agreement on Tariffs and Trade (GATT) has been around since it was formed in Havana, Cuba in 1948. But with the signing of NAFTA that went into effect on January 1, 1994, the notion of so-called globalization emerged big time. NAFTA brought Mexico into the 1989 Canada-US Free Trade Agreement as part of a radical experiment to merge three disparate economies into a binding one-size-fits-all set of rules all three had to abide by regardless of the effect on their people. To sell it to each country’s legislators and people, NAFTA’s backers made lofty pie-in-the-sky predictions of new jobs that “free trade” would create. They never were nor was this a plan to do it. It was a scam to outsource jobs and thus eliminate many others, enrich the transnationals and make working people pick up the tab and take the pain.

NAFTA was just the beginning. It was planned as a stalking horse and template for the World Trade Organization (WTO), that replaced the GATT one year after NAFTA went into effect. The WTO along with an alphabet soup of trade agreements (passed and wished for) like GATS (covering all kinds of services), TRIPS (for intellectual property), MAI (on investments and most all-encompassing and dangerous one of all if it ever passes even in separate pieces) and all the regional agreements like CAFTA and FTAA are intended to establish a supranational economic “constitution.” It’s to be based on the rules of trade the Global North nations want to craft that would override the sovereignty of all WTO member nations. In other words, the plan was and still is for the US primarily, along with the EU, Japan and other dominant Global North countries to establish a binding set of trade rules (a global constitution) they would write for their benefit for an integrated world economy and then force all other nations to abide by them. NAFTA, and what was to follow, were and are not intended to create jobs and raise living standards in the participating countries, despite all the hype saying they would and will. These agreements are solely plans to benefit big corporations, legally allowing them the right to dominate world markets, override national sovereignty to do it, and exploit people everywhere for their gain. Bottom line - these “agreements” mean big corporations win and people everywhere lose.

So far the jury is very much out on whether the grand plan will succeed as key countries in the Global South have caught on to the scam and aren’t buying it - Brazil, India, Venezuela, Argentina, Bolivia and others. And China is big enough to be a club member, agree to the rules, and then bend them at times to protect its own interests.

But if NAFTA was a template to disguise a WTO attempted world “hostile takeover,” look at all the carnage it’s created so far. Instead of creating jobs in all three countries, it destroyed hundreds of thousands of them. In the US alone it’s responsible for the loss each year of many thousands of high paying, good benefit manufacturing jobs now exported to low wage countries like Mexico, China, India and many others. And most of the workers losing them

only are able to find lower paying ones with fewer or no benefits if they can find any job at all. This is an ongoing problem in good as well as poor economic times and gets worse every year. It's also led many older workers, who wish to work but can't find jobs, to drop out of the work force or take lower paying part-time ones when they can find full-time ones.

The result has been a huge shift upward in income, wealth and power in the US (and in Canada, Mexico and all other WTO member countries) benefitting the business elites and corrupted politicians. And it's cost working people billions of dollars, many thousands of good jobs and a permanent drop in the average American worker's standard of living. It's also created an enormous migration problem all over the world comprised of desperate people looking for work because there's none at home. I wrote at length about this in the US in my recent article called *The War on Immigrants*. The problem gets worse every year including in the US. And here a low unemployment rate hides the fact that many workers have dropped out of the work force or must take whatever part-time jobs they can find because they can't get full-time ones as mentioned above.

I'm now working on a new article in which I discuss the view of some US economists who explain that if the unemployment rate today was calculated the same way it was during The Great Depression when it rose to a peak of 25% of the working population, the true current figure would be about 12% instead of the reported 4.7%. The current calculation method includes part-time workers who work as little as one hour during the reporting period. It also excludes discouraged workers who wish to work but who've stopped looking because they can't find jobs.

One might logically wonder why big US corporations run by smart people wouldn't be trying to ameliorate this problem to build rather than weaken the purchasing power of people in their home country - the ones they need to buy their products and services. It's not just for their obvious need to control or reduce costs to enhance profits. It's because these companies are only nominally US ones. They may be headquartered here, but they could as easily be home based anywhere. The US may be their biggest market and most important source of revenue and profit, but their operations and markets span the globe. If they desired, they could pick up and leave and set up shop in Timbuktu or Kathmandu. That's why they're called "transnationals."

Once Our Government Protected Working People

At one time US governments had a social contract with its citizens, imperfect as it was. Most governments in Western Europe still do, although they're being weakened. But since the 1980s and especially after the election of George W. Bush, that contract here is being dismantled, program by program, year after year with the ultimate goal of making every one self-sufficient with little or no safety net for protection. The most vulnerable poor are hurt most and their numbers grow each year, but the middle class is suffering too as those in it are declining as a percent of the total population. And the very definition of a middle class is changing as the wealth gap keeps widening between top and bottom along with the hollowing out of the middle.

Bush and his cabal of acolytes are so intent on destroying the US social contract with its citizens that their motto might as well be: you can have anything you want - as long as you can afford to pay for it. If not, you're on your own.

The Balance Sheet Documenting Corporate Gains

Worker loss has been corporations' gain - big time. In 2004 the world's largest 500 corporations posted their highest ever revenues and profits - an astonishing \$14.9 trillion in revenue and \$731.2 billion in profits. And top corporate officials, mainly in the US, are raking it in, rewarding themselves with obscene amounts of salaries, bonuses in the multi-millions and lucrative stock options worth even more for many of them. That level of largesse is only possible at the expense of working people here and everywhere. Oliver Stone may have been thinking of them when he made his 1980s film, Wall Street. In it was the memorable line spoken by the character portraying the manipulative investor/deal-maker when he explained that "greed is good."

Except for two brief and mild recessions, corporations in the US have prospered since the 1980s in a very business-friendly environment under both Democrats and Republicans. The result has been rising profits to record levels, enhanced even more by generous corporate tax cuts (and personal ones as well mostly for the rich), especially after the election of George Bush. Under this president, one of their own in the White House, US corporations have never had it better. It's been so good that 82 of the largest 275 companies paid no federal income tax in at least one year from 2001-2003 or got a refund; 28 of them got tax rebates in all 3 of those years even though their combined profits totaled \$44.9 billion; 46 of them, earning \$42.6 billion in profits, paid no tax in 2003 and got \$4.9 billion back in tax rebates. And the average CEO pay for these 46 companies in 2004 was \$12.6 million.

Along with big tax cuts and generous rebates, big corporations are on the government dole big time in the form of subsidies, otherwise known as "corporate welfare." It's also known as socialism for the rich (and capitalism for the rest of us). In 1997 the Fortune 500 companies got \$75 billion in "public aid" even though they earned record profits of \$325 billion. They got it in many forms - grants, contracts, loans and loan guarantees and lots more. Today there are about 125 business subsidy programs in the federal budget benefitting all major areas of business.

Some examples of this government largesse include:

Selling the rights to billions of dollars of oil, gas, coal and other mineral reserves at a small fraction of their market value.

The giveaway of the entire broadcast spectrum to the corporate media, valued at \$37 billion in 1989 dollars.

Charging mostly corporate ranchers (including big oil and insurance companies) dirt cheap grazing rates on over 20 million acres of public land.

Spending many billions of dollars on R & D and handing over the results to corporations free of charge. "Big Pharma" is notorious for letting government do their expensive research and then cashing in on the results by soaking us with sky-high prices and rigging the game with through WTO rules that get them exclusive patent rights for 20 years or longer when they're able to extend them through the courts.

Giving the nuclear industry over \$100 billion in handouts since its inception and guaranteeing government protection to pick up the cost in case of any serious accidents that otherwise might cost the company affected billions and possibly bankrupt it.

Giving corporate agribusiness producers many billions in annual subsidies.

You and I, the individual taxpayers, pay the bill for this generosity. But we actually pay these corporations twice – first through our taxes and then for the cost of their products and services. And they don't even thank us.

The Biggest Recipient of Government Handouts

In the old game of “guns vs. butter”, guess who wins? Clue – they have shareholders, and their chiefs are called CEOs. Guess who loses? You know that answer chapter and verse by now.

The Wall Street film character who explained that greed is good might have added war is even better. Call it greed made easy or without even trying. Since WW II the Pentagon and military-industrial complex have always been at the head of the handout queue to get their king-sized pound of flesh in appropriations. The amounts gotten varied in times of war and peace or with the whims or chutzpah of a sitting president, but they're always big. The Pentagon, defense contractors and all the other many and varied thousands of parasitical corporations servicing the defense industry are umbilically linked. All these corporations profit handsomely in our military-industrialized society that takes our tax dollars and hands them over to them by the hundreds of billions annually. Their gain is the public's loss. If the process were audible we'd be able to hear a “giant sucking sound” of public resources wooshing from our pockets to theirs. It's also the sound of our lifeblood being sucked away as we have to pick up the tab and give up our social benefits as well.

Once the cold war ended after the Berlin wall came down and the Soviet Union became 15 independent republics, there was some hope for a peace dividend – meaning less for the military and more social spending. That wasn't what the first Bush administration and Pentagon had in mind as they frantically searched for and easily found new potential enemies as a way to make the case for continued militarized state capitalism. Our language manipulation experts came up with and sold to the Congress and public the threat of “growing technological sophistication of Third World conflicts” which “will place serious demands on our forces” and “continue to threaten US interests,” even without “the backdrop of superpower competition.” Our defense strategy would thus be based on maintaining global “stability” (more code language meaning assuring obedience to US dominance).

In the 1990 National Security Strategy, the Pentagon presented its defense budget to the Congress using the above stated pretext to justify what they wanted. It called for strengthening “the defense industrial base” (code language for the high-tech industry in all its forms) through generous subsidies as incentives “to invest in new facilities and equipment as well as in research and development.” They got what they wanted, and it set off the high tech stock market boom that lasted until the speculative bubble burst in March, 2000 when the economy slowed and slipped into recession. Three years later in a post 9/11 environment, the economy was again growing as was annual defense spending, and the stock market began another ascent that's so far continuing.

The many corporations now benefitting from Pentagon largesse are so addicted to it that they become the main promoters of and cheerleaders for conflicts or preparations for them because they guarantee bigger handouts that are so good for business. It's a dirty business, but isn't that the fundamental predatory nature of large-scale capitalism that relies on a state policy of imperialism to thrive and prosper. Senator Henry Cabot Lodge explained it in 1895, in an unguarded moment, when he said “commerce follows the flag.” He might have

added that the flag also follows commerce. The great political economist Harry Magdoff, who died this year on New Year's day, also explained it well in his 1969 book *The Age of Imperialism* when he wrote: "Imperialism is not a matter of choice for a capitalist society; it is the way of life of such a society." And historian Henry Steele Commager wrote about how a national security police state and its bureaucracy lends its great talents and resources "not to devising ways of reducing tensions and avoiding war, but to ways of exacerbating tensions and preparing for war." I guess the conclusion is that in a capitalist society dominated by big business this "bad seed" must be in our DNA and we can't help ourselves as a result. In another article I'm working on I refer to our addiction to war. So far we haven't found an effective antidote.

The reason, of course, is because war is so good for business. In the last 6 years alone, and especially since 9/11, along with all their other largesse and waste, the Pentagon outsourced on average \$150 billion a year in work to corporations. Almost half of it was in no-bid contracts and three fourths of that was to the five largest defense contractors headed by Lockheed Martin and Boeing. L-M is the undisputed king of contractors. They literally run the enterprise of empire from the inside and out. They're not only its biggest beneficiary, they also help shape the policy guaranteeing it - to the tune of \$65 million every day (from our pockets into theirs). And they collect their loot even when their killing machines don't work right.

Then, of course, there's Halliburton and Bechtel. They're always big time winners in the handout sweepstakes. These two well-connected companies have been at the head of the queue in the looting of Iraq and the US Treasury. They've gotten huge no-bid contracts worth many billions which they then freely supplemented with gross (read: criminal) overcharges and gotten away with most of it. And we can't ignore the notorious Carlyle Group, the nation's largest privately held defense contractor with the tightest of ties right to the Oval Office. They practically sit in the traditional Kittinger chair there, or whatever other brand George Bush may prefer. His father, and former president, of course, is on their team (and payroll), and they use him as needed as their main "door-opener" and "wheel-greaser" (especially in the lucrative Middle East). And the old man reportedly earns a hefty half million dollars for every speech he makes on behalf of his generous employer. At that pay scale he must be hard-pressed to keep his mouth shut.

Guess How Big Funding National Defense Really Is

The Center for Defense Information reported that since 1945 over \$21 trillion in constant dollars has been spent on the military. And it's been done largely to benefit US corporations even though the country had no real enemies all through those years - except for the ones we attacked with no provocation or invented to scare the public so they'd buy into the scam that we needed industrial strength military spending for national security. Ronald Reagan was very adept at scare tactics and duping the public. He fathered the Contra wars in the 80s in Nicaragua and scared half the public into believing the ruling Sandinista government was a threat to invade Texas and threaten the whole country. He tried and failed to get Mexican president Miguel de la Madrid to go along with him. The Mexican president said if he did 70 million Mexicans would die laughing. It's hard to believe the US public could ever fall for a threat about as great as I'd be (all 120 lbs. of me) in the ring against Mike Tyson in his prime. But although there was none and the nation was at peace during his tenure, Reagan expanded the military budget by 43% over what it was at the height of the Vietnam war (and ran up huge budget deficits doing it). The public suffered for it with the loss of social benefits, but business loved it and him, and the stock market took off on an 18 year

bull run.

But after the 9/11 attack, the floodgates really opened wide. In fiscal year 2000 the military budget was \$289 billion, but up it went steadily after that reaching \$442 billion in 2006 and currently is requested to increase to \$463 or higher in 2007. Add to that over \$41 billion for Homeland Security in 2006 (another public rip-off as part of a move toward a full-blown national security police state) and annual multi-billions in funding off the books for the Iraq and Afghanistan wars that in fiscal 2006 alone amounts to about \$120 billion now and may increase. Add it up and the current budget for the military, 2 wars off the books and Homeland Security, and it comes to over \$600 billion this year. That kind of spending, with billions more available at the drop of an add-on presidential emergency request gives a whole new meaning to the term “war profiteer.” And while the big defense contractors reap the biggest benefits, many thousands of US corporations are in on the take as the Pentagon is a big buyer of everything from expensive R & D and high tech weapons to breakfast cereals and toilet paper. Using the false Bush slogan about leaving no child behind for his failed education program, the Pentagon for sure leaves no corporation behind in its generosity. Corporations wanting a piece of the action need only remember and abide by the scriptural message from John 16:24: “ask and you shall receive.” And probably a lot as the Pentagon is notorious about being sloppy, “spilling” more than many good sized corporations earn.

Here’s the 2 key questions to ask. Does anyone feel safer, and who’ll pick up the tab? If you hadn’t noticed, you, the average worker, didn’t share in those big tax cuts, your income is losing the war to inflation, your benefits are eroding, and someone some day has to pay that \$8.275 trillion national debt that keeps rising \$2.2 billion every day. And along with that burden, we’ve never been less safe, and we, the public, have to pay the bill because corporate America never does. They’re in another queue for more tax cuts, and we’ll see more social benefits cut to pay for them too. In the political game of musical chairs, corporations get them all every time, and John Q. Public is always left standing (out in the cold).

How Did We Get Into this Mess, and How Can We Get Out of It

I’ve already explained what happened. As to how, it’s because we let them. They delivered the message, and we bought it like lambs led to the slaughter or believing the “foxes” were really “guarding” us. Back in school we all learned and sang those lovely lyrics that began “Oh beautiful for spacious skies, For amber waves of grain.” We believed it and most of us in our stupor still do. It’s long past time we realized it was just a song intended to lull us into complacency to accept the message and go along with it. It was a false message, although there is an America the Beautiful, but only for the privileged few and no one else. And every year it gets worse – a race to the bottom with no end in sight until we either get there or wake up in time and do something about it. Unless we act to cauterize our collective wounds we’ll never begin the healing process; in fact, we’ll bleed to death. We have to find a way to reclaim the democracy we’re always being reminded we have, but don’t. If we really had it, they’d never have to remind us about it.

People Power Is How We Get Out of It

It’s not too late to turn it around – yet. And it’s simple to know what we need to do but always hard knowing how to go about it – take to the streets, throw the bums out (we’ve tried that one before and only put in new bums). Anyone have some good suggestions? I

don't have sure-fire ones, but I've got a piece of good wisdom based on the past and the present. History shows that when things get bad enough people first stir and then react. If nothing changes and the pain gets bad enough, then at some point down go the barricades, and people power steps into the breach. The many always win out over the few when they're fully committed to do it. I've quoted famed Chicago community activist Sol Linowitz before who understood it and once said "the way to beat organized money is with organized people." Three recent and current examples make the point and show us how.

All over France for two months up until April, millions of angry young people and union members mainly engaged in strikes, sit-ins and mass street protests to demand the revocation of the new First Employment Contract (CPE) for workers under 26 years of age. French youth refused to become what they called "a Kleenex generation" - to be used and thrown away at the whim of employers who want the "flexibility" to do it. The law was based on the insane notion that indiscriminate firing was a way to create more jobs and reduce unemployment. If it had gone into affect, it would have given employers the right to hire young workers on a two year trial basis and fire them at will at any time during that period. The protesters understood the sham and how it would hurt them and stayed out long enough to get the Chirac government to back down and effectively cancel this outrageous law.

A second example is now happening on the streets in Nepal as many thousands of people from all walks of life including professionals have been protesting since early April in a mass civil uprising against King Gyanendra demanding an end to autocratic monarchical rule and the restoration of democracy. At this writing they still don't have it, but the king had to go on national television and promise to meet their demands. The protests continued after his first public statement forcing the king to go further and agree to the major demands of the main seven-party alliance including reinstating the lower house of parliament and giving power back to elected officials. Doing that would then clear the way to create a new constitution, hopefully a more democratic process and an end to the mass protests. At this writing it remains to be seen whether resolution has now been reached, but it appears a major step has been taken toward it.

The third example has been happening here in the US as millions of immigrants and working people of all races have taken to the streets in cities all over the country. They've seen their rights denied or threatened, their jobs exported, unions weakened or destroyed, wages stagnated and essential benefits reduced, lost or never gotten. Their protests are continuing, and they demand equity and justice. Congress has already taken note and softened some of their hostile anti-immigrant rhetoric. But it remains to be seen how this will turn out. The Congress will resume its immigration legislation debate in its post Easter break session with a final resolution now unclear. What is clear is that if a final bill emerges it will be less harsh than the original House version that passed and the Senate one still being debated prior to and during the mass protests.

The lesson is clear. Mass people actions, if large and strong enough, get results. Lots of great thinkers through the years knew this and said it many different ways. I quote some of them often for inspiration, and I'll end by doing it again - 2 jewels from one of my favorites - the Mahatma. Ghandi wisely observed that "even the most powerful cannot rule without the cooperation of the ruled." He proved it. He also famously said - "First they ignore you, then they laugh at you, then they fight you, then you win." He proved that too.

Anyone ready for a fight? I hope you are, and if so, you and we too can win. And just in case

I need to remind you what you're fighting for, it's for your future, the kind your parents hopefully had, the kind you want for your children, the kind where you know you live in a country with a real democratically elected government that works for all the people and one where there's equity and justice for everyone, not just for the privileged the way it is today. It's also to save the republic and reverse the present course we're now on that may destroy it. Think about it, and start fighting for it. Your future depends on it.

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