

Too Big and Too Powerful: The Criminality of Global Capitalism

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*“It is time the nation woke up and realized that it’s not the armed robbers or drug dealers who cause the most economic harm, it’s the white collar criminals... who harm us the most.”
(Harry Markopolos)*

A Brief History of Monstrous Corporate Crimes

Corporations have been around, on and off, for a few hundred years and some of the biggest ones have been causing major problems ever since they started. The first corporations were really extensions of the state. The British East India Company was set up in the year 1600 and had complete control of British trade with Asia. It was so powerful that it was in charge of collecting taxes and could manipulate prices. The people who ran the company were more interested in profits than in the welfare of the local population.

This contributed to the deaths of millions of people who starved during droughts in India. The English courts eventually found the company guilty of oppression, false imprisonment and various other offenses in Bengal. After the head of the company committed suicide, it was suggested that he had “acquired his fortune by such crimes that his consciousness of them impelled him to cut his own throat.” The authorities were so worried about this type of criminal activity that many corporations were banned, starting in 1720.(1)

The first generation of big American companies started in the 19th century with oil, banking, steel and railroads. The men in charge of these companies were known as robber barons due to the way they used deception, dishonesty, kidnappings, violence and murder to amass their fortunes and accumulate power.(2) As we will see, the practices of some corporations, particularly those that have operations in the developing world, have not improved as much as we might expect.

A group of corporate leaders, including senior personnel from Du Pont and J.P.Morgan, actually plotted to overthrow President Roosevelt in 1934 because he was introducing laws to stop the worst corporate behaviour.(3) During that period, many corporations, such as General Motors, ICI and Standard Oil of New Jersey, were supporting the fascists in Germany and Italy, and this support continued even after World War Two began. Corporations have repeatedly worked with mass murderers or repressive regimes. In 1967, leaders from some of the world’s most powerful corporations, including General Motors, American Express, US Steel and various major oil companies and banks, had a meeting to decide who would control different parts of the Indonesian economy in collaboration with General Suharto, who had just come to power by slaughtering hundreds of thousands of people.(4)

Corporations are Too Big and Too Powerful

The biggest companies steadily grow larger, richer, and more influential. There are now hundreds of huge global corporations. A few are as big as many countries. The biggest, Wal-Mart, had sales of over \$500 billion in 2019 and employs 2.2 million people. The most profitable, Apple, made profits of \$55 billion in 2019.(5) Up until the global recession of 2007, many of the world's biggest corporations made huge profits year after year, and are still doing so today. They have become increasingly dominant within the global system of trade. Many of the biggest companies have committed crimes, or engaged in unethical activities, to make more profit. The extent of these crimes will be discussed in this and subsequent posts. These corporations are an important part of the system that concentrates wealth in the hands of a few people - mostly top executives and major shareholders.

Corporations are Insane

The main aim of a corporation is to make as much profit as possible. Everything else is secondary. Corporations operating in poor countries put their own profits ahead of even the most important human rights, such as the right to life and the right to good health. This is particularly noticeable in the pharmaceutical industry where corporations have tried to stop poor people getting cheaper medicines if it affects corporate profits, or their control of patents. It is important to realise that a corporation is separate from the people who work for it. People who are perfectly reasonable in their everyday lives can take decisions that have terrible consequences for other people when they have their corporate hat on. The psychology of this has been discussed in earlier posts. Large numbers of professional people all over the world are prepared to devote their lives to making better killing machines, selling those weapons to murderous dictators, helping those same dictators steal money from their countries, and exploiting people in the third world. They cease to take responsibility for their actions, passing the buck and blaming 'the corporation.'

Political and economic commentators have warned for many years about the risks if corporations become too powerful. They were even described as "Frankenstein Monsters"(6) as it was recognised that they might one day destroy the democratic systems that have created them. In his book (which became a film) 'The Corporation', Joel Bakan compares corporations to psychopaths as they pursue profit so relentlessly, irrespective of the harm they cause.(7) All over the world, small groups try to sue corporations to stop them from poisoning a river, cutting down a forest, breaking a law, busting a union or putting propaganda into schools. Occasionally they are successful, but the general trend is that corporations are ever-more influential in lawmaking.(8)

They're all breaking the rules

Regulation protects the environment from destruction; it protects workers from injury, death and exploitation; and it protects consumers from faulty or dangerous products and misleading advertising. Unfortunately, corporations want to cut costs. They make bigger profits if they employ fewer staff with less training, and they do not want to spend money on safety or environmental grounds. The obsessive pursuit of profit drives corporations to break the law if the cost of doing so is not excessive.

Every single one of the top ten US weapons companies defrauded the US government from 1980-92. In the USA, 57 companies in two weeks were fined for trading with official US enemies.(9) Some major corporations are given fines for breaking the law year after year. General Electric committed 42 serious offences, such as polluting rivers and large-scale fraud, in an 11 year period,(10) but the fines made little difference to its practices. The

software company, Microsoft, was repeatedly found guilty of abusing its power, yet penalties were far too small to have any effect.(11) A fine of a few hundred million dollars has little effect on a company with many billions of dollars in the bank. In most countries the fines and penalties that companies receive do not deter them from breaking the law. They treat these fines as a cost of doing business.

Even the most well-known brands do terrible things. One of the most notorious being the Ford Pinto car sold in America in the 1970s. (12) Companies do not see regulation as a set of rules to be obeyed. They see it as a game, or as a competition to outwit the regulator.

In Practice, Corporations Operate Outside The Law

In an important legal case in 1886 an American judge used laws that were intended for protecting the rights of freed slaves to enable corporations to have the same rights as people.(13) This legal ruling still stands today. Bizarrely, whilst they have the same rights as people, they have fewer responsibilities to do no harm. If humans committed the same crimes as corporations do, they would receive long prison sentences, or be put in an institution for the criminally insane. But a company cannot go to jail. In theory, a corporation can have its charter withdrawn, which means that it gets shut down. In practice, this does not happen. (Some campaign groups have been exploring how to apply this to the most criminal corporations for many years(14)). Various rules have been introduced to make executives more responsible for the actions of their companies, but so far in the US and Britain these have not been enforced. In almost every industry, the world's biggest corporations have been found guilty of committing crimes, some very serious, but the punishment is just a fine – the equivalent of a slap on the wrist. Corporations effectively operate outside the law.

Cartels - Big Companies Work Together To Cheat Us

For many decades, the three biggest US carmakers, General Motors, Ford and Chrysler, had no competition from abroad, so they had an 'understanding' that they would not do anything to decrease their profits.(15) They did not introduce safety glass or other safety features, despite knowing that these would reduce injuries; their prices were very similar; they did not introduce smaller, lighter, more efficient, less polluting cars. US society paid a huge price in medical bills due to unsafe vehicles. The excessive fuel consumption led to higher fuel costs and enormous additional pollution. When they did eventually have to compete against better cars from other countries, they had to be saved from bankruptcy by huge government subsidies. For forty years, the US car industry effectively stagnated.

Other examples would include British Airways and Virgin airlines working together to manipulate fuel surcharges; supermarkets in Britain fixing the price of milk; and computer makers fixing the price of memory chips.(16) In Britain, many people have been ripped off by banks, insurance companies, energy suppliers, mobile phone companies, car companies and pharmaceutical companies, among many others. Utility companies, such as water, gas and electricity engage in price manipulation (The specific US example of Enron is discussed in another post.) The European authorities have an up-to-date list of investigations into cartels (companies working together to fix prices). In the last 3 months of 2020 it included food-packaging, canned vegetables and car parts.(17) This is possible because so many industries are dominated by a small number of big companies. (The myth of competitive markets was discussed in an earlier post.)

It's Getting Worse

In 2020, Joel Bakan and Jennifer Abbott released another movie, entitled 'The Corporation: The Unfortunately Necessary Sequel'.(18) They explained that they felt the need to make the movie because everything that they had discussed in the original movie, about the problems of corporations, had become worse. This included economic inequality, racial inequality, failures of democracy, environmental issues, climate change, species extinction, education and welfare, all at crisis levels. Big companies have gained more power over society and over governments in the last few years. The most famous critic of this system, Noam Chomsky, has described corporations as a tyranny [oppressive government] by unaccountable private concentrations of power.(19)

Key Points

Corporations commit crimes in order to make profits.

The crimes include illegal weapons sales, manslaughter, pollution, and many varieties of fraud.

Corporations effectively operate outside the law

Rod Driver is a part-time academic who is particularly interested in de-bunking modern-day US and British propaganda, and explaining war, terrorism, economics and poverty, without the nonsense in the mainstream media. This article was first posted at medium.com/elephantsintheroom

Further Reading

Joel Bakan, *The Corporation: The pathological pursuit of profit and power*

Ralph Estes, *Tyranny of the Bottom Line*

Useful Websites

www.corporatewatch.org

Joel Bakan, Mark Achbar and Jennifer Abbott, 'The Corporation', Full movie at

<https://www.youtube.com/watch?v=Y888wVY5hzw>

Notes:

1) Nick Robins, *The Corporation that Changed the World*

2) [http://en.wikipedia.org/wiki/robber_baron_\(industrialist\)](http://en.wikipedia.org/wiki/robber_baron_(industrialist))

Peter Chapman, *Jungle Capitalists: A story of Globalisation, Greed and Revolution*, p.7

3) Joel Bakan, *The Corporation*, p.92

4) John Pilger, *The New Rulers of The World*, p.39

5) https://en.wikipedia.org/wiki/List_of_largest_companies_by_revenue

6) Louis Brandeis, cited in Joel Bakan, *The Corporation*, p.19

7) Joel Bakan, *The Corporation: The pathological pursuit of profit and power*

Joel Bakan, *The New Corporation: How 'Good' corporations are bad for democracy*

8) 'Program on Corporations, Law and Democracy', at www.poclad.org

9) 'Double Standard In The Terror War', 16 April 2003, at

www.talkleft.com/story/2003/04/16/881/97608

More recent information at

<https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions>

10) 'GE: Decades of Misdeeds and Wrongdoing', July/August 2001, at

<http://multinationalmonitor.org/mm2001/01july-august/julyaug01corp4.html>

Mark Zepezauer, *Take The Rich Off Welfare*

11) 'Microsoft Slapped with Biggest Fine in EU History', at

<https://www.dw.com/en/microsoft-slapped-with-biggest-fine-in-eu-history/a-1149932>

12) Ralph Estes, *Tyranny of the Bottom Line*, pp.166-168

13) Joel Bakan, *The Corporation*

14) 'International Peoples Treaty On The Control of Transnational Corporations', at

<https://www.stopcorporateimpunity.org/wp-content/uploads/2016/11/PeoplesTreaty-EN-mar2015-1.pdf>

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<https://multinationalmonitor.org/mm2002/02oct-nov/oct-nov02corp1.html>

15) Ralph Nader, *Unsafe at any speed*, 1965, at

https://en.wikipedia.org/wiki/Unsafe_at_Any_Speed

16) 'Memory chip makers will pay \$173 million for price fixing', Washington State Office of the Attorney General, 24 June, 2010, at

<https://www.atg.wa.gov/news/news-releases/memory-chip-makers-will-pay-173-million-price-fixing>

17) http://ec.europa.eu/competition/cartels/what_is_new/news.html

18) *The New Corporation: The unfortunately necessary sequel*, Full conversation, 24 Nov 2020, at

<https://www.youtube.com/watch?v=yU4hBwhbx6I>

19) Noam Chomsky, 'Creating the horror chambers', interview with Dan Falcone, Jacobin, July 2015, at

<https://chomsky.info/072015-2/>

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