

The Rise of the Anti-Corporate Movement: Corporations and the People Who Hate Them

Evan Osborne

Praeger

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To Weymar and Victoria, for always asking such good questions.

And especially to Toyoko, my most important shareholder.

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Preface

On January 31, 2007, an odd incident occurred in Boston. The Cartoon Network, a cable channel devoted to animated shows, had engaged in a bit of guerrilla marketing by placing small devices at well-known locations around town. The devices had small lights showing a cartoon character from a new show they were seeking to promote and had visible wires to boot. To some citizens of a country consumed by fear of terrorism, they seemed potentially dangerous and thus caused inconvenience and even chaos in the city as police officers both sought to defuse them and sought to search for others possibly undiscovered. By the end of the day, the network's parent company, Turner Broadcasting System, had sheepishly informed the police that it was responsible. The mayor of Boston, Thomas Menino, was understandably upset about this waste of his police department's time and the anxiety that the stunt generated among city residents all day. But in the wake of the incident, he said, among other things, something very strange—that the incident was "all about corporate greed."

Let us stipulate that this action was, at best, selfish and foolish; someone at the Cartoon Network made a dumb and possibly criminal mistake. But Mayor Menino, a politician whose job depends on knowing what kind of language stirs or scares enough of the public to keep him popular, chose a surprising term—"corporate"—to describe what had happened. Either the incident fit comfortably into a mental model he was already using to think about how the world works or he suspected that talking that way would enhance his reputation with Boston voters. Whether chosen out of anger or careful consideration, his use of "corporate" in this manner is instructive. He could have spoken in terms of individual

employees or of this company in particular or even just of plain old “greed,” a sin as old as mankind. But he chose instead to say that the event was the fault of “corporate” malfeasance. That mindset—the turning of the word “corporate” into a generic adjective of scorn, and of corporations into the dominant force in society—is what this book is about.

The anti-corporate movement whose development it traces is no longer the province merely of disgruntled contrarians in the academy or people mourning the death of 1960s dreams. It is a growing movement that is increasingly influential in politics, particularly in the United States and Europe. Many of its most rhetorically gifted advocates do not simply believe that corporations frequently commit crimes, or need to be reined in, or that they are run by and for the rich. They believe something far larger—that corporations are driven by costly incentives mistakenly encoded into corporate law over a century ago and that the monsters these laws created have been driven inexorably to more and more control the world.

In the course of researching this book, I had many occasions to order one of the growing mass of anti-corporate books from my local book superstore. On one occasion, when telling a clerk the title of one of them, which suggested that corporations control the world, she (an employee herself of a major corporation) looked at me and, stating it more as fact than question, said “They do, don’t they?” So simple, yet so complete as an explanation for why things are as they are—this is the new anti-corporatism. The French have a wonderful phrase that is underused in English—*idée fixe*, which Merriam-Webster defines as “an idea that dominates one’s mind, especially for a prolonged period.” That, I think, is where we are. We live in a world of tremendous change—culturally, economically, politically. Change being as unsettling as it is, many find themselves in need of a comprehensive narrative to explain it all. And corporations, especially large ones, increasingly provide for many the sturdiest ground in which to plant their narrative.

Despite its rapid growth, hostility to corporations is a phenomenon that has seldom if ever been extensively studied. The purpose of this book is to provide for the reader with an interest in corporations and their role in the world a thorough and, I hope, fair guide to what anti-corporate thinking is, a history of where it came from, an exploration of the truth of its main claims (which, it is probably best to say right up front, I view skeptically), and some speculation on what might happen if it becomes sufficiently influential. In doing so, I hope to contribute to understanding of a movement that has expanded very rapidly relative to what we know about it.

Writing a book, even one written primarily for the sheer intellectual joy of it, is a very enjoyable but demanding task. There were many whose help and guidance were indispensable in bringing this book to fruition.

The idea to write it came to me while I was at the Osaka University Institute of Social and Economic Research, and the research support they provide to their visiting scholars is outstanding. I am particularly grateful to Atsushi Tsuneki for his willingness to host an unknown scholar and to tolerate his eccentric research. I must also thank Jeff Olson and Nick Philipson at Praeger/Greenwood for helping shepherd the work of an inexperienced author through to completion, Vijayakumar Subramanian and (on short notice) Anne Beer for first-rate editorial work, and Ellen Geiger for helpful advice on publishing. I am also intellectually indebted to the reading group at the Raj Soin College of Business at Wright State University for discussing and helping me develop some of my thoughts in this book. Joe Petrick, Maggie Houston, and John Blair were particularly helpful in constantly holding me to account. Jeff Carlisle, Zach Selden, and Charles Wharton of The Policy Hut were selfless (and sometimes brutally honest) in their assessments of the work while it was in progress. My greatest intellectual debt is to the late Jack Hirshleifer, who impressed upon me the importance of making an argument accessible, of economics for understanding human behavior, and of the problem of understanding when people do and don't get along with one another. His patience, curiosity, and genius were always an inspiration.

Finally, I would be unable to achieve anything (let alone this book) without my family, who mean everything to me. Toyoko has put with far too many late nights at the office and gripes about the book-writing process. She listens without protest to all my wild ideas, projects, plans, and dreams. For Weymar and Victoria, from whom I have learned so much, I hope that by the time you're old enough to read and fully understand this fruit of your dad's labor you think he is saying something worth listening to.

Chapter 1

The Concept of the Corporate Regime

So there seems to be nothing to prevent the transnational corporations taking possession of the planet and subjecting humanity to the dictatorship of capital... Controlling virtually all the means of information and communication, they meet with only localized and sporadic resistance as they compete relentlessly for monopoly control of the markets.

—Christian de Brie, editor, *Le Monde Diplomatique*¹

In the summer of 2004, Paramount Pictures released a film about a candidate for Vice President of the United States who is a bona fide war hero, groomed for years for high office. Unbeknownst to the candidate, he is actually a pawn in a larger scheme by a secret group with evil designs and global reach to gain control of the U.S. government. These puppet-masters are a gigantic organization known as Manchurian Global, which is involved with such mysterious and seemingly unrelated activities as “medical biotherapeutics,” “urban commercial property reclamation,” and “complex text recognition nanotechnology.” The firm engages in all manner of what on the surface appear to be unobjectionable and even noble acts, but which invariably occur in regions plagued by both political instability and a bounty of oil and other natural resources.² Like something out of a James Bond movie, its secret goal is to rule the world and is depicted as a villain *par excellence* not simply because of what it does but because of how easily it is able to deceive a seemingly free society.

The striking thing about *The Manchurian Candidate* is that we have literally seen this movie before. It is a remake of a film from an earlier era, when fear was also great but what was feared was quite different.

The general story outline—secret plotters manipulating decision-makers at the highest levels of the U.S. government to achieve ultimate power—is retained, but there is a new villain in the early years of the 21st century. Whereas the 1962 version, written at the height of the Cold War, revolved around a plot by Communists, now it is a multinational corporation that seeks to undermine the Republic. Astonishingly, the movie even implies that the fictional corporation is responsible for a factual event (the September 11 attack on the Pentagon) for which a real person (Osama bin Laden) has in the real world actually taken public credit. To preserve the linkage to an earlier era, even the name of the corporation evokes, however clumsily, the original film.

That a more recent version of an admired film from an earlier era casts a corporation rather than an international communist movement as a conspiratorial mastermind is, as it were, no coincidence. It is rather a sign of an idea that is increasingly prominent in modern American and global public conversation. The idea is of large for-profit corporations as dark plotters exerting more and more control over the lives of average citizens—as marauding conquerors of the public space, desperately in need of control or even elimination by governments around the world. The idea and the movement it has spawned have not been much studied to date. But they merit such study because of their growing appeal.

There is fiction, of which *The Manchurian Candidate* is hardly the only example,³ and then there is nonfiction. In 2002, the U.N. Commission on Human Rights published a document submitted to it by a variety of pressure groups. It alleges the following *modus operandi* for the world's multinational corporations:

- a) the promoting of wars of aggression and interethnic conflicts in order to control the natural resources of the planet—in particular energy sources and strategic minerals—and to foster the growth and the profits of the war industry;
- b) the violation of workers' rights and human rights in general;
- c) the degradation of the environment (air, water, and soil included) and in particular the active and well-financed opposition by the Global Climate Coalition, comprising, among others Ford, GM (General Motors), Mobil, and Union Carbide, with the unflagging support of the government of the United States, to any limitation of emission of greenhouse gases (Kyoto Protocol);
- d) the bribing of civil servants to take over essential public services (such as the supply of drinking water) through their fraudulent privatization and thus the elimination of the rights of present and potential users;

- e) the appropriation—formally legal or illegal—of ancestral, technical, and scientific knowledge, which are by nature social entities;
- f) the corruption of political and intellectual elites and of leaders of civil society;
- g) the monopolization of the principal means of communication, purveyors of the dominant ideology and mass cultural products, in order to manipulate and condition public opinion and thus change the habits and behavior of people;
- h) financing dictators, the overthrow of governments, and other criminal activities.⁴

The list of charges is startling in its breadth and its malevolent characterization of its targets. This idea that corporations control the world is an idea that, while of recent vintage, is carefully constructed, rapidly gathering strength, ultimately fallacious, and in the meantime very dangerous. To be sure, the idea that big business and the wealthy wield excessive influence is not new. Thomas Jefferson, among many other prominent Americans during the republic's infancy, was deeply skeptical of moneyed interests, which he felt threatened the agrarian foundations of individualism and hence of liberty itself. The following, from a letter to then Secretary of War (and later Secretary of the Treasury) William H. Crawford in June of 1816, is fairly representative of his sentiments:

The exercise, by our own citizens, of so much commerce as may suffice to exchange our superfluities for our wants, may be advantageous for the whole. But, it does not follow, that with a territory so boundless, it is the interest of the whole to become a mere city of London, to carry on the business of one half the world at the expense of eternal war with the other half. The agricultural capacities of our country constitute its distinguishing feature; and the adapting our policy and pursuits to that, is more likely to make us a numerous and happy people, than the mimicry of an Amsterdam, a Hamburg, or a city of London. Every society has a right to fix the fundamental principles of its association, and to say to all individuals, that, if they contemplate pursuits beyond the limits of these principles, and involving dangers which the society chooses to avoid, they must go somewhere else for their exercise; that we want no citizens, and still less ephemeral and pseudocitizens, on such terms. We may exclude them from our territory, as we do persons infected with disease. Such is the situation of our country. We have most abundant resources of happiness within ourselves, which we may enjoy in peace and safety, without permitting a few citizens, infected with the mania of

rambling and gambling, to bring danger on the great mass engaged in innocent and safe pursuits at home.⁵

Opposition to wealthy financial interests also loomed large in the support for Andrew Jackson, William Jennings Bryan, and other towering figures of American politics. But the issue this book explores is different in several respects, some of which are illustrated in Jefferson's letter above. In recent years, there has emerged an odd sort of ideology I will call (without claiming any particular originality of coinage) anti-corporatism. The new anti-corporatism harnesses the old tradition, as vivid in the United States as elsewhere, of skepticism of great wealth and merges it with ideology developed in subsequent years, partly rooted in the ideas of the 1960s New Left and even of Marxism. In the course of absorbing these belief systems, the ideology has become something new, a belief that the corporate form in particular is disastrous for human society. Taken to its limit, the new anti-corporatism depicts corporations as the central organizing fact of global governance and social life. Decent people must work to fight corporate dominance because the very nature of corporations requires their managers and owners to be loyal to Mammon at the expense of country or other higher moral purposes, incentives that do not drive other social groups. As Jefferson's attack on "ephemeral and pseudocitizens" demonstrates, there is some historical precedent for this idea. But in the new anti-corporatism, corporations, uniquely among all pressure groups, seek with increasing success to dominate governments, commerce, and other key institutions of society. They seek to subvert traditional social order, destroy democracy, promote irresponsible consumption, and even persuade states to wage wars on their behalf.

THE BIRTH OF A WORLDVIEW

The long-standing theme of the need for a crusade against a more general plutocracy has thus become the belief that large corporations in particular are the controllers of public policy, all-seeing and all-knowing, with the rest of society—workers, consumers, parents, children, the schools, the military—utterly in their thrall. Thus it is that the anti-corporate campaigner Lee Drutman can ask, in a fairly common remark, "How did corporations become the dominant institutions in our society, powerful behemoths with a hand in every almost every aspect of our lives?"⁶ The use of an adjective such as "dominant," which like words such as "tyranny," "dictatorship," and "pathology" is found throughout the movement's literature, is striking. Corporations do not force us to buy their products, they do not conscript armies, they do not have the power to assess taxes under the penalty of imprisonment for nonpayment, they do not tell us whom we may marry or how many children we may

have. They do not, in short, have disproportionate “power” if that term is taken to mean the ability to limit one’s control over one’s own life.⁷ Their “power” arguably pales into insignificance next to that of peers, family, church, or state. As will be seen, there is some evidence that even in the political arena, their influence is far from excessive.

To be sure, there are many cases in which there are clear conflicts between the interests of some corporations and those of some other American interest groups—labor-management conflicts, pollution standards, who should pay how much in taxes, and the like. But what distinguishes anti-corporatism is its propensity to see the hidden hand of corporations in American or global problems far-flung from any obvious immediate concern of those firms, and even in fundamental reorganization of the way we live. Corporations are seen as the single most or even the only powerful force in governing the world. Such extreme anti-corporatism is rapidly metastasizing into more mainstream outlets as an explanation for why American and global society is the way it is.

And so global childhood obesity is increasing not because of broad changes in lifestyle involving exercise, the ready availability of calories, or other seemingly more direct causes but because of the pernicious effects of corporate advertising on parents and children.⁸ Corporations with ties to the incumbent political establishment deviously manipulate electronic voting to steal U.S. elections.⁹ Information corporations—movies, music, publishing, news, etc.—seek to crush distinct local cultural forms. The titanic, forty-year struggle that was the Cold War was fought, like most U.S. wars, for corporate interests rather than out of any devotion to profound political principles or more conventional national-security concerns.¹⁰ On more recent questions of war and peace, corporate interests are also more and more said to call the tune.

Thus a writer for the eminently mainstream British newspaper *The Guardian* claims that the attack on Yugoslavia in 1999 by the North Atlantic Treaty Organization was not, as sensible people might suppose, because of exasperation over the inability to end violence against Kosovar Albanians by means other than war, or for the usual *raisons d'état*. Rather, it was because of a desire to hand the province’s economy over to large mining and other corporations.¹¹ The argument requires, absurdly, that the governments of NATO were prepared to send their armed forces (primarily from the United States) into battle at tremendous expense to obtain control over one of the poorest areas of Europe, after having gone to great, temporizing lengths to avoid war in the months leading up to the bombing. That naval flotillas would be deployed and armed forces in Europe put on a war footing for such meager payoffs seem wildly implausible, yet these sorts of interpretations of recent military history, analogous to other interpretations of larger social trends, are gaining disturbing traction among intellectuals and activists worldwide.

Even September 11, and the dramatic change it brought in the willingness of the U.S. government and public to invoke military force independently of any sinister manipulation of the state by corporate forces, is refracted, however tortuously, through the cracked prism of anti-corporatism. The Iraq war is the clearest example. Many proponents of the war in Iraq depicted it as a necessary campaign to construct a consensually governed society in the heart of Arabia. Those inclined toward a *realpolitik* theory of nation-state behavior argued that its primary purpose, in conjunction with the war in Afghanistan, was to place over 100,000 troops in the center of an unstable Middle East. On the other hand, many opponents argued that the war was fought without giving diplomacy a chance, that it would sow chaos, that it violated international law and the human rights of Iraqis, that it was conducted with insufficient deference to the interests of other powers, and the like. These are all reasonable arguments, and history may vindicate some or all of them. But anti-corporate thinking sees Iraq entirely through the lens of corporate interests. The placement in high national-security positions in the government of many people with experience in military contracting is not, as one might suppose, a way to capitalize on valuable expertise but instead a chance for those officials to conspiratorially promote an ever-expanding appetite for military hardware, where wars serve both to test new weapons platforms and to use up weapons stockpiles, promoting an unceasing demand for yet more weapons.¹²

John Kenneth Galbraith, the late professor of economics at Harvard, was always something of an outsider looking in with bemusement on the mainstream of his profession. But he was for decades one of the most well-known and widely read economists in the English-language world, justly celebrated for the ingenuity of his insights and the quality of his writing. He was not an orthodox economist, but he was a distinguished public intellectual. And based on personal experience and the (accurate) observation that former corporate executives are not hard to find at the highest reaches of U.S. government, he in his last years deduced that corporations are a prime driving force behind U.S. government decisions on war and peace:

The corporate appropriation of public initiative and authority is unpleasantly visible in its effect on the environment, and dangerous as regards military and foreign policy. Wars are a major threat to civilized existence, and a corporate commitment to weapons procurement and use nurtures this threat. It accords legitimacy, and even heroic virtue, to devastation and death....As the corporate interest moves to power in what was the public sector, it serves the corporate interest. It is most clearly evident in the largest such movement, that of nominally private firms into the defense

establishment. From this comes a primary influence on the military budget, on foreign policy, military commitment and, ultimately, military action. War. Although this is a normal and expected use of money and its power, the full effect is disguised by almost all conventional expression.¹³

Indeed, corporations are on occasion simultaneously blamed both for geopolitical X and -X, as when the Unocal corporation and the American government purportedly doing its bidding were vilified first for propping up the Taliban so as to promote the construction of an oil pipeline, then for overthrowing the Taliban so as to promote the construction of an oil pipeline. In March 2001, six months before the September 11 attacks, Reuel Marc Gerecht could argue in an opinion piece in *The New York Times* that, "In 1996, it seemed possible that American-built gas and oil pipelines from Central Asia could run through an Afghanistan ruled by one leader. Cruelty to women aside, we did not condemn the Taliban juggernaut rolling across the country." Meanwhile, having reported on October 7, 2001, literally hours before the U.S. attack on Afghanistan began, that the U.S. government in fact had long supported the Taliban in order to facilitate a pipeline, the same news agency, Agence France-Presse, could then report on October 11, once the attack had begun, that "experts say the end of the Islamic militia could spell the start of more lucrative opportunities for Western oil companies."¹⁴

That respectable news organizations could so uncritically relay such compellingly dark and often contradictory charges of corporate malfeasance is a key part of the story told in these pages. One could hardly imagine a charge about other groups in the United States orchestrating government policy to such a degree not undergoing more scrutiny. To be sure, the American political conversation always been full of voices making astonishing claims about the ability of this or that sinister group to dictate, often behind the scenes, American and global public policy and the nature of life in the United States. But anti-corporatism has respectability and influence that these other voices do not. It is difficult to imagine assertions about the power of the Socialist International (which still exists and is still a focus of marginal conspiracist tales about American politics), Jews, the United Nations, or the other usual suspects in the more outlandish theories about how the world *really* works achieving such a respectable presence.

This view would thus be of little interest if it were as far out on the fringe as these other conspiracy theories. But the anti-corporatist theme is far more prevalent both in the media and in the academy than other analogous theories of all-controlling forces.

The belief in corporate control of the government, of universities, of the media, and of the other most consequential institutions of American

society is by no means a majority one, but it is on the rise. And the public footprint of anti-corporatism is larger than its current prevalence in politics suggests, owing to the extent to which it is believed by those who traffic in ideas—journalists, intellectuals, and the like. There are, for example, hundreds of American university syllabi skeptically invoking the phrase “corporate power.” In the primary debates during the nomination process for the 2004 Democratic nominee, “corporate,” “the corporate culture,” “corporate agriculture,” and “big corporate America” were among the favorite terms of opprobrium. In a May, 2003, debate in Columbia, South Carolina, for instance, four candidates—John Edwards, Richard Gephardt, Howard Dean, and John Kerry—used some variation of the word “corporate” seventeen times. Sen. Edwards led the pack with twelve uses, including four uses (in addition to “pharmaceutical companies,” “big insurance companies,” and “big HMOs”) in a single answer to a question that originally asked how access to health care might be increased.

Given that politicians now generally use such statements only after they have been carefully rehearsed using the modern technology of political campaigns, it is no surprise that there is broader disquiet among the public as well. A survey of Americans released in October, 2005, by the Pew Center for the People and the Press found that 45 percent of Americans had a very or mostly unfavorable view of corporations, a number that has been rising since 1997 and is at the highest level in the twenty years in which they have asked the question. Another Pew Center survey in 2003 found that 77 percent of Americans completely or partly believed that “too much power is concentrated in the hands of a few big companies.” While this number has been constant since 1987, the number of true believers, those who completely (rather than partly) agree with the statement (a number indicating hard-line anti-corporate sentiment), has risen over the same interval from 27 to 40 percent. And anti-corporatism may have some force as a wedge issue. In the 2003 survey, two-thirds of independents said they believe “business corporations make too much profit,” as compared with 72 percent of Democrats and only 46 percent of Republicans. Somewhat astonishingly, given that the former can only use the information to sell products and the latter can use it to put someone in prison, 77 percent of respondents were “concerned that business is collecting too much information on me,” while only 57 percent believed the same about government.¹⁵ Government of course already collects vast, non-anonymous employment and financial information as an indispensable part of the American tax code, as any perusal of the 1040 forms quickly illustrates. Objections to the income tax are seldom expressed in privacy terms, although if the same standard is applied to government as is applied to corporations, they certainly should be.

To be fair, responses to simple polling questions such as these are not the same as complete acceptance of anti-corporatism as it will be portrayed here. But their increasing prevalence nonetheless suggests a bullish future for that more extreme ideology, particularly in certain ideological communities in the industrialized world. In addition, even if the movement itself fades into insignificance, its relatively rapid coalescence around a few themes, and the prominence it has quickly achieved among intellectuals, makes it worthy of contemporaneous documentation. The chances that it will fade away in the near future are slight. If anything, political pressure for global regulation of corporate conduct, in ways that would never be contemplated for any other pressure group in society, is growing. The United Nations, for example, is currently contemplating whether it should establish norms governing corporate conduct and whether those norms will have the same legal force under international law as more traditional treaty obligations do. (There is no contemplation of similar regulation of labor unions, ethnic-advocacy groups, religious organizations, etc.) If anti-corporatism informs these deliberations (and it does), its views are important.

Anti-corporate views do not coincide perfectly with traditional ideological categories. To the extent that the left/right continuum is a useful way to talk about the issue (in that in the United States, “left” and “right” mean different things than in other industrial democracies), anti-corporatism is in the United States mostly associated with the left. But in recent years, elements of the American right have also latched onto anti-corporatism, jettisoning the standard position of modern American conservatism that favors limited regulation of business. Patrick J. Buchanan’s three presidential campaigns were built in part on right-wing populism, and in particular a belief that corporate desire to increase profits combined with corporate control of the U.S. government led them to promote globalization and its alphabet soup of enforcement bodies—the North American Free Trade Area, the World Trade Organization, etc. Unlike the left, which is concerned about corporate despoiling of the environment, elimination of global cultural diversity, and excessive wealth held by a small minority, the anti-corporate right is concerned about dilution of American identity and culture through globalization, in addition to the punishment of the working class when factories and people in search of work and opportunity easily move from one end of the earth to another.

But both wings of the ACM (anti-corporate movement) find themselves united in their concern about the loss of “national sovereignty” to the largest global corporations. This term typically means the ability of national governments to regulate and manage the behavior of their citizens, which has allegedly been surrendered to multilateral organizations ruled by multinational corporations. But both wish the government to exercise its sovereignty in different ways. What the left-wing and the

right-wing anti-corporatists would do if they gained the ability to use the “sovereign” power of the American government differs, but their beliefs about what stands in their way is the same—Exxon/Mobil, Microsoft, and GM. To be fair, despite some sense of common cause in curbing corporate power, some on the currently more prominent anti-corporate left have expressed concern about the dangers of allying with a nativist right.¹⁶ But the core beliefs about the nature of corporations—that they are disloyal, even traitorous, and control many if not most major world governments and the various international institutions responsible for managing the global economy—are the same in both camps, and so the assessment of those claims will affect equally the conclusions that both wings of the anti-corporatist movement draw.

HOW TO SOLVE PROBLEMS

The anti-corporate view is at its heart driven by a particular notion of how best to solve human problems. There are two ways to solve any particular political/economic problem, whatever it may be—vulnerability to military attack, inadequate allocations of medical treatment, giving citizens more living space than they currently possess, an improved national performance in the Olympic Games, *anything* that involves the use of scarce resources whose best use people disagree over. One approach is to rely on what goes by such terms as “the market,” the “private sector,” “property rights,” “the price system,” or “capitalism.” In this approach, legal procedures are defined and enforced to give individuals meaningful control over a resource—the right to use it as they see fit or to transfer those rights to someone else to do as he sees fit. Reliance on this system to, say, improve disease treatment would require those who wish to see the problem addressed (not just patients, but insurance companies or charities) to make offers to resource owners to use those resources for that purpose—by funding research, by employing people to develop and distribute medicine, by hiring people to treat patients, and so on. Resources cannot be employed for any purpose without the consent of the people who own them. This consent requires giving the owner compensation—sometimes money, sometimes not—that provides more value to him than the use to which he would otherwise put these resources. Doctors and drug salesmen must be paid compensation that justifies the value of their time, insurers must pay out less in costs from covering a treatment than they ultimately pay by not covering it, donors to medical charities must feel that the emotional satisfaction from their generosity exceeds that from the alternate use to which the money would be put, and so on.

The other approach is to rely on politics, which presents a theoretical opportunity to implement the “public will,” if such a thing exists. Indeed, in the eyes of its advocates, this is its strongest advantage. The market, in

contrast, can only put resources to whatever uses their scattered, individual owners can be persuaded to accept. An airline, for example, will only provide wide seats and free champagne to passengers willing to pay great sums of money, in the form of first-class tickets. For everyone willing only to buy an economy-class ticket, travel will be less comfortable but (in historical terms) astonishingly reliable, safe, and affordable. The government, in contrast, may have the power (subject to the legal code in the particular country) to require that resources be used for particular purposes and on particular terms—that airlines not bump passengers without offering a full refund, that workers in any occupation earn at least a certain amount per hour, that ceilings be imposed on the prices of drugs, etc. Resources may even be devoted to this purpose or that based on an official vote of the public authorities, who may, for example, opt to nationalize private property or build an interstate highway system.

Of course no society operates in absolutes. In the United States, there are substantial rights to private property, but factory owners may not pollute at will, landowners may be prevented from using the property for particular purposes because of zoning codes, and so on. Even in a largely state-directed society like Cuba or North Korea some activities are relegated (sometimes unofficially) to the market, and other rationing devices—political influence, bribes paid, etc.—still determine how nominally state-directed resources are deployed. And so it is not a question of one or the other but of the degree of each.

Corporations are clearly a way, and an unusually efficient way, as will be demonstrated in Chapter 4, of relying on the market to decide who gets what. The primary defect of the market in the eyes of many is that it provides too many benefits to the rich or that resource owners otherwise make the “wrong” choices from the perspective of the broader society. How they are wrong is often not made clear; the choices are clearly right to the constituents of the corporation who buy from and sell (including sell their labor) to it. But one way of thinking about “wrong” is that in the eyes of a sufficiently large percentage of the public, resources could be better used. When individuals transacting through the market make such “wrong” choices, the power of the state may be used to alter them.

But it turns out that markets have a number of strengths, which are amplified in the corporate form. Markets allow people to capitalize on private knowledge that an official operating under government supervision would miss; a truck-company manager who notices that there are so many grocery deliveries to a particular location that it is straining the company’s resources may choose to buy more trucks for use on that route, lowering the waiting time or the money price, or both, that consumers pay for groceries at that location. Such knowledge will be invisible to the head of a government trucking ministry, and indeed the public-sector equivalent

of a private-sector trucking manager may find that he is punished rather than rewarded for making this inefficiency known. This kind of waste of local knowledge is part of the reason why communist societies historically used resources so badly and were thus so poor.

Markets also quickly liquidate mistakes. If the trucking company continually sends out trucks half-empty and refuses to change, it will be out-competed by companies that deliver the goods more efficiently. Waste—resource uses that deliver relatively little value at relatively high cost—is not tolerated when there is competition. And so it will turn out that the market generally does a much better job than politics of delivering and improving medicine and medical procedures, of allowing people or goods to get from point A to point B most efficiently, of making sure that excess goods that would otherwise ultimately go unsold and be thrown away aren't produced, and that there are no long waiting times for goods desired by other people. And it has the philosophical advantage of giving people the freedom to navigate their way through life by acquiring the consensual cooperation of others, as opposed to engaging in conflict with their fellow citizens to get the government to make this choice instead of that.

This last effect reflects another critical difference between solving problems through politics and through the market—the former emphasizes what economists call zero-sum thinking, and the other positive-sum. In zero-sum thinking, bad things happen to you because good things have happened to someone else, and your improvement can only come by damaging others. In positive-sum environments, people cooperate effectively for mutual gain. By definition, interaction in the market makes participants better off (although it might damage others not involved in a particular trade). Indeed, the extent to which such cooperation for mutual advantage has advanced human possibilities through economic progress is a story not as widely understood as it should be. Politics, in contrast, usually lends itself to zero-sum thinking and action. Because the tools of government so readily lend themselves to redistributing resources and privileges from one class of citizens to another, channeling activity into politics runs the risk of aggravating social conflict and of turning the society more into us vs. them. Whereas the market suggests that if an individual earns too little, he go out and seek other offers (or make choices that put him in a position to get better offers), politics tends to make him desire to go out and take earnings that, in his view, unfairly go to someone else. This group conflict is encoded into the very language of politics—the rich vs. the poor and the middle class, “big business” vs. “working people,” “people of faith” vs. “secularists,” men vs. women, and so on. There is a reason that politicians so often promise to “fight for” this or that constituency—because divide-and-conquer is frequently a successful strategy for politicians.

If we assume that cooperation is generally a good thing and conflict generally a thing to be avoided, it stands to reason that, other things equal, we prefer people to resolve their problems creatively and competitively through voluntary cooperation rather than in the I'm-up-you're-down logic that is inherent in politics. This is not to say that politics can never serve the general good. Sometimes, in circumstances outlined later, it is essential. But often reacting to and even creating or exacerbating social conflict is the order of the day in politics. It takes overwhelming competition among political jurisdictions or overwhelming public support to allow governments to break completely free from such factional warfare. Much long-standing government policy—the guarantees of individual rights, the provision of social insurance through the welfare state, etc.—is of this type. (The gradual global enactment of corporate law, it will be seen, is one such exception.)

But the market has many perceived weaknesses in the eyes of some—it provides too little of such goods as housing and medical care to the poor, it encourages people to buy things they don't really need, it generates excessive monopoly power for large corporations, etc. And so politics in this view should partly or even substantially substitute for the market—the law should require that firm size should be limited, that all corporate "stakeholders" have a guaranteed voice in running the corporation, that international trade be "fair," that the government actually own some productive facilities, etc. And the comparison of politics and the market as a way of solving problems however humans define them is a major theme of this book. The ACM believes in general that politics outperforms the market in solving human problems. I believe the opposite.

THE BOOK'S PLAN OF ATTACK

Anti-corporatism is a relatively new social movement, a distinct set of claims requiring a particular plan of analysis. Readers who are at least somewhat familiar with the charges made against corporations, without being as familiar with their historic and economic context, will benefit from understanding precisely what a corporation is and why it is so fervently criticized. Chapters 2 and 3 lay out the history of the corporation and the ACM. Chapters 4–7 analyze the movement's most important claims. Chapter 4 both presents widely accepted and some new economic analysis of corporations, which is generally but not entirely positive. Chapter 5 explores the claim that corporations dominate democracy, Chapter 6 investigates globalization and the corporate role in it, and Chapter 7 investigates the corporate rule in culture, broadly defined.

The ACM relies, whether it knows it or not, on a number of questionable assumptions that will come up again and again in the analysis; it is best to