

# DEMOCRACY FOR THE FEW

9th Edition



**Michael  
Parenti**

# Democracy for the Few

NINTH EDITION

Michael Parenti, Ph.D.

*[www.michaelparenti.org](http://www.michaelparenti.org)*



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*To all those who struggle for peace, social justice,  
and real democracy.  
May their numbers continue to grow.*

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# Preface

The study of politics is itself a political act, containing little that is neutral. True, we can all agree on certain neutral facts about the structure of government and the like. However, the book that does not venture much beyond these minimal descriptions will offend few readers but also will interest few. Any investigation of how and why things happen draws us into highly controversial areas. Most textbooks pretend to a neutrality they do not really possess. While claiming to be objective, they are merely conventional, safely ignoring the more embattled and controversial sides of U.S. political life.

For decades, mainstream political scientists and other proponents of the existing social order have tried to transform practically every deficiency in the U.S. political system into a strength. They would have us believe that high-powered lobbyists are nothing to worry about because they perform an “informational function” vital to representative government, and that the growing concentration of executive power is a good thing because the president is democratically responsive to broad national constituencies rather than special parochial ones. Conventional proponents have argued that the exclusion of third parties is really for the best because too many parties (more than two) would fractionalize and destabilize our political system, and besides, the major parties eventually incorporate into their platforms the positions raised by minor parties—which is news to any number of socialist and other reformist parties whose views have remained unincorporated for generations.

Reacting to the mainstream tendency to turn every vice into a virtue, left critics of the status quo have felt compelled to turn every virtue into a vice. Thus they have argued that electoral struggle is meaningless, that our civil liberties are a charade, that federal programs for the needy are next to worthless, that reforms are mostly mere sops to the oppressed, and that labor unions are usually collaborationist with management. These critics have been

a much needed antidote to the happy pluralists who painted a silver lining around every murky cloud. But they were wrong in seeing no victories in the democratic struggles that have been waged.

*Democracy for the Few* tries to strike a balance. It tries to show how democracy is violated by corporate oligopoly, and yet how popular forces have fought back and occasionally made gains. They also have suffered serious losses, as we shall see. This book offers an interpretation that students are not likely to get in elementary school, high school, or most of their college courses, and certainly not in the mass media or mainstream political literature.

It may come as a surprise to some academics, but there is a marked relationship between economic power and political power. There are political scientists who spend their entire lives writing about American government, the presidency, and public policy without ever once mentioning capitalism, a feat of omission that would be judged extraordinary were it not so commonplace. In this book I talk about that forbidden subject, capitalism, especially *corporate capitalism*, its most advanced and challenging form. Only thusly can we fully comprehend the underpinnings of the U.S. political system.

I have attempted to blend several approaches. Attention is given to the *formal political institutions* such as the Congress, the presidency, the bureaucracy, the Supreme Court, political parties, elections, and the law enforcement system. But these standard features of American government are linked herein to the broader realities of class power and interest.

In addition, this book devotes attention to the *foundations and historical development* of American politics, particularly in regard to the making of the Constitution, the growing role of government, and the political culture.

In addition we will critically investigate not only who governs, but also the outputs of the system: who gets what? Instead of concentrating solely on the process of government, as do many texts, I also give attention to the content of actual government practices. Thus a major emphasis is placed throughout the book on the *political economy* of public policy. The significance of government, after all, lies not in its abstracted structure as such, but in what it does and how its policies affect people at home and abroad. I have included a good deal of public policy information of a kind not ordinarily found in standard texts, first, because students and citizens in general tend to be poorly informed about politico-economic issues, and second, because it makes little sense to talk about the “policy process” as something abstracted from actual issues and outputs, divorced from questions of power and interest. This descriptive information, however, is presented with the intent of drawing the reader to an overall understanding of U.S. political reality.

This book generally takes what some would call a *structural* approach. Rather than treating political developments as the result of happenstance or the contrivances of particular personalities or idiosyncratic events, I try to show that most (but not necessarily all) of what occurs is the outcome of broader configurations of power, wealth, class, and institution as structured into the dominant political organizations, the economy, and the society itself.

Unfortunately there are some individuals who believe that a structural analysis demands that we treat conspiracies as imaginary things, and conscious human efforts as of no great consequence. They go so far as to argue that we are all now divided into two camps, which they call the *structuralists* and the *conspiracists*. In this book I consider conspiracies (by which most people seem to mean secret, consciously planned programs by persons in high places) to be part of the arsenal of structural rule. No social order of any complexity exists without the application of conscious human agency. Ruling elements must intentionally strive to maintain the conditions of their hegemonic rule. The social order of a society does not operate like a mystical abstracted entity. It is directed for the most part by people who deliberately pursue certain goals, using all kinds of power, including propaganda, persuasion, fraud, deceit, fear, secrecy, coercion, concessions, and sometimes even concerted violence and other criminal ploys. Rather than seeing conspiracy and structure as mutually exclusive, we might consider how conspiracy is one of the instruments used by the dominant interests in political life. Some conspiracies are imagined; some are real. And some of the real ones are part of the political structure, not exceptions to it.

This ninth edition has been revised with the intent of updating the book's information and advancing its analysis. My hope is that this new edition continues to prove useful to both students and lay readers. Following is some of what's new in the ninth edition:

- An extensive discussion of the causes and insufficient cures regarding the Great Recession of 2008–2009, with emphasis on corporate bailouts, hidden unemployment, and who benefits and who pays.
- Updated discussions and new materials for just about every policy area including the environment, growing economic inequality, new attempts at regulation, health care, and the hardships of working America.
- Updated discussions on the “unitary executive,” conservative judicial activism, and the Obama administration.
- New materials on attempts to suppress the popular vote through fraud, disinformation, and coercion, including the 2004, 2006, and 2008 elections.

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*Michael Parenti*

# About the Author

Michael Parenti (Ph.D., Yale University) has taught political and social science at a number of colleges and universities, and now devotes himself full time to writing and guest lecturing. He is an internationally known, award-winning author who has published twenty-one books, including *God and His Demons* (2010); *Contrary Notions: The Michael Parenti Reader* (2007); *The Culture Struggle* (2006); and *The Assassination of Julius Caesar* (2003). Various writings of his have been translated into some twenty languages. His publications, including previous editions of *Democracy for the Few*, have been read and enjoyed by students, lay readers, and scholars, and have been used extensively in hundreds of college courses across the country. Dr. Parenti lectures frequently throughout North America and abroad. His various talks and interviews have played widely on radio, television, and the Internet. Some 300 articles of his have been published in magazines, newspapers, websites, and scholarly journals, including *American Political Science Review*, *Journal of Politics*, *Social Research*, and *New Political Science*.

For more information, visit his Web site: [www.michaelparenti.org](http://www.michaelparenti.org).

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C H A P T E R  
1

# Partisan Politics

How does the U.S. political system work? What are the major forces shaping political life? Who governs in the United States? Who gets what, when, how, and why? Who pays and in what ways? These are the questions pursued in this book.

## BEYOND TEXTBOOKS

Many of us were taught a somewhat idealized version of American government, which might be summarized as follows:

1. The United States was founded upon a Constitution fashioned to limit political authority and check abuses of power. Over the generations it has proven to be a “living document,” which, through reinterpretation and amendment, has served us well.
2. The people’s desires are registered through elections, political parties, and a free press. Government decision makers are kept in check by their need to satisfy the electorate in order to remain in office. The people do not rule directly but they select those who do. Thus, government decisions are grounded in majority rule—subject to the restraints imposed by the Constitution for the protection of minority rights.
3. The United States is a nation of manifold social and economic groups in which every significant group has a say and no one group chronically dominates.
4. These institutional arrangements have given us a government of laws and not of individuals, which, while far from perfect, allows for a fairly high degree of liberty and popular participation.

This view of the United States as a happy, pluralistic polity assumes that existing political institutions operate with benign effect; that power is not

highly concentrated nor heavily skewed toward those who control vast wealth; and that the state is a neutral entity with no special linkage to those who own the land, technology, and capital of this and other societies. These key assumptions will be challenged in the pages ahead.

The theme of this book is that our government more often serves the privileged few rather than the general public, principally advancing the interests of the haves at the expense of the rest of us. The law is usually written and enforced in highly discriminatory ways. This *democracy for the few* is a product not only of the venality of particular officeholders but a reflection of the entire politico-economic system, the way the resources of power are distributed and used.

To be sure, the American people are not always passive victims (or willing accomplices) to all this. The mass of ordinary people have made important political and economic gains, usually after long and bitter contests that have extended beyond the electoral process. This democratic struggle is an important part of the story that will be touched upon in the pages ahead.

This book tries to demonstrate that just about every part of the politico-economic system, be it the media, lobbying, criminal justice, overseas intervention, or environmental policy, reflects the nature of the whole, and in its particular way serves to maintain the overall system—especially the system’s basic class interests. In a word, seemingly distinct issues and social problems are often interrelated.

The *political system* comprises the various branches of government along with the political parties, laws, lobbyists, and private-interest groups that affect public policy. By *public policy*, I mean the decisions made by government. Policy decisions are seldom neutral. They usually benefit some interests more than others, entailing social costs that are seldom equally distributed. The shaping of a budget, the passage of a law, and the development of an administrative program are all policy decisions, all *political* decisions, and there is no way to execute them with neutral effect. If the wants of all persons could be automatically satisfied, there would be no need to set priorities and give some interests precedence over others; indeed, there would be no need for politics.

Politics extends beyond election campaigns and the actions of government. Decisions that confine certain matters—such as rental costs or health care—to the private market are highly political, even if seldom recognized as such. Power in the private realm is generally inequitable and undemocratic and often the source of conflicts that spill over into the public arena, for instance, management-labor disputes, and racial and gender discrimination.

Someone once defined a politician as a person who receives votes from the poor and money from the rich on the promise of protecting each from the other. And former President Jimmy Carter observed: “Politics is the world’s second oldest profession, closely related to the first.” While not denying the measure of truth in such observations, I take a broader view. Politics is more than just something politicians do. It is the process of conflict (and conflict resolution) among private interests carried into the public arena. Politics involves not only the competition among groups within the system but the embattled efforts to change the system itself, not only the desire to achieve predefined ends but the struggle to redefine ends and pose alternatives to the existing politico-economic structure.

## THE POLITICO-ECONOMIC SYSTEM

Politics today covers every kind of issue, from abortion to school prayers, but the bulk of public policy is concerned with economic matters, which is why some writers refer to the “politico-economic system.” Among the more vital functions of government are taxing and spending. Certainly they are necessary for everything else government does, from delivering the mail to making war. The very organization of the federal government reflects its close involvement with the economy: thus, one finds the departments of Commerce, Labor, Agriculture, Interior, Transportation, and Treasury, and the Federal Trade Commission, the National Labor Relations Board, the Interstate Commerce Commission, the Securities and Exchange Commission, and numerous other agencies directly involved in the economy. Likewise, most of the committees in Congress can be identified according to their economic functions, the most important having to do with taxation and appropriations (spending).

Politics and economics are two sides of the same coin. Economics is concerned with the production and distribution of scarce resources, involving conflicts between social classes and among groups and individuals within classes. Much of politics is a carryover of that struggle. Both politics and economics deal with the survival and material well-being of millions of people; both deal with the fundamental conditions of social life itself.

This close relationship between politics and economics is neither neutral nor merely coincidental. Governments evolve through history in order to protect accumulations of property and wealth. In nomadic and hunting societies, where there is little surplus wealth, governance is rudimentary and usually communal. In societies where wealth and property are controlled by a select class of persons, a state develops to protect the interests of the haves from the have-nots. As John Locke wrote in 1689: “The great and chief end ... of Men’s uniting into Commonwealths, and putting themselves under Government, is the Preservation of their Property.” And Adam Smith, the premier exponent of early capitalism, stated in 1776: “The necessity of civil government grows up with the acquisition of valuable property.” And “Till there be property there can be no government, the very end of which is to secure wealth, and to defend the rich from the poor.”<sup>1</sup>

Many political scientists manage to ignore the relationship between government and wealth, treating the corporate giants, if at all, as if they were but one of a number of interest groups. They label as “Marxist” any approach that sees government as largely an instrument to protect the interests of wealth. To be sure, Karl Marx saw the state to be just such an instrument, but so did conservative theorists like Thomas Hobbes, John Locke, Adam Smith, and, in America, Alexander Hamilton and James Madison. They also, Marx included, saw government as the institution that carried out more general functions such as building bridges, protecting the populace from crime, setting standard weights and measures for trade, and the like. But most important of all, just about every theorist and practitioner of politics in the seventeenth, eighteenth, and early nineteenth centuries thought of the state as the protector of propertied wealth.

“The people who own the country ought to govern it,” declared John Jay. A permanent check over the populace should be exercised by “the rich and the well-born,” urged Alexander Hamilton. Unlike most theorists before him, Marx was one of the first in the modern era to see the existing relationship between wealth and power as *undesirable and exploitative*, and this was his unforgivable sin. The tendency to avoid critical analysis of corporate capitalism persists to this day among business people, journalists, and most academics.<sup>2</sup>

Power is no less political because it is economic. By “power,” I mean the ability to get what one wants, either by having one’s interests prevail in conflicts with others or by preventing others from raising their demands. Power presumes the ability to manipulate the social environment to one’s advantage. Power belongs to those who possess the resources that enable them to shape and influence the actions and beliefs of others, such resources as jobs, organization, technology, publicity, media, social legitimacy, expertise, essential goods and services, organized force, and—the ingredient that often determines the availability of these things—money.

Sometimes the complaint is made: “You’re good at criticizing the system, but what would you put in its place?”—the implication being that unless you have a finished blueprint for a better society, you should refrain from pointing out existing deficiencies and injustices. This book is predicated on the notion that it is desirable and necessary for democratic citizens to examine the society in which they live, possibly as a step toward making fundamental improvements. It is unreasonable to demand that we refrain from making a diagnosis of an illness until we have perfected a cure. For how can we hope to find solutions unless we really understand the problem? In any case, improvements and solutions are offered in the closing chapter and elsewhere in this book.

Political life is replete with deceit, corruption, and plunder. Small wonder that many people seek to remove themselves from it. But whether we like it or not, politics and government play a crucial role in determining the conditions of our lives. People can leave political life alone, but it will not leave them alone. They can escape its noise and nonsense but not its effects. One ignores the doings of the state only at one’s own risk.

If the picture that emerges in the pages ahead is not pretty, *this should not be taken as an attack on the United States*, for this country and its people are greater than the abuses perpetrated upon them by those who live for power and profit. To *expose these abuses is not to denigrate the nation that is a victim of them*. The greatness of a country is to be measured by something more than its rulers, its military budget, its instruments of dominance and destruction, and its profiteering giant corporations. A nation’s greatness can be measured by the democratic nature of its institutions, by its ability to create a society free of poverty, racism, sexism, exploitation, imperialism, and environmental devastation. There is no better way to love one’s country, and strive for the fulfillment of its greatness, than to entertain critical ideas that enable us to pursue social justice at home and abroad.<sup>3</sup>

C H A P T E R  
2

## A Constitution for the Few

To understand the U.S. political system, it would help to investigate its origins and fundamental structure, beginning with the Constitution. The men who gathered in Philadelphia in 1787 strove to erect a strong central government. They agreed with Adam Smith that government was “instituted for the defense of the rich against the poor” and “grows up with the acquisition of valuable property.”<sup>1</sup>

### CLASS POWER IN EARLY AMERICA

Early American society has been described as egalitarian, free from the extremes of want and wealth that characterized Europe. In fact, from colonial times onward, men of influence received vast land grants from the crown and presided over estates that bespoke an impressive munificence. By 1700, three-fourths of the acreage in New York belonged to fewer than a dozen persons. In the interior of Virginia, seven individuals owned over 1.7 million acres. By 1760, fewer than five hundred men in five colonial cities controlled most of the commerce, shipping, banking, mining, and manufacturing on the eastern seaboard. In the period from the American Revolution to the Constitutional Convention (1776–1787), the big landowners, merchants, and bankers exercised a strong influence over politico-economic life, often dominating the local newspapers that served the interests of commerce.<sup>2</sup>

In twelve of the thirteen states (Pennsylvania excepted), only property-owning White males could vote, probably not more than 10 percent of the total adult population. Excluded were all Native Americans (“Indians”), persons of African descent, women, indentured servants, and White males lacking sufficient property. Property qualifications for holding office were so steep as to exclude even most of the White males who could vote. A member of the

New Jersey legislature had to be worth at least £1,000. South Carolina state senators had to possess estates worth at least £7,000 clear of debt (equivalent to over a million dollars today). In Maryland, a candidate for governor had to own property worth at least £5,000. In addition, the absence of a secret ballot and of a real choice among candidates and programs led to widespread discouragement.<sup>3</sup>

Not long before the Constitutional Convention, the French chargé d'affaires wrote to his government:

Although there are no nobles in America, there is a class of men denominated “gentlemen.”... Almost all of them dread the efforts of the people to despoil them of their possessions, and, moreover, they are creditors, and therefore interested in strengthening the government and watching over the execution of the law.... The majority of them being merchants, it is for their interest to establish the credit of the United States in Europe on a solid foundation by the exact payment of debts, and to grant to Congress powers extensive enough to compel the people to contribute for this purpose.<sup>4</sup>

In 1787, just such wealthy and powerful “gentlemen,” our “Founding Fathers,” congregated in Philadelphia for the professed purpose of revising the Articles of Confederation and strengthening the central government.<sup>5</sup> Under the Articles, “the United States in Congress” wielded a broad range of exclusive powers over treaties, trade, appropriations, currency, disputes among the various states, war, and national defense. But these actions required the assent of at least nine states.<sup>6</sup> The Congress also had no power to tax, which left it dependent upon levies agreed to by the states. It was unable to compel the people—through taxation—to contribute to the full payment of the public debt, most of which was owed to wealthy private creditors.

The delegates to Philadelphia wanted a stronger central power that would (a) resolve problems among the thirteen states regarding trade and duties, (b) protect overseas commercial and diplomatic interests, (c) effectively propagate the financial and commercial interests of the affluent class, and (d) defend the very wealthy from the competing claims of other classes within the society. It is (c) and (d) that are usually ignored or denied by too many textbook writers.

Most troublesome to the framers of the Constitution was the insurgent spirit evidenced among the people. In 1787, a worried George Washington wrote to a former comrade-in-arms that a constitution was much needed “to contain the threat of the people rather than to embrace their participation and their competence,” lest “the anarchy of the propertyless would give way to despotism.”<sup>7</sup> Even plutocrats like Gouverneur Morris, who shortly before the Constitutional Convention had opposed strong federation, now realized that an empowered national government would be the best safeguard for propertied interests. So Morris “gave up ‘state rights’ for ‘nationalism’ without hesitation.”<sup>8</sup>

The working people of that day have been portrayed as parochial spend-thrifts who never paid their debts and who advocated inflated paper money. Most historians say little about the plight of the common folk in early America. Most of the White population consisted of poor freeholders, artisans,

tenants, and indentured servants, the latter entrapped in payless servitude for years. A study of Delaware farms at about the time of the Constitutional Convention found that the typical farm family might have a large plot of land but little else, surviving in a one-room house or log cabin, without barns, sheds, draft animals, or machinery. The farmer and his family pulled the plow.<sup>9</sup>

In the United States of 1787, there existed poorhouses and a large debtor class. Small farmers were burdened by heavy rents, ruinous taxes, and low incomes. To survive, they frequently had to borrow money at high interest rates. To meet their debts, they mortgaged their future crops and went still deeper into debt. Interest rates on debts ranged from 25 to 40 percent, and taxes fell most heavily on those of modest means. No property was exempt from seizure, save the clothes on a debtor's back.<sup>10</sup>

Throughout this period, newspapers complained of the increasing numbers of young beggars in the streets. Economic prisoners crowded the jails, incarcerated for debts or nonpayment of taxes.<sup>11</sup> Among the people, there grew the feeling that the revolution against the British crown had been fought for naught. Angry armed crowds in several states began blocking foreclosures and forcibly freeing debtors from jail. In the winter of 1787, impoverished farmers in western Massachusetts led by Daniel Shays took up arms. Their rebellion was forcibly put down by the state militia after several skirmishes that left eleven men dead and scores wounded.<sup>12</sup>

## CONTAINING THE SPREAD OF DEMOCRACY

The specter of Shays's Rebellion hovered over the delegates who gathered in Philadelphia three months later, confirming their worst fears. They were determined that persons of birth and fortune should control the affairs of the nation and check the "leveling impulses" of the propertyless multitude who composed "the majority faction" (majority class). "To secure the public good and private rights against the danger of such a faction," wrote James Madison in *Federalist* No. 10, "and at the same time preserve the spirit and form of popular government is then the great object to which our inquiries are directed." Here Madison touched the heart of the matter: how to keep the "form" and appearance of popular government with only a minimum of the substance, how to construct a government that would win some popular support but would not tamper with the existing class structure, a government strong enough to service the growing needs of the entrepreneurial and landed classes while withstanding the egalitarian demands of the ordinary populace.

The framers of the Constitution could agree with Madison when he wrote (also in *Federalist* No. 10) that "the most common and durable source of faction has been the various and unequal distribution of property [that is, wealth]. Those who hold and those who are without property have ever formed distinct interests in society" and "the first object of government" is "the protection of different and unequal faculties of acquiring property." So government is there to see that those who have a talent for getting rich are not hampered in any way by those who might be made poor in the process.



“Religious freedom is my immediate goal, but my long-range plan is to go into real estate.”

The framers were of the opinion that *democracy* (rule by the common people) was “the worst of all political evils,” as Elbridge Gerry put it. For Edmund Randolph, the country’s problems were caused by “the turbulence and follies of democracy.” Roger Sherman concurred: “The people should have as little to do as may be about the Government.” According to Alexander Hamilton, “all communities divide themselves into the few and the many. The first are the rich and the wellborn, the other the mass of the people.... The people are turbulent and changing; they seldom judge or determine right.” He recommended a strong centralized state power to “check the imprudence of democracy.” And George Washington, the presiding officer at the Philadelphia Convention, urged the delegates not to produce a document merely to “please the people.”<sup>13</sup>

There was not much danger of that. The delegates spent many weeks debating and defending their interests, but these were the differences of merchants, slaveholders, and manufacturers, a debate of haves versus haves in which each group sought safeguards in the new Constitution for its particular concerns. Added to this were disagreements about constitutional structure.

How might the legislature be organized? How much representation should the large and small states have? How should the executive be selected?

The founders decided on a bicameral legislation, consisting of a House of Representatives elected every two years in its entirety and a Senate with six-year staggered terms. It was decided that seats in the House would be allocated among the states according to population, while each state, regardless of population, would have two seats in the Senate.

Major questions relating to the new government's ability to protect the interests of property were agreed upon with surprisingly little debate. On these issues, there were no poor farmers, artisans, indentured servants, or slaves attending the convention to proffer an opposing viewpoint. Ordinary working people could not take off four months to go to Philadelphia and write a constitution. The debate between haves and have-nots never took place.

Not surprisingly, Article I, Section 8, that crucial portion of the Constitution that enables the federal government to serve the interests of investment property, was adopted within a few days with little debate. Congress was given the power to regulate commerce among the states and with foreign nations and Indian tribes, lay and collect taxes and excises, impose duties and tariffs on imports but not on commercial exports, "Pay the Debts and provide for the common Defence and general Welfare of the United States," establish a national currency and regulate its value, borrow money, fix the standard of weights and measures necessary for commerce, protect the value of securities and currency against counterfeiting, and establish uniform bankruptcy laws throughout the country—all measures of primary concern to investors, merchants, and creditors.

Some of the delegates were land speculators who invested in western holdings. Accordingly, Congress was given the power to regulate and protect all western territorial property. Most of the delegates speculated in government securities, inflated paper scrip that the earlier Confederation had issued to pay soldiers and small suppliers. Wealthy speculators bought from impoverished holders huge amounts of these nearly worthless securities for a trifling. Under Article VI, all debts incurred by the Confederation were valid against the new government, a provision that allowed the speculators to reap enormous profits by cashing in the inflated scrip at face value.<sup>14</sup>

By assuming this debt, the federal government—under the policies of the first secretary of the treasury, Alexander Hamilton—used the public treasury to create by government fiat a vast amount of private capital and credit for big investors, to be funded by the government's newly established ability to lay taxes. The payment of the debt came out of the pockets of the general public and went into the pockets of moneyed individuals who were creditors to the government by virtue of their possessing the inflated scrip. This federally assumed debt consumed nearly 80 percent of the annual federal revenue during the 1790s.<sup>15</sup> This process of using the taxing power to gather money from the working populace in order to bolster private fortunes continues to this day, as we shall see in the chapters ahead.

In the interest of merchants and creditors, the states were prohibited from issuing paper money or imposing duties on imports and exports or interfering

with the payment of debts by passing any “Law impairing the Obligation of Contracts.” The Constitution guaranteed “Full Faith and Credit” in each state “to the Acts, Records, and judicial Proceedings” of other states, thus allowing creditors to pursue their debtors across state lines.

Slavery—considered a major form of property—was afforded special accommodation in the Constitution. Three-fifths of the slave population in each state were to be counted when calculating the state’s representation in the lower house. This gave the slave states a third more representation in Congress than was otherwise merited. This disproportionate distribution of seats helped the slave interests to pass laws that extended slavery into new territories and discouraged Congress from moving toward abolition.

The Constitution never abolished the slave trade. Indeed, the importation of slaves was explicitly guaranteed for another twenty years until 1808, after which there would be the option—but no requirement—that it be abolished. Many slaveholders assumed they would have enough political clout to keep the trade going beyond that year. Slaves who escaped from one state to another had to be delivered up to the original owner upon claim, a provision (Article IV, Section 2) that was unanimously adopted at the Convention.<sup>16</sup>

The framers believed the states were not sufficiently forceful in suppressing popular uprisings like Shays’s Rebellion, so the federal government was empowered to protect the states “against domestic Violence,” and Congress was given the task of organizing the militia and calling it forth to “suppress Insurrections.” Provision was made for erecting forts, arsenals, and armories, and for the maintenance of an army and navy for both national defense and to establish an armed federal presence within potentially insurrectionary states. This measure was to prove a godsend to the industrial barons a century later when the U.S. Army was used repeatedly to break mass strikes by miners and railroad and factory workers.

## FRAGMENTING MAJORITY POWER

In keeping with their desire to contain the propertyless majority, the founders inserted what Madison called “auxiliary precautions” designed to fragment power without democratizing it. They separated the executive, legislative, and judicial functions and then provided a system of checks and balances between the three branches, including staggered elections, executive veto, the possibility of overturning the veto with a two-thirds majority in both houses, Senate confirmation of appointments and ratification of treaties, and a bicameral legislature. They contrived an elaborate and difficult process for amending the Constitution, requiring proposal by two-thirds of both the Senate and the House and ratification by three-fourths of the state legislatures.<sup>17</sup> To the extent that it existed at all, the majoritarian principle was tightly locked into a system of minority vetoes, making swift and sweeping popular action less likely.

The propertyless majority, as Madison pointed out in *Federalist* No. 10, must not be allowed to concert in common cause against the propertied class and its established social order. The larger the nation, the greater the “variety

of parties and interests” and the more difficult it would be for a mass majority to act in unison. As Madison argued, “A rage for paper money, for an abolition of debts, for an equal division of property, or for any other wicked project will be less apt to pervade the whole body of the Union than a particular member of it.” An uprising of impoverished farmers might threaten Massachusetts at one time and Rhode Island at another, but a national government would be large enough to contain each of these and insulate the rest of the nation from the contamination of rebellion.

Not only should the low-income majority be prevented from coalescing, its upward thrust upon government also should be blunted with indirect forms of representation.

- The senators from each state were to be elected by their respective state legislatures rather than directly by the voters.
- Direct popular election of the Senate was achieved in 1913 when the Seventeenth Amendment was adopted—126 years after the Philadelphia Convention—demonstrating that the Constitution is sometimes modifiable in a democratic direction, though it does seem to take a bit of time.
- Senatorial elections were to be staggered, with only a third of the Senate facing election every two years, thereby minimizing a sweeping change.
- The president was to be selected by an electoral college whose members, by 1800, were elected by the people in only five states, and by state legislatures or county sheriffs in the other eleven states.
- As anticipated by the framers, the Electoral College would act as a damper on popular sentiment. Composed of political leaders and “men of substance,” elected in each state by the voters, the Electoral College would convene months after the election in their various states and choose a president of their own liking. It was believed they usually would be unable to muster a majority for any one candidate, and that the final selection would be left to the House, with each state delegation therein having only one vote.
- The Supreme Court was to be elected by no one, its justices being appointed to life tenure by the president, with confirmation by the Senate.

The only portion of government to be directly elected by the people was the House of Representatives. Many of the delegates were against this arrangement. They were concerned that with direct elections demagogues would ride into office on a populist tide only to pillage the treasury and wreak havoc on the wealthy class. John Mercer observed that he found nothing in the proposed Constitution more objectionable than “the mode of election by the people.” And Gouverneur Morris warned, “The time is not distant, when this Country will abound with mechanics [artisans] and manufacturers [factory and mill workers] who will receive their bread from their employers. Will such men be the secure and faithful Guardians of liberty? ... The ignorant and dependent [that is, poor and unschooled] can be ... little trusted with the public interest.”<sup>18</sup>

When the delegates finally agreed to having “the people” elect the lower house, as noted earlier, they were referring to a select portion of the

population that excluded almost all White males without property, all Native Americans, all indentured servants, and all females of whatever race. Also excluded were slaves, who constituted almost one-fourth of the nation's population. Even among those African Americans who had gained their freedom in both North and South, few were allowed to vote.

## PLOTTERS OR PATRIOTS?

In a groundbreaking book published in 1913, historian Charles Beard famously argued that the framers were guided by the interests of their affluent class. Disputing Beard are those who say that the framers were concerned with higher things than just lining their purses. True, they were moneyed men who profited directly from policies initiated under the new Constitution, but they were motivated by a concern for nation building that went beyond their particular class interests.

That is exactly the point: high-mindedness is a common attribute among people even when, or especially when, they are pursuing their personal and class interests. The fallacy is to presume that there is a dichotomy between the desire to build a strong nation and the desire to protect wealth and that the framers could not have been motivated by both. In fact, like most other people, they believed that what was good for themselves was ultimately good for their country. Their nation-building values and class interests went hand in hand, and to discover the existence of the "higher" sentiment does not eliminate the self-interested one.

Indeed, the problem is that most people too easily and self-servingly believe in their own virtue. The founders were no exception. They never doubted the nobility of their effort and its importance for the generations to come. Just as many of them could feel dedicated to the principle of "liberty for all" while owning slaves, so could they serve both their nation and their estates. The point is not that they were devoid of the grander sentiments of nation building, but that there was nothing in their concept of nation that worked against their class interest and a great deal that worked for it.

The framers may not have been solely concerned with getting their own hands in the till, although enough of them did, but they were explicitly concerned with defending the interests of the wealthy few from the laboring many. "The Constitution," as Staughton Lynd noted, "was the settlement of a revolution. What was at stake for Hamilton, Livingston, and their opponents was more than speculative windfalls in securities; it was the question, what kind of society would emerge from the revolution when the dust had settled, and on which class the political center of gravity would come to rest."<sup>19</sup>

The small farmers and debtors, who opposed a central government that would be even further from their reach than the local and state governments, have been described as motivated by self-serving, parochial interests, unlike the supposedly high-minded statesmen who journeyed to Philadelphia.<sup>20</sup> How and why the wealthy became visionary nation builders is never explained. Not too long before, many of them had been proponents of *laissez-faire* and had

opposed a strong central government. In truth, it was not their minds that were so much broader but their economic interests. Their motives were no higher than those of any other social group struggling for place and power in the United States of 1787. But possessing more time, money, information, and organization, they enjoyed superior results.

Though supposedly dedicated to selfless and upright goals, the delegates nevertheless bound themselves to the strictest secrecy. Proceedings were conducted behind locked doors and shuttered windows (despite the sweltering Philadelphia summer). Madison's notes, which recorded most of the actual deliberations, were published, at his insistence, only after all participants were dead, fifty-three years later, most likely to avoid political embarrassment to them.<sup>21</sup>

The founders were motivated by high-minded objectives, some people say, but they repeatedly stated their intention to erect a government strong enough to protect the haves from the have-nots (which for them was one of their high-minded objectives). Deliberating behind closed doors, these wealthy men gave voice to the crassest class prejudices and most disparaging opinions about popular involvement. Their concern was to diminish popular control and resist all tendencies toward class equalization (or "leveling," as it was called). Their dedication to their propertied class interests were so unabashedly avowed as to cause one delegate, James Wilson of Pennsylvania, to complain of hearing too much about how the primary object of government was property. The cultivation and improvement of the human mind, he maintained, was the most noble objective of the polity—a fine sentiment that evoked no opposition from his colleagues as they continued about their business.

The framers supposedly had a "realistic" opinion of the rapacious nature of human beings—readily evidenced when they talked about the common people—yet they held a rather sanguine view of the self-interested impulses of their own class, which they saw as inhabited largely by virtuous men of "principle and property." As the "minority faction" these gentlemen would not sacrifice the rights of other citizens, especially the right to pursue property and wealth, a pursuit that they believed constituted the essence of liberty.<sup>22</sup>

In sum, the Constitution was consciously designed as a conservative document, elaborately equipped with a system of minority locks and dams in order to resist popular tides. The Constitution furnished special provisions for the slaveholding class and for a rising bourgeoisie. For the founders, liberty meant something different from democracy. It meant liberty to invest, speculate, trade, and accumulate wealth without encroachment by the common populace.

The democratic civil liberties designed to give all individuals the right to engage in public affairs won little support from the delegates. When George Mason of Virginia recommended that a committee be formed to draft "a Bill of Rights," a task that could be accomplished "in a few hours," the other convention members offered little discussion on the motion and voted almost unanimously against it.

If the Constitution was such an elitist document, how did it manage to win ratification? It was strongly opposed in most of the states. Virginia's Patrick



Henry charged that the Constitution enabled “a contemptible minority [to] prevent the good of the majority.”<sup>23</sup> But the same superiority of wealth, organization, and control of political office and ownership of the press that allowed the rich to monopolize the Philadelphia Convention enabled them to orchestrate a successful ratification campaign. The Federalists also used bribes, intimidation, and fraud against their opponents.

What is more, the Constitution never was submitted to a popular vote. Ratification was by state conventions, each composed of delegates drawn mostly from the same affluent stratum as the framers. Those who voted for these delegates themselves usually had to qualify as property holders. Probably not more than 20 percent of the adult White males voted for delegates to the ratifying conventions.<sup>24</sup>

## DEMOCRATIC CONCESSIONS

For all its undemocratic aspects, the Constitution was not without its historically progressive features. Consider the following:<sup>25</sup>

- The very existence of a written constitution with specifically limited powers represented an advance over more autocratic forms of government.
- No property qualifications were required for any federal officeholder, unlike in England and most of the states. And salaries were provided for all officials, thus rejecting the common practice of treating public office as a voluntary service that only the rich could afford.

- The president and legislators were elected for fixed terms. No one could claim a life tenure on any elective office.
- Article VI reads, “no religious Test shall ever be required as a Qualification to any Office or public Trust under the United States,” a feature that represented a distinct advance over a number of state constitutions that banned Catholics, Jews, and nonbelievers from holding office.
- Bills of attainder, the practice of declaring by legislative fiat a specific person or group of people guilty of an offense, without benefit of a trial, were made unconstitutional. Also outlawed were *ex post facto* laws, the practice of declaring some act to be a crime and then punishing those who had committed it *before* it was made unlawful.
- There was strong popular sentiment for a Bill of Rights. In order to ensure ratification, supporters of the new Constitution pledged the swift adoption of such a bill as a condition for ratification. So, in the first session of Congress, the first ten amendments were swiftly passed and then adopted by the states. These rights included freedom of speech and religion; freedom to assemble peaceably and to petition for redress of grievances; the right to keep arms; freedom from unreasonable searches and seizures; freedom from self-incrimination, double jeopardy, cruel and unusual punishment, and excessive bail and fines; the right to a fair and impartial trial; and other forms of due process.
- The Bill of Rights, specifically the Ninth Amendment, explicitly acknowledges that the people have a reserve of rights that go beyond the Constitution. Hence the enumeration of specific rights “shall not be construed to deny or disparage others retained by the people.”
- The Bill of Rights also prohibited Congress from giving state support to any religion or designating any religion as the official one. Religion was to be something apart from government, supported only by its own believers and not by the taxpayer—a stricture that often has been violated in practice.

Contrary to the notion propagated today by many religionists, the founders did not establish this nation upon religious principles. Thomas Jefferson advised that we “question with boldness even the existence of a god.” John Adams wrote, “This would be the best of possible worlds if there was no religion in it.” James Madison concluded that during almost fifteen centuries the fruits of Christianity have been “superstition, bigotry and persecution” in both clergy and laity. Benjamin Franklin openly questioned the divinity of Jesus. If the delegates in Philadelphia were intent upon inaugurating a Christian republic, why does the Constitution contain not a single reference to God, Jesus, or Christianity? As one Christian theologian conceded, “The men who ... put together the Constitution were not Christians by any stretch of the imagination.”<sup>26</sup>

The Constitution consolidated the victory of republicanism over British imperialism. It guaranteed a republican form of government and explicitly repudiated monarchy and aristocracy; hence, Article I, Section 9 states: “No title of Nobility shall be granted by the United States.”

According to James McHenry, a delegate from Maryland, at least twenty-one of the fifty-five delegates favored some form of monarchy. Yet few dared venture in that direction out of fear of popular opposition. Furthermore, delegates like Madison believed that stability for their class order was best assured by a republican form of government. The time had come for the rich bourgeoisie to rule directly without the troublesome intrusions of parasitic nobles and kings.

On a number of occasions during the Philadelphia Convention, this assemblage of men who feared and loathed democracy found it necessary to show some regard for popular sentiment (as with the direct election of the lower house). If the Constitution was going to be accepted by the states and if the new government was to have any stability, it had to gain some measure of popular acceptance.

While the delegates and their class dominated the events of 1787–1789, they were far from omnipotent. The class system they sought to preserve was itself the cause of marked restiveness among the people. Land seizures by the poor, food riots, and other violent disturbances occurred throughout the eighteenth century in just about every state and erstwhile colony. This popular ferment spurred the framers in their effort to erect a strong central government, but it also set a limit on what they could do.

The delegates “gave” nothing to popular interests, rather—as with the Bill of Rights—they reluctantly made democratic concessions under the threat of popular rebellion. They kept what they could and grudgingly relinquished what they felt they had to, driven not by a love of democracy but by a fear of it, not by a love of the people but by a prudent desire to avoid riot and insurgency. The Constitution, then, was a product not only of class privilege but of class struggle—a struggle that continued as the corporate economy and the government grew.

C H A P T E R  
3

# Rise of the Corporate State

Contrary to what is commonly taught, the history of the United States has been marked by intense and often violent labor struggles, with the government playing a partisan role in these conflicts, mostly on the side of big business.

## THE WAR AGAINST LABOR

The upper-class dominance of public life so characteristic of the founding fathers' generation continued throughout the nineteenth century. As early as 1816, Thomas Jefferson complained of an "aristocracy of our monied corporations which ... bid defiance to the laws of our country." In the 1830s, the period of "Jacksonian democracy," supposedly the "era of the common man," President Andrew Jackson's key appointments were drawn overwhelmingly from the ranks of the rich, and his policies regarding trade, finances, and the use of government lands reflected the interests of wealthy investors.<sup>1</sup>

In an address before "the Mechanics and Working Classes" in 1827, a worker lamented: "We find ourselves oppressed on every hand—we labor hard in producing all the comforts of life for the enjoyment of others, while we ourselves obtain but a scanty portion." In 1845 in New York, Baltimore, New Orleans, St. Louis, and other urban centers, the richest 1 percent owned the lion's share of the wealth, while a third of the population was utterly destitute. Poverty and overcrowding brought cholera and typhoid epidemics, causing the wealthy to flee the cities, while the poor—having nowhere to go and no way to get there even if they did—stayed and died. Living in misery, many impoverished people were addicted to alcohol and drugs (mostly opium). Children as young as nine and ten toiled fourteen-hour shifts, falling asleep at the machines they tended, suffering from malnutrition and sickness.<sup>2</sup>

## CORPORATE PROFITS



During these industrial conflicts, Native Americans struggled valiantly against the expropriation of their lands and the systematic slaughter of their people, a process that began with the earliest seventeenth-century European settlements and continued through the eighteenth and most of the nineteenth centuries, ending with the tribal remnants being confined to desolate, impoverished reservations.<sup>3</sup>

Large landowners and corporations profited greatly from slave labor. Slaves were used to lay railroads, construct oil lines, harvest tobacco and cotton, and dig for coal, salt, and marble. Insurance companies sold policies to slaveholders for their human “property.”

Emancipation did not bring liberation to all persons held in servitude. For more than sixty years, well into the twentieth century, hundreds of thousands of indigent African Americans were forced to toil at construction sites, railroads, mines, and large farms under slave labor conditions. Arrested for trivial offenses such as gambling or foul language, they had to work off the inflated costs of their keep, which they invariably were unable to do. Subjected to whippings and torture, unsafe work conditions, and wretched food and housing, tens of thousands perished. One of the biggest users of this convict slave labor was a subsidiary of U.S. Steel Corporation.<sup>4</sup>

The corporate struggle against labor in nineteenth-century America, with its farmers’ rebellions and massive rail and industrial strikes, was as fierce as any in the industrial world. Civil authorities intervened almost invariably on

the side of the owning class to quell disturbances and crush strikes. State and federal courts branded “labor combinations” (unions) as conspiracies against private property and the Constitution.<sup>5</sup>

Throughout the nineteenth century and well into the twentieth, police, militia, company thugs, and federal troops attacked strikers and other protesters, killed hundreds, and injured and jailed thousands more. In 1886, police in Chicago’s Haymarket Square killed at least twenty demonstrators, while wounding some two hundred in response to a thrown bomb that killed seven police. Four anarchist leaders—none of whom had been present—were tried and hanged for having printed appeals some days earlier that supposedly inspired the incident.

That same year, thirty-five striking African American sugar workers were massacred in Thibodaux, Louisiana, by a militia detachment composed of the town’s affluent citizens. The two strike leaders were dragged from jail and lynched. In 1892, Pinkerton gun thugs hired by a steel company killed nine striking steel workers in Homestead, Pennsylvania. The strike was eventually broken by the National Guard. In 1894, U.S. Army troops killed thirty-four railroad workers who were among those on strike against the Pullman company. Over the next few years, scores of striking coal miners were murdered.<sup>6</sup>

In the infamous Ludlow Massacre of 1914, Colorado National Guardsmen fired into a tent colony of miners who were on strike against a Rockefeller-owned company, killing forty, including two women and eleven children. In 1919, faced with a general strike that began in Seattle and spread elsewhere, the U.S. Attorney General arrested more than 100,000 workers in seventy cities across the nation. That same year in Arkansas, over one hundred striking cotton pickers were massacred by U.S. troops and an armed contingent of the town’s most prosperous citizens. In 1915, sheriff’s deputies in Everett, Washington, killed eleven and wounded twenty-seven members of the Industrial Workers of the World (IWW) who were protesting restrictions on free speech. In 1932, Henry Ford’s private police fired upon unemployed factory workers, killing four and wounding twenty-four. In 1937, the Chicago police fired upon a peaceful crowd of striking steel workers, killing ten and wounding over forty. An additional six strikers were killed on picket lines in Ohio.<sup>7</sup>

As even this incomplete list suggests, the forces of “law and order” were repeatedly utilized to suppress organized labor. The industrial barons regularly called state militia and federal soldiers to their assistance. Short of having the regular army permanently garrisoned in industrial areas, as was the desire of some wealthy owners, government officials took steps “to establish an effective anti-radical National Guard.”<sup>8</sup>

## FAVORS FOR BUSINESS

The same federal government that was unable to stop the illegal slave trade and the violence perpetrated against abolitionists was able to comb the land with bands of federal marshals to capture fugitive slaves and return them to their masters. The same government that could not find the constitutional

means to eliminate contaminated foods and befouled water supplies could use federal troops to break strikes, shoot hundreds of workers, and slaughter thousands of Native Americans. The same government that had not a dollar for the indigent (poverty being a matter best left to private charity) gave away 21 million acres of land and \$51 million in government bonds to a few railroad magnates. And statutes intended to outlaw monopolies and trade conspiracies were rarely used except against labor unions.

While insisting that competition worked best for all, most business people showed little inclination to deliver themselves to the exacting imperatives of an untrammelled free market. Instead they resorted to ruthless business practices to squeeze out competitors. So by the 1890s, John D. Rockefeller's Standard Oil controlled roughly 80 percent of the U.S. oil market. At the same time the big corporations gorged themselves at the public trough, battenning on fat government contracts, subsidies, land grants, and protective tariffs.

The Constitution makes no mention of corporations. For the first few decades of the new nation, corporate charters were issued sparingly for specific purposes and fixed periods, usually of twenty or thirty years. Corporations could not own stock in other corporations or any land beyond what they needed for their business. Corporate records were open to public scrutiny; and state legislatures limited the rates that corporations could charge. In time, with the growing power of the business class, all such democratic controls were eliminated, and corporations emerged as powers unto themselves.<sup>9</sup>

Using the law of "eminent domain," the government took land from farmers and gave it to canal and railroad companies. The idea of a fair price and safe product for consumers was replaced with the doctrine of *caveat emptor* (let the buyer beware). Workers were killed or maimed in unsafe work conditions, without employers being held liable. By the late nineteenth century, millions of dollars collected by the government "from the consuming population, and above all from the ... poor wage earners and farmers," constituting an enormous budget surplus, was doled out to big investors.<sup>10</sup> Likewise, a billion acres of public land, property of the American people, constituting almost half the present continental United States, was privatized.

This benevolent government handed over to its friends or to astute first comers, ... all those treasures of coal and oil, of copper and gold and iron, the land grants, the terminal sites, the perpetual rights of way—an act of largesse which is still one of the wonders of history. The Tariff Act of 1864 was in itself a sheltering wall of subsidies; and to aid further the new heavy industries and manufactures, an Immigration Act allowing contract labor to be imported freely was quickly enacted; a national banking system was perfected.<sup>11</sup>

In regard to the needs of the common people, however, the government remained *laissez-faire*, giving little attention to poverty, unemployment, unsafe work conditions, child labor, and the spoliation of natural resources.

Yet democratic struggle persisted. A women's suffrage movement gathered strength. In pursuit of a living wage and decent work conditions, labor unions repeatedly regrouped their shattered ranks to fight pitched battles against the industrial moguls. One important victory was the defeat of the

Southern slavocracy in the Civil War and the abolition of legalized slavery. During Reconstruction (1867–1877) the former Confederate states were put under federal military occupation. The new state governments set up in the South by the U.S. Congress decreed universal suffrage for males of all races and incomes, along with popular assemblies, fairer taxes, schools for the poor, and some limited land reform. But once the Northern capitalists allied themselves with the Southern oligarchs and put an end to Reconstruction, better to face their joint struggles against laborers and farmers, most of these democratic gains were rolled back, not to be recouped until well into the next century—if then.<sup>12</sup>

African Americans struggled in the decades after Reconstruction to rise above the cusp of poverty, only to meet malevolent defeat in crushing waves of terrorism and repeated violence at the hands of Whites of all classes.<sup>13</sup>

## PLIABLE PROGRESSIVES AND RED SCARES

In the twentieth century, wealthy interests continued to look to the federal government to do for them what they could not do for themselves: repress democratic forces and advance the process of capital accumulation. During the 1900–1916 period, known as the Progressive Era, federal laws were enacted to protect consumers and workers from unsafe conditions in such industries as meatpacking, food and drugs, banking, timber, and mining. Often these regulations mandated expensive improvements and safety features that were designed to advantage the strongest companies at the expense of smaller competitors.<sup>14</sup>

The individuals who occupied the presidency during that era were faithful collaborators of big business. Teddy Roosevelt, for one, was hailed as a “trust buster” because of his verbal thrusts against the “malefactors of great wealth,” yet he was hostile toward unionists and reformers, and invited business magnates into his administration. Neither William Howard Taft nor Woodrow Wilson, the other two White House occupants of that period, launched any serious operations against big business. Wilson, a Democrat, railed against giant trusts but his campaign funds came from a few rich contributors. He worked with associates of Morgan and Rockefeller about as closely as any Republican. “Progressivism was not the triumph of small business over the trusts, as has often been suggested, but the victory of big businesses in achieving the rationalization of the economy that only the federal government could provide.”<sup>15</sup>

The period is called the Progressive Era because of the much publicized but largely ineffectual legislation to control monopolies, and because of the Sixteenth Amendment allowing for a graduated income tax, the Seventeenth Amendment providing for the direct election of U.S. senators, and such dubious electoral reforms as the long ballot and nonpartisan elections. In addition, many states initiated legislation limiting the length of the workday and providing worker’s compensation for industrial accidents. Several states passed minimum-wage laws, and thirty-eight states enacted child labor laws restricting the age children could be employed and the hours they could work.

These enactments, representing long-standing demands by workers, were wrested from a resistant owning class after much bitter and bloody contest. Even so, much of the reform legislation went unenforced or proved ineffectual. Millions toiled twelve- and fourteen-hour days, six or seven days a week. According to government figures, 2 million children had to work in order to supplement the family income. Workers' real wages (that is, adjusted for inflation) were lower in 1914 than even during the 1890s. As of 1916, millions worked for wages that could not adequately feed a family. Each year 35,000 were killed on the job, while 700,000 suffered serious injuries and work-related disabilities.<sup>16</sup>

World War I brought industry and government ever closer. Large sectors of the economy were converted to war production along lines proposed by business leaders. The war helped quell class conflict at home by focusing people's attention on the menace of Germany's "barbarian Huns." Americans were exhorted to make sacrifices for the war effort. Strikes were now treated as seditious interference with war production. Federal troops raided and ransacked union headquarters and imprisoned large numbers of workers suspected of radical sympathies. In 1918, as the war was winding down, Congress passed the Sedition Act, which mandated a twenty-year prison sentence for any "disloyal" opinion or contemptuous reference to the U.S. government, flag, or Constitution. Harsh sentences were dealt out to labor organizers, socialists, and anarchists. Later that year, the U.S. Attorney General proudly told Congress: "Never in its history has this country been so thoroughly policed."<sup>17</sup>

During the postwar "Red scare" of 1919–1921, the federal government continued to suppress radical publications, violently mistreat strikers, and inflict mass arrests, deportations, political trials, and congressional investigations of political dissidents. The public was treated to lurid stories of how the Bolsheviks (Russian Communists) were about to invade the United States, and how they were murdering anyone in their own country who could read or write or who wore a white collar.<sup>18</sup> Bourgeois leaders around the world greeted the Russian Revolution of 1917 as a nightmare come true: the workers and peasants had overthrown not only the autocratic Czar but the capitalist class that owned the factories, mineral resources, and most of the lands of the Czarist empire. As Secretary of State Robert Lansing noted, the Russian Revolution was a bad example to the common people in other nations, including the United States.<sup>19</sup> Along with England, France, and eleven other capitalist nations, the United States invaded Soviet Russia in 1917 in a bloody but unsuccessful three-year attempt to overthrow the revolutionary government, a chapter of history about which most Americans have never been informed.

The "Jazz Age" of the 1920s (the "roaring twenties") was supposedly a prosperous era. Stock speculations and other get-rich-quick schemes abounded. But the bulk of the population lived under conditions of severe want, often lacking basic necessities. In 1928, Congressman Fiorello La Guardia reported on his tour of the poorer districts of New York City: "I confess I was not prepared for what I actually saw. It seemed almost incredible that such conditions of poverty could really exist."<sup>20</sup>

The stock market crash of October 1929 ushered in the Great Depression, signaling a major collapse of productive forces. Consumer demand could not keep up with production. Employees were not paid enough to buy back the goods and services they produced. As supplies and inventories piled up, businesses cut back on their workforce, intensifying the downward spiral. The job losses only sharpened the decline in the public's buying power, which in turn led to more layoffs, less buying power, and more business shutdowns, bank failures, and investment losses until the entire market crashed. In the Great Depression's first four years, 15 million workers lost their jobs and millions lost their retirement savings. There was no national system of unemployment insurance and few pension plans. Farmers lost their farms; crops rotted while millions went hungry.

Those lucky enough to still have jobs during the Great Depression of the 1930s faced increasingly oppressive work conditions: speedups, wage and salary cuts, and a deterioration in safety standards. In addition, employees endured "thought and speech control so intense in some plants that workers never spoke except to ask or give instructions." They often could not question deductions from paychecks, and they were subjected to "beatings by strike-breaking Pinkertons and thugs, and ... to the searches of their homes by company men looking for stolen articles."<sup>21</sup>

## THE NEW DEAL: HARD TIMES AND TOUGH REFORMS

In 1932 Senator Hugo Black (D-Ala.) observed, "Labor has been underpaid and capital overpaid. This is one of the chief contributing causes of the present depression.... You cannot starve men employed in industry and depend upon them to purchase."<sup>22</sup> Even banker Frank Vanderlip admitted, "Capital kept too much and labor did not have enough to buy its share of things."<sup>23</sup> But most members of the plutocracy blamed the depression on its victims. Thus, millionaire Henry Ford said the crisis came because "the average man won't really do a day's work.... There is plenty of work to do if people would do it." A few weeks later Ford laid off seventy-five thousand workers.<sup>24</sup>

With a third of the nation ill-fed, ill-clothed, and ill-housed, and easily another third just barely getting by, a torrent of strikes swept the nation, involving hundreds of thousands of workers. Between 1936 and 1940, the newly formed Congress of Industrial Organizations (CIO) organized millions of workers and won significant gains in wages and work conditions. These victories were achieved only after protracted struggles in which many thousands occupied factories in sit-downs, or were locked out, blacklisted, beaten, and arrested; hundreds more were wounded or killed by police, soldiers, and company thugs.<sup>25</sup> The gains were real but they came at a high price.

The first two terms of President Franklin Roosevelt's administration have been called the New Deal, an era commonly believed to have brought great transformations on behalf of "the forgotten man" (Roosevelt's phrase). Actually, the New Deal's prime dedication was to business recovery rather than social reform. First came the National Recovery Administration (NRA), which set up "code authorities," usually composed of the leading corporate

representatives in each industry, to restrict production and set minimum price requirements—with results that were more beneficial to big corporations than to smaller competitors.<sup>26</sup> In attempting to spur production, the Reconstruction Finance Corporation alone lent \$15 billion to big business.

The federal housing program subsidized construction firms and mortgage bankers—all of little benefit to the many millions of ill-housed. Likewise, the New Deal's efforts in agriculture primarily benefited the large producers through a series of price supports and production cutbacks. Many tenant farmers and sharecroppers were evicted when federal acreage rental programs took land out of cultivation.<sup>27</sup>

The slump in consumption and the glut of unbought goods caused a severe drop in prices in many markets, including farm products. To bolster prices, the New Dealers paid farmers to destroy millions of acres of cotton crops, vast wheat reserves, and millions of hogs and piglets. The stark contrast of overabundance and hunger caused many to question the serviceability of capitalism. "Food had to be destroyed to save the market."<sup>28</sup> The public outcry caused the White House to form the Federal Surplus Relief Corporation, which bought up large amounts of surplus foods to feed the unemployed.

Faced with mass unrest, the federal government created a variety of relief programs that eased some of the privation. But as the New Deal moved toward measures that threatened to compete with private enterprises and undermine low wage structures, business withdrew its support and became openly hostile. While infuriating Roosevelt, who saw himself as trying to rescue the capitalist system, business opposition enhanced his reformist image in the public mind.

The disparity between the New Deal's popular image and its actual accomplishments remains one of the unappreciated aspects of the Roosevelt era. For instance, the Civilian Conservation Corps (CCC) provided jobs at subsistence wages for only 3 million of the 15 million unemployed. At its peak, the Works Progress Administration (WPA) and related agencies employed almost 9 million people but often for unstable duration and grossly inadequate wages. Of the millions who were earning subsistence wages, only about half a million were helped by the minimum-wage law. The Social Security Act of 1935 covered but half the population and provided paltry monthly payments with no medical insurance or protection against illness before retirement. Unemployment insurance covered only those who had enjoyed sustained employment in select occupations. Implementation was left to the states, which were free to set whatever restrictive conditions they chose.<sup>29</sup>

While government programs were markedly inadequate for the needs of the destitute, they helped dilute public discontent. But once the threat of political unrest subsided, federal relief was slashed, and large numbers of destitute people were thrust onto a labor market already glutted with unemployed.<sup>30</sup>

The Roosevelt administration's tax policy was virtually a continuation of former President Hoover's program, with its generous loopholes for business. When taxes were increased to pay for military spending in World War II, the major burden was taken up by middle- and low-income classes that had never before been subjected to income taxes.<sup>31</sup>

All this is not to deny that, in response to enormous popular agitation and the threat of widespread radicalization, the Roosevelt administration produced real democratic gains, including some long overdue social welfare legislation, a number of worthwhile conservation and public works projects, a rural electrification program, and a reduction in unemployment from 25 to 19 percent. Millions of hungry and destitute people were fed and sheltered. The steep inequality in income was noticeably eased, thanks to stronger unions, greater regulation of industry, and progressive taxes on corporate profits and wealth. Under Social Security, working people won not only retirement pensions but disability insurance and survivors insurance (for children of deceased workers).

The New Deal built or improved roads across the country, and constructed thousands of schools, parks, playgrounds, athletic fields, and airports, along with hundreds of hospitals, post offices, bridges, tunnels, and courthouses. The CCC created fifty-two thousand acres of public camp grounds, built over thirteen thousand foot trails, and restored almost four thousand historic landmarks or monuments. It stocked waterways with millions of fish, made important contributions to firefighting, rodent and pest control, water conservation, and preventing soil erosion. Thousands of unemployed writers, actors, musicians, and painters were given modest support and opportunity to enrich the lives of many in performances that ordinary people could afford to attend.

Before the Roosevelt era, unions were readily broken by court injunctions, heavy fines, and violent repression. The New Deal produced a series of laws such as the Wagner Act and the Norris-La Guardia Act to legalize labor's ability to bargain collectively. Management-controlled company unions were banned, and a minimum wage and forty-hour week were established. Congress set up the National Labor Relations Board (NLRB) with broad powers to oversee the certification of unions and penalize employers who violated the organizing rights of workers. Such legislation was both a response and a stimulus to labor's growing organization and militancy.<sup>32</sup>

Yet the New Deal era hardly adds up to a great triumph for the common people. They were ready to go a lot further than Roosevelt did, and probably would have accepted a nationalized banking system, a more massive job program, and a national health care system. In regard to desegregation, open housing, fair employment practices, anti-lynch laws, and voting rights for Blacks, the New Deal did nothing. Domestic workers and farmworkers, the two most common occupations for African Americans at the time, were excluded from Social Security coverage. African Americans were excluded from jobs in the Civilian Conservation Corps, received less than their proportional share of public assistance, and under the NRA were frequently paid wages below the legal minimum.<sup>33</sup>

After the United States entered World War II in December 1941, industrial plant utilization more than doubled. The gross national product, which had stood at \$88 billion in 1940, mushroomed to \$135 billion within a few years. Those who profited most were the industrial tycoons and arms contractors. But some of it trickled down. Almost all the 8.7 million unemployed

were either drafted into the armed forces or drawn back into the workforce, along with 10 million new workers, many of them women. Only by entering the war and remaining thereafter on a permanent war economy was the United States able to significantly reduce unemployment. The ruling politico-economic elites were willing to make the kind of all-out spending effort to kill people in wartime that they would not make to assist people in peacetime.

In sum, over the nineteenth and twentieth centuries, government's growing involvement in economic affairs was not at the contrivance of meddling Washington bureaucrats but was a response to the systemic instability and crises of corporate capitalism. Along with the many small labor conflicts handled by local government, there developed large-scale class struggles—which had to be contained by the national government. Government provided the subsidies, services, and protections that business could not provide for itself. The corporate economy needed a corporate state.

While the populace won formal rights to participate as voters, the state with its courts, police, and army remained mostly at the disposal of the moneyed class. However, working people were not without resources of their own, specifically the ability to disrupt and threaten the process of capital accumulation by withholding their labor through strikes, and by engaging in other acts of protest and resistance. Such agitation wrested concessions from the owning class and the state. These victories fell short of achieving a social democracy but they represented important democratic gains for working people.

As our history shows, those on the left—liberals, progressives, and radicals—have fought for egalitarian and democratic reforms. They opposed lynching and pushed for laws to abolish child labor. They pushed for the elimination of property qualifications and poll taxes for voting. They supported anti-monopoly laws, women's suffrage, desegregation, the right of workers to unionize, occupational safety, aid to poor families, disability insurance, unemployment insurance, federal pensions, survivors insurance, the right to voice dissenting views, peace movements, and the separation of church and state.

In just about every one of these instances, it was the wealthy plutocrats (with some notable exceptions) who resisted such reforms and who favored regressive taxes, massive public subsidies to big business, and repressive measures against political dissent and against labor unions.

CHAPTER  
4

# Wealth and Want in the United States

Most people who write about the U.S. political system never mention corporate capitalism. But the capitalist economy has an overbearing impact upon political and social life. It deserves our attention.

## CAPITAL AND LABOR

One should distinguish between those who own the wealth of society and those who must work for a living. The very rich families and individuals who compose the *owning class* live mostly off investments, which include stocks, bonds, rents, mineral royalties, and other property income. Their employees live mostly off wages, salaries, and fees. The distinction between owners and employees is blurred somewhat by the range of incomes within both classes. “Owners” refer to both the fabulously wealthy stockholders of giant corporations and the struggling proprietors of small stores. But the latter hardly qualify as part of the *corporate* owning class. Among the victims of big business is small business itself. Small businesses are just so many squirrels dancing among the elephants. Every year over thirty thousand of them get trampled and go out of business.

Along with factory and service workers, the employee class also includes professionals and managers who in income, education, and lifestyle tend to be identified as “middle” or “upper-middle” class. Company managers and executives are employees whose task is to extract more value-producing performance from other employees. Some top business executives, corporate lawyers, and entertainment and sports figures enjoy such huge incomes as to be able eventually to live off their investments, in effect becoming members of the owning class.

You are a member of the owning class when your income is very large and comes mostly from the labor of other people, that is, when others work for you, either in a company you own, or by creating the wealth that allows your investments to give you a handsome return. The secret to great wealth is not to work hard but to have others work hard for you. This explains why workers who spend their lives toiling in factories or offices retire with relatively little if any funds to speak of, while the owners can amass considerable fortunes.

Adam Smith, one of the founding theorists of capitalism, noted in 1776 that “labor ... is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price; money is their nominal price only.”<sup>1</sup> What transforms a tree into a profitable commodity such as paper or furniture is the labor that goes into harvesting the timber, cutting the lumber, and manufacturing, shipping, advertising, and selling the finished product—along with the labor that goes into making the tools and whatever else is needed for production and distribution.

Workers’ wages represent only a portion of the wealth created by their labor. The average private-sector employee works two hours for herself or himself and six or more hours for the boss. The portion that goes to the owner is what Marx called *surplus value*, the source of the owner’s wealth. Capitalists themselves have a similar concept: *value added in manufacture*. In 2000, workers employed in manufacturing alone produced at least \$1.64 trillion in value added, as reported by the U.S. Census Bureau, for which they were paid \$363 billion in wages, or less than one-fourth of the market value created by their labor. Workers employed by Intel and Exxon received only about one-ninth of the value added, and in industries such as cigarettes and pharmaceuticals, the worker’s share was a mere one-twentieth. In the last half century, the overall average rate of value added (the portion going to the owner) in the United States more than doubled, far above the exploitation rate in other industrialized countries.

Workers endure an exploitation of their labor as certainly as do slaves and serfs. The slave obviously toils for the enrichment of the master and receives only a bare subsistence in return. James Madison told a visitor shortly after the American Revolution that he made \$257 a year on every slave he owned and spent only \$12 or \$13 for the slave’s yearly keep. Slavery was a very profitable system. Serfs and sharecroppers, who must give much of their crop to the landowner and carry out other unpaid tasks for him, are also obviously exploited.

Under capitalism, however, the portion taken from the worker is not visible. Workers are simply paid substantially less than the value they create. Indeed, the only reason they are hired is so the owner can make money off their labor. If wages did represent the total value created by labor (after expenses and improvements), there would be no surplus value, no profits for the owner, no great fortunes for those who do not labor.

The value distributed to the owners is apart from workers’ wages or even executives’ salaries; it consists of *profits*—the money one makes *when not*

*working*. The author of a book, for instance, does not make profits on his book; he earns a recompense (fancily misnamed “royalties”) for the labor of writing it. Likewise, editors, proofreaders, printers, and salespersons all contribute labor that adds to the marketable value of the book. Profits on the book go to those who own the publishing house and who contribute nothing to the book’s value. The sums going to owners are aptly called *unearned* income on tax reports.

While corporations are often called “producers,” the truth is they produce nothing. They are organizational devices for the exploitation of labor and accumulation of capital. The real producers are those who apply their brawn, brains, and talents to the creation of goods and services. The primacy of labor was noted in 1861 by President Abraham Lincoln in his first annual message to Congress: “Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration.” Lincoln’s words went largely unheeded.

Capitalists like to say they are “putting their money to work,” but money as such does not work. What they really mean is that they are using their money to put human labor to work, paying workers less in wages than they produce in sales. That’s how money “grows.” Capital annexes living labor in order to convert itself into goods and services that will produce still more capital. All of Rockefeller’s capital (wealth) could not build a house or a machine or even a toothpick; only human labor can do that. Of itself, capital cannot produce anything. It is the thing that is produced by labor.

The ultimate purpose of a corporation is not to perform public services or produce goods as such, but to make as large a profit as possible for the investor. This relentless pursuit of profit arises from something more than just greed—although there is plenty of that. Under capitalism, enterprises must expand in order to survive. To stand still while competitors grow is to decline, not only relatively but absolutely. A firm must be able to move into new markets, hold onto old ones, command investment capital, and control suppliers. So even the biggest corporations are beset by a ceaseless drive to expand, consolidate, and find new means of extracting profit from the market.

## CAPITAL CONCENTRATION: WHO OWNS AMERICA?

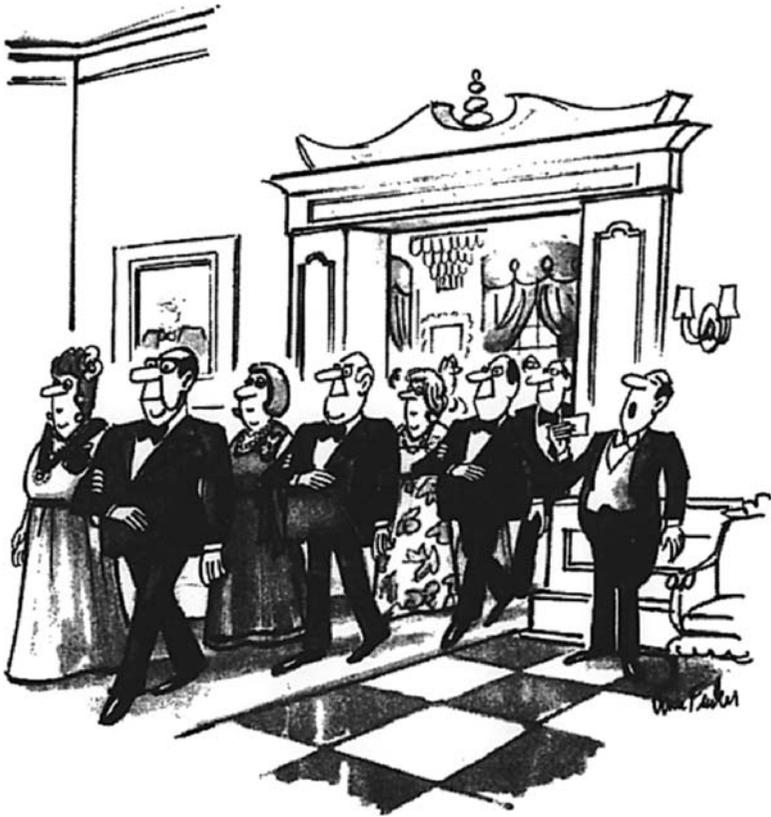
Contrary to a widely propagated myth, this country is not composed mostly of a broad affluent middle class. The top 1 percent own between 40 and 50 percent of the nation’s total wealth (stocks, bonds, investment funds, land, natural resources, business assets, and so on), more than the combined wealth of the bottom 90 percent. True, about 40 percent of families own some stocks or bonds, but almost all of them have investments of less than \$2,000. Taking into account their debts and mortgages, 90 percent of American families have little or no net assets.<sup>2</sup>

If you are not rich, it is because you lacked the foresight to pick the right parents at birth. Studies show that, despite the well-publicized cases of “self-made” fortunes, rags-to-riches is a relatively rare exception. Most people die

in the class to which they are born. The superrich usually come from families that have inherited vast fortunes. And the poor usually stay poor, no matter how hard they toil. In fact, there is less upward social mobility today than a generation ago.<sup>3</sup>

The level of inequality in the United States is higher than in any other industrialized nation, and it continues to grow.<sup>4</sup> In recent times, corporate profits have more than doubled. Income from investments has grown two to three times faster than income from work. In the last twenty years, the 500 largest U.S. industrial corporations more than doubled their assets, while eliminating over 5 million jobs. And the years that followed brought the highest level of corporate profits in the postwar era.

U.S. Census Bureau income studies refer to the “richest 20 percent” who earn thirteen times more than the poorest 20 percent. But that greatly understates the real chasm between rich and poor. To be in the “richest” 20 percent, you need earn only \$75,000 or so. In fact, the top 20 percent are not rich but mostly upper-middle class. If you made \$350,000 or more, you would be in the top 1 percent. Still such an income does not represent great



“The Duke and Duchess of A.T. & T., the Count and Countess of Citicorp, the Earl of Exxon, and the Marchioness of Avco. The Duke of Warnaco ...”

wealth. The real wealth is with the very top superrich stratum, a tiny fraction of 1 percent of the population, some 145,000 individuals, who increased their aggregate income by almost 600 percent in the last three decades (adjusting for inflation). The real income earned by the bottom 90 percent fell by 7 percent.

As with income, so with wealth. In the eight years from 2001 to 2008, the wealth of the richest 400 Americans had increased by nearly \$700 billion for a grand total of \$1.6 trillion, more than the bottom 50 percent (150 million people) combined.<sup>5</sup> The gap between the superrich and everyone else is even greater than these figures suggest. The Treasury Department says that the superrich find ways, legal and illegal, to shelter much of their income from taxes. So much of their wealth is hidden away in secret accounts.

In any case, the tiny top fraction that composes the superrich is not thirteen times but *thousands of times richer* than the poorest quintile. Few of the people who study income distribution seem to realize how rich the rich really are.<sup>6</sup>

Income and wealth disparities are greater than at any time over the previous sixty years. To paraphrase one economist: if we made an income pyramid out of children's blocks, with each layer representing \$1,000 of income, over 99 percent of us would be at most five or ten yards off the ground while the peak for the very richest tiny fraction would be many times higher than Mount Everest.<sup>7</sup>

The 2008 Forbes list of the four hundred richest Americans revealed that almost all were multibillionaires, with a combined total wealth of \$1.57 trillion. Bill Gates of Microsoft remained the very richest, with \$57 billion. Heirs of the Walton family—who make their money by paying poverty-level wages to their Wal-Mart employees—occupied four of the top ten spots on the Forbes list. Together the Waltons were worth \$93 billion.<sup>8</sup> The Forbes 400 list represents the “active rich,” those relatively newly involved in money making. Left out of the picture is “old money” wealth: the Mellons, Morgans, Rockefellers, and others who operate through financial representatives.

The power of this business class is like that of no other group in our society. The giant corporations control the rate of technological development and availability of livelihoods. They relegate whole communities to destitution when they export their industries overseas to cheaper labor markets. They devour environmental resources, stripping our forests and toxifying the land, water, and air, while creating conditions of scarcity for millions of people at home and abroad.

A small number of giant corporations control most of the U.S. economy. The trend is toward ever greater concentrations as giant companies are swallowed up by supergiants in industries such as oil, pharmaceuticals, telecommunications, media, health insurance, weapons manufacturing, and banking. Thus did Chase Manhattan devour Manufacturers Hanover and Chemical Bank only then to be acquired by J.P. Morgan. Three years later, J.P. Morgan Chase bought up Bank One in a \$58 billion deal that created the second-largest U.S. banking company. Meanwhile Verizon took over MCI for \$6.7 billion, while Sprint and Nextel merged for \$35 billion. Oil titans Exxon and

Mobil merged, while Chevron took over Gulf and then consolidated with Texaco.

The enormous sums expended on these acquisitions could be better spent on new technologies and production. Over the past twenty-five years, U.S. corporate giants spent only \$2 trillion on research and development but \$20 *trillion* on mergers and acquisitions—great expenditures of no real social value. Such mergers benefit the big shareholders, creditors, and top executives but leave consumers and small suppliers with fewer choices and higher prices.<sup>9</sup>

A company that is trying to acquire another company seldom has sufficient cash reserves, so it must borrow heavily from banks (all such debts being tax deductible as business expenses). A firm that wishes to ward off a hostile takeover by corporate raiders also has to procure large sums to buy a dominant share of its own stock. In either case, corporate consolidations lead to bigger corporate debts. To meet its debt obligations, the firm reduces wages and benefits, sells off productive plants for quick cash, lays off employees, and enforces speedups. Employees bear much of the brunt of merger mania. Thus after merging with NationsBank, Bank of America reduced its workforce (through firings and attrition) by thirty-one thousand. Sometimes the merged corporation moves to a cheaper labor market abroad, causing even more attrition for U.S. workers.<sup>10</sup>

Rich families like the DuPonts have controlling interests in giant corporations like General Motors, Coca-Cola, and United Brands. The DuPonts serve as trustees of dozens of colleges. They own about forty manorial estates and private museums in Delaware alone and have set up thirty-one tax-exempt foundations. They frequently are the largest contributors to Republican presidential campaigns and right-wing causes.

Another powerful financial empire, that of the Rockefellers, extends into just about every industry in every nation of the world. The Rockefellers control several of the world's largest oil companies and biggest banks. At one time or another, they or their close associates have occupied the offices of the president, vice president, top cabinet posts, the governorships of several states, and key positions in the Federal Reserve Board, the Central Intelligence Agency (CIA), the Council on Foreign Relations, and seats in the U.S. Senate and House of Representatives.

Among the self-enriching individuals in the corporate world are the chief executive officers (CEOs) of giant companies. In 1973 CEOs earned about 30 to 40 times more than their workers. By 2009 they were making 317 times more.<sup>11</sup> In one year the nation's top five hundred companies handed out \$10.4 billion in stock options alone, mostly to their CEOs. The ten highest-paid CEOs in 2008 pocketed from \$72 million to \$193 million in salaries, not counting millions more from various perks.<sup>12</sup>

CEOs enjoy a regal lifestyle that includes company jets, chauffeured cars, private retreats, free country club memberships, free box seats at major sporting and cultural events, and lavish pensions. General Electric's CEO, Jack Welch, luxuriated in a \$15 million New York apartment that the company maintained for him, along with free servants, food, wines, toiletries, and satellite TV at his four homes. As one editorialist wryly observed, "Other than the

cost of a divorce lawyer, it is hard to imagine what Jack Welch has to pay for out of his own pocket.”<sup>13</sup>

Companies sometimes run at a loss, yet their top executives still richly reward themselves. American Airlines was brought to the edge of bankruptcy by its executives, who then voted themselves huge bonuses and millions in extra pension benefits.

In the 2008–2009 recession, major Wall Street financial institutions were caught marketing trillions of dollars of inflated and worthless securities. Millions of employees lost the better part of their company pensions and life savings, yet the CEOs presiding over this crisis gave themselves multimillion-dollar bonuses.

Still, it should be remembered that the average CEO collects only about 3 or 4 percent of a corporation’s profits. The rest is distributed to its superrich stockholders, those who do not work for it and who are vastly richer than the company’s executive officers, as with the Waltons of Wal-Mart.

## DOWNSIZING AND PROFITEERING

Corporations are hailed by some as great job providers. In fact, the top two hundred transnational corporations account for more than a quarter of the world’s economic activity while employing hardly one-hundredth of 1 percent (0.01) of the world’s workforce. The capitalist seeks to raise profitability by *downsizing* (laying off workers), *speedups* (making the diminished workforce toil faster and harder), *downgrading* (reclassifying jobs to lower-wage categories), and using more and more part-time and *contract* labor (hiring people who receive no benefits, seniority, paid vacations, or steady employment). Hundreds of thousands of better-paying manufacturing jobs have been eliminated, while some 80 percent of new jobs have been in low-paying clerical, retail, and temporary services. In recent downsizing, the ranks of managers and supervisors have been thinned but less so than workers’ numbers.<sup>14</sup>

As a cost of production that cuts into profits, wages must be kept down; as a source of consumer spending, wages must be kept up. By holding down wages and reducing the workforce, employers diminish the buying power of the very public that buys their products, thereby creating a chronic tendency toward overproduction and recession. Recessions occur when workers are not paid enough to buy back the goods and services they produce. Demand cannot keep up with production.

For the big capitalists, economic downturns are not unmitigated gloom. Smaller competitors are weeded out, unions are weakened and often broken, a reserve supply of unemployed workers helps to further depress wages, and profits rise faster than wages, at least for a while. The idea that all Americans are in the same boat, experiencing good and bad times together, should be put to rest. During recent recessions, corporate profits grew to record levels, as companies squeezed more output from each employee while paying less in wages and benefits.

Former secretary of the treasury Nicholas Brady once remarked that recessions are “not the end of the world” and “no big deal.” Certainly not for

Brady, who rested comfortably on a handsome fortune, and certainly not for his wealthy associates, who welcomed the opportunity to acquire bankrupted holdings at depressed prices.<sup>15</sup> Brady and friends understood that the comfort and prosperity of the rich require an abundant supply of those who, spurred by the lash of necessity, tend the country club grounds; serve the banquet luncheons; work the mines, mills, fields, and offices; performing a hundred thankless—and sometimes health-damaging—tasks for paltry wages.

Wealth and poverty are not just juxtaposed, they are in a close dynamic relationship. Wealth creates poverty and relies on it for its own continued existence. Without slaves and serfs, how would the master and lord live in the style to which they were accustomed? Without the working poor, how would the leisurely rich make do? Were there no underprivileged, who would be privileged?

## INFLATION, THE PROFIT-PRICE SPIRAL

A common problem of modern capitalism is *inflation*. Even a modest annual inflation rate of 3 or 4 percent substantially reduces the buying power of wage earners and persons on fixed incomes over a few years' time. Corporate leaders maintain that inflation is caused by wage demands: higher wages drive up production costs and must be passed on in higher prices. Generally, however, prices and profits have risen faster than wages.

The four essentials—food, fuel, housing, and health care—which together devour 70 percent of the average family income, are the most inflationary of all. Yet the share going to labor in those four industries has been dropping. The high fuel and gas prices of recent years were not caused by oil workers or gas station attendants, who continued to earn about the same wages as before. Food prices are not driven higher by impoverished farm laborers or by minimum-wage food servers at McDonald's. And the astronomical costs of health care cannot be blamed on the dismal wages paid to health care workers.

How can wages be driving up prices when the portion of business earnings going to full-time workers in most industries has been shrinking, while the share going to executives, shareholders, and interest payments to bankers has risen dramatically?<sup>16</sup> The “wage-price” inflation spiral is usually really a profit-price spiral, with the worker more the victim than the cause of inflation. (This is not to deny that by depressing wages, business is sometimes able to maintain a slower inflation creep while pocketing bigger profits.)

As financial power is concentrated in fewer hands, prices are more easily manipulated. Instead of lowering prices when sales drop, the big monopoly firms often raise them to compensate for the decline, as happened with some companies in the 2009 recession. Prices also are pushed up by withholding distribution, as in 2005 when the petroleum cartels created artificial oil and gasoline scarcities that mysteriously disappeared after the companies jacked up their prices and reaped record profits.

Massive military expenditures “happen to be a particularly inflation-producing type of federal spending,” admitted the *Wall Street Journal* years

ago.<sup>17</sup> The Civil War, the First and Second World Wars, the Korean War, and the Vietnam War all produced inflationary periods. Even during peacetime, huge defense outlays consume vast amounts of labor power and material resources, the military being the largest single consumer of fuel in the United States. Military spending creates jobs and consumer buying power while producing no additional goods and services. The resulting increase in buying power without a commensurate increase in consumer supply generates an upward pressure on prices.

## MONOPOLY FARMING

Most of our food supply and farmlands are dominated by a handful of agribusiness firms that control 80 percent of the food industry's assets and close to 90 percent of the profits. An *agribusiness* is a giant corporation that specializes in large-scale commercial farming, with a heavy reliance on mono-culture crops, pesticides, herbicides, and government subsidies. Agribusiness mega-corporations control every stage of food production, from gene splicing in the laboratory to retail sales in the supermarket.<sup>18</sup>

Independent family farms are being driven out of business because the price that agribusiness distributors pay them for their perishable crops is often below the costs they must pay for corporate-controlled machinery, seeds, and fertilizers. Today, the combined farm debt is much greater than net family-farm income. Only 2 or 3 percent of the price on a farm commodity goes to the farmer; most of the rest goes to the corporate distributors. Of the 2.2 million remaining farms (down from 6 million in 1940), about 45 percent survive by finding additional work off the farm.<sup>19</sup>

Contrary to popular belief, large commercial agribusiness farms do not produce more efficiently than small farms. Agribusiness mass-production techniques damage topsoil, cause enormous waste runoffs, and produce heavily chemicalized crops and livestock. An estimated 70 percent of the antibiotics used in this country are fed to "factory farm animals" as a regular feed supplement to increase their weight. And because the animals are crowded by the thousands in inhumane and unhealthy quarters, the medications are used to lessen the chance of infection. But the buildup of antibiotics in the food chain is putting both humans and animals increasingly at risk as drug-resistant diseases quickly develop.<sup>20</sup>

The shift from family farm to corporate agribusiness has brought numerous diseconomies. The family farm uses less pesticides and herbicides, does not voluntarily resort to genetic engineering, and is concerned about farm waste disposal and preserving the cleanliness of its groundwater, which it uses for its own living purposes. Family farms treat their animals in a healthier and more humane way, injecting less antibiotics and hormones in livestock. They are also more economical in their use of fuel and topsoil, and by providing primarily for local markets, they have lower transportation costs.<sup>21</sup>

With the growth of corporate agribusiness, regional self-sufficiency in food has virtually vanished. The northeast United States, for instance, imports more than 70 percent of its food from other regions. For every \$2 spent

growing food in the United States, another \$1 is spent transporting it. Giant agribusiness farms rely on intensive row crop planting and heavy use of toxic spraying and artificial fertilizers, causing millions of acres of topsoil to be blown away each year. The nation's ability to feed itself is being jeopardized, as more and more land is eroded or toxified by large-scale, quick-profit, biotech farming, not to mention the damage to people's health resulting from consuming foods produced by chemicalized methods.<sup>22</sup>

On the big agribusiness farms, the plight of the nation's 2 million farm laborers has gone from bad to worse. Some are forced to work "off the clock," that is, without pay, for several hours each day. The pesticides and herbicides they are exposed to and their poor living conditions constitute serious health hazards. And farm laborers are among the lowest-paid workers in the country.

Much of the food we eat today contains genetically modified (GM; also called "genetically engineered") ingredients, created by big biotech companies like Monsanto. The long-term effects of such "Frankenfood" on our health are unknown. The agribusiness firms control not only the marketing of these dubious products but most of the research concerning their effects on our health and environment. Our freedom to choose organically grown natural foods is becoming increasingly difficult to exercise. The Food and Drug Administration (FDA) failed to require safety testing of GM foods, and has refused to impose mandatory labeling, thereby preventing consumers from knowing what foods are potentially unsafe biotech products.<sup>23</sup>

GM soy crops were supposed to bring higher yields at lower costs. They were bred with a special gene, making them resistant to Monsanto's powerful Roundup herbicide that kills everything else that grows. Yet the GM crops produced lower yields and have eventually needed just as much pesticide application as conventional crops.<sup>24</sup> "The irony is that this costly research is not needed. Farmers in developing countries are already growing crop varieties with most of the traits, such as drought tolerance and insect resistance, that gene engineers are dreaming of ... Farmers in most regions [of the world] can produce plenty to feed their own communities and cities."<sup>25</sup> Genetic modification is an expensive, profit-driven solution looking for a problem.

So are the notorious "terminator seeds," which raise barren crops, thereby preventing farmers from planting anew with seeds from their own crops. Instead the farmers have to buy a new supply of GM terminator seeds every year, creating more dependency and expense for themselves but bigger profits for Monsanto and other firms. The resulting genetic uniformity wipes out natural diversity, making crops still more vulnerable to disease and pests. This increases the need for pesticides and herbicides beyond what is used on conventional crops. These pesticides are manufactured by Monsanto and other companies that also make the terminator seeds.<sup>26</sup>

Small farmers have had their crops contaminated by genetically modified pollen drifting over from distantly located agribusiness lands. These farmers then have been successfully sued and bankrupted by Monsanto because some small portion of their crop (accidentally) contained GM plants and therefore constituted an infringement of the corporation's "property rights." The farmers

are then usually driven out of business by the legal actions taken by Monsanto or Cargill or other profit-driven giant firms.<sup>27</sup>

The terminator technology has been universally condemned by agricultural research institutes and United Nations agencies, as bad for farmers, harmful to the environment, and disastrous for world food security. By spreading genetically modified strains at home and abroad, companies like Monsanto undermine the rich varieties of local crops, wipe out millions of small and efficient farms that perform well in this and other countries, and move ever closer to monopolizing the world's food production.<sup>28</sup>

## MARKET DEMAND AND PRODUCTIVITY

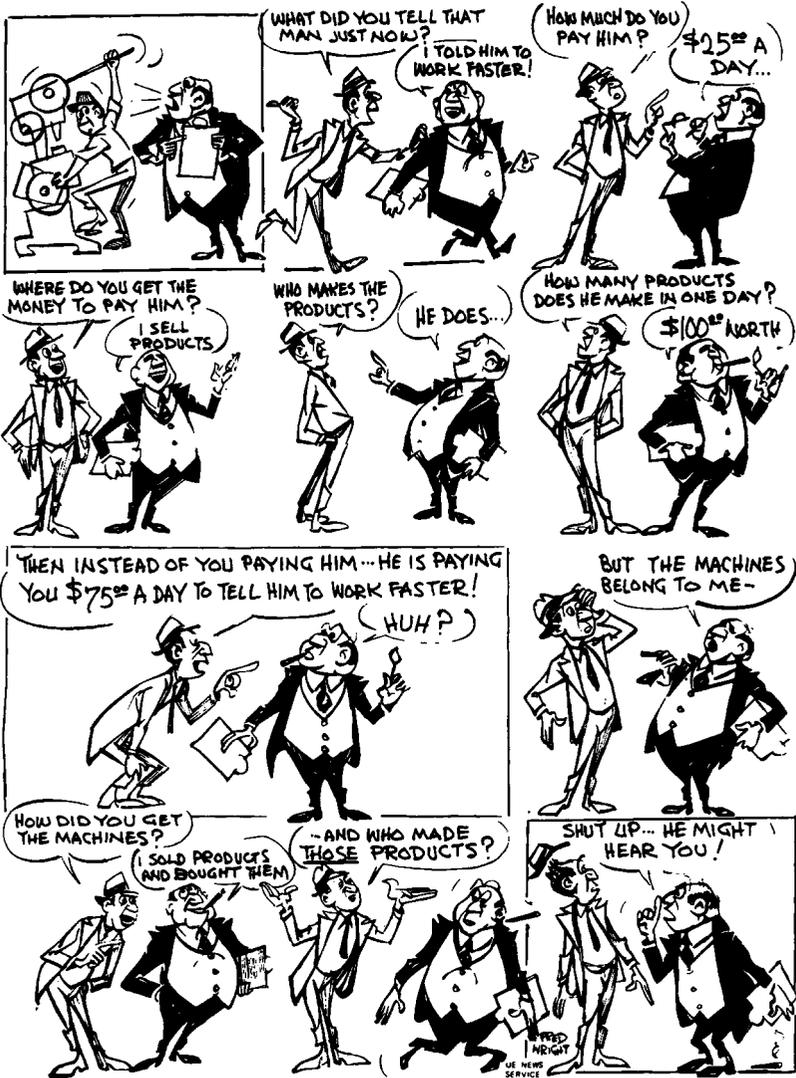
Those who say that private enterprise can answer our needs overlook the fact that private enterprise has no such intention, its function being to produce the biggest profits possible. People may need food, but they offer no market until their need (or want) is coupled with *buying power* to become a market *demand*. When asked what they were doing about the widespread hunger in the United States, one food manufacturer responded with refreshing candor: "If we saw evidence of profitability, we might look into this."<sup>29</sup>

The difference between need and demand shows up on the international market also. When the "free market" rather than human need determines how resources are used, poor nations feed rich ones. Beef, fish, and other protein products from Peru, Mexico, Panama, India, and other Third World countries find their way to profitable U.S. markets rather than being used to feed the hungry children in those countries. The children need food, but they lack the money; hence, there is no demand. The free market is anything but free. Money is invested only where money is to be made. Under capitalism, there is a glut of nonessential goods and services for those with money and a shortage of essential ones for those without money. Stores groan with unsold items while millions of people are ill-housed and ill-fed.

The human value of productivity rests in its social purpose. Is the purpose to plunder the land without regard to ecological needs, fabricate endless consumer desires, produce expensive goods like automobiles, pander to snobbism and acquisitiveness, squeeze as much toil as possible out of workers while paying them as little as possible, create artificial scarcities in order to jack up prices—all in order to grab ever bigger profits for the few?

Or is productivity geared to satisfying essential communal needs first and superfluous desires last, caring for the natural environment, the public's health and well-being, housing, educational opportunities, and cultural life? Capitalist productivity-for-profit gives little consideration to the latter set of goals.

Capitalism's defenders claim that corporate productivity creates prosperity for all. But productivity is a mixed blessing. The coal-mining companies in Appalachia are highly productive and profitable while creating much misery, swindling the Appalachians out of their land, forcing them to work under dangerous conditions, destroying their countryside with strip mining and mountaintop removal, and refusing to pay any of the resulting social costs.



In the last three decades worker productivity (output per hour of labor) rose a dramatic 75 percent, while full-time real wages stagnated or declined in some industries (adjusting for inflation), so that real wages were lower in 2009 than in 1973. If the minimum wage had risen at the same pace as productivity, it would be over \$14 an hour instead of \$7.25. Most profits from increased productivity go to the firms' investors and top officers.<sup>30</sup>

An increase in productivity, as measured by the gross domestic product (GDP), the total cost of all goods and services in a given year, is no sure measure of society's well-being. Important nonmarket services like housework and child rearing go uncounted, while many things of negative social value are included in the GDP. Thus, crime and highway accidents, which lead to

increased insurance, hospital, and police costs, add quite a bit to the GDP but take a lot out of life. What is called productivity, as measured quantitatively, may sometimes represent a deterioration in the quality of life.

It is argued that the accumulation of great fortunes is a necessary condition for economic growth, for only the wealthy can provide the huge sums needed for the capitalization of new enterprises. Yet in many industries, be it railroads, aeronautics, nuclear energy, communications, or computers, much of the initial funding for research and development came from the government (that is, from the taxpayers). It is one thing to say that large-scale production requires capital accumulation but something else to presume that the source of accumulation must be the purses of the rich.

Giant corporations leave much of the pioneering research to smaller businesses and individual entrepreneurs. The inventiveness record of the biggest oil companies is strikingly undistinguished. Referring to electric appliances, one General Electric vice president noted: "I know of no original product invention, not even electric shavers or heating pads, made by any of the giant laboratories or corporations.... The record of the giants is one of moving in, buying out, and absorbing the small creators."<sup>31</sup> The same can be said of recent advances in the software industry.

Defenders of the free market claim that big production units are needed for the modern age. However, bigness is less the result of technological necessity and more the outcome of profit-driven acquisitions and mergers, as when the same corporation has holdings in manufacturing, insurance, utilities, amusement parks, broadcast media, and publishing.

When times are good, the capitalists sing praise to the wonders of their free-market system. When times are bad, they blame labor and government for capitalism's ills. Workers must learn to toil harder for less in order to stay competitive in the global economy, they say; then business would not move to cheaper labor markets in Third World countries. For labor it is a race to the bottom. Workers who do take wage and benefit cuts "in order to remain competitive" often end up seeing their jobs exported overseas anyway, because their wages have not been reduced to the level of subsistence wages in Indonesia or China.

One cause of low productivity is technological obsolescence. Unwilling to spend their own money to modernize their plants, big companies cry poverty and call for federal funds—supposedly to help them compete against foreign firms. Yet these same companies might then produce huge cash reserves for mergers. For example, after laying off twenty thousand workers, refusing to modernize its aging plants, and milking the government of hundreds of millions of dollars in subsidies and tax write-offs, U.S. Steel came up with \$6.2 billion to purchase Marathon Oil.

## THE HARDSHIPS OF WORKING AMERICA

In the last decade, the real wages of the poorest fifth of the nation dropped almost 9 percent, while the consumer debt (the amount owed on loans, credit cards, and the like) grew twice as fast as personal income. Meanwhile

personal bankruptcies were at record highs, and the gap between the rich and most other people was wider than at any time since the 1920s.<sup>32</sup>

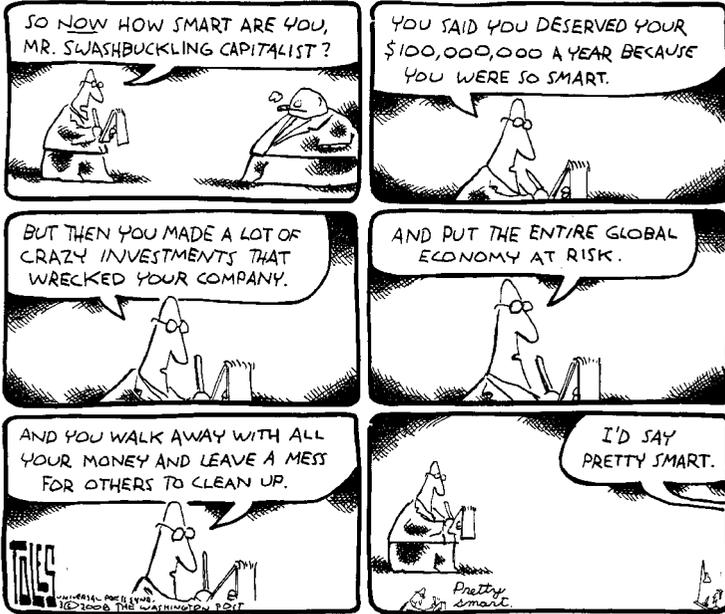
In capitalist societies, if people cannot find work, that is their misfortune. No free-market economy has ever come close to full employment. If anything, unemployment is functional to capitalism. Without a reserve army of unemployed to compete for jobs and deflate wages, labor would cut more deeply into profits. In the 2009 recession the unemployment rate climbed to 9.5 percent or almost 15 million people. This figure does not include the millions who had exhausted their unemployment compensation and left the rolls, or part-timers and reduced-time workers who needed full-time jobs, or the unemployed who gave up looking for work after years of frustration.<sup>33</sup>

Nor does the official unemployment figure count the many forced into early retirement or who join the armed forces because they cannot find work (and are thereby listed as “employed”), nor prison inmates who had no jobs before incarceration. Were we to count all these groups, the *hidden unemployment* in the United States was upwards of 20 percent. The economy had fewer jobs in 2009 than it had in 2000 even though the labor force had grown by some 12 million workers in that time.<sup>34</sup>

The number of workers forced to settle for part-time work (the *underemployed*) has more than doubled in recent decades to about 30 million. Of course, some people prefer part-time work because of school or family obligations. But they do not make up the bulk of part-time and sometime employees. The median hourly wage of part-timers was about one-third less than full-time employees in the same occupations. Among the part-timers are millions of “contract workers,” who are paid only for hours put in while deprived of a regular employment slot. About one-fifth of them, more than a million, have returned to their old companies, working at the same jobs but now at lower wage scales, with no health insurance, no paid vacations, and no pension fund. U.S. Labor Department statistics show that only about 35 percent of laid-off full-time workers end up with equally remunerative or better paying jobs.<sup>35</sup>

In the 2008–2009 recession, after almost a year in the doldrums, stock market prices began to recover, home building picked up, the number of foreclosures leveled off, yet consumer demand was lagging and people were still losing their jobs at a high rate—an indication that the recession might drag on, developing into what is called a *jobless recovery*—when things get better for those with money and remain bad for those without.<sup>36</sup>

Some people say there is plenty of work available; unemployment happens because individuals are just lazy. But when unemployment jumps by millions during an economic slump, is it really because a mass of people suddenly found work too irksome and preferred to lose their income, medical coverage, and pensions? When jobs do open up, vast numbers of the “lazy” line up for them. Some examples: At a plant in Iowa, 4,000 people applied for 53 jobs. In New York City, 4,000 people lined up for 700 relatively low-paying hotel jobs. And 24,500 people applied for 325 low-paying jobs at a new Wal-Mart outside Chicago.<sup>37</sup>



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Technological advances and automation can expand productivity while reducing the number of jobs; indeed that is the purpose of automation. Another cause of decline in jobs is the runaway shop. U.S. firms move to cheaper Third World labor markets in order to maximize their profits.

We hear that the United States is a “middle-class nation,” but most Americans actually are working class. They labor for hourly wages. Even among white-collar service employees, the great majority are nonmanagerial and low wage. Conditions for working people have deteriorated compared to thirty years ago. U.S. workers now have more forced overtime, fewer paid days off, longer workweeks, fewer benefits, less sick leave, and shorter vacations, if any. People are working harder for relatively less, as real wages continue to stagnate or decline and government income supplements are reduced.<sup>38</sup>

One report showed that a majority of Americans say they are not living as well as their parents and their earning power is not keeping up with the cost of living. Larger numbers of them report spending at least one year in poverty in their lifetimes.<sup>39</sup>

The total U.S. consumer debt was \$2.5 *trillion* in 2008 or, if mortgages are included, upwards of \$6 trillion. “One reason Americans are going deeper into debt is because salaries have not increased enough to meet rising inflation.”<sup>40</sup> In the last several decades the household debt burden has mushroomed to 30 percent of disposable income. By 2007, some 29 million households were using at least 49 percent of disposable income to service debt, with a record share of household income being spent to pay interest on accumulated debt.<sup>41</sup>

With cutbacks in federal college grants, many students have to borrow more heavily to get an education. At public universities, student borrowers also work at paying jobs an average of over twenty-two hours a week. In the end more than 65 percent of college students leave school heavily in debt. After graduation, students who miss a payment or default on a loan end up—because of compounded usurious interest rates and penalties—owing three or four times more than they ever received. There are more than 5 million student loans in default. Millions of former students now live in a kind of “debtor’s prison without walls,” as their debts grow faster than they can be paid off and their earnings are garnished for years to come, consigning them to a semipoverty level. Student debt is the only consumer debt that is denied bankruptcy relief. Not without reason is it described as the “most oppressive debt in U.S. history.”<sup>42</sup>

## POVERTY IN PARADISE

As of 2007, the Census Bureau reported 37.3 million people living in poverty in the United States, 12.5 percent of the population, or one out of every eight Americans. With the recession of 2008–2009, the numbers are expected to rise substantially. Official estimates generally understate the poverty problem by excluding many undocumented workers and several million other seriously poor or homeless who go uncounted in the census. Over 70 percent of the families below the government’s official poverty line have a member who is fully employed. They work for a living but not for a living wage.<sup>43</sup>

According to an IRS report, the share of overall income received by the bottom 80 percent of taxpayers fell from 50 percent to about 40 percent. Among the “working poor” are growing numbers of sweatshop workers who put in long hours for below-minimum wages, plus female domestics in affluent households who work twelve- to fifteen-hour shifts, six days a week, for wages sometimes amounting to as little as \$2 an hour. An additional 25 million people in the United States live just *above* the official poverty line in dire straits. (As of 2009 the official poverty line for an individual was \$10,830; for a family of four, \$22,050.) They have no medical insurance, are often unable to afford a doctor, cannot pay utility bills or keep up car payments, and sometimes lack sufficient funds for food. It is not laziness that keeps them down, but the low wages their bosses pay them and the high prices, exorbitant rents, and regressive taxes they face.<sup>44</sup>

A recent comprehensive study of low-income workers in America found abuses everywhere, in factories, retail shops, construction sites, offices, warehouses, and private homes. More than a quarter of these workers had been paid less than the minimum wage. Many were forced to work unpaid before or after their shifts. Wages and tips were routinely stolen. Workers were forced to work when sick or injured. Many were denied time off for meals. More than two-thirds had their breaks denied or shortened. Workers who complained to government agencies suffered illegal retaliation: firing, suspension, or pay cuts.<sup>45</sup>

The poverty line is purportedly adjusted regularly by the Consumer Price Index (CPI) to account for inflation. However, for those of modest means, a

disproportionately larger part of their income goes to basic necessities such as rent, food, fuel, and medical care. The cost of these necessities rises much more rapidly than the general price index, but the Census Bureau has failed to adjust for this, thereby grossly underestimating the extent of poverty in the nation. Nor do the forty-year-old poverty line measurements reflect the dramatic escalation of medical costs, housing, and the necessity to own a car in many parts of the country.<sup>46</sup>

Americans have been taught that they are the most prosperous people in the world. The truth is, the United States is forty-ninth in the world in literacy, and thirty-seventh in health care even while spending more on its health industry than any other nation. Of twenty industrial countries, the United States has the highest poverty rate, highest per capita prison population, highest infant mortality rate, and highest rate of youth deaths due to accidents, homicide, and other violence. Americans work longer hours per year and get less vacation time than workers in any other industrialized country. In the Western social democracies, employees get five to six weeks of paid vacation every year. Americans average one to two weeks a year, if that.<sup>47</sup>

Given the improvement in disease prevention and lifestyle, including more physical exercise and less smoking, U.S. life expectancy reached an all-time high of 77.9 years in 2007 (up from 75.4 in 1990). But among the Western democracies, the United States still rates last in life expectancy behind Britain at 78.7. And the U.S. population shows increasingly high rates of hypertension and obesity.<sup>48</sup>

The poor pay more for most things: exorbitant rents in run-down unsafe housing units that slumlords refuse to repair and installment sales that charge interest rates of 200 to 300 percent. Fringe “banks” and check-cashing companies make billions of dollars annually off low-income people by charging fees of up to 10 percent to cash their paychecks or welfare or Social Security checks. Predatory lenders make short-term loans at usurious rates to people who run short of cash between paychecks. Many of these storefront loan sharks are funded by major banks and corporations. Their growth has been fueled by a decline in the number of households with bank accounts and an increase in the low-income population.<sup>49</sup>

Despite all the talk about affirmative action, African Americans and Latinos endure unemployment and poverty rates about twice as high as that of Whites, and continue to suffer racial discrimination in employment and other areas of life.<sup>50</sup> One investigation demonstrated that when Whites and African Americans, who were deliberately matched in qualifications, applied for the same jobs, the Whites were three times more likely to be hired, and less likely to encounter discouragement and slighting treatment. Ethnic minorities are still turned down more often than Whites for home mortgages, regardless of income.<sup>51</sup>

Women also number among the superexploited. Two out of three adults in poverty are women, many of them single mothers. Of the more than 58 million females who work, a disproportionately high number are concentrated in low-paying secretarial and service jobs. In the mid-1960s women averaged 69 cents for every dollar men made. After thirty years of struggle

and hard work, they now earn 77 cents for every dollar men receive, even with similar skills and experience.<sup>52</sup> Meanwhile male wages have themselves declined as higher paying industrial jobs for male workers are outsourced to other countries.

## THE HUMAN COSTS OF ECONOMIC INJUSTICE

About 13 million of the nation's children live in poverty, a higher rate than twenty years earlier. Children born into poverty are more likely to be of low birth weight, die in infancy or early childhood, and be plagued with serious ailments, including diseases associated with malnutrition. They are more likely to suffer from untreated illnesses, be exposed to environmental toxins and neighborhood violence, and suffer delays in learning development.<sup>53</sup> Young and elderly poor suffer a "silent epidemic of oral disease," from tooth decay to mouth cancer, due largely to poor overall health and inability to pay for dental care or dental insurance.<sup>54</sup>

More than 36 million people, including over 12 million children, live in households that go hungry during some part of the month, an increase of 5 million since 1999. Hunger or near-hunger in regions all across the United States poses a torrent of needs that food banks and soup kitchens cannot handle. Many recipients are among the working poor, who need emergency food to supplement their insufficient earnings. According to a recent study, one in six young children (those who are five years old and younger) face a constant threat of food insecurity and do not have adequate access to healthy food.<sup>55</sup>

A 2007 UNICEF report ranked the United States (along with Britain) as the worst place to be a child among twenty-one industrialized nations. The Netherlands, Sweden, Denmark, Finland, and Spain were listed as the best. The categories studied were health and safety, family cohesion, risk of poverty, risk of alcoholism and drugs, and the like.<sup>56</sup>

In major American cities and small towns, indigents pick food out of garbage cans and dumps. As one columnist noted, "If the president on his visit to China had witnessed Chinese peasants eating from garbage cans, he almost certainly would have cited it as proof that communism doesn't work. What does it prove when it happens in the capitalist success called America?"<sup>57</sup>

Millions of working poor are only a paycheck away from the streets. Over 95 million people, one-third of the nation, experience housing hardships. Housing is the largest single expenditure for many low-income families, consuming 60 to 70 percent of their income. Due to realty speculations, gentrification, condominium conversions, unemployment, low wages, and abolition of rent control, people of modest means have been squeezed out of the housing market in greater numbers than ever. Over 2 million affordable housing units have vanished during the last twenty-five years, forcing more and more families to double and triple up, imposing hardships and severe strains on domestic relations. Whole families sleep in cars or abandoned buildings, in tent cities, and in temporary shelters. The 2009 recession brought a sharp increase in homelessness and in the number of babies being born in shelters, along with a drastic increase in food shortages.<sup>58</sup>

Several million Americans are homeless at some point during an average year, almost a third of whom are families with children. Homelessness offers a life of stress, hunger, filth, destitution, loneliness, exhaustion, mental depression, and unattended illness. Many persons who stay in homeless shelters or makeshift street shelters hold full-time jobs. With rents so high and pay so low, and jobs disappearing during economic decline, they cannot afford a place to live.<sup>59</sup>

Most cities do not provide sufficient affordable shelter or food for their homeless populations. Instead they increasingly apply the criminal justice system to punish those who try to survive on the streets. Authorities prohibit panhandling, selectively enforce laws against loitering, and enact legislation making it illegal to sleep, sit, or store personal belongings in public spaces.<sup>60</sup>

Almost half the people who live in poverty are over sixty-five. Despite Medicare assistance, the elderly face the highest out-of-pocket health care costs. About half of all seniors have returned to work or are looking for work because they cannot subsist on their savings and pensions.

Less than half of private-sector workers have any kind of private pension or retirement savings such as a 401(k). Corporations often treat worker pension funds as part of a firm's assets. They sometimes default on private-pension payments, failing to set aside sufficient sums to pay workers the benefits they are owed. Also, if the corporation merges with another or is bought out, the fund is absorbed by the takeover and the workers may not see a penny of the money they paid into it. In 2001 alone, \$175 billion in workers' 401(k) savings were lost or stolen by management. If nothing is done, the entire private pension system could eventually collapse under the plunder.<sup>61</sup> In fact, many such private pensions did shrink away when stock values crashed in 2008.

It is difficult for those who have never known serious economic want to imagine the misery it can cause. People living under the crushing burden of poverty—without enough money for rent, food, and other necessities, in unsafe crime-ridden neighborhoods and deteriorated housing—suffer an inordinate amount of unattended pathologies. Drops in income and even modest jumps in unemployment rates bring discernible increases in depression, high blood pressure, emotional distress, substance abuse, suicide, and crime. Tens of millions are addicted to alcohol, tobacco, or illegal drugs. Millions more are addicted to medical drugs such as amphetamines and barbiturates. The pushers are the doctors; the suppliers are the drug industry; the profits are stupendous.<sup>62</sup>

Each year, thirty thousand Americans on average take their own lives. Another seventeen thousand or so are murdered. The number of young people who kill themselves has tripled since the 1950s. Millions of U.S. women are battered by men; almost 5 million sustain serious injury each year. Over 2 million children—mostly from lower-income families—are battered, abused, abandoned, or seriously neglected each year. Many elderly also are subjected to serious abuse, which, like child abuse, increases dramatically when economic conditions worsen.<sup>63</sup>

The recession of 2008–2009 only intensified the plight of low- and middle-income people. For almost thirty years there had been a growing gap

between rising productivity and stagnant real wages. This brought an immense increase in corporate profits for the superrich. As one economist noted, part of this wealth was lent back to working people to finance their homes, cars, medical care, education, and daily expenses. And part of the wealth was “invested in the unproductive, speculative, financial sector,” resulting in still more business and industrial overcapacity, corporate failures, unemployment, and overall economic instability.<sup>64</sup>

In sum, the story of the United States’ great “affluence” has a grim side. The free market is very good for winners, offering all the rewards that money can buy, but it is exceedingly harsh on millions of others. Contrary to the prevailing social mythology, the U.S. capitalist system squanders our natural resources, exploits and underpays our labor, and creates privation and desperate social needs amidst commodity glut, serving the few at great cost to the many, leaving us with a society that is less democratic and increasingly riven by wealth and want.

C H A P T E R  
5

# Institutions and Ideologies

In trying to understand the political system, we would do well to look at the wider social context in which it operates: the predominant social institutions, values, and ideologies of our society.

## CORPORATE PLUTOCRACY

American capitalism represents more than just an economic system; it is a *plutocracy*, that is, a social order ruled mostly for and by the rich. Along with business enterprises and banks, the nation's *cultural institutions*—that is, its universities, publishing houses, mass-circulation magazines, newspapers, television and radio stations, professional sports teams, foundations, hospitals, churches, private museums, and charities—are mostly chartered as corporations, ruled by boards of directors (or “trustees” or “regents” as they might be called) composed overwhelmingly of affluent business people who exercise final judgment over institutional matters.

Consider the university. Private and public institutions of higher education are run by boards of trustees with authority over all matters of capital funding and budget; curriculum and tuition; degree awards; and hiring, firing, and promotion of faculty and staff. Daily decision-making power is delegated to administrators but can be easily recalled by the trustees when they choose. Most trustees are successful business people who have no administrative or scholarly experience in higher education. As trustees, they take no financial risks because their decisions are covered by insurance paid out of the university budget. Their main function seems to be to exercise oligarchic control over the institution.

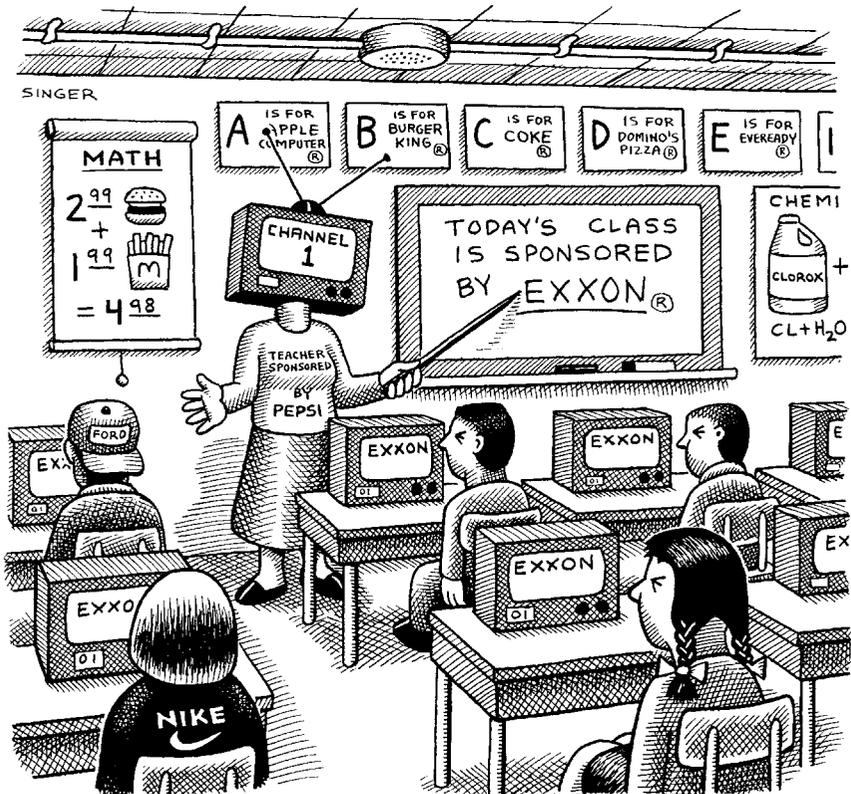
Almost all of “our” cultural institutions are ruled by nonelected self-perpetuating boards of affluent corporate representatives who are answerable

to no one but themselves. We the people have no vote, no portion of the ownership, and no legal decision-making power within these institutions.

We are taught to think that capitalism breeds democracy and prosperity. The private-enterprise system, it is said, creates equality of opportunity, rewards those who show ability, relegates the slothful to the lower rungs, creates national prosperity, and bolsters democracy. Little is said about how capitalism has supported and flourished under some of the most repressive regimes and impoverished Third World nations.

The corporate enterprise system places a great deal of emphasis on commercial worth: how to compete and get ahead. As Ralph Nader notes, the free market “only stimulates one value in society—the acquisitive, materialistic, profit value.” What about the values relating to justice, health, occupational and consumer safety, regard for future generations, and equitable social relations?<sup>1</sup>

Among the key purveyors of plutocratic culture is our educational system. From grade school onward, students are given a positive picture of America’s history, institutions, and leaders. Teachers tend to concentrate on the formal aspects of government and accord scant attention to the influence that wealthy, powerful groups exercise over political life. Instructors who wish to



introduce a more revealing view invite critical attention from their superiors. High school students who attempt to explore controversial issues in student newspapers have frequently been overruled by administrators and threatened with disciplinary action.<sup>2</sup>

School texts seldom give more than passing mention to the courageous history of labor struggle or the corporate exploitation of working people at home and abroad. Almost nothing is said of the struggles of indigenous Americans (or Native American “Indians”), indentured servants, small farmers, and Latino, Asian, Middle Eastern, and European immigrants. The history of resistance to slavery, racism, and U.S. expansionist wars goes largely untaught in our classrooms.<sup>3</sup>

Schools and media are inundated with informational materials provided free by the Pentagon and large corporations to promote a highly favorable view of the military and to boost privatization, deregulation of industry, and other blessings of the free market.<sup>4</sup> Numerous conservative think tanks and academic centers have emerged, along with conservative journals, conferences, and endowed chairs, all funded by right-wing foundations, big corporations, and superrich individuals.

Many universities and colleges have direct investments in corporate America, holding stock portfolios worth billions of dollars. Such bountiful endowments are to be found especially in elite Ivy League schools like Yale, Harvard, Brown, Columbia, and others. More and more college presidents and other top administrators are drawn directly from corporate America with no experience in teaching, research, or university administration. Their salaries are skyrocketing and their fringe benefits are increasingly lavish, including such things as year-long paid leaves at full salary. Some administrators and faculty earn handsome sums as business consultants. Corporate logos are appearing in classrooms and student union buildings. Academic-based scientific research is being increasingly funded and defined by corporations that have a vested interest in the results of the research. With its financing of chairs and study programs, private industry is influencing who is hired and what is taught.<sup>5</sup>

Meanwhile library budgets, scholarships, course offerings, teaching staff, and student services are being cut back. At most universities and colleges, tuition has climbed more than 30 percent in the last decade years. Tenured and other full-time faculty positions are being replaced with underpaid part-time adjuncts. Some 40 percent of all college teachers are adjuncts, working for no benefits, and carrying heavy teaching loads for paltry pay.<sup>6</sup>

## IDEOLOGICAL ORTHODOXY

In academia, politically radical faculty, and even students, have suffered politically motivated negative evaluations and loss of stipends, grants, and jobs. Professors, journalists, managers, bureaucrats, and most other professionals who wish to advance their careers learn to go along with things as they are and avoid espousing radical views that conflict with the dominant economic interests of capitalist society.<sup>7</sup>

One agent of political socialization is the government itself. On frequent occasions the U.S. president or some other official will feed us reassuring pronouncements about the economy or alarming assertions about enemies who threaten us from abroad or from within. Assisting their efforts at political indoctrination are the news media (see Chapter 13).

Although we are often admonished to think for ourselves, we might ask if our socialization process puts limits on doing so. Ideological orthodoxy so permeates the plutocratic culture that it is often not felt as indoctrination. The most effective forms of tyranny are those so deeply ingrained, so thoroughly controlling, as not even to be consciously experienced as constraints.

In a capitalist society, mass advertising sells not only particular products but a way of life, a glorification of consumer acquisitiveness. Born of a market economy, the capitalist culture downplays cooperative efforts and human interdependence. People are expected to operate individually but toward rather similar goals. Everyone competes against everyone else, but for the same things. “Individualism” in this corporate-dominated culture refers to acquisitiveness and careerism. We are expected to get what we can for ourselves and not be too troubled by the problems faced by others. This attitude, considered inhuman in some societies, is labeled approvingly as “ambition” in our own and is treated as a quality of great social value.

Whether or not this “individualism” allows one to have much control over one’s own life is another story. The decisions about the quality of the food we eat, the goods we buy, the air we breathe, the prices we pay, the wages we earn, the way work tasks are divided, the modes of transportation available to us, and the images we are fed by the media are usually made by people other than ourselves.

People who occupy privileged positions within the social hierarchy become committed to the hierarchy’s preservation and hostile toward demands for a more equitable social order. Economically deprived groups are seen as a threat because they want more, and more for the have-nots might mean less for the haves. Class bigotry is one of the widely held forms of prejudice in American society and the least examined.

The plutocratic culture teaches that material success is a measure of one’s worth, and because the poor are not worth much, then society’s resources should not be squandered on them. In capitalist society, the poor are generally seen as personally deficient, the authors of their own straitened circumstances. Rarely are they considered to be the victims of poverty-creating economic forces: high rents, underemployment, low wages, unattended illnesses, disabilities, and other such features of the free market. As the American humorist Will Rogers once said, “It’s no crime to be poor, but it might as well be.”

In a society where money is the overriding determinant of one’s life chances, the drive for material gain is not merely a symptom of a greed-driven culture but a factor in one’s very survival. As corporate power tightens its grip over the political economy, many people have to work still harder to keep their heads above water. Rather than grasping for fanciful luxuries, they struggle to provide basic necessities. If they need more money than was essential in earlier days, it is partly because essentials cost so much more.

Because human services are based on ability to pay, money becomes a matter of life and death. To have a low or modest income is to run a higher risk of insufficient medical care, homelessness, and job insecurity, and to have less opportunity for education, recreation, travel, and comfort. Thus, the desire to “make it,” even at the expense of others, is not merely a wrong-headed attitude but a reflection of the material conditions of capitalist society wherein no one is ever really economically secure except the superrich, and even they forever seek to secure and advance their fortunes through further capital accumulation.

For those who enjoy the best of everything, the existing politico-economic system is a smashing success. For those who are its hapless victims, or who are concerned about the well-being of all and not just themselves, the system leaves a great deal to be desired.

## CORPORATE RULE AND RUIN: SOME EXAMPLES

The modern giant corporations portray themselves as benign entities that provide the jobs and goods and services we all need. In fact, the multinational corporation is nothing more—or less—than an organized instrument of plutocracy to maximize the accumulation of profits and wealth, without much regard for the well-being of the workforce, the general public, or the environment. Consider this incomplete rogues gallery of Corporate America:

*Wal-Mart*, the world’s largest retailer, exploits international sweatshop labor, paying subsistence wages, discriminating against women in pay and promotions, denying workers time for breaks, and forcing employees to work “off-the-clock” unpaid overtime. Wal-Mart has been forced to pay at least \$352 million to settle numerous wage and hour lawsuits. Wal-Mart’s calculated underpricing regularly drives smaller family-owned stores out of business.

*Cargill*, an international food and agribusiness giant, has been raking in record profits. The price-fixing that Cargill imposed on the food supply it controls caused shortages and riots in low-income communities across the globe. Cargill, like Monsanto, forces others in the food and agricultural industry to buy genetically engineered products. In India, Cargill used “free trade” laws to deny farmers the right to use and sell the natural seeds they gleaned from their own crops and had relied on for centuries.

*ExxonMobil* has long been Big Oil’s worst polluter and has supported the “junk science” of front groups that deny global warming. In 2008 ExxonMobil reported the largest annual profit in U.S. history: \$45 billion.

*Coca-Cola*, number one soft-drink producer in the world, is now aggressively expanding into bottled water. The corporation is buying up and drying up sources of fresh water in many parts of the world for the purpose of marketing its soda and bottled water.

**AIG** is a giant insurance company whose reckless speculation and predatory lending practices led to its own collapse, sending shockwaves through the global economy and prompting \$182.5 billion in taxpayer bailouts in 2009.

**Goldman Sachs** was a big seller of mortgage-backed securities at the height of the real estate bubble. When the economic crash came in 2008–2009, Goldman Sachs received \$10 billion in taxpayer bailout money, then promptly paid out \$6.5 billion in bonuses.

**Merck**, one of Big Pharma’s largest profit makers, is facing tens of billions of dollars in liabilities for marketing potentially deadly medicine while concealing the health risks from consumers.

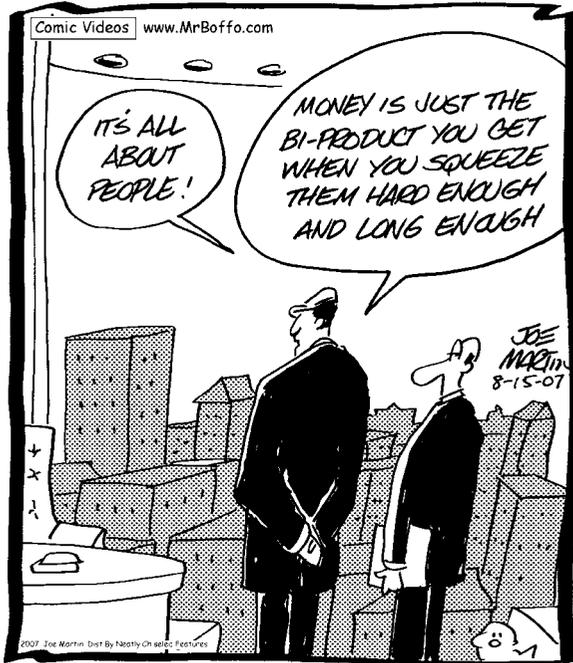
**UBS** is a Swiss bank that played a key role in major Ponzi schemes and international swindles. UBS also assisted more than fifty thousand of America’s wealthiest individuals to commit tax evasion by sheltering more than \$14 billion in assets.<sup>8</sup>

The above examples show only fragments of the profiteering and malfeasance perpetrated by business corporations in a capitalist system that claims to be the progenitor of democracy and prosperity. Later chapters provide a fuller picture of what corporate America has been doing to us and the rest of the world.

## LEFT, RIGHT, AND CENTER

Political ideologies traditionally have been categorized as rightist, centrist, and leftist. Let us consider these broad tendencies, without pretending to do justice to all their shadings and ambiguities. What is called the political right consists of *conservatives*, corporate elites, and many other affluent persons who advocate free-market capitalism and defend big business as the mainstay of the good society. *Free-market capitalism* is essentially the unregulated *laissez-faire* variety in which private-profit investments have priority over almost all other social considerations. Conservative ideology preaches the virtues of private initiative and self-reliance: rich and poor pretty much get what they deserve; people are poor not because of inadequate wages and lack of economic opportunity but because they are lazy, profligate, or incapable. The conservative keystone to individual rights is the enjoyment of property rights, especially the right to make a profit off other people’s labor and enjoy the privileged conditions of a favored class.

Conservatives blame many of our troubles on what billionaire Steve Forbes called the “arrogance, insularity, the government-knows-best mentality” in Washington, DC. Everything works better in the private sector, they maintain. Conservatives are usually thought of as people who want to preserve the privileges and traditional practices of the upper strata. Most conservative ideologues today, however, might better be classified as *reactionaries*, having an agenda intent upon rolling back all the progressive gains made over the last century. They want to do away with most government regulation of business, along with environmental and consumer protections, disability and



retirement support, minimum-wage laws, unemployment compensation, occupational safety, and injury compensation laws. They assure us that private charity can take care of needy and hungry people, and that there is no need for government handouts.

Conservatives seem to think that everything would be okay if government were reduced to a bare minimum. Government is not the solution, it is the problem, they say. In actual practice, however, conservatives are for or against government handouts depending on whose hand is out. They want to cut human services to lower-income groups, but they vigorously support all sorts of government subsidies and bailouts for large corporate enterprises. They treat economic recession as just part of a natural cycle. They admonish American workers to work harder for less, and have not a harsh word about the devastating effects of corporate mergers and buyouts, financial swindles, the exportation of our jobs to cheap labor markets abroad, and the increase in economic hardship for working people.

Conservatives and reactionaries may want a weak government but they also want a strong authoritarian state. They are not against strong government measures to restrict dissent, suppress protests, keep us under surveillance, and regulate our private lives and personal morals, as with anti-abortion laws and bans on gay marriage. They generally support harsher police methods, more severe prison sentences, and more vigorous use of the death penalty. They want government to require prayers in our schools, subsidize religious education, and bring God into public life. They blame the country's ills on secular immorality, homosexuality, feminism, "liberal elites," and the loss of family

values. The religious right supports conservative causes. In turn, superrich conservative interests help finance the religious right.

Most conservatives are enthusiastic backers of gargantuan military budgets and a global network of U.S. military bases. They claim to be more patriotic than their more liberal opponents, supporting military attacks against other nations. They seem to equate this bellicosity with patriotism. Truth be told, when it comes to war, conservative ideologues prefer to let others do the fighting and dying. Such was the case with President George W. Bush, Vice President Dick Cheney, commentator Rush Limbaugh, and scores of other prominent right-wingers who took pains to avoid military service during the Vietnam War.<sup>9</sup>

Not all conservatives and reactionaries are affluent. People of rather modest means who oppose big government because they do not see it doing anything for them will call themselves conservatives, for want of an alternative. As one newspaper columnist writes, they think that government has a prime responsibility to protect “their right to kill themselves with guns, booze, and tobacco” but a “minimal responsibility to protect their right to a job, a home, an education or a meal.”<sup>10</sup>

Conservative politicians talk about “upholding values,” but they make no effort to root out corruption in the business world or protect the environment or lend support to working families. For all their verbal promotion of heterosexual family values and traditional morality, numerous conservative leaders have been caught in adulterous affairs or homosexual liaisons.<sup>11</sup>

More toward the center and left-center of the political spectrum are the *moderates* and *liberal centrists*, who might be lumped together. Like the conservatives, the centrists accept the capitalist system and its basic values, but they think social problems should be rectified by piecemeal reforms and regulatory policies. Along with conservatives, many liberal centrists support “free trade” and globalization, thinking it will benefit not just corporations but everyone. They support big military spending and sometimes back military interventions abroad if convinced that the White House is waging a moral crusade against some newly defined “evil” and is advancing the cause of peace and democracy—as with their support of the massive seventy-eight-day U.S. bombing of women, children, and men in Yugoslavia in 1999, and the interventions in Afghanistan and Iraq (until Iraq proved more costly than anticipated).

Many liberals see a need for improving public services and environmental protections; they support minimum-wage laws, unemployment insurance, and other wage supports, along with Social Security, nutritional aid for needy children, occupational safety, and the like. They say they are for protection of individual rights and against government surveillance of law-abiding political groups, yet in Congress (where most of them are affiliated with the Democratic Party), they sometimes have supported repressive measures and have gone along with cuts in programs for the needy. Some of them also have voted for subsidies and tax breaks for business. At other times they deplore the growing inequality and poverty and have resisted the reactionary rollback of human services, the assaults on Social Security, and the undermining of both labor unions and environmental protections.

Further along the spectrum is the political left—the progressives, socialists, Marxists, and others. They want to replace or substantially modify the corporate capitalist system with a system of public ownership, in which many of the large corporations are nationalized and smaller businesses are under cooperative ownership. Some progressives will settle for a *social democracy*, the kind of political economy that exists in Sweden, Denmark, Norway, Finland, and other western European nations, with strong labor unions, good work conditions, and firm controls on business to safeguard the public interest. They argue that untrammelled free-market capitalism has no goal other than the accumulation of capital by the privileged few, at everyone else's expense. A democratically responsive social democracy, say the progressives, has an important role to play in protecting the environment, advancing education, providing jobs for everyone able to work, sufficient aid to the disabled, along with occupational safety, secure retirement, and affordable medical care and housing.

Many leftists and progressives tirelessly denounce the now defunct communist societies as models for U.S. socialism. Yet some progressives note that whatever the shortcomings and crimes of communist societies, they did offer some things that would have been worth preserving: a guaranteed right to a job, no hunger or homelessness, free medical care and free education to the highest level of one's ability, subsidized utilities and transportation, free cultural events, and a guaranteed pension after retirement—entitlements that were abolished soon after the communist countries opened themselves to the plunder and harsh inequality of the corporate free market.<sup>12</sup>

Most U.S. leftists, social democrats, and liberals refrain from uttering a positive word about the former state socialist societies or revolutionary communism in general. Many of the more doctrinaire seem little worried about global capitalism, the system that today has the world in its baneful grip. Instead, they wage constant battle against something they call "Stalinism" (a code word for communism). To them, Stalinism is an evil that lurks in many nooks and crannies on the left and must be rooted out. Some of the doctrinaire leftists appear happiest when attacking other leftist groups for being ideologically impure, insufficiently militant, or of tainted political genealogy.

Generally speaking, revolutionary socialists are distinguished from liberal reformers in their belief that our social problems cannot be solved within the very system that is creating them. They do not believe that every human problem is caused by capitalism but they are convinced that many of the most important ones are. Capitalism propagates conditions that perpetuate poverty, racism, sexism, and exploitative social relations at home and abroad, they argue. To the socialist, U.S. military expansionism abroad is not the result of "wrong thinking" but the natural outgrowth of profit-oriented capitalism. They believe that U.S. foreign policy has been quite successful in crushing egalitarian social reforms in many countries in order to keep the world safe for transnational corporations.

An ideological tendency that defies ready classification on a lineal political spectrum are the *libertarians*, who resemble anarchists (and reactionaries) in their insistence that government is the source of all our ills. So they call for

the privatization of social programs and just about everything else. But libertarians differ from free-market reactionaries in their opposition to strong police enforcement and to U.S. military interventions abroad.

## PUBLIC OPINION: WHICH DIRECTION?

The opinions most Americans have about socioeconomic issues are decidedly more progressive than what is usually enunciated by political leaders and right-wing media pundits. Surveys show substantial majorities strongly favoring public funding for Social Security, nursing home care, and lower-priced prescription drugs. Substantial majorities support unemployment insurance, disability assistance, job retraining, child care, price supports for family farms, and food stamps for the needy, while opposing tax cuts for the very rich and privatization of social services. Large majorities want improvements in managed health care and favor a universal health insurance program run by the government and funded by taxpayers. The public generally supports a stronger, not a weaker, social safety net. By nearly three to one, the public rejects cutbacks in Medicare and Social Security.<sup>13</sup>

Large majorities feel that the gap between rich and poor is growing, and that government has a responsibility to try to do away with poverty and hunger, that abortion should be a decision made by a woman and her doctor, and that racial minorities should be given fair treatment in employment—but not special preferences in hiring and promotion. After many years of strong support for organized labor, Americans became much less positive toward unions during the grim days of the 2009 recession.<sup>14</sup>

Sixty percent agree that large corporations wield too much power. A majority believes that corporate executives care very little about the environment, are given to falsifying company accounts, and are lining their own pockets. Large majorities say that corporations have too much influence over government. Most Americans are concerned about the environment. A majority also favors the death penalty and being “tough” on crime. Yet 60 percent agree that the president has no right to suspend the Bill of Rights in time of war or national emergency. By a five-to-three majority, Americans support the idea of a public health plan to compete with private insurance. Only 25 percent of Americans say banks are honest and trustworthy.<sup>15</sup>

In sum, on many important issues, a majority seems to hold positions at variance with those maintained by ideological conservatives and reactionaries and closer to the ones enunciated by liberals and progressives.

Opinion polls are only part of the picture. There is the whole history of democratic struggle that continues to this day and remains largely untaught in the schools and unreported in the media. It is expressed in mass demonstrations, strikes, boycotts, and civil disobedience—targeting such things as poverty, unemployment, unsafe nuclear reactors, nuclear missile sites, and U.S. wars abroad. There have been mass mobilizations in support of legalized abortion, women’s rights, gay and lesbian rights, and environmental protections. There have been organized housing takeovers for the homeless, protests against police brutality, and noncompliance with draft registration. The

Selective Service System admitted that over the years some 800,000 young men have refused to register (the actual number is probably higher).<sup>16</sup> At the same time, major strikes have occurred in a wide range of industries, showing that labor militancy is not a thing of the past.

This is not to deny that there remain millions of Americans, including many of relatively modest means, who succumb to the culture of fear propagated by right-wing reactionaries. They fear and resent gays, ethnic minorities, feminists, immigrants, intellectuals, liberals, peace activists, environmentalists, evolutionary scientists, communists, socialists, labor unions, Muslims, and atheists. They swallow the reactionary line that government is the enemy (not the powerful interests it serves), and they are readily whipped into jingoistic fervor when their leaders go to war against vastly weaker nations.

Yet this society does not produce large numbers of conservative activists. There are no mass demonstrations demanding tax cuts for the rich, more environmental devastation, more wars, more tax cuts for the rich, or more corporate accumulation of wealth.

Despite the mind-numbing distractions of a mass culture and the propaganda and indoctrination by plutocratic institutions, Americans still have concerns about important issues. Political socialization often produces contradictory and unexpected spin-offs. When opinion makers indoctrinate us with the notion that we are a free and prosperous people, we, in fact, begin to demand the right to be free and prosperous. The old trick of using democratic rhetoric to cloak an undemocratic class order can backfire when people begin to take the rhetoric seriously and translate it into democratic demands.

There are those who love justice more than they love money, those who do not long for more acquisitions but for a better quality of life for all.

## DEMOCRACY: FORM AND CONTENT

Americans of all political persuasions profess a dedication to democracy, but they tend to mean different things by the term. In this book, *democracy* refers to a system of governance that represents in both *form* and *content* the interests of the broad populace. Decision makers are to govern for the benefit of the many, not for the advantages of the privileged few. The people hold their representatives accountable by subjecting them to open criticism, the periodic check of elections, and, if necessary, recall and removal from office. Democratic government is limited government, the antithesis of despotic absolutism.

But a democratic people should be able to enjoy freedom from economic, as well as political, oppression. In a real democracy, the material conditions of people's lives should be humane and not insufferable. Some writers would disagree, arguing that democracy is simply a system of rules for playing the political game, with the Constitution and the laws as a kind of rule book. They say we should not try to impose particular economic agendas on this open-ended game. This approach certainly does reduce democracy to a game. It evades the whole question of *cui bono*? Who benefits from this game?

The law in its majestic equality, Anatole France once observed, prohibits rich and poor alike from stealing bread and begging in the streets. And so the law becomes something of a fiction that allows us to speak of “the rights of all” divorced from the class conditions that often place the rich above the law and the poor below it. In the absence of decent material conditions, formal rights are of little value to millions who lack the means to make a reality of their rights.

Take the “right of every citizen to be heard.” In its majestic equality, the law allows both rich and poor to raise high their political voices: both are free to hire the best-placed lobbyists and Washington lawyers to pressure public officeholders. Both are free to shape public opinion by owning a newspaper or television station. And both rich and poor have the right to engage in multimillion-dollar election campaigns to win office for themselves or their political favorites. But again, this formal equality is something of a fiction. What good are the rules for those millions of people who are excluded from the game?

We are taught that capitalism and democracy go together. The free market supposedly creates a pluralistic society of manifold groups, a “civic society” that acts independently of the state and provides the basis for political freedom and prosperity. In fact, many capitalist societies—from Nazi Germany to today’s Third World dictatorships—have private-enterprise systems but no political freedom, and plenty of mass destitution. And the more open to free-market capitalism they become, the poorer they seem to get. In such systems, economic freedom means the freedom to exploit the labor of the poor and get endlessly rich. Transnational corporate capitalism is no guarantee of a meaningful political democracy, neither in Third World countries nor in the United States itself.

When it works with any efficacy, democracy is dedicated to protecting the well-being of the many and rolling back the economic oppressions and privileges that serve the few. Democracy seeks to ensure that even those who are not advantaged by wealth or extraordinary talent can earn a decent livelihood. The contradictory nature of “capitalist democracy” is that it professes egalitarian political principles while generating enormous disparities in material well-being and actual political influence.

Some people think that if you are free to say what you like, you are living in a democracy. But freedom of speech is not the sum total of democracy, only one of its necessary conditions. Too often we are free to say what we want, while those of wealth and power are free to do what they want to us regardless of what we say. Democracy is not a seminar but a system of power, like any other form of governance. Freedom of speech, like freedom of assembly and freedom of political organization, is meaningful only if it is heard and if it keeps those in power responsive to those over whom power is exercised.

Nor are elections a sure test of democracy. Some electoral systems are so thoroughly controlled by well-financed like-minded elites or rigged by dishonest officials that they discourage meaningful dialogue and broad participation. Whether a political system is democratic or not depends not only on its procedures but on the actual material benefits and the social justice or injustice it

propagates. A government that pursues policies that by design or neglect are so steeply inequitable as to damage the life chances of large sectors of the population is not democratic no matter how many elections it holds.

It should be repeated that when we criticize the lack of democratic substance in the United States, we are not attacking or being disloyal to our nation itself. Quite the contrary. A democratic citizenry should not succumb to state idolatry but should remain critical of the powers that work against the democratic interests of our nation and its people.

C H A P T E R  
6

## Politics: Who Gets What?

With the advent of World War II, business and government became ever more entwined. Occupying top government posts, business leaders were able to freeze wages and let profits soar.<sup>1</sup> Immediately after the war thousands of government-owned facilities were sold off as “war surplus” for a pittance of their actual value, representing a major transfer of public capital to private business. The U.S. military budget was reduced but never to prewar levels. If anything, with the advent of the Cold War, the United States maintained a huge military budget and a permanent war economy that helped bolster business profits—in addition to other subsidies that were handed out to corporate America.

### WELFARE FOR THE RICH

In the 1950s, the Eisenhower administration sought to undo what conservatives called the “creeping socialism” of the New Deal by handing over to private corporations many billions of dollars worth of oil reserves, public lands and utilities, government-owned factories, and atomic installations, a kind of “socialism for the rich.”

The practice of using the public’s money and resources to bolster private profits continues to this day. Every year the federal government doles out huge sums in *corporate welfare*, in the form of tax breaks, price supports, loan guarantees, bailouts, payments in kind, subsidized insurance rates, marketing services, export subsidies, irrigation and reclamation programs, and research and development grants. In 2006, direct government payouts to big business totaled \$92 billion, roughly three times what is spent yearly on a welfare program such as food stamps. That sum does not include other forms of corporate feeding at the public trough.<sup>2</sup>



The government leases or sells—at a mere fraction of market value—billions of dollars worth of oil, coal, and mineral reserves. It fails to collect hundreds of millions of dollars in royalties, interest, and penalties.<sup>3</sup> It permits billions of dollars in public funds to remain on deposit in private banks without collecting interest. It lends out billions to large firms at below-market interest rates. It tolerates overcharging and cost overruns by companies with government contracts. And it sometimes even reimburses big corporate defense contractors for the immense costs of their mergers.<sup>4</sup>

The government gave away the entire broadcasting spectrum valued at \$37 billion (in 1989 dollars)—instead of leasing or auctioning it off. Every year, the federal government loses tens of millions of dollars charging “ranchers” below-cost grazing rates on over 20 million acres of public lands. These “ranchers” include a number of billionaires, big oil companies, and insurance conglomerates. Over the past five decades, at least \$100 billion in public subsidies have gone to the nuclear industry.

The U.S. Forest Service has built almost 400,000 miles of access roads through national forests—more road miles than the federal interstate highway system. Used for the operations of logging and mining companies, these roads contribute to massive mud slides that contaminate water supplies, ruin spawning streams, and kill people. In 2003, the Bush administration opened up an additional 200 million acres of public lands to oil, gas, and mineral companies.<sup>5</sup>

Agribusiness is one of the favored recipients of federal largesse, reaping \$21 billion in 2006, with more than two-thirds of it going to the wealthiest agribusiness firms, while the bottom 80 percent took home less than \$2,000 on average.<sup>6</sup> Britain’s Queen Elizabeth and other members of the royal family

have agribusiness investments in the United States that reap upwards of \$2 million yearly in subsidies. Other wealthy recipients of farm supports include billionaires David Rockefeller and Ted Turner.<sup>7</sup> In 2002 the Bush administration pushed through a gargantuan farm bill designed to hand out \$189 billion in subsidies to agribusiness through 2012. The subsidies were for a select number of crops: wheat, corn, cotton, rice, soybeans, dairy, peanuts, and sugar.

The subsidies are tied to production. The more you grow, the more you get. To raise yields, farmers pour on pesticides, herbicides, and fertilizers, they stop rotating crops to rest their fields, and devote every acre to corn or wheat, creating vast monocultures [that] require still more chemicals.... The vast fields require costly equipment for planting and harvesting.... Biodiversity falls. As costs rise, bigger farms buy up smaller farms.... The countryside depopulates. Towns vanish. As production rises, prices fall. As prices fall, the subsidies increase, costing taxpayers more and more money.<sup>8</sup>

The federal government subsidizes the railroad, shipping, and airline industries, along with the exporters of iron, steel, textiles, tobacco, and other products. The government paid \$3.3 billion to expand the airline industry from 1940 to 1944.<sup>9</sup> It doles out huge amounts in grants and tax “incentives” to the big companies to encourage oil and gas drilling, charging the companies only a pittance for the large amounts of oil extracted from public lands.

County and municipal governments also feed big business. The largest retail corporation in the world, Wal-Mart, has received at least \$1 billion of public money from local governments, including free land, free water and sewerage service, property tax breaks, and direct cash subsidies.<sup>10</sup>

Whole new technologies are developed at public expense—nuclear energy, electronics, aeronautics, space communications, mineral exploration, computer systems, the Internet, biomedical genetics—only to be handed over to industry for private gain without the government collecting a dollar. Thus, AT&T managed to have the entire satellite communications system put under its control in 1962 after U.S. taxpayers put up the initial \$20 billion to develop it.

Through a series of deceptive accounting loopholes and unlimited deductions that companies can make for executive compensation, the government in effect spends \$20 billion a year subsidizing corporate executive pay. In 2007, the House of Representatives tried to close this loophole “but the bill was blocked in the Senate after a lobbying campaign by some of the richest men in America.”<sup>11</sup>

Costs are socialized; profits are privatized in an enormous upward redistribution of income from the taxpaying populace to the corporate rich. Under corporate-state capitalism ordinary citizens pay twice for most things: first, as taxpayers who provide the subsidies, then as consumers who buy the high-priced commodities and services—if they can afford to.

## FEDERAL HANDOUTS TO CORPORATE AMERICA

It is frequently argued that big companies must be given all this assistance because they provide the jobs we need. But the large corporations are capital intensive, not labor intensive. The net number of new jobs they create is

relatively slight compared to the size of their operations. Most Americans work for relatively small businesses, and most new jobs are created by small businesses. Small businesses, however, receive only crumbs from the federal table.

Billions of taxpayers' dollars go to bail out giant companies like Chrysler and Lockheed, while small businesses are left to sink or swim on their own. When one of the nation's largest banks, Continental Illinois, was on the brink of failure, it received \$7.5 billion in federal aid. Under the deregulated thrift market adopted in 1982, savings and loan associations (S&Ls) could take any investment risk they wanted with depositors' money, often at great profit to themselves, with the understanding that failures and bad debts would be picked up by the government. In many instances, thrift industry heads funneled deposits into fraudulent deals or directly into their own personal account. When hundreds of thrifts failed, the government spent over \$1 trillion to compensate depositors, 90 percent of whom held accounts of \$100,000 or more, in what amounted to the biggest financial bailout scandal in history—up to that time. U.S. taxpayers are having to pay \$32 billion a year for the S&L bailout for a period of thirty years.<sup>12</sup>

State and local governments also let big business feed at the public trough. Consider Wal-Mart, the largest company in the world, which takes in over \$280 billion in yearly revenues, owned by the richest family in the world, the Waltons. Between 1980 and 2004, Wal-Mart received \$625 million in payouts from otherwise cash-strapped state and local governments to open up stores in their areas. Impoverished municipalities have provided Wal-Mart with building sites, parking lots, roads, sewage systems, and other free infrastructure aid. Wal-Mart also is indirectly subsidized by the federal government when its poorly paid workers find it necessary to apply for food stamps and other public assistance, costing U.S. taxpayers hundreds of millions of dollars every year.<sup>13</sup>

The states compete with each other in handing out huge sums to attract new businesses and keeping old ones from leaving. In cities across the country, taxpayers have paid hundreds of millions of dollars for new sports stadiums, while the wealthy owners of professional teams pocketed record profits. State and local governments provide business with low-interest loans, tax breaks, zoning privileges, free land, and waivers on environmental regulations. This costly special treatment is justified as necessary to create new jobs. Yet new jobs rarely materialize in any appreciable numbers. Eugene, Oregon, provided \$12 million for a corporation to cut down an impressive stand of historic giant trees and build a parking garage and apartments that created only a few jobs. Baton Rouge, Louisiana, gave Exxon a \$14 million tax break in exchange for a net gain of one job (by Exxon's own estimate). Michigan gave a company \$81 million to build a mill that created only thirty-four permanent jobs—which comes to \$2.3 million per job.<sup>14</sup>

In sum, free-market advocates, who preach self-reliance to the general public, are the first to turn to governments at all levels for handouts and other special considerations.

## THE BILLION-DOLLAR BAILOUTS

The mother lode of all federal bailouts came with the disastrous recession of 2008–2009. As the free-market system continued to produce more and more commodities, it used relatively fewer and fewer workers. Thus it accumulated massive amounts of profit for the few while holding down wages for the many. Consumer buying power diminished, consumer debt ballooned and reached its outer limits, consumer demand eventually declined, inventories piled up, workers were laid off—further diminishing consumer buying power, in a cycle that led to a serious recession.

The mounting accumulation of surplus capital created a problem for the moneyed class. There were not enough opportunities to invest. Straddled with more money than they knew what to do with, big investors poured immense sums into nonexistent housing markets, predatory lending for unsustainable mortgages, and other dodgy ventures, creating lots of commercial paper of no real value, to be sold to the public and each other packaged as “securities” but representing no real productive value.

Many of these unsecured securities were bought with borrowed funds (“leveraged” investments). Eventually this unregulated financial system crashed in upon itself as the real economy gave way. Sales declined drastically. Jobs continued to disappear. Large financial institutions seemed likely to drown in their own “toxic assets.” Among the victims of the debacle were other capitalists, small investors, and the many working people who lost billions of dollars in savings, pensions, and home equity.

Hundreds of billions of dollars from the federal treasury and several *trillions* of dollars printed by the Federal Reserve (the private banking institution that controls our nation’s money supply<sup>15</sup>) were handed over to the major financial institutions of Wall Street, arguably the wealthiest group of plutocrats in the world, in exchange for vast amounts of virtually worthless mortgage-backed securities and other pieces of paper; “cash for trash,” some critics called it.

The 2008–2009 “rescue operation” offered corporate America an unparalleled opportunity to plunder the public treasury. Rather than help borrowers pay or restructure their mortgages, the government used taxpayers’ money to cover the banks’ losses from speculative investments. Such bailouts were needed to save the entire financial system, it was claimed. All it saved was a handful of big-time money grabbers. The bailout money was supposed to trickle down. It would unfreeze the credit market, but it did not. Creditors already had plenty of money to lend. In the real economy there just were not enough “qualified borrowers” (those deemed to be suitable credit risks).

Most of the banks, including JPMorgan Chase and Bank of New York Mellon, openly stated that they had no intention of letting anyone know where the bailout money was going. We do know that they used some of it to buy up smaller banks and prop up banks overseas. CEOs and other top banking executives also were discovered spending bailout funds on fabulous bonuses and lavish corporate spa retreats, golf tournaments, and exclusive receptions.<sup>16</sup>

Bailout beneficiaries like Citigroup (\$45 billion) laid off thousands of employees while handing out bonuses of \$1 million or more to over seven hundred managers. The head of Citigroup's energy trading unit was slated to be awarded as much as \$100 million in 2009.<sup>17</sup> That same year another bailout winner, Goldman Sachs, posted \$3.44 billion in second-quarter profits and earmarked \$11.4 billion in compensation for its employees, payouts that were almost entirely a government subsidy.<sup>18</sup> Goldman Sachs began once more to speculate wildly with bailout money and dirt-cheap Federal Reserve loans.

It doesn't get any better than that for the plutocrats: a casino capitalism encourages increasingly riskier investments that produce lucrative short-term payoffs; but, if they go wrong, they are picked up by the government. The winnings are pocketed by the corporate gamblers and the losses are covered by the American taxpayers. And to tide them over, the gamblers are handed multimillion-dollar welfare paychecks.

Bank of America (BoA) received \$45 billion in bailout funds (plus \$118 billion in asset guarantees), none of which went to the homeowners who had been thrown out on the street when hit with foreclosures. Instead BoA bought Merrill Lynch for \$50 billion and in 2009 reported second-quarter profits of \$2.4 billion while handing out \$3.3 billion in bonuses to its senior managers. Merrill Lynch itself, while supposedly ailing and about to be taken over by BoA, paid out \$3.6 billion in bonuses, money that came from the U.S. government.<sup>19</sup> AIG, a giant insurance firm, received a phenomenal \$180 billion bailout at last count, and immediately spent chunks of it on bonuses and posh resort retreats for its top management.<sup>20</sup>

By the end of 2009, over 3.5 million homes had been foreclosed and the ranks of the unemployed had doubled. The nation's fund for unemployment benefits dwindled to dangerously low levels, leaving hundreds of thousands of needy people without checks for months, and more than a million applicants yet to be processed into the system. Sixteen states, with exhausted unemployment funds, were now paying benefits with borrowed cash, taking on additional billions of dollars in debt and facing increasing pressure to raise taxes or cut aid.<sup>21</sup> As local revenues declined, state and local governments were unable to meet their general budgets and were compelled to lay off employees and cut programs, often for those most in need.

The Obama administration failed to create an actual bailout for the real economy, for the troubled households of working families, money that could have been used to rewrite mortgages, keep people in their homes, give them money to spend on food and shelter, in all, spending from the bottom up to get the economy back in motion, as was done to some extent during the New Deal.

In 2009 the Obama administration did announce plans to create a Consumer Financial Protection Agency to shield the public from deceptive and fraudulent practices by banks and other businesses that offered credit at hidden predator rates.<sup>22</sup> This proposal was furiously opposed by a banking industry that was unwilling to live without its tricks and trumps.

## TAXES: HELPING THE RICH IN THEIR TIME OF GREED

The capitalist state uses taxation, as well as public spending, to redistribute money in an upward direction. The higher your income, the greater are your opportunities to enjoy lightly taxed or tax-free income, including tax-free state and municipal bonds and tailor-made write-offs. In five years (2001–2005) tax reductions mostly to rich individuals and corporations, including cuts on capital gains and dividends, have cost the U.S. Treasury about \$860 billion.<sup>23</sup> (*Capital gains* are the profits made from the sale of stocks that have increased in value. *Dividends* are that portion of company profits distributed to stockholders.)

In the last two decades, income from capital ownership (dividends, interest, rents) has risen twice as fast as income from salaries and wages.<sup>24</sup> While the rich grow richer, their tax burden grows lighter. The Internal Revenue Service (IRS) reports that thousands of U.S. residents in the very highest bracket pay less than 5 percent of their income in taxes, even though their portion of total U.S. income has doubled. Generally, the very wealthy have not had such a large share of the national income since 1929, the year the Great Depression began.<sup>25</sup>

Federal taxes on investment income are less than half the rate of federal taxes on wages and salaries. People making \$60,000 pay a much larger portion of their earnings in federal income tax and Social Security taxes than a family making \$25 million. The multibillionaire Warren Buffett noted that thirteen workers in his office paid an average tax rate of about 33 percent, compared with the 17.7 percent that he paid. “My cleaning lady pays a higher tax [rate] on her earnings than I do on my dividends and investments.... It has been a marvelous, marvelous time to be superrich.”<sup>26</sup>

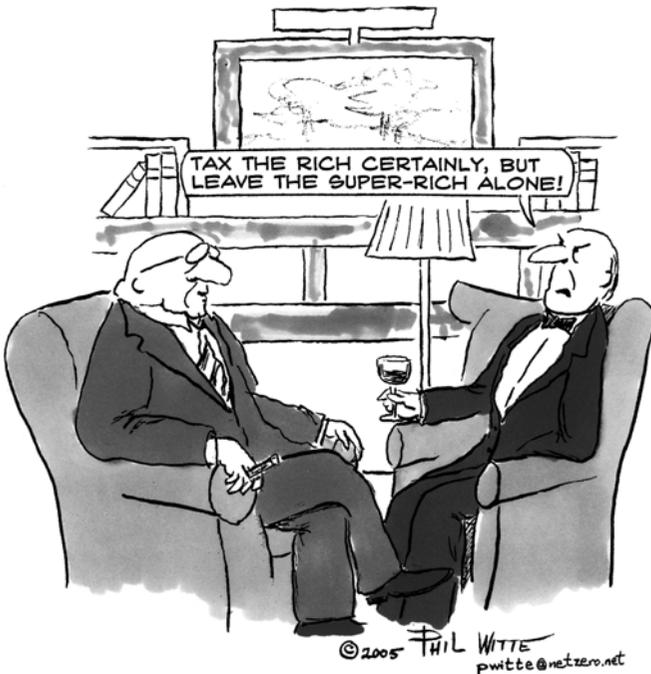
Some twenty-five hundred very rich individuals pay no taxes at all, and the number has been growing. Each year a dozen or so billionaires give up their U.S. citizenship and take up nominal residence in the Bahamas or other offshore tax havens, thereby saving millions. Superrich Americans have an estimated \$500 billion—if not more—squirreled away in overseas tax shelters.<sup>27</sup>

President Barack Obama announced his intention to crack down on offshore tax havens and wealthy cheats. In 2009 the IRS took actions against tax evaders, including an agreement under which Swiss banking giant UBS AG admitted to helping American clients hide their incomes and agreed to pay a \$780 million penalty and turn over thousands of names of Americans who were hiding billions of dollars in taxable income.<sup>28</sup>

Corporations too are making more money and paying less taxes. The proportion of federal revenues coming from corporate taxes has dropped from 49 percent in the 1950s to 7.4 percent today. Numerous American firms, including shipping companies, have reincorporated in Bermuda and other countries in order to qualify as “foreign companies” and enjoy various tax exemptions in the United States. This move usually entails nothing more than opening a small overseas office to accept mail. Abusive tax shelters used by big companies deprive the U.S. Treasury of many billions of dollars every year, according to a report by the Government Accountability Office, the investigative arm of Congress.<sup>29</sup>

Chevron corporation avoided paying billions in U.S. taxes for thirty years by claiming questionable foreign tax credits.<sup>30</sup> The royalties that Exxon and Mobil give to Saudi Arabia for the oil they extract from that country are treated as a tax credit, directly subtracted from what the companies have to pay to the U.S. government. Media tycoon Rupert Murdoch avoids paying taxes on his U.S. holdings, though they account for the greater part of his immense fortune. He siphons off many millions of dollars in stateside profits to his subsidiary in the Netherlands Antilles, a place that has virtually no income taxes. In addition, the \$1.8 billion he paid to acquire U.S. television stations is written off against profits, further reducing his taxable income.<sup>31</sup> In effect, we taxpayers help pay for Murdoch's growing Fox media empire.

Corporations can deduct for just about all business costs: supplies, salaries, wages, overhead costs, marketing expenses, advertising, business conferences, legal costs, and moving costs. They can write off business meals, travel and entertainment, investment incentives, operational losses, interest payments, and depreciation. They shift profits to overseas branches in low-tax countries and losses to their accounts in high-tax countries. They indulge in tax shelters so complex that government auditors sometimes cannot properly trace them. They incur multibillion-dollar merger and acquisition costs that are then written off as deductions. And they dispatch lobbyists to Washington to pressure Congress for still more tax breaks.



The result is that, even as they brag to stockholders of soaring profits and a booming economy, over 60 percent of U.S. corporations pay no income taxes. In one year, General Motors, for years the largest corporation in the United States, while reporting \$4.61 billion in profits, paid the IRS less than 1 percent in taxes.<sup>32</sup> Some companies generate so many excess tax write-offs that they actually receive “negative tax” rebates from the U.S. Treasury. Thus during a recent four-year period Enron paid nothing in taxes but got \$381 million in tax rebates by using more than 874 offshore accounts. The total for all such corporate rebates or “negative taxes” in 2004 was \$12.6 billion paid out by the U.S. government.<sup>33</sup>

It has been argued that taxing the wealthy more heavily would make no appreciable difference in federal revenue since they are relatively few in number. In fact, if rich individuals and corporations paid a graduated progressive tax, as they did twenty years ago, with no shelters, hundreds of billions of additional dollars would be collected yearly and the national debt could be swiftly and substantially reduced. Just the deductions that corporations claim for the interest on their business loans costs the government nearly \$100 billion a year in lost revenue. Corporate tax evaders also failed to pay billions of dollars in Medicare and Social Security taxes.<sup>34</sup>

GOP leaders maintain that tax cuts to big business and wealthy investors are necessary to induce an economic growth that in turn will create millions of new jobs and bring a rise in government revenues. In fact, there is little evidence to support this scenario. The American economy grew fastest in the 1950s and 1960s when corporate and individual tax rates were dramatically higher than today. The enormous tax breaks for the rich handed out during the George W. Bush administration resulted in the worst job growth performance ever recorded over a business cycle. The benefits of tax cuts for the superrich go mainly to the superrich. Such cuts impose a greater tax burden on the working public, which, in turn, means less buying power, less consumer demand, and slower job growth.<sup>35</sup>

The United States has two different methods of collecting taxes. In the first system working people have their taxes withheld from their paychecks and their wages are independently reported to the IRS by their employers, allowing for very little, if any, cheating. In the other system business owners, corporations, landlords, trust fund holders, and investors are free to monitor themselves, often resorting to imaginative bookkeeping. The cheating on capital gains alone is estimated at \$29 billion annually.<sup>36</sup>

Responding to pressure from conservative lawmakers in Congress, the IRS increased its oversight on people of modest income, while substantially reducing audits of richer individuals and giant companies.<sup>37</sup> Over several years Congress gave the IRS an extra \$1 billion to audit the working poor. In 2005, responding to public criticism, the IRS began to crack down on improper tax shelters, collecting more than \$3.2 billion mainly from wealthy delinquents. Still, from 2001 to 2006, the IRS froze refunds that were due to 1.6 million low-income taxpayers with incomes averaging around \$13,000, most of whom were entitled to the modest amounts or more.<sup>38</sup>

## UNKIND CUTS, UNFAIR RATES

There are several ways people can be taxed. A *progressive* income tax imposes a substantially higher tax rate on the rich, based on the principle that taxes should fall most heavily on those who have the greatest store of surplus income and the greatest ability to pay. Thus, in 1980 the very richest paid a 70 percent tax rate and the poorest only 18 percent. That rate is not as severe as it sounds. The tax was graduated so that the rich paid 70 percent on only a small uppermost portion of their income and lower rates on lower portions, the same as everyone else. In addition, they continued to enjoy various special deductions. Today they pay a rate less than half that.

A *proportionate* income tax, or “flat tax,” imposes the same rate on everyone, regardless of ability to pay. Its proponents argue that a flat tax brings simplicity and clarity to the tax code. Instead of the rich paying 70 percent and the poor paying 15 percent, which is supposedly all too complicated for us to grasp, we would all pay, say, 20 percent; this way we ordinary folks would be less confused. The truth is, a proportionate tax lowers the taxes on wealthier Americans and raise taxes on just about everyone else.

Those who advocate a progressive tax consider the proportionate tax to be unfair. If both rich and poor pay, say, 20 percent of their income, then a person who earns \$15,000 pays \$3,000 in taxes and has only \$12,000 to live on, while one who makes \$10 million pays \$2 million and still has \$8 million (probably more, because the higher the bracket, the greater the opportunities for tax-free income). A dollar taken from someone of modest means cuts closer to the bone, having a greater deprivation impact than a thousand dollars taken from the super rich. Furthermore, most flat-tax proposals apply to wages and pensions but not dividends, interest, capital gains, corporate earnings, and large inheritances, which are treated still more lightly.

A *regressive* tax is even more unfair than a flat tax, for instead of paying the same rate, rich and poor pay the very same amount. Both an indebted student and a billionaire executive pay the same tax on a gallon of gas, but the student is sacrificing a far greater portion of income than the executive. *Sales taxes* and *excise taxes* are highly regressive, be it at the federal or state and local levels. (A sales tax is a rate imposed uniformly on a general range of products. An excise tax applies to a specific product, such as a gasoline tax or cigarette tax.) In forty-five of fifty states, the poorest 20 percent of the population pay proportionately far more in state and local taxes than the richest 1 percent. In Washington State, for example, the poor pay 17.4 percent of their income in state and local taxes, while the rich pay only 3.4 percent. Since the early 1990s, sales and excise taxes have increased, while states began cutting state income taxes, making their overall tax systems still more regressive.<sup>39</sup>

Most regressive of all is the *national sales tax* advocated by some conservatives to replace the income tax. To raise as much as does the current income tax, we all would have to pay an estimated 30 percent sales tax on most products, a regressive burden that would drive millions more into poverty and probably wreck the economy. Some right-wing lawmakers advocate a *value added tax*, which is just a more covert and complicated version of a national sales tax.

Taxes would be added onto commodities at every stage of production and distribution, with the consumer paying the full tab at the end of the line.

Then there are the *estate tax* and *inheritance tax*, both of which are very progressive. (An *estate tax* applies to the decedent's entire estate before disbursement. An *inheritance tax* is levied on individuals receiving funds and property from the estate.) As of mid-2006, the law exempted the first \$2 million of an estate for an individual, or the first \$3 million for married couples. Enemies of the estate tax, such as President George W. Bush, have argued that families have lost their farms because of this "death tax." But when pressed on the question, the White House was never able to produce a single family farm that fell victim to the estate tax.<sup>40</sup> If the estate tax is permanently abolished, it will mean many billions of superrich tax dollars lost yearly that will have to be made up by working taxpayers.

In 2004 the Republican majority in Congress passed legislation granting a \$136 billion, ten-year corporate tax cut. In 2006, urged on by the White House and by multibillionaire families such as the Waltons (owners of Wal-Mart), Congress passed an additional \$69 billion in tax cuts mostly for the nation's wealthiest taxpayers. That same year the Bush Jr. administration began eliminating the jobs of 157 IRS lawyers who audited tax returns of the superrich, especially those involved in gift and estate taxes. Some of these auditors charged that the layoffs were just the latest moves to shield influential people who were understating their assets and were big contributors to Bush's presidential campaigns. Cheating among the superrich was a major and growing problem amounting to many billions of dollars a year, according to one congressional report.<sup>41</sup>

Most of the "tax reforms" produced by Congress are paraded as relief for the besieged middle class when actually they mostly benefit the top income bracket. Of the major tax cuts put through by the Bush administration, the cumulative reductions were likely to cost the treasury \$2.4 trillion over eight years, with about 50 percent going to the richest fraction of the top 1 percent.

## DEFICIT SPENDING AND THE NATIONAL DEBT

When government expends more than it collects in revenues, this is known as deficit spending. To meet its yearly deficits, the government borrows from wealthy individuals and financial institutions in the United States and abroad. The accumulation of these yearly deficits constitutes the national debt.

Conservative leaders who sing hymns to "fiscal responsibility" have been among the wildest deficit spenders. The ultraconservative Ronald Reagan administration in eight years (1981–1988) tripled the national debt from \$908 billion to \$2.7 trillion. In the following four years, the ultraconservative George H. W. Bush administration brought the debt up to \$4.5 trillion.

The centrist Democratic Bill Clinton administration (1993–2000) slowed the rate of debt accumulation, and even produced surpluses in its last three budgets, including a \$236 billion surplus for fiscal 2001. At that rate the debt was expected to be retired within a decade. But then the reactionary George W. Bush administration (2001–2008) reversed that trend with massive

tax cuts and record deficit spending, increasing the national debt to over \$10 trillion, a 50 percent jump in the eight years of Bush's presidency.<sup>42</sup>

Inheriting a massive recession and a huge deficit, the Barack Obama administration poured hundreds of billions of dollars into bailouts and stimulus packages, creating a \$1.2 trillion deficit in its first six months in office.<sup>43</sup>

In 1993, the federal government's yearly payout on the national debt came to \$210 billion. By 2006, it had climbed to about \$430 billion, a sum that is paid out by ordinary taxpayers to rich creditors. Several things explain the national debt:

- The billions of dollars in tax cuts to wealthy individuals and corporations represent lost revenue that is made up increasingly by borrowing. The government borrows furiously from the big moneyed interests it should be taxing. The debt serves the rich investor class well.
- There is the budget-busting impact of peacetime military spending and the added operational costs of wars. Thus by 2009, the government was spending over \$10 billion a month on wars in Iraq and Afghanistan in addition to the standard military budget that had climbed to over \$534 billion for fiscal 2009.
- The growing national debt itself contributes to debt accumulation. As the debt increases, so does the interest that needs to be paid out. Every year, a higher portion of debt payment has been for interest alone, with less for retirement of the principal, the debt itself. By 1990, over 80 percent of all government borrowing went to pay for interest on money previously borrowed. Thus, the debt becomes a self-feeding force. The interest paid on the federal debt each year is the second-largest item in the discretionary budget (after military spending).
- Deficit spending is also a way of privatizing the federal budget: the larger the debt and debt payments, the more that goes to rich private creditors and the less that goes for government services.
- The greater the debt, the more excuse right-wing rulers have to defund human services, environmental protections, and other such frills they so dislike.
- Payments on the federal debt constitute an upward redistribution of income. To borrow money, the government sells U.S. Treasury bonds. These bonds are promissory notes that are repaid after a period of years. Who gets the hundreds of billions of dollars in yearly interest on these bonds? Mostly the individuals, investment firms, banks, and foreign investors with money enough to buy them. Who pays the interest (and the principal)? Mostly ordinary U.S. taxpayers. As Karl Marx wrote almost 150 years ago: "The only part of the so-called national wealth that actually enters into collective possessions of modern peoples—is their national debt."<sup>44</sup>

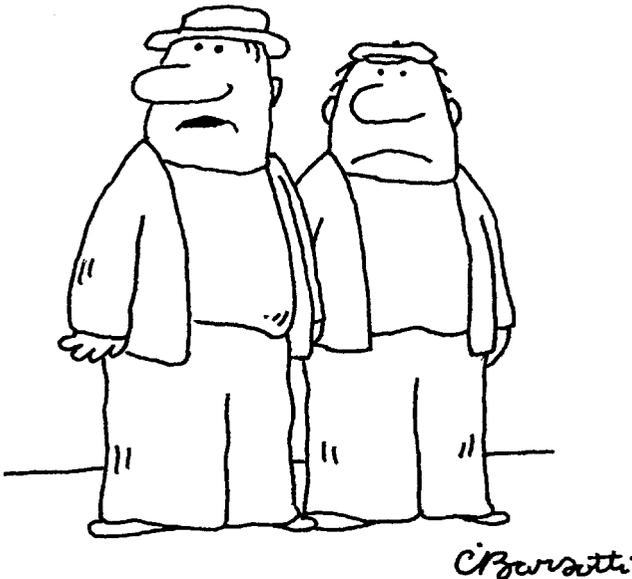
## SOME HIDDEN DEFICITS

There are other hidden deficits besides those that show up in the federal budget. First, there is the "off-budget" deficit, an accounting legerdemain that allows the government to borrow additional billions outside the regular budget.

A nominally “private” corporation is set up by the government to borrow money in its own name. For instance, monies to subsidize agricultural loans are raised by the Farm Credit System, a network of off-budget banks, instead of being provided by the Agriculture Department. Congress created an off-budget agency known as the Financing Corporation to borrow the hundreds of billions of dollars needed for the S&L bailout, instead of using the Treasury Department. But these sums are taken out of the general revenue, compliments of the U.S. taxpayer.

Another hidden deficit is in trade. As we consume more than we produce, and import and borrow from abroad more than we export, the U.S. debt to foreign creditors increases. Interest payments on these hundreds of billions borrowed from abroad have to be met by U.S. taxpayers. By early 2009, China alone held more than \$1 trillion of the U.S. debt and was showing a declining appetite for buying up more U.S. Treasury bonds. The United States faced what some call a “debt explosion” that could leave its currency undermined and its budgets shattered.

Social Security also is used to disguise the real deficit. The Social Security payroll deduction—a regressive tax—soared during the Reagan years, and today produces a yearly surplus of some \$150 billion. By 1991, 38 percent of U.S. taxpayers, especially in the lower brackets, were paying more in Social Security tax than in federal income tax. Many Americans willingly accept these payroll deductions because they think the monies are being saved for their retirement. On paper, the Social Security surplus fund was almost \$2 trillion in 2009. But all those funds have been used to offset deficits in the regular budget, paying for White House limousines, wars, FBI agents, corporate subsidies and bailouts, interest on the debt, and other items in the federal budget.




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“There, there it is again, the invisible hand of the marketplace giving us the finger.”

U.S. political leaders have assiduously ignored the surest remedies for reducing the astronomical national debt: (a) sharply reduce individual and corporate tax credits, deductions, and shelters, (b) cut back on the huge subsidies to big business and agribusiness that do little to create jobs and much to fatten the coffers of the very rich, (c) reintroduce a progressive income tax and estate tax that would bring in hundreds of billions more in revenues, and (d) greatly reduce the bloated military budget and redirect spending toward more productive and socially useful sectors of the economy that create more jobs than does military spending.

To summarize: In almost every enterprise, the plutocracy has enjoyed opportunities for private gain at public expense. Government nurtures private capital accumulation through a process of subsidies, supports, and deficit spending and an increasingly inequitable tax system. From ranchers to resort owners, from brokers to bankers, from automakers to missile makers, there prevails a welfare for the rich of such magnitude as to make us marvel at the corporate leaders' audacity in preaching the virtues of self-reliance whenever lesser forms of public assistance threaten to reach hands other than their own.

C H A P T E R  
7

## Health and Human Services: Sacrificial Lambs

The plutocracy rules but not always in the way it would like. Those of wealth and power must make occasional concessions, giving a little in order to keep a lot, taking care that the worst abuses of capitalism do not cause people to agitate against the capitalist system itself. Through much of the twentieth century, democratic forces pressed their fight against economic and social injustice. In response, the federal government initiated a limited series of human services. Since the 1980s even these inadequate but important gains have come under attack.

### THE POOR GET LESS (AND LESS)

Federal programs frequently fail to reach those most in need. The Special Supplemental Food Program for Women, Infants, and Children (WIC) assists only about half of those eligible. In 1996, a law supported by President Clinton phased out Aid to Families with Dependent Children (AFDC or “welfare”). Millions of indigent families were denied food stamps and child nutrition assistance. In 2005, cuts in food stamps left an estimated forty thousand children ineligible for free or reduced-price school lunches. Many elderly poor were ejected from private nursing homes once their federal checks stopped coming in. Many people with mental or physical impairments were cast onto the streets, to go hungry, searching out soup kitchens and food banks run by churches and other charities. In recent years private charity has been unable to keep up with the increasing numbers of destitute people.<sup>1</sup>

Over the last twenty-five years, funds were slashed from school breakfast programs, legal services for the poor, remedial education, maternal and child health care, and assistance to the aged, blind, and disabled, causing severe hardship for many. Programs employing hundreds of thousands of people—mostly women—to staff day care centers and offer services to the disabled and aged have been abolished.

The Reagan administration (1981–1988) cut Supplemental Security Income (SSI), the “safety net” for low-income disabled persons, including children. By 2000, at least one-third of those needing SSI were no longer being reached. Disabled recipients of SSI were denied their federal and state cost of living increases for 2006 by President Bush.

That same year Bush proposed a \$2.7 trillion budget containing record allocations for the military, overseas wars, and corporate subsidies. But funds for domestic programs were reduced, including student grants, drug treatment, day care, air traffic safety, emergency rescue, care for national parks, health research, and Medicare. Bush attempted (unsuccessfully) to eliminate the Commodity Supplemental Food Program that provided food to the elderly poor and low-income mothers with young children, thereby saving \$107 million, an amount equivalent to what the Pentagon spends or misplaces in three hours.<sup>2</sup>

The recession of 2008–2009 has brought additional reductions in human services, creating more hunger, isolation, and unattended illness for those with the fewest economic resources and the least political clout.<sup>3</sup>

The picture is no brighter at the state and local levels. Because of drastic cuts in federal grants, many states had to reduce their health care, housing, education, and family assistance programs. Contrary to prevailing myths, most recipients of family assistance are White (although African Americans and Latinos are disproportionately represented); less than 1 percent are able-bodied men; over 95 percent are U.S. citizens, not illegal aliens; and most stay on welfare for not more than two years. Recipients do not live in luxury. Their allotments are far below the poverty level.

In the United States *consumer debt* reached a record high by 2002 and doubled in size from 2001 to 2008. The standard view is that people go heavily into debt because they are addicted to shopping and overspending. In fact, a nationwide survey found that a large majority of personal bankruptcies are related to illness and costly medical expenses. About 75 percent of these had private health insurance that provided inadequate coverage.<sup>4</sup> Other major causes of personal debt include loss of job, small-business failure, and loss of the family breadwinner. Facing financial emergencies, people with poor credit standing often turn to corporate lenders who charge predatory fees and usurious interest rates, amounting to 40 percent and higher. Debt itself creates more debt. As soon as a monthly payment is missed, penalty fees are piled on and the debt is compounded. New bankruptcy laws in 2005 made it virtually impossible for debtors to wipe the slate clean by declaring bankruptcy. Instead they face a “debtor’s prison without walls,” with heavy garnishment on future earnings, consigning them to decades of financial hardship.<sup>5</sup>

## SOCIAL INSECURITY: PRIVATIZING EVERYTHING

Plutocrats do not lightly tolerate a nonprofit public sector that creates jobs, tax revenues, and fulfills human wants while engendering no profits for corporate America. So the owning class pushes for *privatization* of public services and resources, both within the United States and throughout the world.

Social Security has long been under intense fire from the privateers. A little over half the \$500 billion or so that annually goes into Social Security comes out of employees' paychecks; the rest must come from employers, which is a major reason why the latter so dislike the program. For the last thirty-five years, opponents of Social Security have been predicting that the retirement fund will soon go broke because of the growing number of seniors. They urge that employees be allowed to invest their Social Security payments in the stock market where it supposedly will grow at a faster rate, leaving everyone with ample fortunes when they retire. Nothing is said about the portion now contributed by the employer.

But the stock market is not a pension program; it is a form of gambling that could prove risky to many unpracticed retirees (and even to seasoned investors). Stock markets can crash without quickly bouncing back. After the crash of the Great Depression, stocks did not regain their 1929 highs until 1954. If retirement funds were transferred into millions of private accounts on the stock market, Wall Street brokerage firms would make billions of dollars in fees every year, but Social Security as a pooled system of payments, a collective insurance fund and safety net, would come to an end.

When calculating the bountiful returns that retirees allegedly would glean from stock investments, privateers use rosy projections about a continually booming market. But when predicting bankruptcy for Social Security, they switch to pessimistic projections of a low-growth economy with abnormally low payments into the fund. In fact, far from going broke, Social Security produces enormous surpluses. From 1983 to 2005, Americans paid \$1.8 trillion *more* in Social Security taxes than were paid out in benefits. According to the Congressional Budget Office, the Social Security Trust Fund will remain solvent until at least 2052.<sup>6</sup>

Social Security is the only federal program that produces about \$150 billion yearly surplus, the only program that shows every sign of being self-supporting and solvent for over thirty years to come yet is repeatedly described by its enemies as being in danger of insolvency.<sup>7</sup>

Whatever the size of the trust fund, Social Security's yearly intake should be able to meet benefit payments indefinitely. If there actually were to be a shortfall thirty or forty years hence, it could easily be met by extending the Social Security tax to income earnings above \$90,000, which was the cap as of early 2006, and eliminating the 100 percent exemption on "unearned income" (dividends, interest, capital gains, rents, and so on).<sup>8</sup>

We already know what happens when government pension funds are privatized. In Chile when a right-wing government privatized the country's retirement plan, Chileans soon discovered that the substantial deductions taken from their paychecks left them with only one-third the benefits that the old

government plan had provided. The private companies that manage the pension funds gobbled up some 30 percent of workers' contributions in fees and administrative costs, raking in high profits even in years when individual accounts lost money. Many workers dropped out of the private plan because the deductions were too large, the returns too chancy, and the retirement checks too meager. Countries that followed the Chilean model ended up with equally dismal results.<sup>9</sup>

Social Security in the United States is not merely a retirement fund; it is a three-pronged insurance program that spreads risk and resources across society. It consists of (a) *retirement pensions* for over 30 million seniors and their spouses; (b) *survivors insurance* for over 3.5 million children of deceased or disabled workers, until they reach the age of 18; (c) *disability insurance* for 4 million persons of all ages who suffer serious injuries and impairments. The privatizers say nothing about providing for survivor and disability insurance.

Opponents of Social Security claim that it allows the elderly to live off the labor of the young, because it is the young who are paying into the program and the elderly who are taking from it. In fact retired parents who receive public assistance and Medicare are less likely to become a burden to their children. Without Social Security 14 million more seniors and disabled would sink below the poverty level, many into abject destitution.

Although free marketeers insist that Social Security doesn't work, what really bothers them is that it does. It is one of the most successful antipoverty and human services programs in U.S. history. In over six decades, it has never missed a payment. Its administrative costs are only about 1 percent of annual payouts. By comparison, administrative costs for private insurance are about 13 percent. Social Security helps the many instead of the few, redistributing billions of dollars in a more egalitarian not-for-profit fashion. This is why the program's opponents persistently demand that it be "reformed," that is, eliminated.

## A SICK HEALTH SYSTEM

Health care in the United States is in a very unhealthy condition. Too often the first examination patients undergo is of their wallets. Public hospitals are closing down for lack of funds. Patients are ejected in the midst of an illness when they run out of money. People with prolonged illnesses are frequently bankrupted by medical bills despite supposedly "comprehensive" private coverage.

The care people are receiving is not getting better, only more expensive. To maximize profits, hospital staffs are cut and overworked, sometimes to the point of being unable to give proper care. Contrary to the myth that "private enterprise can do it better," death rates and patient expenses are higher at private hospitals than at nonprofit ones.

The Institute of Medicine estimates that up to ninety-eight thousand Americans die annually because of preventable medical errors. Iatrogenic illness (sickness caused by the treatment itself) kills additional tens of thousands every year. The federal Centers for Disease Control and Prevention estimates that 2 million hospital patients contract infections every year and nearly 100,000 die as a result. In addition, there are an estimated 300 million

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“We both think you need surgery, but we have to get a third opinion from an accountant.”

medication errors yearly, along with faulty diagnoses, equipment failures, surgeries on the wrong limb or organ, wrong blood-type transfusions, and misplaced or misread tests. A Justice Department investigation revealed that in one year thousands of patients underwent unnecessary surgical and diagnostic procedures for which doctors filed more than \$1 billion in insurance claims.<sup>10</sup> Too many hospitals are cost-cutting profit mills, providing substandard care for the highest possible prices.

Even when patients are given the correct drug in the right dosage, highly deleterious or even lethal “side effects” can occur. Just about all drugs have a toxic component. Many of them are not adequately tested before distribution. Excessive reliance on medical drugs kills more Americans than all illegal narcotics combined.<sup>11</sup> Even vaccinations have come under serious challenge for being insufficiently tested and delivering ill-effects upon thousands of recipients, especially children.<sup>12</sup>

The United States has two federal health programs that have served the public well: *Medicaid*, which pays for medical treatment for the poor, and *Medicare*, which pays much of the medical cost for the aged and disabled. Since Congress and the states began cutting back on welfare in 1996, about a million low-income people have lost Medicaid coverage. Then in 2005 a Republican-led Congress passed a bill requiring millions of low-income people to pay higher co-payments and premiums under Medicaid. The result was that many more indigents had to forgo care. About one-third of those adversely affected were children.<sup>13</sup>

Both programs have occasionally been subjected to abuse when some doctors and hospitals overcharge the government enormous sums, while rendering inferior care. In one instance certain swindlers formed scores of phony

medical companies in order to bilk Medicaid and Medicare of hundreds of millions of dollars for services and equipment that were never provided.<sup>14</sup>

Nursing homes care for nearly 2 million elderly and disabled, ringing up from \$80 billion to \$90 billion in business each year, with more than 75 cents of every dollar picked up by the taxpayer through Medicaid and Medicare. The less the nursing home spends on patient care, the more it keeps for its managers and shareholders. Profit-driven nursing homes have become the shame of the nation, with their insufficient and poorly trained staffs, filthy conditions, and neglect and abuse of patients.<sup>15</sup>

Top corporate executives and their families experience a different kind of health system from ordinary folks. They generally are provided with complete health coverage by their companies. They pay no deductibles and virtually no premiums for medical visits and hospitalization, while enjoying state-of-the-art treatment at the very best private hospitals in luxury suites.<sup>16</sup>

The medical industry is the nation's largest and most profitable business, with an annual health bill of \$1 trillion, or 14 percent of the gross domestic product (GDP). The industry's greatest beneficiaries are big insurance companies and health maintenance organizations (HMOs). These are profit-driven private companies that charge steep monthly premiums while underpaying their staffs and requiring their doctors to spend less time with each patient, sometimes withholding costly—even if necessary—treatment.<sup>17</sup>

Most HMOs pay doctors only a small fixed yearly fee per patient, no matter how many visits or treatments are needed. Doctors, whose reputation for compassion and excellence attract a large share of the sickest (and costliest) patients, are feeling increasingly demoralized because they cannot make a living on fixed HMO fees when trying to treat those who need extensive care.<sup>18</sup>

Many HMOs claim a nonprofit status, ostensibly because they are engaged in a “public service mission”—even though they run a highly profitable business. As “nonprofit” organizations, they avoid paying income taxes and property taxes.

## THE HEALTH INSURANCE RACKET

Free-market proponents maintain that government should not be in the business of health care and that private insurance companies offer us more choice, quicker and higher quality service, all at a reasonable cost. Reality paints a different picture.

Private insurers charge premiums that are prohibitively high for many Americans. About 50 million Americans are without health insurance throughout the entire year. Another 30 million have coverage that is so scanty as to leave them underinsured. Six in ten ailing Americans delayed or deferred necessary medical treatment in 2008–2009 because of inability to pay. This included millions who were insured but whose plans did not cover needed services. About twenty thousand of the untreated die each year from treatable illnesses.<sup>19</sup>

Health insurance premiums have been rising five times faster than wages over the last eight years, devouring one-fourth or more of the average family's

income. Since 1980, spending on health care in the United States has expanded three times faster than the overall economy's growth. In many cities one or two health insurers dominate the market. Their monopolistic grip makes it easier for them to dictate low provider reimbursements while charging ever higher insurance premiums.<sup>20</sup>

To minimize payouts, insurance companies screen out applicants who are most likely to need care and seek to insure those least likely to get sick. The insurers frequently refuse to reimburse for expenses, arguing that the insured person had a prior condition (no matter how minor it was) or was not originally of perfect health. In his revealing documentary film *Sicko*, Michael Moore reports the case of a woman who was denied coverage for cancer surgery by her insurer because some years earlier she had had a prior condition—a yeast infection.

Health insurance policies often contain unexpected qualifiers and disclaimers in small print, including numerous deductibles, add-ons, and “co-payments” that the patient must pay. Policyholders might discover too late that they owe huge sums because their insurance companies pay only for routine hospital care and not for surgery or lab tests.<sup>21</sup>

Insurance companies often refuse to pay for special procedures that are unusually expensive. They have been known to cancel the policies of those who become afflicted with protracted illnesses (“dump the sick”). A former Cigna corporate executive admitted to a Senate committee that “the number of uninsured people has increased as more have fallen victim to deceptive marketing practices and bought what essentially is fake insurance.”<sup>22</sup>

Before Medicare was established in 1965 under President Lyndon Johnson, more than 40 percent of elderly Americans lacked any kind of health insurance. Today Medicare covers everyone sixty-five and over. Surveys show that Medicare recipients are much more satisfied with their coverage than other Americans are with for-profit private insurance.<sup>23</sup>

Of the Americans who do have some form of private insurance, the majority get it through their employers—who are able to write off the costs as tax deductions. But in return the government requires that employers must extend coverage to all their employees and not cherry-pick in the manner done by insurance companies in the individual-policy market. Many firms, strapped for funds, are dropping insurance coverage for their workers.

Health care reform is difficult and hugely expensive if left in the hands of the free marketeers. Many of the goals are impossible to attain without a single-payer system. Only single-payer would enable us to drastically reduce administrative costs, relieve employers of the burden of carrying insurance, and provide a form of universal coverage that is affordable and available to all.

This nation has fifteen hundred different health insurance programs. These private companies cost hundreds of billions of dollars a year. Private companies lay out huge sums for marketing, for screening out undesirable applicants, and for enormous salaries and bonuses to their top directors.

A team of Harvard Medical School researchers estimated that a single-payer national health insurance could save at least \$286 billion annually, enough to cover all the uninsured. Private health insurance companies spend

13 percent of premiums on administrative and overhead costs, compared to 3.2 percent spent for government-managed Medicaid and Medicare, or 0.9 percent for Canada's single-payer system—which got rid of health insurance companies almost three decades ago. Likewise private drug plans have much higher administrative costs than would be incurred if Medicare administered the plan.<sup>24</sup>

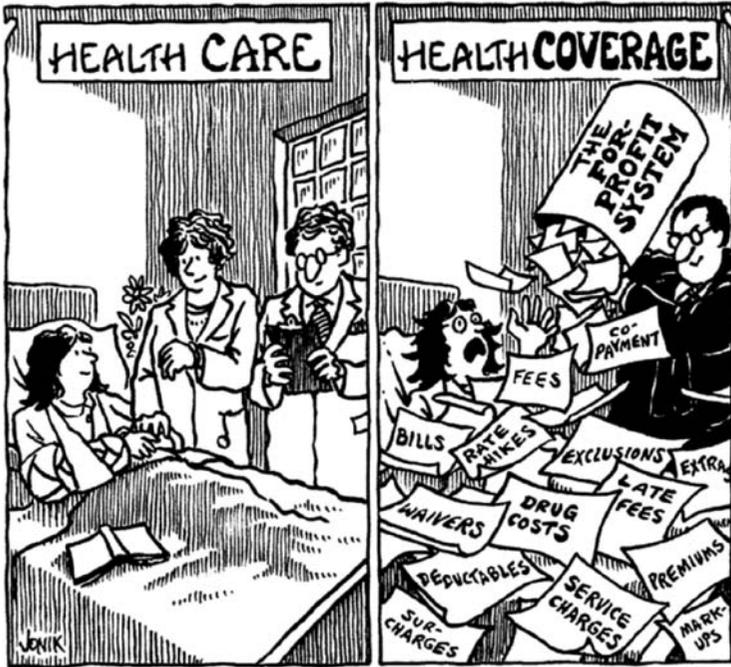
## THE “SOCIALIST” MEDICAL MENACE?

Free-market reactionaries circulate all sorts of horror stories about the health care systems in Western social democracies and Canada. We hear that these government-run systems are in shambles, paralyzed by cold and impersonal bureaucracies that deny patients the opportunity to choose their own doctors, require long waits, and deliver expensive and inferior care. The truth is something else.

- As compared to the United States, people in Britain, Germany, Holland, Canada, and elsewhere are more likely to have a regular doctor and they can choose from a roster of physicians. They do have a choice.
- Waiting time is generally less than in the United States. No one in Canada or the European social democracies is kept waiting if they need emergency care or are facing a life-threatening problem.
- No one is denied medical care because of inability to pay. No one has to pay anything except occasionally for small fees. Everyone has universal coverage for both minor and major ailments.
- People in these countries do not lose their health care when they lose their jobs.
- No Danes, Swedes, Germans, Britons, Finns, Norwegians, Belgians, French, or Canadians are ever plunged into debt or bankruptcy because of medical bills.
- All these nationalized health care systems cost about half what is spent in the United States on health care, yet they offer excellent care and cover every illness.
- Any individual in any of these countries can pay for private insurance and private care if they so choose.

It is in the United States, not the social democracies, that delayed care—even for emergency needs—is a common fact of life (and death). Over five hundred hospitals have violated a federal law that requires them to provide emergency care to anyone, regardless of ability to pay. Many postpone treatment until they can determine how the patient will pay the bill. Fines for such shabby practices are seldom imposed. No wonder surveys show that Americans overwhelmingly support substantial changes in their health care system, including a public-plan choice.<sup>25</sup>

Although Canada and the other industrialized democracies spend only half as much as the United States on health care, they have lower infant mortality rates and healthier average populations with higher life expectancies. According to a World Health Organization report, U.S. health care costs the most while being thirty-seventh in quality.<sup>26</sup>



The U.S. government actually has a socialized medicine system that works quite well. It is the Veterans Health Administration (VHA), whose success story is one of the best-kept secrets in American politics. Once plagued by bureaucratic inefficiency and mediocre service, the VHA was upgraded in the 1990s. Today it repeatedly wins a level of client satisfaction superior to any accorded private health care. The VHA offers integrated coverage to veterans of the U.S. armed forces. It does not need an enormous administrative staff for promotional work or elaborate billings and payment accounts. The VHA took “the lead in electronic record-keeping and other innovations that reduce costs, ensure effective treatment, and help prevent medical errors,”<sup>27</sup> again proof that public health service outperforms private-profit service.

Another falsehood about Canadian health care is that its drugs are “unreliable.” In fact, drugs up north are no less safe than in the United States, just much less expensive. Most medicines in the United States are drastically overpriced. Pharmaceutical companies claim they need high prices to support innovative research, but they spend three times more on sales promotions than on research, while enjoying astronomical profits of \$300 billion a year.<sup>28</sup> The companies ply doctors with free drug samples, free food, free medical refresher courses that promote the company’s pharmaceuticals, and payments for lectures that do the same.<sup>29</sup>

Most new drugs are just minor variants of existing ones. Federal budget analysts discovered that the active ingredients in many drugs often cost only pennies, whereas huge price tags are passed on to consumers. Thus one hundred tablets of Prozac, a widely used antidepressant, cost the consumer about \$247 but the active ingredients cost only 11 cents for the entire bottle.<sup>30</sup>

Furthermore, pharmaceutical research is heavily subsidized by the government to the tune of over \$15 billion annually. Most new drugs are patented after our tax dollars paid for their development.<sup>31</sup> The government also finances the development of *orphan drugs*, which treat relatively “rare” diseases (afflicting under 200,000 people). Pharmaceutical companies refuse to develop such drugs; it’s just not profitable enough for them. So the Orphan Drug Act of 1983 grants a seven-year market protection against any losses plus generous tax breaks to companies that developed medications for these relatively unusual diseases.<sup>32</sup> Once again, the private sector serves a public need only when generously bribed by the public sector.

The Bush administration pushed through a highly complicated compulsory drug “benefit” that will cost Medicare users \$1 trillion in less than a decade, bringing vast profits to the pharmaceutical companies. Deductions to insure for medications are taken from the Social Security checks of seniors whether they choose to join or not. The law specifically prohibits Medicare from negotiating lower drug prices.<sup>33</sup>

## BUYERS BEWARE, AND WORKERS TOO

More and more biomedical research is funded by private companies. Doctors at some of the nation’s leading medical schools have attached their names and lent their reputations to scientific papers drafted by ghostwriters employed by the drug companies. Such “research” is far more likely to produce results favorable to the corporation that helped pay for it, often putting the consumer at risk.<sup>34</sup>

Consumer protection is generally scanty. The Food and Drug Administration (FDA) tests only about 1 percent of the drugs and foods marketed. Toothpaste, shampoo, cosmetics, and other items are often contaminated with carcinogenic by-products, yet the FDA has done little about it. Of the medical drugs it approves, an estimated half of them cause serious adverse reactions.<sup>35</sup>

When Monsanto (owned by DuPont) introduced bovine growth hormone (BGH) to induce dairy cows to produce abnormally high amounts of milk, the FDA approved the biotech “wonder drug” even though consumer groups questioned its unknown effects on children and adults. Cows injected with BGH suffer from illness and malnutrition, making it necessary to augment their already high intake of antibiotics. The federal government already buys surplus milk supplies. The increase in (BGH) milk production will cost taxpayers additional millions, mostly benefiting a few giant dairy producers.<sup>36</sup>

“Factory farms” around the country confine livestock in cages for the entire duration of their lives, where they are fed everything from ground-up animal parts to sewage sludge. Antibiotics are regularly pumped into these creatures to keep them from sickening, and to increase their weight through water retention. Antibiotics also create virulently resistant strains of bacteria for which there is no treatment. Over nine thousand human deaths occur each year in the United States due to food-borne illnesses. Consumer groups

have been fighting to get the FDA to ban irradiated beef, which is sold at some fast-food outlets and supermarkets, and has made its way into school lunches for children. Irradiated beef, which costs 13 to 20 cents per pound more than ordinary beef, has been found to contain toxic chemicals linked to cancer and genetic damage.<sup>37</sup>

One cannot talk about the health of America without mentioning *occupational safety*. Every year over 6,000 workers are killed on the job and 4.5 million are injured. Another 10,000 die later on from job injuries and 50,000 from occupational diseases caused by toxic chemicals, asbestos, pesticides, and solvents. Some 50,000 to 60,000 sustain permanent disability, and millions more suffer from work-related illnesses. Industrial work always carries some risk, but the carnage today is due mostly to inadequate safety standards and lax government enforcement of codes. Even in the most egregious cases, employers rarely face criminal prosecution.<sup>38</sup>

The Occupational Safety and Health Administration (OSHA) has only 2,043 inspectors to ensure safety for over 135 million workers at about 7 million workplaces. Employers file reports of injuries and fatalities on a purely voluntary basis, making existing statistics unreliable. When cited for violations, corporations sometimes find it less expensive to pay the relatively light fines than to improve safety conditions. The free market is a dangerous place for working people. If a company kills an employee through willful and deliberate endangerment, it is only a misdemeanor under federal law.<sup>39</sup>

Worker's compensation laws usually place the burden of proof on the injured employee, provide no penalties when industry withholds or destroys evidence, and impose a statute of limitation that makes it difficult to collect on work-related diseases that have a long latency period. Only about 10 percent of the millions of workers injured actually win any benefits. And those who do then forfeit their right to sue a negligent employer. Thus, to some extent, the government compensation program actually shields industry from liability.

A decade of efforts in Congress (1997–2006) to increase the \$5.15-an-hour minimum wage were stymied largely by Republican lawmakers and business groups who argued that a higher minimum wage would drive away jobs. Opinion polls showed widespread support for an increase in the federal minimum wage. With the advent of a Democratic Congress, in July 2009 the federal minimum-wage law was advanced to \$7.25 an hour, with time-and-a-half pay for any hours over forty a week.<sup>40</sup>

A 2009 study of Chicago, Los Angeles, and New York found that anywhere from 12 percent to 43 percent of low-wage workers (varying by industry) were routinely paid less than the minimum wage, and many were denied proper overtime pay. African American women and immigrant workers were the most victimized.<sup>41</sup>

In addition, *wage theft* has reached epidemic proportions. Employers commit wage theft when they steal all or some portion of a worker's earnings by failing to pay time-and-a-half overtime or any overtime at all, forcing workers to work extra hours "off the clock" for no pay under threat of losing their jobs, pocketing the money deducted for Social Security, and laying off

workers without giving them the back pay owed to them. Corporations like Wal-Mart, Allstate, and IBM have been forced to make multimillion-dollar settlements with tens of thousands of workers after bitter legal battles. Wage theft exceeds \$19 billion annually and affects about 2 million workers, yet it goes largely unreported in the news media.<sup>42</sup>

## CREATING CRISES: SCHOOLS AND HOUSING

Economic inequality extends into the field of education. Wealthy districts often are allocated far more per pupil than less affluent districts. Poorer schools suffer from overcrowding and underfunding. Various lawmakers and commentators say “we can’t solve the public school problem by just throwing money at it.” Strange to hear this from people who never tire of throwing titanic sums at the Pentagon in order to improve the kill capacity of the U.S. military. A Rand Corporation study shows that more funds for smaller classes, preschool enrollment, classroom materials, and remedial services do improve the morale and performance of children from low-income families. Though not the only consideration, money—or the lack of it—is a core problem.<sup>43</sup> Free marketeers seek to privatize public education by giving parents money vouchers that they could spend on any school of their choice, including parochial ones. The schools and teachers would not be certified and there would be no performance control. Anybody, qualified or not, could start a school to make some quick bucks from vouchers.

One helpful federal program is Head Start. Children receive food, medical care, and remedial education, and their parents learn about nutrition and appropriate community programs. Only three of every five eligible children are enrolled in Head Start because the program cannot afford to accept more. Despite its success, a Republican administration decided to “reform” Head Start by cutting funds for child care, after-school and summer-school programs, assistance to abused and neglected children, and treatment for substance abuse.<sup>44</sup>

President Bush initiated a program called “No Child Left Behind,” which forces teachers to prepare students for a standardized federal test. Schools that get enough students to pass are rewarded with more funds. Schools that fail are given less. Teachers complain of having to “teach to the test” rather than encourage innovative and exploratory educational effort. Independent reading and imaginative projects are discarded. Critical thinking is discouraged. Teaching to the test involves memorizing pat answers; thus in one school, students learn that something is a poem “because it rhymes and has stanzas.” Physical education, art, music, and even science are set aside in some schools. A host of self-appointed “consultants” sell packaged curricula and test boosters to the schools in what has become a billion-dollar industry. Principals and superintendents often obsess about meeting test levels lest their school budgets be cut.<sup>45</sup>

In 2003, nearly 170,000 high school graduates, among the top in their classes, had to forgo college because they could not afford it. Students have had to rely increasingly on loans from banks and other private lenders that

are underwritten by the federal government at great profit to the banks. Here is how socialism for the rich works:

- The taxpayers (including ones who cannot afford to send their children to college) give the banks and other private credit companies billions of dollars with which to make loans to students.
- If the students pay back the loans with interest, the banks pocket these profits and use the repaid money for more loans.
- The loans that students fail to pay back are guaranteed by the taxpayers. The government buys back these bad debts from the banks and loan companies so that they neither sustain any losses nor carry any risks.
- The banks and loan companies collect on delinquent loans, using collection agencies that put liens on the wages and salaries that students might earn after graduation.
- Students often work hard to pay off the debts they owe so that the top executives of these private loan companies can continue to make multimillion-dollar salaries, use private jets, and frequent the most luxurious golf and spa resorts in the world.

If the government itself made direct loans to college students, it would cost only one-fifth as much—but that would mean no profits for the banks and private loan companies. “The White House estimates that it could save about \$94 billion over 10 years if it cut out all the middlemen. And it has the basis of a system in place, since the Department of Education already makes a lot of direct loans to students.”<sup>46</sup>

In 2005 and 2006, the Bush Jr. administration cut hundreds of millions of dollars from the education budget, including funds for vocational training and programs for disadvantaged students.<sup>47</sup> Meanwhile the government gives significantly more financial aid to the wealthiest private universities than to needy community colleges and evening schools.<sup>48</sup> Much federal aid also goes to medical schools and graduate and postgraduate science programs.

So with housing. The bulk of federal housing assistance goes not to poor households but to affluent ones. Middle- and upper-income homeowners receive tax deductions for the interest paid on their mortgages, and capital gains deferrals on housing sales, costing the government over \$100 billion in revenues each year. This is several times more than what the Department of Housing and Urban Development (HUD) is allocated for low-income housing.

Upper-income people who own beachfront homes receive federally subsidized insurance that leaves the government liable for billions of dollars in claims. One such beneficiary was multimillionaire ex-president Bush Sr., who preached free-market self-reliance while benefiting from federal insurance that covered most of the \$300,000 to \$400,000 worth of storm damage to his estate in Maine.<sup>49</sup>

Private housing developments built with government assistance are often rented to low-income people for a year or two to qualify for federal funds, then sold to other private owners who, not held to the original contract, evict the tenants and turn the units into high-priced rentals or condominiums. Every year, hundreds of thousands of low-cost housing units are lost to

demolition, gentrification, and sales to private investors, as the crisis of affordable housing spreads across the United States.<sup>50</sup>

The government has two programs for low-income tenants. The first is public housing, which accommodates about 1.3 million families, half of whom collect some form of public assistance. Public-housing projects plagued by drugs and gang crime have received a lot of media attention. But the many public-housing projects, including ones for the elderly, that work fairly well receive little press notice.

The other government housing program consists of Section 8 vouchers, which provide 1.5 million low-income families with rent subsidies. The family pays the landlord 30 percent of its income and the government pays the landlord the rest. Again, the public sector subsidizes the private-profit sector. About half of the million or so low-income households that receive rent vouchers return them unused because affordable apartments are unavailable. Only one-quarter of poor U.S. households get any kind of housing subsidy—the lowest level of any industrialized nation.

Rents have soared far above incomes in many parts of the country, further shrinking the supply of affordable housing. Millions of Americans not classified as homeless double up, or pay more than they can comfortably afford for cramped, substandard quarters. Tens of thousands of low-income Americans have been excluded from public housing for minor offenses that may have occurred years ago, or for merely being arrested, though not convicted of anything.<sup>51</sup>

The reduction in public-housing funds over the last twenty-five years remains the major cause of homelessness. Many cities are passing ordinances that make it a crime to sit or lie in a public place with a sleeping bag or shopping cart. Homeless people are harassed, roughed up and arrested, driven from one town to another, their few possessions confiscated and destroyed, their makeshift campgrounds and other sleeping spaces sealed off. The homeless have an inordinately high rate of untreated physical and psychological illnesses.

In 2008–2009, during the subprime-mortgage scandal, millions of working families were dispossessed of their homes by the duplicitous practices of predatory lenders and investors. Many ended up doubling up with relatives or living in low-rent hovels or “tent cities,” only adding to the housing crisis in America. Early in its first year in office, the Obama administration announced the Making Home Affordable (MHA) Program, a comprehensive plan intended to assist some 7 to 9 million homeowners by reducing mortgage payments to affordable levels and preventing avoidable foreclosures. The program was designed to restore the housing market, shore up its slumping values and prices, and ease the impact and frequency of foreclosures—without eliminating foreclosures or restoring ownership to the many who lost their homes.<sup>52</sup>

## “MESS TRANSIT”

The transportation system provides another example of how private profit takes precedence over public need. Up until the 1920s the transporting of passengers and goods was done mostly by electric car and railroad. Mass-transit

rails use only a fraction of the fuel consumed by cars and trucks. But these very efficiencies are what made them so undesirable to the oil and automotive industries.

Consider the fate of Los Angeles. In 1935 that city was served by one of the finest rail systems in the world, covering a seventy-five-mile radius with quiet, pollution-free electric trains that carried 80 million passengers a year. But General Motors (GM) and Standard Oil, using dummy corporations as fronts, purchased the system, and replaced the electric cars with GM buses fueled by Standard Oil. By 1955, the corporations had replaced electric street-car networks with gas-guzzling high-emission buses in over one hundred cities across the nation. Then they cut back on city and suburban bus services to encourage mass dependency on cars. In 1949, General Motors was found guilty of conspiracy in these activities and fined the crushing sum of \$5,000.<sup>53</sup>

Motor vehicles extract a staggering social cost. In the United States about 42,000 people are killed in motor vehicle accidents every year and well over 3 million are injured, many of them seriously incapacitated for the remainder of their lives. Auto accidents are the leading cause of death for people between the ages of fifteen and thirty-four. As of 2009, upwards of 3.6 million Americans have perished on the roads, more than twice the number killed in all the wars fought in the nation's history, about 120 a day. This figure does not usually include deaths that occur several days or weeks later from injuries originally sustained in the auto accident. Motor vehicles also kill 1 million animals *each day*. More deer are slaughtered by cars than by hunters.<sup>54</sup>

More than half the land in U.S. cities is taken up by the movement, parking, and servicing of vehicles. The suburban sprawl made possible by cars wipes out the surrounding farm communities, and necessitates higher per capita costs for sewage and water system construction and, in turn, still greater dependency on auto vehicles. Federal, state, and local governments spend over \$300 billion annually on road construction and maintenance, highway patrols, and ambulance and hospital services related to automotive mishaps.<sup>55</sup>

The automobile is one of the greatest causes of air pollution in urban areas and of global warming throughout the world. An estimated thirty thousand deaths yearly are caused by automotive emissions. Rubber tire and oil slick runoffs and the tons of salt poured on winter roads cause trees and vegetation to wither while damaging bays and rivers. The average vehicle generates seven hundred pounds of air pollution and four tons of carbon just in its manufacture. Auto companies have done little to develop zero-emission vehicles, falsely claiming there is insufficient demand. If anything, car dealers and the general public have long been asking for affordable zero-emission vehicles.<sup>56</sup>

Medical costs for auto victims are enormous, as are the costs of a court system that litigates so many vehicular-injury cases. As much as one-fifth of the average household's income is expended on car payments, auto insurance, gasoline, servicing, repairs, parking, and other auto-related costs. Those who are unable to drive—the elderly, the disabled, and the young—are frequently isolated by a car-dominated transport system.<sup>57</sup>

One thing that would help is more mass transit. Railroads, subways, and metro lines are vastly more efficient and less damaging to the environment

than cars and trucks, but they receive proportionately far less in subsidies. Amtrak, our public rail system, provides much needed intercity passenger service at relatively minimal cost. Yet in 2009 Amtrak received all of \$1.6 billion in appropriations from Congress, about what the Pentagon spends in a day. The Obama stimulus bill of 2009 did provide \$8 billion for Amtrak for much-needed repairs and upkeep. And Congress started preparing a six-year, multibillion-dollar plan that would allocate more funds for public transit and less for new roads and highways.

More funds are needed also to repair our bridges, one in four of which are structurally deficient or functionally obsolete. We need to spend \$250 billion to fix our aging water pipes and sewers, and additional billions of dollars for our telecommunications system, airports, tunnels, and national parks.<sup>58</sup> Many of the enormous allocations that go for bombs and bailouts could be put to more useful and needed purpose.

C H A P T E R  
8

# The Last Environment

Those of privileged and powerful means believe they have a right to use as they wish whatever natural resources still remain on the planet, while passing off their diseconomies onto others. They seem unaware that the planet's very survival is at stake.

## TOXIFYING THE EARTH

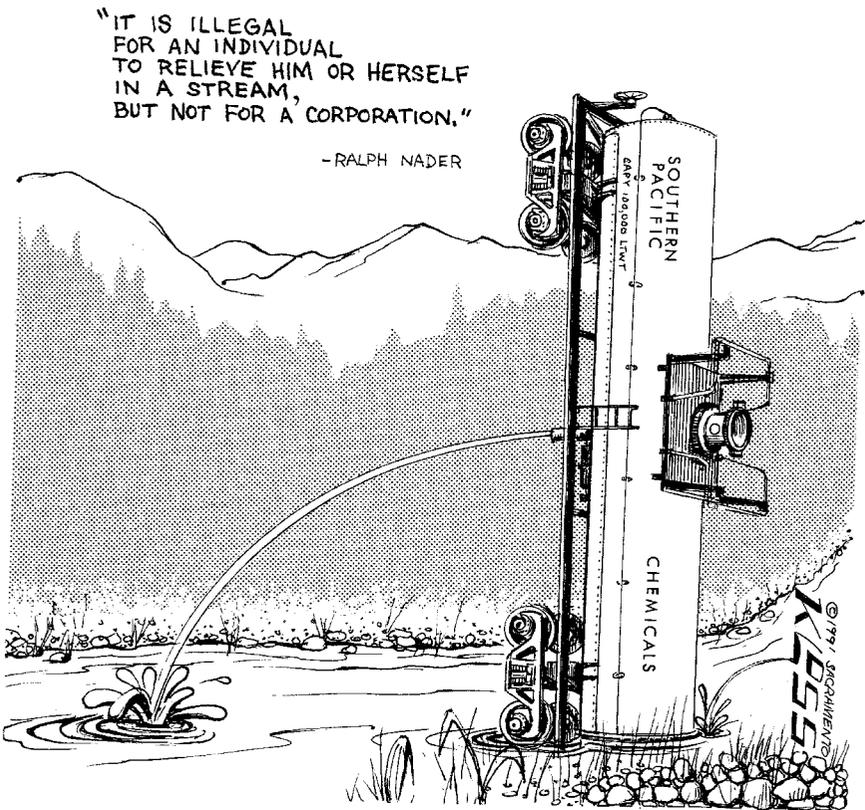
Like sin, environmental degradation is regularly denounced but vigorously practiced. Every year industry dumps over a billion pounds of toxins, including carbon dioxide, sulfur dioxide, mercury, and hundreds of other noxious substances into our environment. Corporations do this not because they want to sicken people and destroy the planet but because they want to minimize costs and maximize profits. Industry introduces about a thousand new chemicals into the marketplace annually, often with unreliable information about their effects. Each year some ten thousand spills from pipelines and tankers spread millions of gallons of oil into our coastal waters, taking a dreadful toll as the oil works its way through fish-spawning and animal-breeding cycles.<sup>1</sup>

Rain forests throughout the world, with their precious stock of flora and fauna, are being turned into wastelands. Less than 20 percent of the world's original forest cover remains today, mostly in Russia, Canada, and parts of South America and Africa, almost all of it threatened by rapacious clear-cutters.<sup>2</sup> In the United States, more than 96 percent of the ancient redwood forests have been wiped out by fast-buck timber companies. As the trees disappear so do the spawning streams and distinctive menagerie of life.<sup>3</sup> The U.S. Department of Agriculture estimates that every year up to 400,000 acres of wetlands in the United States are obliterated by commercial farming and developers.

The industrial production of meat fouls vast areas of land and waterways with waste runoff and preempts millions of acres for livestock feed. According to one report, meat consumption is the most environmentally harmful activity consumers can engage in, except for operating a gas-driven car.<sup>4</sup>

Fast-buck exploitation of the planet's resources and population explosion have brought more toxic effusion, ecological disruption, and an extinction rate of 17,500 species of plants and animals every year. By overfishing, large commercial fleets are wiping out the world's marine life and driving out small-scale fishermen.

Many widely used chemicals are endocrine disrupters and hormone mimickers. Working their way into the food chain, they undermine our health and genetic viability. In the United States toxic-waste dumps and incinerators are situated predominantly in or near low-income African American, Latino, and Native American communities, contributing to inordinately high cancer rates among these populations.<sup>5</sup> High levels of leukemia and brain and testicular tumors have been found among children who live near utility power plants and toxic sites. Over the last several decades, the rate of cancer among American children has been rising by double digits. A newborn child faces a



risk of about one in six hundred of contracting cancer by age ten.<sup>6</sup> Since 1940 breast cancer rates among women have tripled.

An estimated 50,000 to 100,000 deaths each year in the United States are caused by air pollution. The number of asthma sufferers has been increasing at the alarming rate of 50 percent each decade as air quality continues to deteriorate. As of 2007, 6.7 million children and 16.2 million adults suffered from asthma in the United States.<sup>7</sup>

More than 45 million Americans are drinking and bathing in water that is ridden with parasites and toxic chemicals. Excess lead levels have been found in the drinking water of one of every five Americans, contributing to hypertension, strokes, heart ailments, and learning disabilities. In some neighborhoods, tap water was found to contain remnants of rocket fuel. Two studies warn that mothers' breast milk "can contain traces of chemical flame retardant."<sup>8</sup>

On average, each person's body carries measurable levels of fifty to eighty or more toxic chemicals. These contaminants are probably the leading cause of death in the United States.<sup>9</sup>

Sometimes toxins are poured not into the environment but directly into our bodies. Thus silicofluorides, a toxic-waste product, is used for fluoridation. Most of the U.S. population is subjected to *compulsory fluoridation* in their drinking water because it supposedly protects children from tooth decay. But Sweden, Germany, Norway, Netherlands, Denmark, and France stopped using fluoridation over twenty-five years ago. Communities in Finland, East Germany, Cuba, and Canada that stopped using fluoride actually showed a *decrease* in tooth decay. Fluoridation causes fluorosis, which consists of severe tooth enamel loss, pitting, and discoloration. As it accumulates in the body, fluoride becomes increasingly toxic, having been linked to thyroid and neurological disorders, reproductive afflictions, bone fractures, Alzheimer's, and cancer.<sup>10</sup>

Six million acres of irreplaceable topsoil are eroded yearly by chemical farming. The use of toxic herbicides and pesticides has doubled over the last few decades, with high levels found in foods and drinking water, risking birth defects, liver and kidney diseases, brain damage, and cancer, not to mention the loss of fish, birds, and trees. Homeowners drench their yards and lawns with many times more herbicides and insecticides per acre than even farmers use, killing many useful insects that aerate the soil and pollinate plants.<sup>11</sup> The more chemicals that are poured into the environment, the more that are needed. For example, forest and lawn pesticides kill the songbirds that eat bugs, thereby removing a natural pest control and causing greater infestation—which in turn creates a greater reliance on pesticides. Pesticides produce generations of insects increasingly resistant to chemical controls—which necessitates more potently toxic chemicals. The result is that over a thirty-five-year period, pesticide use has increased tenfold (along with profits from pesticide sales) yet crop losses to insects and other pests have almost doubled. Chemical companies like Monsanto would want it no other way. Their goal is not to make things all better and then go out of business; it seems they prefer to market a product that increases the very conditions for its expanded use.<sup>12</sup>

After a nine-year study, the EPA concluded that the most widely used pesticide, atrazine, along with other pesticides might have unacceptable impacts on the environment and our health, causing abnormalities in the human endocrine system.<sup>13</sup> Along with pesticides are the chemical fertilizers that are used abundantly with much damage to the soil and little benefit to crop yield. Since 1984, the production of the world grain staples that most of humanity survives on has been falling behind population growth.<sup>14</sup>

## ECO-APOCALYPSE

The earth itself is beginning to lose its natural ability to remove air pollutants. There exists in the atmosphere a highly reactive oxygen compound, a free radical known among chemists as a *molecular scavenger*. This key molecule cleanses the air by attacking and transforming many of the gases it bounces into. Concentrations of this vital scavenger have decreased by 10 percent worldwide over a twenty-year period.<sup>15</sup>

The life support systems of the entire ecosphere—the planet’s thin skin of air, water, and topsoil and its finite supply of material resources—are threatened by global warming, endless capitalist industrial expansion, and massive population growth.<sup>16</sup> *Global warming* (also referred to as *climate change*) is caused by motor vehicle exhaust and other fossil fuel emissions that create a “greenhouse effect,” trapping heat close to the earth’s surface.

The last several decades have produced the warmest years on record. By 2004 emissions of greenhouse gases reached an all-time high, nearly double the average annual rate. These buildups are altering the climatic patterns on which we depend for our rainfall, resulting in record hurricanes, windstorms, droughts, and floods. In northern climes as well as warmer ones, rising temperatures have diminished soil moisture and rainfalls, disrupting the forest’s ability to renew itself. The consequent increase in drought and forest fires only adds to the warming.

Atmospheric warming is leading to the disappearance of freshwater sources in many parts of the world, causing life-threatening disaster for millions. Drought and overuse have led to serious water shortages in almost every area of the United States, not just the usually parched Southwest. Reservoirs have dropped to record lows. Waterfalls have disappeared. River basins and lakes are shrinking. Underground aquifers—the source of 60 percent of U.S. freshwater—are being depleted. Industrial expansion and the population boom create an additional drain on water supplies, while contributing directly to greater greenhouse emissions and more global warming.<sup>17</sup>

The meltdown of permafrost in the northern climes releases vast amounts of carbon dioxide and methane that further accelerate the heat buildup, creating a cycle that feeds on itself. Global warming is causing the Antarctic and Arctic ice caps and Greenland glaciers to melt. Arctic ice caps act as reflector shields against the sun’s rays. As they melt away, the earth absorbs still more of the sun’s heat causing still more meltdown. The melting of the ice caps brings a dramatic rise in sea levels, causing them to swallow up shorelines and small islands, and disrupt natural ecosystems, threatening to flood large sectors of the globe.

By exacerbating flooding and drought, global warming causes more than 300,000 deaths and about \$125 billion in economic losses each year. The increased death rates are from illnesses including malnutrition, diarrheal disease, malaria, and various heat-related ailments.<sup>18</sup>

The vast amount of freshwater released into the oceans from this melt-down is smothering the Atlantic Gulf Stream. Deprived of Gulf Stream warmth, much of Europe and North America could be transformed into frigid land masses that would be able to feed but a tiny fraction of their present populations. The Gulf Stream is already showing signs of slowing down, and Europe experienced one of its coldest winters in 2005–2006. The same slowdown of currents is occurring in the Pacific Ocean.<sup>19</sup>

Unless we move swiftly and massively away from fossil fuels and develop sufficient wind, solar, and tidal power, the compounding feedback effects of global warming are likely to bring utter catastrophe to the entire planet. Some experts believe it is already too late.<sup>20</sup>

Unfortunately, during his occupancy of the White House (2001–2008), George Bush took no action that might cut into the profits of the oil companies. Instead the White House muzzled scientists at NASA and at the National Oceanic and Atmospheric Administration who were pointing to an impending ecological catastrophe.<sup>21</sup>

Beset by a profound economic crisis into the second year of his administration, President Barack Obama was unwilling or unable to pursue any kind of ecological master plan that could bring a dramatic reversal. The American Clean Energy and Security Act of 2009 aims at reducing greenhouse emissions 17 percent by 2020. Other provisions include new renewable requirements for utilities, new energy efficiency incentives for homes and buildings, and grants for green jobs—all steps in the right direction but relatively small steps.

Also of concern is the shrinkage of the ozone layer that envelops the planet. Ozone-depleting chemicals, chiefly chlorofluorocarbons (CFCs), are emitted into the earth's atmosphere every year. Ozone depletion causes excessive ultraviolet radiation, which in turn disrupts the DNA of plants and humans and depresses the human immune system. Excessive ultraviolet radiation damages trees, crops, coral reefs, and fish, and is destroying the ocean's phytoplankton—a source of about half this planet's oxygen.<sup>22</sup> If the oceans die, so do we.

The top five CFC polluters in the United States are corporate military contractors. U.S. space shuttles have seriously damaging effects on the ozone layer, yet the space program goes on and on. In 2003, scientists announced that the ozone depletion rate had slowed down significantly thanks to the international ban on CFCs. However, because CFCs have very long atmospheric lifetimes, ranging from fifty to over a hundred years, and some nations have not banned them, full recovery of the ozone layer is expected to take the better part of this century, assuming we have that much time.

## POLLUTION FOR PROFITS

Profits are higher when corporations can unload their diseconomies onto the environment. Luxury cruise ships dump hundreds of thousands of gallons of

wastewater on each trip they make. Cargo and container ships illegally dump tons of oily toxic sludge into the ocean on a regular basis, causing serious devastation of marine life. About forty thousand acres of coastal wetlands, providing spawning and feeding areas for most commercial fishing, are disappearing each year. Tons of nitrogen and phosphorus excess running off from farms, cattle feedlots, and city sewers, and airborne nitrates from automobiles and power plants, cause massive algae blooms that create “dead zones” of oxygen-less water in our bays, estuaries, and ocean shorelines.

The costs of industrial effluents (which compose 40 to 60 percent of the loads treated by municipal sewage plants) and the costs of developing new water sources (while industry and agribusiness consume 80 percent of the nation’s daily water supply) are passed on to the public; so are the costs of cleaning up radioactive sites, and tending to the sickness and disease caused by pollution.

Strip mining and deforestation by coal and timber companies continue to bring ruination to wildlife and watersheds. U.S. mining companies are now resorting to *mountaintop removal*, a radical strip-mining process that blows off the entire top of a mountain to get at the coal in a quicker, more profitable way. Whole mountain ranges consisting of some five hundred mountaintops ranging across West Virginia, Virginia, and Kentucky—once rich in freshwater, wildlife, and tree cover—are transformed into barren moonscapes. About twelve hundred mountain streams have been buried beneath dumped rock and dirt. Toxic runoff leaches from the mines into the groundwater, and sediments from denuded lands pour into waterways and fisheries. Landslides wash away homes and entire hamlets. U.S. regulations forbid the dumping of industrial waste into rivers and streams. But under the Bush administration, the mining companies’ massive mountaintop debris was reclassified as “fill material” that could be freely dumped, with much destruction to streams and countryside.<sup>23</sup>

An 1872 mining law is still the law of the land. It allows mining companies to dig out gold and copper on public lands without paying any royalties and observing only minimal environmental protection. What the law has left in its wake is a battered landscape of abandoned mines and poisoned streams. A new bill that would require mining companies to pay royalties and observe environmental safeguards was pending in Congress in 2009.<sup>24</sup>

Industrial toxins—including lead, arsenic, cadmium, and dioxin—along with radioactive wastes are increasingly being recycled as fertilizer to be spread over farm fields and grazing lands nationwide. In some states, agribusiness companies have succeeded in passing “food disparagement laws” that allow them to sue anyone who questions the safety of their products. Whether they win or not, such litigious threats have a chilling effect on critics.<sup>25</sup>

Companies like Monsanto have a long record of releasing toxic wastes into unsuspecting communities, then covering up their actions for decades. Monsanto’s Sauget plant was the world’s leading producer of polychlorinated biphenyls (PCBs), a substance linked to cancer, mental disability, birth defects, and immune disorders. For years Monsanto concealed studies that found PCBs unsafe. The vile substance was finally banned in 1970. At least forty-four Monsanto properties qualify as Superfund toxic sites.<sup>26</sup>

Pesticide companies and their compliant bureaucrats in the federal and various state agricultural departments will suddenly designate harmless insects like the gypsy moth and the light brown apple moth—creatures that have been around for decades—as a lethal menace to crops and foliage. They then promote aerial spraying of whole communities, putting whole populations at risk, especially children and the elderly.<sup>27</sup>

## GOVERNMENT FOR THE DESPOILERS

With the fate of the planet at stake, the U.S. government's response has been less than inspiring. The Safe Drinking Water Act remains haphazardly enforced. The Clean Air Act became a bonanza for coal producers, who were given billions of dollars ostensibly to clean up their act. And the Endangered Species Act, one of the world's toughest wildlife preservation laws, has proven largely ineffectual, with failures mounting faster than successes.

People exposed to atmospheric nuclear tests and the contaminating clouds vented from continued underground tests have suffered a variety of serious illnesses. Nuclear mishaps have occurred at reactors in a dozen states. In the area around Three Mile Island, Pennsylvania, livestock aborted and died prematurely, and households experienced what amounts to an epidemic of cancer, birth defects, and premature deaths.<sup>28</sup>

Nuclear power plants are so hazardous that insurance companies refuse to cover them. And they are too expensive to attract corporate investors. The average two-reactor nuclear power plant is estimated to cost upwards of \$18 billion to build, and that is before cost overruns. The carbon imprint created



by the manufacturing of the nuclear plants themselves, the production of energy rods, the cooling towers, and the need for vast amounts of cooling water demonstrate that nuclear energy is no answer to global warming. Still, nuclear power plants continue to be built, with Congress shelling out billions of dollars in tax credits, federal loan guarantees, insurance, and direct subsidies.<sup>29</sup>

For decades the government knowingly let uranium and other lethal substances leak into the groundwater and drinking wells. It has allowed private industry and the military to deposit radioactive nuclear wastes into ocean dumps and prime fishing beds along the ocean coasts of the United States. The Department of Energy has no known safe method of disposing of radioactive waste.

We were told that nuclear power would be clean and inexpensive. In fact, the construction of nuclear plants involved cost overruns of 400 to 1,000 percent, often bringing higher rather than lower electric rates. The nuclear industry has no long-term technology for the entombment or decontamination of old plant sites. Thousands of tons of “slightly” radioactive metal from reactors and laboratories are being considered for recycling, to be used in such common items as zippers, food cans, and silverware. Nuclear industry representatives assure us that the effect of such radioactive commodities on human health would be “negligible.”<sup>30</sup>

The federal government’s Environmental Protection Agency (EPA) has conducted almost no basic research on the long-term health effects of pollution. EPA monitors only about 1 percent of the seventy thousand different synthetic chemicals and metals in commercial use. State and federal officials take action in less than 2 percent of the thousands of annual environmental complaints, and usually only after prolonged public agitation forces them to do what they are being paid to do. Various state governments have adopted legislation that allows corporate polluters to monitor themselves, without having to tell authorities or the public the results.

The government sometimes collaborates with the polluters. The Bush administration slashed the budgets of the EPA and the U.S. Forest Service and removed wilderness protections.<sup>31</sup> Politically appointed agency heads suppressed scientific information about the damage done to ecology and wildlife.<sup>32</sup> The inspector general of the EPA reported that the agency failed to fully assess the health impacts of mercury pollution because Bush appointees intervened and compromised the study. New rules instituted by Bush Jr. allowed coal-fired plants to expand without installing modern air pollution control equipment to reduce mercury and other emissions.<sup>33</sup>

Over the last decade, the White House slashed funding for environmental science and stacked scientific committees with members dedicated to the government’s pro-industry, anti-environment agenda. Government departments accepted industry-sponsored reports that denied any environmental crisis, while rejecting more worrisome independent studies from universities and other research institutions.<sup>34</sup>

The Department of the Interior opened millions of acres of national parks and forests to strip mining. The Army Corps of Engineers opened 60 million acres of wetlands to private developers. The Corps has spent more than

\$25 billion in this century building dams and levees that have left a bleak legacy of ecologically ravaged rivers, silted lakes thick with dead fish, and destruction of wildlife and plant habitats. The Corps' efforts at containing rivers in narrowly corseted waterways has only intensified the velocity and frequency of floods.<sup>35</sup>

Corporate polluters are more often rewarded than punished. The Defense Department has paid private defense contractors upwards of \$1 billion to clean up pollution from their own operations. (Again, the public sector must generously bribe the private-profit sector to get it to show some social responsibility.) When the Energy Department does impose cash penalties on contractors who violate its safety rules, the companies are then allowed to bill the government for the fines!

## AN ALTERNATIVE APPROACH

In the face of an impending ecological catastrophe of global magnitude, growing numbers of people have been developing organic agriculture and environmentally sustainable energy sources. Throughout the world, be it ecological logging in Guatemalan rain forests or high-nutrition chemical-free "clean rice" in Vietnam, there is a growing consciousness about the advantages of organic production. Cuba has provided the most dramatic example of an entire nation turning to organic farming—by force of circumstance. No longer able to count on Soviet aid in the 1990s, and unable to import chemicals or modern farming machines, the Cubans returned to oxen for plowing, while discarding chemical pesticides and herbicides. They also developed integrative natural pest management and networks of urban food gardens, all with much success.<sup>36</sup>

One study found that chicken farmers in Denmark did just as well or better after eliminating the use of antibiotics in feed. Likewise, tomato farmers in Florida earned much more per acre after switching from methyl bromide (a soil fumigator and pesticide banned by Congress) to bahia grass pasture. Thousands of farmers in the United States have abandoned chemical farming and have turned to organic methods, soon achieving larger yields at less cost by using crop rotation, natural pest control, and nonchemical fertilizers, methods that revitalize the soil. They get little if any assistance from the Department of Agriculture, which is too busy serving agribusiness and chemical farming. Organic farming means no profits for Monsanto and other chemical companies.<sup>37</sup>

Today growing numbers of people in this country and around the world rely on solar devices. Wind and solar power plants in California provide power for about a million people. They can be built faster and cheaper than nuclear or fossil fuel plants and have no toxic emissions. Renewable nonpolluting energy provides about 7.5 percent of this country's energy production. Twelve states in the Great Plains have a wind energy potential greater than the electric use of our entire nation.<sup>38</sup> However, recent administrations have done little to develop these alternative sources. Despite its smaller economy, Japan spends almost eight times more on solar energy research and development than the United States.

Solar, wind, and tidal energy sources would be readily accessible if government and corporations devoted more resources to their development. A new generation of high-efficiency windmill turbines are becoming the fastest-growing energy source in parts of Europe, Latin America, and India.

The hydrogen fuel cell—as with nuclear energy—is misleadingly hailed as a nonpolluting alternative source. It comes from an oil derivative and emits carbon dioxide, a greenhouse gas. So too with ethanol, a corn-based fuel described by the Council of Economic Advisors and Federal Trade Commission as “costly to both consumers and the government and will provide little environmental benefit.” It will cost even more than regular gasoline.<sup>39</sup>

In sum, things work best for big business when costs are socialized and profits are privatized. Government is an insufficient bulwark against the baneful effects of giant corporate capitalism and often a willing handmaiden. Why that is so will be examined in later chapters. Of utmost importance are the serious contradictions that exist between our well-being and the profit-driven corporate system. Big business’s modus operandi is to produce and sell at an ever expanding rate, treating the world’s resources as limitlessly expendable. But the earth is finite, as is its water supply, oxygen, topsoil, and ability to absorb toxins and heat from energy consumption. An infinitely expanding capitalism and a fragile, finite ecology are on a calamitous collision course. Our very survival hangs in the balance.

C H A P T E R  
9

# Unequal before the Law

Although we have been taught to think of the law as a neutral instrument serving the entire community, in fact it is often written and enforced to favor the very rich over the rest of us.

## CRIME IN THE SUITES

People fear street crime more than the white-collar variety because of its potential violence and vivid portrayal in movies and television shows. But corporate crime costs the nation much more in lives and money than does street crime. Burglary and robbery cost the public under \$4 billion a year, while the wrongdoings of a handful of major corporations cost hundreds of billions a year. The FBI estimates that sixteen thousand people in the United States are murdered every year. Meanwhile there are the tens of thousands who annually fall victim to carcinogenic pollutants, unsafe food and water, hazardous consumer products, and profit-driven medical malpractice.<sup>1</sup>

The FBI and the Justice Department issue annual crime reports that never mention corporate lawbreaking. For the feds, crime usually means crime in the streets not crime in the suites. For every corporation convicted of swindling investors, consumers, and workers, there are hundreds more that go unpunished. For every company convicted of polluting the nation's waterways or selling illegal pesticides, there are hundreds more that go unchallenged. Public prosecutors who fight corporate crime are greatly underfunded and understaffed.<sup>2</sup>

One of the more egregious instances of corporate malfeasance involved DuPont, Ford, GM, ITT, Boeing, and other companies whose factories in Germany produced tanks, planes, and synthetic fuels used by the Nazi military to kill American troops during World War II. After the war, rather than being prosecuted for aiding the enemy, ITT collected \$27 million, and General



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Motors over \$33 million, from the U.S. government for damages inflicted on their German plants by Allied bombings. At least fifty U.S. corporations operated in Germany in 1941–1945, while the Nazis were at war with the United States. Faced with class action law suits in 1999–2000, growing numbers of corporations admitted having greatly profited from unpaid slave labor supplied from Nazi concentration camps.<sup>3</sup> No U.S. corporate head was ever prosecuted for complicity in these war crimes.

Corporate crime is not a rarity but a regularity. The Justice Department found that most giant companies have committed felonies. Many are repeat offenders. Over the years, General Electric was convicted of 282 counts of contract fraud and fined \$20 million. Charged with 216 violations involving toxic substances, WorldCom was fined \$625,000. Over a sixteen-year period, major oil firms cheated the government of nearly \$856 million in royalties by understating the value of the oil they pumped from public lands.<sup>4</sup> In none of these instances of grand larceny did anyone go to jail.

Honeywell ignored defects in gas heaters, resulting in twenty-two deaths and seventy-seven crippling injuries, for which it was fined \$800,000. Johns-Manville Corporation suppressed information about the asbestos poisoning of its workers; when ordered to pay damages in civil court, it declared bankruptcy to avoid payment. For dumping toxic chemicals into well water that was subsequently linked to eight leukemia deaths, W. R. Grace was fined \$10,000. Charged with unlawfully burning toxic wastes into the atmosphere for twenty years, Potomac Electric Power Co. of Washington, D.C., was fined the crushing sum of \$500.<sup>5</sup> In none of these cases did anyone go to prison.

Many corporate crimes are not even prosecuted. A Union Carbide plant spewed lethal pesticides over Bhopal, India, in what was history's worst industrial accident, killing over 22,000 people (at last count) and seriously afflicting more than 100,000. Despite charges of gross negligence and culpable homicide, executives from Union Carbide (now merged with Dow Chemical) were never put on trial.

Claiming it did not have enough lawyers and investigators, the U.S. government failed to pursue more than one thousand fraud and embezzlement cases involving savings and loans (S&L) associations and banks, amounting to hundreds of billions of dollars in losses to U.S. taxpayers.<sup>6</sup>

In 2005 the Bank of New York agreed to pay \$38 million in penalties and victim compensation arising from a case of money laundering and fraud, but no one went to jail. That same year Halliburton failed to make payments to pension participants as legally required, instead using some of the funds for executive pensions and bonuses. Halliburton was required to pay almost \$9 million and an undisclosed tax penalty, but no one went to prison for that grand larceny.<sup>7</sup>

As of 2006 there was an estimated \$450 billion shortfall in retirement and disability funds, as numerous companies defaulted on their pension payments. Federal law requires companies to honor their obligations to these funds, but there is no real enforcement mechanism.

When Firestone pled guilty to filing false tax returns concealing \$12.6 million in income, it was fined \$10,000, and no one went to jail. Over seven hundred people a year are imprisoned for tax evasion, almost all of them for sums smaller than the amount Firestone concealed. Over several years Food Lion cheated its employees of at least \$200 million by forcing them to work "off the clock," but in a court settlement the company paid back only \$13 million.<sup>8</sup> Who says crime does not pay?

In 2004 Halliburton paid a \$7.5 million fine for false earnings reports. Halliburton also was accused of grossly overcharging the government for gasoline intended for U.S. armed forces. For work done on a nuclear plant, Bechtel grossly overcharged the government. Nobody at Halliburton or Bechtel went to jail, and both companies continued to be awarded fat government contracts.<sup>9</sup>

Someone who robs a liquor store is more likely to go to prison than people who steal millions of dollars from shareholders, employees, consumers, and taxpayers. James Watt, Interior Secretary under the Reagan administration, helped rich clients illegally pocket millions of dollars in low-income housing funds. Watt was able to sidestep eighteen felony charges of perjury and plead guilty to a misdemeanor, for which he got five years' probation and a \$5,000 fine.<sup>10</sup>

In recent years prominent firms such as Enron, Adelphia, R. J. Reynolds, AOL Time Warner, Arthur Andersen, Refco, Bristol Meyers, ImClone, Global Crossing, and HealthSouth have been investigated for accounting and tax fraud, manipulating stock values, insider trading, and obstructing justice, all of which left tens of thousands of shareholders and employees with huge losses. Only a handful of executives from these companies have seen the inside of a prison.<sup>11</sup>

In 2008, venture capitalist Craig Berkman, former head of the Oregon Republican Party, was found guilty in a civil case of defrauding investors and was ordered to pay them a total of \$28 million. Berkman claimed he had no money and was deeply in debt. Soon after, however, he contributed \$50,000 to the Republican presidential campaign. Some jurors in the case wondered why *criminal* charges were not brought against Berkman for swindling millions of dollars.<sup>12</sup>

Columbia/HCA, a for-profit hospital chain, pleaded guilty in 2009 to grand felony charges of overbilling state and federal health plans, and paid \$1.7 billion in fines. But no one saw the inside of a prison.<sup>13</sup>

In 2009, fourteen Wall Street trading firms paid more than \$69 million in forfeited profits and penalties. A few months later, General Electric paid \$50 million for having manipulated its books to inflate its stock values. At that same time, a former chief of American International Group (AIG), the giant insurance firm, agreed to pay just \$15 million in penalties for overseeing fraudulent transactions that amounted to at least \$2 billion.<sup>14</sup> Nobody went to jail for these immense swindles.

Also in 2009, the pharmaceutical giant Pfizer agreed to pay \$2.3 billion to settle civil and criminal charges that it had illegally marketed a painkiller. Illegal marketing is all too common in the drug industry, according to consumer advocates. It was Pfizer's fourth settlement involving criminal activities in seven years. Yet no one went to prison.<sup>15</sup>

## BIG CRIME, SMALL PUNISHMENT (USUALLY)

Penalties often are uncollected or suspended. The Justice Department failed to collect some \$7 billion in fines and restitution from thirty-seven thousand corporations and individuals convicted of felonies. Over one hundred S&L plea-bargainers, who escaped long prison terms by promising to make penalty repayments of \$133.8 million, repaid less than 1 percent of that amount.<sup>16</sup> The Bush Jr. administration decreased major fines for mining safety violations, then in nearly half the cases did not collect the fines. On the relatively rare occasions that corporate criminals are given prison terms, the sentence is usually light—averaging about eleven months—and sometimes is not even served.<sup>17</sup>

Wall Street investor Michael Milken pleaded guilty to securities violations and was sentenced to ten years—reduced to twenty-two months, most of which was spent doing community service. Corporate criminals sentenced to community service seldom do but a small portion of it, if any. Milken had to pay back \$1.1 billion but retained a vast fortune of \$1.2 billion from his dealings. Likewise, Ivan Boesky walked off with \$25 million after paying his fine for insider trading and doing a brief spell behind bars. “Every major participant in these [Wall Street investment] crimes emerged from the experience as a wealthy man.”<sup>18</sup> Again, who says crime does not pay?

Only rarely are thieving corporate officers hit with heavy prison terms. One highly publicized case involved the notorious swindler Bernard Madoff, who took in some \$65 *billion* from affluent investors, foundations, charities,

and banks, pocketing the money instead of investing it. In 2009, the 71-year-old Madoff was sentenced to 150 years in prison.<sup>19</sup>

Another grand swindler was Marc Dreier, a prominent lawyer (graduate of Yale University and Harvard Law School) who sold more than \$700 million worth of fake promissory notes to investors and stole more than \$46 million from clients. He was sentenced to twenty years in prison not long after Madoff. Hundreds of employees lost their jobs when his law firm collapsed.<sup>20</sup>

The many examples given above hardly represent a complete listing of corporate malfeasance. It seems that almost every week some financier is charged with fraud and theft—and this does not count the many who do not get caught. Besides individual brigands and Ponzi schemers, there are the widespread plots involving mortgage fraud and consumer fraud. The Treasury Department estimates that mortgage frauds—with more than five thousand cases reported each month in 2009—costs the public anywhere from \$15 billion to \$25 billion a year.<sup>21</sup>

A Democratic-controlled Congress passed and President Barack Obama signed the Fraud Enforcement and Recovery Act of 2009, which gives the federal government more authority to prosecute mortgage fraud at virtually every step of the mortgaging process, from predatory lending on Main Street to securities manipulation on Wall Street. It also creates a bipartisan commission to police the financial flimflam that helped to spark a major economic recession.

With good reason do opinion surveys find a majority of the public believing that wrongdoing is rampant in the business world and “executives are bent on destroying the environment, cooking the books and lining their own pockets.” Some 90 percent think that big corporations have too much influence over government, whereas only 2 percent consider company bosses “very trustworthy.”<sup>22</sup>

Every year in the United States “criminals amass hundreds of billions of dollars from ... mortgage fraud, extortion, embezzlement, illegal gambling, bank fraud, public corruption, human trafficking, identity theft, securities violation, insurance fraud, intellectual property piracy, and bankruptcy fraud.”<sup>23</sup> Even when the perpetrators end up behind bars, their loot often goes undiscovered, including real estate, yachts, aircraft, offshore accounts, and other assets amounting to tens of billions of dollars that could be used to compensate victims.<sup>24</sup>

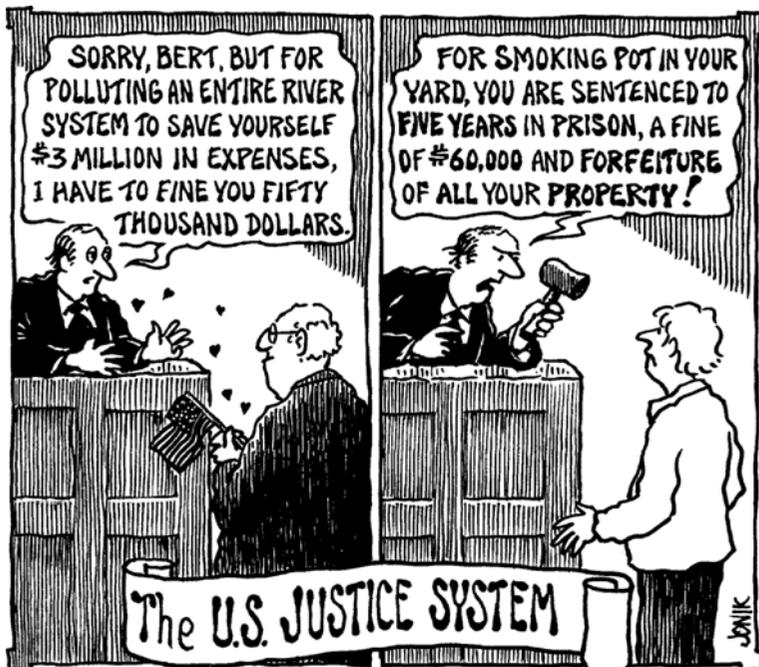
Corporations have been using SLAPP suits (Strategic Lawsuit Against Public Participation) as a way of silencing public criticism about corporate products or practices. The meat industry sued Oprah Winfrey for “product disparagement,” after she commented on her television show that hamburgers were not safe to eat. Winfrey won the case, but she no longer dared to criticize the meat industry. In West Virginia, an environmental activist was sued \$200,000 for accusing a coal company of poisoning a local river. Win or lose, such lawsuits have a chilling effect on critics of corporate wrongdoing who lack the financial resources to sustain years of litigation. As one New York Supreme Court judge remarked about SLAPP suits: “Short of a gun to the head, a greater threat to First Amendment expression can scarcely be imagined.”<sup>25</sup>

The relatively small number of federal actions against corporate America hardly supports the image of business as the victim of a merciless federal government run amok. More often than not, government lawyers are outspent and outdone.<sup>26</sup> In 2005, supposedly to eliminate “frivolous lawsuits,” a Republican-controlled Congress passed a “tort reform” that made it more difficult for people to launch class actions against big corporations. Frivolous lawsuits actually are not a great problem. Generally they are quickly dismissed by judges before ever going to trial. The suits that really antagonize corporate America are anything but frivolous. Think of the class action cases against tobacco companies, utilities, auto manufacturers, chemical plants, and the asbestos industry on behalf of workers and consumers who have suffered great injury.

Furthermore, U.S. businesses themselves file four times as many lawsuits as do individuals, and they are penalized much more often than anyone else for pursuing frivolous litigation. Corporations think the country is too litigious only when they themselves are sued. But most litigation against business comes from other businesses.<sup>27</sup>

## CLASS LAW: TOUGH ON THE WEAK

Supreme Court Justice Hugo Black noted in *Griffin v. Illinois* (1956) that there “can be no equal justice where the kind of trial a man gets depends on the amount of money he has.” Whether the legal system treats a person



as prince or pariah rests largely on one's financial resources. The corporate executive with a team of high-powered attorneys has a different legal experience than the poor person with an underpaid court-appointed lawyer who sees the defendant for the first time on the day of the trial. Some 80 percent of accused persons nationwide rely on public defenders.<sup>28</sup>

As the recession deepens, the *criminalization of poverty* intensifies. The number of ordinances against the homeless or those residing in rundown neighborhoods has been rising in recent years. Loitering along a street, littering, failing to produce an ID if stopped by police, getting snared in a random police sweep, carrying an open bottle of liquor—such things can lead to arrest, and arrest can send you deeper into the poverty pit because it can be difficult to get a job with a police record.<sup>29</sup>

Poor, uneducated persons and racial minorities are more likely to be arrested, denied bail, induced to plead guilty, and do without adequate legal representation. Public defender services are among the first to be cut when budgets are tight. A slumping economy brings higher crime rates and more unemployed defendants who cannot afford a lawyer. Every wrongfully convicted defendant leaves a real criminal on the street. The poor are less likely to have a jury trial if tried, more likely to be convicted and receive a harsh sentence, less able to launch extended appeals, and less likely to receive probation or a suspended sentence than are business executives, mobsters, celebrities, and wealthy people in general.<sup>30</sup>

Workers engaged in labor struggles seldom find the law on their side. In recent years, police in various locales across the nation have attacked striking farm laborers, truckers, miners, meatpackers, janitors, and factory and construction workers, arresting and injuring hundreds. Private security forces beat up striking workers and break picket lines with acts of violence that have gone unchallenged by police and prosecutors. Workers have been imprisoned for resisting court injunctions against strikes and pickets, and even for shouting at scab workers or talking back to police while on picket lines. In the 1990s seven strikers were shot by company goons in Indiana, and a striking coal miner in Kentucky was shot dead by a gun thug, as was another miner in West Virginia and a farm worker in Texas. In none of these cases did police apprehend anyone—despite eyewitnesses who could identify the killers.<sup>31</sup>

Relatively petty offenders are sometimes accorded draconian treatment. Some examples from over the last three decades: A Virginia man got ten years for stealing 87 cents. A youth in Louisiana received fifty years for selling a few ounces of marijuana. A Houston youth was sentenced to fifty years for robbing two people of \$1. A five-time petty offender in Dallas was sentenced to one thousand years in prison for stealing \$73. In South Dakota a seven-time nonviolent criminal who wrote a \$100 check that bounced was given a life sentence. A California man got twenty-six-years to life for trying to take the written portion of a driver's license test for his cousin who spoke little English, normally a misdemeanor punishable by up to one year in prison. A migrant worker in North Carolina spent thirty-five years in prison for stealing a television set; he was released in 2005. In 2002, a man in California who stole nine videos worth \$153 was sentenced to life with no possibility of parole

for fifty years. That same year actress Winona Ryder stole \$5,500 of merchandise from a swanky department store in California, and the prosecutor did not ask for jail time, saying: “We simply want Ms. Ryder to take responsibility for her conduct.”<sup>32</sup>

Some people maintain that the tough lock-'em-up policy explains the drop in crime rates in recent years. But states and municipalities with *low* incarceration rates sometimes show a greater *decrease* in crime than locales with high incarceration rates. And states that have imposed a draconian “three strikes” law (a mandatory life sentence for a third felony conviction) show no greater decline in violent crime than states without it. The decline in crime seems to have been caused by the lower birth rate and subsequent drop in the population of males between eighteen and thirty.<sup>33</sup>

The “war on drugs” is most responsible for the prison population explosion. Playing upon public fears about narcotics, lawmakers throughout the country outdo themselves in passing harsh mandatory drug sentences. The result is that three-fourths of our federal and state inmate population consists mostly of young petty drug offenders who are averaging more jail time than mobsters, murderers, child molesters, and rapists.<sup>34</sup> To illustrate: In 2004, a federal judge sentenced a man to twenty-two years for beating an elderly woman to death. A few hours later, the same judge sentenced a twenty-five-year-old first-time drug offender, father of two young children, to fifty-five years. The judge had no choice. Federal mandatory drug laws demanded the sentence.<sup>35</sup>

The enormous cost of warehousing great numbers of nonviolent petty offenders has caused some state governments to abolish mandatory sentences and divert drug users into treatment programs, thereby substantially reducing the exploding prison population and saving hundreds of millions of tax dollars.<sup>36</sup>

Well-connected narcotics violators are often treated more leniently than poorer ones. For example, the son of U.S. Representative Dan Burton (R-IN) was arrested for transporting nearly eight pounds of marijuana in Louisiana, then arrested again for possession of thirty marijuana plants in Indiana. He was sentenced to do community service. Florida governor Jeb Bush eagerly filled his state’s prisons with drug offenders, but when his own daughter was arrested on prescription fraud, he immediately pleaded for the public to show compassion. She never went to jail. Nor did right-wing talk-radio bully Rush Limbaugh, who had repeatedly called for locking away drug abusers while he himself was illegally procuring controlled substances from various doctors to feed his addiction. Instead of jail, he was allowed to check himself into a pricey private rehabilitation center.<sup>37</sup>

Big narcotics cartels rarely feel the heat. Legislation to stop the laundering of drug money through legitimate financial institutions remains virtually unenforced. Meanwhile, the “war on drugs” provides profitable employment for hundreds of thousands of prison guards, police, and law enforcement bureaucrats and officials.

The FBI cooks its crime statistics by classifying drug trafficking, burglary, and prostitution as violent crimes. All this feeds public fears and lends support

for still larger law enforcement budgets and more draconian measures.<sup>38</sup> To be sure, violent crime is a serious problem, but a more accurate description of its scope might help calm fears and encourage a more just and effective enforcement.

## THE CRIME OF PRISONS

As of 2009 the United States had the largest prison population in the world, larger than China or India, nations with far more people. With less than 5 percent of the world's population, the United States had almost 25 percent of the world's prison population, about 2,311,000 inmates in federal and state prisons and local jails. If we count not only inmates but also those on parole or probation, the correctional population totals 7.3 million or 1 in every 31 adults, more than four times the number in 1980. In the last three decades, prison sentences have doubled in length. Over 140,600 inmates are serving a life sentence, a third of them for crimes other than murder, including burglary and drug offenses. Many states are now spending more on prisons than on education.<sup>39</sup>

Of those sentenced to state prisons, most are drug offenders with no history of violence or of any significant selling activity. Four out of five drug arrests are for possession of illegal substances, most commonly for marijuana offenses. These mass arrests of petty offenders has done nothing to break up the power of the illegal multibillion-dollar drug traffickers.<sup>40</sup>

Of the people in prison, over 90 percent are men, mostly low-income and underemployed. About 47 percent are White, 46 percent are African American, and 7 percent are classified as Latino or other groups. Two-thirds of the inmates serving life sentences are African American or Latino, often incarcerated under tough mandatory minimum-sentencing laws. One in ten African American men in the country, ages twenty-five to twenty-nine, were imprisoned in 2008, many because of possession of crack cocaine. Prisons are anything but "correctional institutions." Most of them remain breeding grounds for disease and violence. Inmates are among the physically sickest people in the nation.<sup>41</sup>

An estimated 60,500 male inmates in state and federal prisons were raped in one year, along with thousands more in local jails—with many more probably left uncounted. Victims seldom report the abuse because of unresponsive authorities or fear of reprisal. Given these sexual assaults, HIV rates are eight to ten times higher in prison than outside. Rape victims often suffer serious emotional damage, and are sometimes driven to suicide. One tragic illustration: In Texas sixteen-year-old Rodney Hulin, incarcerated for starting a fire in a dumpster, was repeatedly beaten and gang-raped. His pleas for protection and those made by his mother were ignored by prison authorities. He ended his torment by hanging himself.<sup>42</sup>

Thirty-six states and the federal correctional system have super-maximum-security facilities that are little better than high-tech dungeons. Prisoners in these solitary units are subjected to severe sensory deprivation, isolated in bare concrete cells sealed off by solid steel doors cutting off sound

and visual contact with others, an isolation that amounts to torture. They never see daylight and live under constant electronic monitoring. They are denied reading material, television, radio, counseling, and religious services, and most telling of all, ordinary human contact. They must eat in their cells, and are repeatedly harassed, taunted, and severely beaten by guards for trivial infractions of inconsistent rules. Some are put on powerful body-racking, mind-altering drugs, and retreat into madness.<sup>43</sup> Some prisoners, including minors, are made to wear stun belts. Activated by remote control, the belts deliver a 50,000-volt electric shock that lasts eight seconds, causing severe pain and instant incapacitation. The horrific conditions in some U.S. jails include overflowing toilets and cells infested with vermin and lacking ventilation.

Around the country, inmates have died under suspicious circumstances, often murdered by other prisoners or succumbing to the torture and beatings administered by guards. Disabled inmates, unable to care for themselves often suffer terrible neglect and are most at risk. To make matters worse, Congress passed, and President Clinton signed, the Prison Litigation Reform Act and other bills that reduced the inmates' already limited legal protections against custodial brutality.<sup>44</sup>

There is endemic pilfering in prisons, most of it perpetrated by the custodial personnel. Guards steal food, office supplies, sporting gear, and whatever else to supplement their usually generous pay and benefits. As they spend more, they get more. To quote one guard: "If there's any money in the prison's operating budget at the end of the year, the administration orders it spent. They're afraid the politicians won't increase next year's budget if money is left over."<sup>45</sup>

New five-hundred-bed prisons continue to be opened, and more bodies are being corralled to fill them, usually drug offenders from the more vulnerable lower-income communities. Some state and federal prisons are run by private firms. The private company often extracts free acreage, plus tax abatements, and then gets the state or federal government to pay the maintenance costs and provide the equipment. To be profitable, private prisons skimp on food and medical care for prisoners and ensure that the prisons are kept filled. A 90 to 95 percent capacity is needed "to guarantee the hefty rates of return needed to lure investors."<sup>46</sup>

Privately run prisons suffer far more inefficiency and abuse and more lawsuits than even state prisons. When the prisons prove insufficiently profitable, companies lease them back to the government for a profit—the same government that subsidized the original construction—thereby obliging the taxpayer to pay twice over.<sup>47</sup>

After serving their time, ex-convicts face daunting hurdles trying to put their lives back together. In some states both public and private employers deny jobs to convicted felons. Ex-convicts can be refused food stamps, family assistance, and public housing, and for a length of time a driver's license. Upon release, they are faced with serious debts, including court costs, copayments for public defenders, monthly fees to private probation companies, and fees for rehabilitation classes and drug tests. When payments cannot be met, the unpaid interest compounds and the debt can double and triple in size.<sup>48</sup>

Facing record budget deficits, several states have begun to ease up on the lock-'em-up craze. They are sending nonviolent drug offenders into rehabilitation rather than prison, shortening probation, and reducing the number of people locked up for minor technical violations.<sup>49</sup>

## A MOST FALLIBLE SYSTEM

The criminal justice system is highly fallible. In hundreds of instances, the wrong person is apprehended and convicted. Some examples: Peter Limone was wrongly imprisoned for thirty-three years, including four on death row. He was released when it was discovered that FBI agents hid evidence that would have proven him innocent. Nicholas Yarris spent twenty-one years under the threat of execution for rape and murder until DNA testing proved that he was the wrong man. Investigations of the Los Angeles Police Department alone resulted in over one hundred convictions being overturned based on planted evidence and falsified police reports. In addition, there are hundreds of mistaken-identity cases around the nation involving people with similar names or appearances.<sup>50</sup>

Over the past century hundreds of innocent persons in the United States have been executed for crimes they did not commit.<sup>51</sup> Ruben Cantu was executed for killing one man and wounding another. Twelve years later the man who had been wounded and a co-defendant both declared that Cantu had not been present at the crime and that they had fingered him because of pressure and threats from the authorities.<sup>52</sup>



“Ahem! Uh ... er ... ah ... hmm ... (shuffle shuffle) ... we, ah, made a couple of big mistakes in your death penalty trial.”

Even demonstrable innocence may not be enough to save the wrongly convicted: Leonel Torres Herrera was executed—on a technicality—in 1992 in Texas. There was clear evidence of his innocence, the court acknowledged; but it refused to stay his execution because the evidence was submitted too late for an appeal.<sup>53</sup>

In Illinois in 2000, Governor George Ryan, a Republican and advocate of the death penalty, felt compelled to call a moratorium on executions after thirteen of the twenty-seven inmates on death row in his state were released because new evidence (often DNA tests) proved them innocent. The Nebraska legislature passed a similar moratorium. Between 1973 and September 2009, over 135 people in twenty-five states were released from death row because of evidence of their innocence, roughly one exoneration for every seven executions. If they had been rushed to the death chamber, there would have been no opportunity to reopen their cases.<sup>54</sup> Of the people on death row, the great majority are low-income; some are mentally ill or retarded; 10 percent are without counsel and virtually all the rest had court-appointed lawyers.

A wrongful conviction creates the additional injustice of allowing the real culprits to go free, often to commit additional crimes. For eighteen years three African American perpetrators got away with a gang rape and double murder in Chicago for which four other African American males were wrongly convicted: two of the innocent men got life sentences and two were sent to death row. Their eventual release came when DNA tests showed that none of the four could have committed the rape. This proved to some observers that “the system works.” In fact, it was the system that imprisoned the wrong men. They were freed thanks to the energetic efforts of a Northwestern University journalism professor and his student investigators.<sup>55</sup>

Some argue that the death penalty acts as a deterrent to capital crimes. The evidence does not support this view. States without the death penalty do not have higher crime rates. States that adopt the death penalty do not experience a discernible drop in capital crime rates over the years. Homicide rates have risen and fallen along roughly symmetrical paths in states with and without the death penalty, suggesting that it is rarely a deterrence.<sup>56</sup>

A compelling argument against capital punishment is that it assumes the infallibility of a very fallible enforcement process, tainted by coerced confessions, mistaken identity, perjured testimony, evidence suppressed by overzealous police and prosecutors, questionable forensic practices, incompetent or overworked defense attorneys, gross errors, and the prejudices of judges and jurors. Revelations about the pitfalls of the criminal justice system have caused public support for the death penalty to fall by 20 percent in recent years.

Until 2005 the United States was the only country that still allowed execution of minors (seventeen or younger). Then in *Roper v. Simmons* (2005), the Supreme Court ruled 5 to 4 that it was unconstitutional to sentence anyone to death for a crime he or she committed while under eighteen years of age. The Court argued that the failings and judgments of a minor could not be equated with those of an adult, and that there was more possibility of reform for the young.

## SEXIST JUSTICE

Effective law enforcement is needed to protect the public from corporate felons, swindlers, organized mobsters, murderers, rapists, muggers, child abusers, spouse batterers, hate-crime perpetrators, and others. But the law frequently fails those most in need of its protection. Every year an estimated 2 million to 4 million women are assaulted by their male partners in the United States, making domestic violence the single largest cause of injury to women. Most female murder victims die at the hands of current or former husbands or boyfriends.<sup>57</sup>

Rape is a crime that police have learned to take more seriously—but apparently not seriously enough. Rape kits that gather all possible evidence of the rapist’s DNA are regularly left untested for a year or more; many of the kits are simply discarded without a test. When New York City made a concerted effort over the last decade to test every kit that came in, the result was increased detections and an arrest rate that rose from 40 to 70 percent.<sup>58</sup>

Restraining orders—to keep batterers away from their victims—often are not issued by courts even though legally required, or are ignored by prosecutors. Abusers frequently fail to attend counseling and treatment programs—whose effectiveness in any case remains uncertain.<sup>59</sup> Only a small percentage of male batterers are ever prosecuted and incarcerated. Battered women frequently are denied legal and medical assistance from agencies, and the assaults they endure are often trivialized by unsympathetic police and judges. But women who kill their abusers almost always receive severe sentences even if the repeated battering had become life threatening. Rape victims, too, are often treated as if they brought it on themselves. In some law schools, rape is still considered from the viewpoint of the accused rather than the victim. Feminist organizations have had only limited success in getting law officials to take more active measures against rapists and batterers.<sup>60</sup>

For many poor women, welfare and family assistance was their primary means of escape, providing support for them and their children, and enabling them to leave their batterers. Cutbacks in welfare have caused a dramatic drop in the number who attempt to escape abusive relationships.<sup>61</sup> In desperate attempts at finding means of support and escape, some battered low-income women turn to drug dealing—which, in turn, helps explain the sharp increase in the female prison population.

Women have made important gains, moving into professions and occupations previously off limits to them. They are now entering law school in greater numbers than men, yet female lawyers still earn less than their similarly qualified male counterparts, and compose only a tiny portion of law firm partners, law school deans, and judges. Women on average still earn less for doing the same work as men and are more likely to be relegated to lower-paying, dead-end jobs.<sup>62</sup>

Since the advent of Title IX—a federal law (1972) that prohibits discrimination on the basis of sex in regard to “any education program or activity receiving federal financial assistance”—women now make up the majority of undergraduates in U.S. colleges and universities. Women’s team sports

account for more than one-third of all high school and college varsity athletics. Girls do equally as well as boys in elementary mathematics, sciences, and technology classes, and women are making career inroads in medicine, science, business, and engineering.

About half the females who get pregnant do not want to be pregnant. Yet some 85 percent of the nation's counties lack access to safe abortion providers. Dominated by *advocates of compulsory pregnancy* (who call themselves "pro-life"), many local governments have been imposing nuisance laws on abortion clinics, demanding changes in door widths, ceiling heights, size of counseling rooms, and dozens of other trivial but costly "repairs" that make it too expensive for the clinic to remain open. Still 1.5 million women manage to procure safe and legal abortions every year, many of them voicing their profound thanks for the service.

As of 2009, advocates of compulsory pregnancy—who believe that a fertilized ovum is a human being with rights that take precedence over its human carrier—have committed 8 murders of doctors and abortion workers, 2 kidnappings, 17 attempted murders, 41 bombings, and 175 arsons against abortion clinics and family-planning centers; along with innumerable acts of vandalism, assaults, intimidation, burglaries, and blocking clinic entrances. Abortion and birth control centers have sustained millions of dollars in damages. They continue to spend large sums on bulletproof glass, armed guards, security cameras, and metal detectors. The violence perpetrated by the advocates of compulsory pregnancy largely explains why so many counties in America do not have a single abortion provider.<sup>63</sup>

Many of these terrorist acts show a large degree of organized and coordinated effort among anti-abortion groups. Yet the FBI still does not classify anti-abortion violence as domestic terrorism. It is hard to imagine such a lackadaisical FBI response if identifiable radical groups had subjected hundreds of *banks* to arson attacks, bombings, and killings.

As of 2008, the number of women in prison had climbed to over 207,700, just under 10 percent of the total U.S. prison and jail population. African American women have been the hardest hit by the lock-'em-up craze. Incarcerated women endure poor medical care, sexual harassment, forced strip searches, and rape by male guards. A three-year study of U.S. prisons documented more than one thousand cases of sexual abuse, with hundreds more going unreported out of fear of retaliation. In federal women's prisons 70 percent of the correctional officers are men. Male correctional officials watch women undressing in the shower or the toilet. They retaliate, often brutally, against female inmates who complain about sexual assault and harassment. The United States is one of the few countries that allow unaccompanied male staff to supervise female prisoners.<sup>64</sup>

What kind of women end up in prison? Mostly young single mothers with few job skills, many having left home early because of sexual or physical abuse, many with a drug or alcohol addiction to ease the pain of their lives. Almost all have been living in or near poverty. Most of them are convicted of prostitution, shoplifting, petty drug dealing, or passing bad checks to feed themselves and their children. None of them are big-time narcotics traffickers,

gangsters, or embezzlers. Few have committed an act of violence, though many have been victims of violence in their lives. Many are charged as accessories to crimes committed by boyfriends or ex-boyfriends who implicate them in order to get lighter sentences. Some women have been given life in prison without parole for conspiracy to distribute drugs, even though they played only tangential roles to the men involved.<sup>65</sup>

Another group that has long been the target of legal and social oppression in the United States and elsewhere are homosexuals. Violence against gays and lesbians ranges from physical harassment to murder. Tens of thousands of homosexuals have been hounded out of jobs and out of the armed forces. Lesbians and gays have been denied custody of their children on the grounds that their sexual proclivities made them unfit parents. In one case, a Florida judge transferred custody of a girl from her devoted lesbian mother to her father who had served eight years in prison for murdering his first wife.<sup>66</sup>

The organized struggles launched by homosexuals against hate crimes and discriminatory housing and employment practices have met with some success. In 2003 the Supreme Court ruled that state laws banning sexual practices between consenting adults of the same sex violated an individual's right to privacy and due process.<sup>67</sup> But homophobic attitudes and actions remain a widespread problem as witnessed by the backlash against gay marriage through much of the nation. Marriage is currently defined as exclusively between a man and a woman in at least forty-two states. Some thirty states have added defense of (heterosexual) marriage amendments to their constitutions. Five states (Massachusetts, Connecticut, Iowa, Vermont, New Hampshire) plus the District of Columbia recognize same-sex unions, as do entire nations such as Canada, Norway, Belgium, Spain, Sweden, and South Africa.<sup>68</sup>

## THE VICTIMIZATION OF CHILDREN

Children are another group who have received insufficient protection from federal and state authorities. In any year in the United States, there are about 900,000 confirmed cases of children being battered, burned, starved, tortured, seriously neglected, and in other ways abused, with some 2,000 children perishing each year. The actual number is probably higher because nonaccidental injuries and deaths of children are sometimes mistakenly dismissed by authorities as "accidents." Every year about 150,000 children are reported missing, of whom some 50,000 are never found.<sup>69</sup>

Studies find that about one in four women and almost one in six men report having been sexually abused as children, most frequently by a close family member—a father, stepfather, and the like—or less often by a clergyman, teacher, or day-care attendant. Well into their adulthood, sex-abuse victims suffer from depression, sexual dysfunction, eating disorder, alcoholism, and other afflictions. An estimated 39 million survivors of childhood sexual abuse exist in America today. Only a minute percentage of child rapists are ever convicted. And conviction usually brings a relatively light sentence. In many states the rapist is treated leniently, usually with probation or some counseling sessions that have little therapeutic effect. "For the good of the family" the

incestuous rapists are frequently allowed to return home and resume their victimization—with a vengeance. Sometimes, judges even grant custody or unsupervised visitation rights to the sexually abusive parent.<sup>70</sup>

An estimated 45,000 to 50,000 women and children are brought into the United States every year under false pretenses and forced to work as prostitutes, laborers or servants. In 2000, Congress approved a law designed to fortify measures against domestic violence and against the trafficking of women and children. The Government Accountability Office found that about 3.7 million minors worked either too many hours or at prohibited jobs, and more than 200,000 children are injured on the job each year.<sup>71</sup>

Sensationalized media accounts of high school shoot-ups and “youth crime waves” cause some people to forget that youngsters are more often victims than perpetrators of violence. Statistically, they are safer in school than in their own homes.

More than a million children are kept in orphanages, reformatories, and adult prisons. Most were arrested for petty transgressions or were just in the wrong company when a crime was committed. Minors incarcerated in juvenile correctional facilities are routinely subjected to sexual assault, severe beatings, prolonged solitary confinement, neurologically damaging psychoactive medications, and, in some cases, psychosurgery.<sup>72</sup>

Behavioral medications are increasingly being ministered to children, including preschoolers under five years old. Drugs can be prescribed for totally nonmedical reasons, as when a child is being fidgety or inattentive, or otherwise incurs the disfavor of institutional custodians. In 2009, the Food and Drug Administration approved the use of antipsychotic drugs for children to treat manic and bipolar and other psychotic states such as schizophrenia. The drugs, administered with no long-term adequate test, have numerous damaging side effects, even leading to suicide and sudden death from stroke or cardiopulmonary failure.<sup>73</sup>

Parents who dislike their children’s lifestyle, dissenting political views, or “bad attitude” sometimes can have them confined indefinitely in psychiatric institutions. Millions of U.S. residents have spent time in psychiatric wards at one time or another. It is easier to get committed than one might think, and harder to get out. Some people languish there for decades under terrible conditions with no legal recourse. The worst of these institutions have suspiciously high death tolls. Mental patients who have no state funding or whose insurance runs out are frequently released out on the streets even if they are in real need of custodial care. In many instances, county jails end up holding mentally ill persons, usually for minor disturbances.<sup>74</sup>

## RACIST LAW ENFORCEMENT

Whatever the gains made by people of color, including ascendancy to the presidency, African Americans and other ethnic minorities still confront serious discrimination in various walks of life and at the hands of the law. Affirmative action for *Whites* has long been the rule. Since 1790, immigration laws have favored White European immigrants over people of color. Slavery and

segregation allowed Whites to superexploit Black labor for centuries. For generations Whites got the better schools and better funding. From the 1930s to the 1960s some 15 million White families procured homes with federally subsidized loans, whereas people of color were mostly excluded from the program. Whites currently are inheriting property and other assets from their parents and grandparents, accumulated at a time when people of color were allowed almost no access to such assets.

One study found that White men with prison records were offered jobs just as often, if not more so, than Black men who had never been arrested. Black ex-convicts are only one-third as likely as White ex-convicts to get a job offer—which means a higher recidivism rate for Blacks because ex-convicts with jobs are much less likely to commit further crimes.<sup>75</sup>

The nation's prison population is disproportionately African American, Latino, low-income, and underemployed. It is usually assumed that this reflects the higher crime rate and social pathology among such groups. In fact, various studies show that drug use, alcoholism, violence, weapons possession, and drunken driving actually have been higher among White youths than among Black youths over the last decade—but much less publicized.<sup>76</sup> The class and racial biases of the law enforcement system are major factors in determining who goes to prison. An attorney who specializes in juvenile cases notes that youngsters from well-to-do (mostly White) families, who get into minor scrapes with the law, are turned over to their parents with a warning to stay out of trouble. But in less affluent neighborhoods, children are arrested, charged, and brought to court. African American youths are more likely than White offenders of the same age to be apprehended, tried, and convicted, and more likely to get longer prison terms than Whites convicted of the same crimes.<sup>77</sup>

Almost six times as many Whites use narcotics as African Americans, yet 62 percent of drug offenders sent to state prisons nationwide are African American; in some states it is as high as 90 percent. About 82 percent of federal crack defendants are Black, even though a federal health survey found that most crack users are White. African Americans, who commit only about 26 percent of violent crimes in a given year, compose 46 percent of the U.S. prison population.<sup>78</sup>

Prosecutors are far more likely to seek the death penalty if the *victim* is White. Almost all inmates on death row (whether Black or White) are there for murdering a White person. African Americans are almost four times more likely to receive the death penalty and significantly less likely to have it commuted than Whites who perpetrate similar crimes.<sup>79</sup> In Texas in 2005, four White men beat an African American man unconscious and left him for dead; three of them received thirty-day sentences and one got sixty days. Also in Texas, a young White male chained a homeless Black man to a tree and burned him to death with gasoline. He served only a year in juvenile detention.<sup>80</sup>

Police—who are mostly White, well-paid, and residents of middle-class White suburbs—often stop drivers based on their skin color rather than on the way they are driving, in what has been called *racial profiling*. On Interstate 95 between Baltimore and Delaware, one study found that African Americans drove only 14 percent of the cars but accounted for 73 percent of

the stops. Investigations of police departments in numerous locales reveal that incidents of racist brutality are widespread and often tolerated by department commanders.<sup>81</sup>

Another study found that Black women were nine times more likely than White women to be stopped and searched for drugs coming through airport security—even though White women were twice as likely to be carrying drugs.<sup>82</sup>

Unarmed African American and Latino persons have been shot or beaten to death by police officers in circumstances impossible to justify. Four New York City police officers in plain clothes fired forty-one times at Amadou Diallo, an unarmed man who was standing in the hallway of his house, hitting him nineteen times including several bullets in the back; they were found not guilty of any crime.

Los Angeles police shot Michael William Arnold 106 times, claiming he had brandished a weapon—an air gun that miraculously was still in his right hand when his body was examined, even though he had been shot several times in the head and three times in his right hand, oddly with no damage to the gun. In New York, police dragged Lebert Folkes from his sister's car parked in front of his house and shot him in the face. The next day they apologized; his car had been mistakenly identified as stolen.<sup>83</sup>

There are far more examples than space will allow. With few exceptions the police get away with it. Prosecutors are extremely hesitant to bring charges against cops, and White middle-class juries, fed a steady diet of crime shows and crime news, are reluctant to convict. The FBI and Justice Department do not even keep national statistics on assaults and killings perpetrated by police officers.

To be sure, the police themselves do not go unscathed. Every year across the country some 16,500 law enforcement officers are injured on the job, and about 150 are killed. The police sometimes apprehend reckless drivers and dangerous criminals. They assist in times of community emergency and perform other commendable services. But police also serve a class-control function, protecting the haves from the have-nots. They deal with the ill-fed and ill-housed, the exploited and abused, in a containment campaign that rulers and many community members insist upon.

Decades ago a former Boston Police Commissioner, Robert DiGrazia, noted the class injustices in the “war against crime”:

Those who commit the crime which worries citizens most—violent street crime—are, for the most part, the products of poverty, unemployment, broken homes, rotten education, drug addiction and alcoholism, and other social and economic ills about which the police can do little, if anything.... Politicians get away with law-and-order rhetoric that reinforces the mistaken notion that police—in ever greater numbers and with more gadgetry—can alone control crime. The politicians, of course, end up perpetuating a system by which the rich get richer, the poor get poorer, and crime continues.<sup>84</sup>

A final word about corporate crime and street crime. We should be aware of how they are interrelated. The poor get poorer as the rich get richer. The white-collar corporate plunderers take a terrible toll on society,

especially upon those who are least able to defend themselves. They help create the very want, injustice, and maldistribution that contribute so much to street crime. If it is true that we need more law and order, more respect for other people's rights, then we should start at the top, vigorously applying the law to those who plunder without regard for the ruinous effects on others.

C H A P T E R  
10

# Political Repression and National Insecurity

The corporate-dominated state is more sincerely dedicated to fighting organized dissent than fighting organized crime. The law often appears ineffective when attempting to implement social reforms that benefit the many, but when mobilized against political heterodoxy, law enforcement is pursued with a boundless punitive vigor that itself becomes lawless.

## THE REPRESSION OF DISSENT

One agency used by the authorities for political harassment is the Internal Revenue Service (IRS), which has gone after civil rights leaders and anticapitalist radicals. The Communist Party had its assets seized and was illegally denied tax exemption for years—while the two procapitalist major political parties enjoyed uninterrupted exemption.<sup>1</sup> The State Department and U.S. Immigration and Customs Enforcement (ICE) exclude anyone from abroad who might be affiliated with communist, anarchist, or allegedly “terrorist” groups, or who engage in activities “prejudicial to the public interest.” Every year under these sweeping provisos, scores of internationally prominent writers, artists, musicians, scientists, and labor leaders from other countries have been refused the right to visit and address audiences in the United States.<sup>2</sup> So the government protects us from dangerous thoughts by deciding whom and what we can or cannot hear from abroad.

Under a 1990 law, supposedly no one can be refused a visa because of ideology, yet the State Department and ICE continue to maintain a “lookout list” of hundreds of thousands of persons, many of them connected to peace and social justice organizations. Canadian communists who want to visit the United

States must file their fingerprints with the Federal Bureau of Investigation (FBI) and the Royal Canadian Mounted Police, make “pro-American” vows, and provide proof that they are now actively engaged in opposing communism. Meanwhile right-wingers and reactionaries from other countries generally enjoy unchallenged entry.

The U.S. government signed the Helsinki accords, an agreement among nations not to impose travel restrictions upon their own citizens. Yet thousands of U.S. citizens have been denied U.S. passports and put on “No Fly Watch Lists” because the State Department decided that their activities were “contrary to the interests of the United States.” In 2004, regulations were issued barring American publishers from printing books by authors from nations that are under U.S. sanction. The publishers must first get U.S. government approval, which is not easy to do.<sup>3</sup> To further inoculate us from unsafe thoughts, Congress passed a totalitarian-type law in 2003 creating an advisory board that can censor any course curriculum at publicly funded institutions that contains “anti-American” criticisms of U.S. foreign policy.<sup>4</sup>

Corporations have fired employees for having the wrong political opinions. The courts have supported their right to do so, ruling in *Lloyd Corporation v. Tanner* (1972) that the First Amendment of the Constitution prohibits only government—not private-sector employers—from suppressing speech. People with affiliations to anticapitalist groups have been hounded out of jobs in labor unions, teaching, entertainment, and various other fields by federal and state investigators.<sup>5</sup>

The FBI has millions of files on organizations and individuals often containing uncorroborated rumors from anonymous sources concerning personal lives and political leanings. A secret court created by the Foreign Intelligence Surveillance Act (FISA) of 1978 reaches court decisions in complete secrecy, with no published record. Targeted individuals and organizations cannot see transcripts or contest the surveillance in any manner or even be informed that they are under surveillance. The target need not be under suspicion of committing a crime but might simply be deemed a “threat to U.S. national security.”<sup>6</sup>

During the popular struggles against war and racial segregation in the late 1960s, some activists suffered physical assault and even death at the hands of White vigilantes while police and FBI informants either looked the other way or actually assisted.<sup>7</sup> One police official declared that there were more law officers throughout the country “on political intelligence assignments than are engaged in fighting organized crime.”<sup>8</sup> In various cities, secret police units have spied on and harassed hundreds of thousands of lawful individuals and organizations.<sup>9</sup> Perhaps one reason authorities cannot win the “war on crime” and the “war on drugs” is that they have been too busy fighting the war on political nonconformity.

This seems true of the FBI. In 1971, files stolen from an FBI storage facility in Media, Pennsylvania, and subsequently published in national magazines revealed that the largest portion of FBI work in the mid-Atlantic region was directed at political activists and draft resisters (47 percent), whereas only 1 percent was dedicated to organized crime.<sup>10</sup>

For decades, the FBI conducted a counterintelligence program, *Cointelpro*, designed to subvert progressive groups. Working closely with right-wing organizations, the FBI used forged documents, illegal break-ins, telephone taps, and undercover provocateurs. The bureau infiltrated labor unions in attempts to brand them “communist controlled,” and it worked with management in the surveillance of strikers. As the *New York Times* belatedly acknowledged, “Radical groups in the United States have complained for years that they were being harassed by the Federal Bureau of Investigation and it now turns out that they were right.”<sup>11</sup>

The FBI continued to keep a “security index” of many thousands of names, mostly from groups opposed to capitalism, who were slated for arrest and detention in case of a “national emergency”—even though the law authorizing this practice was declared unconstitutional. As one FBI agent stated, “The [Cointelpro] program is still in operation, but under a different code name.”<sup>12</sup>

As director of the FBI for almost a half century, J. Edgar Hoover kept elaborate dossiers on notables—including presidents, cabinet members, Supreme Court justices, and members of Congress—often threatening exposure of the seamier side of their personal lives in order to win advantage over them. Hoover planted defamatory stories in the press, collaborated with segregationists, and harassed civil rights leaders like Martin Luther King Jr. He used FBI funds for his private profit and accepted lavish gifts from wealthy friends whom he then protected from criminal investigation. Hoover also cultivated relations with organized-crime figures, making no serious effort to move against the mob for more than thirty years.<sup>13</sup>

Over the years the FBI and police continued their surveillance and disruptive infiltration of anticapitalist parties, peace organizations, environmental groups, civil liberties organizations like the National Lawyers Guild, and advocacy groups for political prisoners.<sup>14</sup> Authorities have made “preemptive raids” on demonstrators. They have beaten, pepper-sprayed, and arrested lawful protestors without justifiable cause, subjecting them to harsh jail conditions.<sup>15</sup>

One dissenter noted that the Washington, D.C., police force “can’t seem to get its act together to fight crime” yet it can turn out in massive numbers to squelch peaceful demonstrations. “Where are all those cops the rest of the year when we need them?”<sup>16</sup> So with the police in other cities: they seem so much more capable and determined when attacking union organizers, civil rights protestors, and peace demonstrators than when confronting mobsters or corporate felons.<sup>17</sup> A Senate Judicial Committee hearing in 2006 revealed that the FBI had improperly conducted secret surveillance of antiwar groups, including Quakers and a Catholic peace organization. As one senator complained, “What business does the FBI have spying on law-abiding citizens simply because they oppose the war in Iraq?”<sup>18</sup>

In the months leading up to the Republican National Convention in Minneapolis, an FBI-led “Terrorist Task Force” infiltrated protest organizations and conducted preemptive seizures and arrests, entering homes, seizing computers and political literature, and handcuffing and arresting peaceful protestors, journalists, and lawyers representing detainees. By the fourth day of the convention, over eight hundred arrests had been made, almost all peaceful

demonstrators, with felony charges lodged against some two hundred. This increasingly has been the repressive response of FBI and police against demonstrators exercising their First Amendment right to assemble and protest.<sup>19</sup> In the last decade or so, in various cities police have repeatedly violated our constitutional right to assemble and protest.

## POLITICAL PRISONERS, USA

Despite claims to the contrary, the U.S. government has a history of politically motivated incarcerations. In 1915, radical labor leader Joe Hill was executed in Utah for a crime he did not commit, most investigators believe. The prominent labor leader Eugene Debs and some six thousand other socialists, pacifists, and labor organizers were imprisoned or deported during the First World War or immediately after. The anarchists Sacco and Vanzetti were arrested and eventually executed in Massachusetts for a crime virtually all investigators say they did not commit.<sup>20</sup>

Hundreds of war resisters were imprisoned during World War II and the Korean War. Over 120,000 law-abiding Japanese Americans had their homes, farms, and businesses confiscated and were sent to internment camps as “security risks” for the duration of World War II. Hundreds of Italian and German aliens, including elderly grandparents, were forcibly interned. The Smith Act of 1940 prohibited the advocacy of revolutionary ideas and was used to jail scores of American communists and other anti-capitalists for the better part of ten years or more. Others spent time behind bars for refusing to cooperate with congressional witch hunts during the McCarthy era.<sup>21</sup>

During the Vietnam War, several thousand youths were jailed for refusing to serve in the armed forces; thousands more chose exile. Almost every anti-war activist who occupied a position of national or even local leadership was arrested at one time or another or left the country or went underground.<sup>22</sup>

African American leaders involved in progressive community causes and struggles against drug pushers have been railroaded into prison on trumped-up charges—including Martin Sostre, Frank Shuford, the leaders of Black Men Against Crack—often to be subjected to beatings and solitary confinement and made to serve astronomical sentences.<sup>23</sup>

In Tchula, Mississippi, Eddie Carthan was elected the first African American mayor since Reconstruction, and the first to oppose the local plutocracy. Carthan initiated programs for nutrition, health care, day care, and housing rehabilitation, and refused to appoint cronies of the big planters. The Board of Aldermen, dominated by planter interests, cut his salary to virtually nothing and barred him from his city hall office. The governor had all federal funds to Tchula cut off, ending most of the mayor’s programs. When Carthan retook his office with five auxiliary police, he was charged with assault and sentenced to three years, convicted on the testimony of a witness who later recanted. After combing through the mayor’s papers, the FBI discovered that Carthan had authorized an assistant to sign his name to a delivery receipt for day-care equipment; for this “fraud” he was given an

additional four-year sentence. Then, after a Black alderman (allied with the local White elites and implicated in drug dealing) was robbed and killed and the murderers convicted, Carthan was charged with having plotted the murder and imprisoned. He was released only after protest campaigns were launched around the country.<sup>24</sup> The low-income Black voters of Tchula got a lesson in what happens to democratic leaders who intrude upon an entrenched and wealthy power.

Prisoners who openly profess radical views or who protest against prison conditions have been repeatedly denied parole, and subjected to mind-altering drugs, beatings, prolonged shackling, isolation, and other mistreatment. From 1968 to 1971, over three hundred members of the Black Panther Party (a revolutionary Marxist organization) were arrested, many held without bail or trial for a long duration. At least ten former Panthers, convicted on fabricated evidence and coerced testimony that was subsequently recanted, served thirty years each in prison. Panther Albert Washington died in prison after serving over twenty-eight years, during which he was repeatedly mistreated for his political ideas. Panther Herman Bell has been unjustly locked up since 1975, after a trial that included perjured testimony, torture, and evidence suppressed



by the prosecution. Another Black Panther, Anthony Bottom (aka Jalil Abdul Muntaqim), has been incarcerated since 1971. Black Panthers Marshall “Eddie” Conway, Albert Woodfox, and Herman Wallace served almost forty years each in prison (mostly in solitary) for crimes that were never proven against them. Another Black revolutionary, Robert Hillary King, was released after twenty-nine years in solitary confinement; his conviction was overturned and he pleaded guilty to a lesser charge of conspiracy to commit murder.<sup>25</sup>

Panther leader, Geronimo Pratt, was charged with murder when he was a UCLA student. The FBI conveniently lost its surveillance records showing that Pratt was four hundred miles away attending a Panther meeting in Oakland at the time of the murder. After serving twenty years in prison, Pratt had his conviction overturned and was paid a settlement of \$4.5 million.<sup>26</sup>

Community activist Fred Hampton Jr. (son of Black Panther leader Fred Hampton, who was murdered in bed by law officers raiding his home) was tried on a bogus charge of arson in Chicago. During the trial no evidence was produced demonstrating that a fire had actually taken place or that Hampton was connected to the alleged incident. Yet in 1993 he was given eighteen years, subjected to harsh mistreatment for organizing around inmates rights. He managed to get paroled in 2001.<sup>27</sup>

There is the death row case of Mumia Abu-Jamal, ex-Panther, radio journalist, and articulate critic of social injustice and police brutality. A police officer in Philadelphia was shot by one Arnold Beverly, whose confession to the shooting was corroborated by a lie detector test. Mumia arrived on the scene as Beverly fled and was himself shot by an arriving cop. In a deeply flawed trial, involving an incompetent defense, police perjury, and intimidated witnesses, Mumia was convicted and sentenced to death, even though no ballistic evidence linked him to the shooting. Several eyewitnesses have unequivocally indicated that he was not the gunman. He has been on death row since 1982.<sup>28</sup>

Imprisoned for long terms were members of the American Indian Movement, including Leonard Peltier, accused of shooting two FBI agents and convicted on affidavits that the government now concedes were fabricated. Peltier has been incarcerated since 1976.<sup>29</sup> Puerto Rican nationalists received an average of sixty-seven years for seditious conspiracy, specifically, belonging to a group that intended to overthrow U.S. rule in Puerto Rico. (Sedition is defined as “the incitement of resistance to lawful authority.”) Others who have served or are still serving long sentences are members of the Black Liberation Army, the Republic of New Afrika (a Black separatist movement), the African Peoples Socialist Party, Chicano and North American anticapitalist revolutionaries, and radical community organizers.<sup>30</sup> In 2001, five Cubans—who were monitoring extremist Cuban American groups in Florida that were plotting terrorist attacks against Cuba—were falsely charged with espionage against U.S. military bases and given draconian sentences.<sup>31</sup>

The members of Plowshares, a peace group, jackhammered the concrete around a missile silo in 1984. For this protest action, eleven of them were each sentenced to eighteen years in prison. A White woman, Linda Evans, organized so effectively against racism that the Louisiana Ku Klux Klan put her on their death list. To protect herself, she purchased guns using a false

identification. For this and for harboring a fugitive, Evans was sentenced to forty-five years. Susan Rosenberg and Tim Blunk, anticapitalist activists, were each given fifty-eight years for weapons possession and false identification. Marilyn Buck, a White person who aligned herself with the Black liberation movement, was convicted of conspiracy to use violence against government property, and sentenced to an incredible eighty years. She has been in prison since 1983.<sup>32</sup>

Convicted of attempted robbery (that never took place) and aiding a Black Panther to escape prison, Silvia Baraldini, a campus radical and antiwar activist, was sentenced to forty-three years. She and other political prisoners were held in a high-security unit at Lexington, Kentucky, enduring windowless cells, total isolation, and constant surveillance by hostile male guards. In time, their eyesight and health seriously deteriorated. Transferred to her native Italy in 1999 to serve the remainder of her sentence, Baraldini was released in 2006 under a pardon law approved by the Italian Parliament.<sup>33</sup>

Supporters have pointed out that none of these accused individuals were ever convicted of harming anyone. They were given draconian sentences in prison not for what they had done but for their political activities and ideologies. In this respect they fit the definition of political prisoners.

Environmental activists like Jeff Luers also have encountered harsh treatment. He was sentenced to twenty-two years and eight months in prison for burning three sport utility vehicles at a dealership in Oregon as a protest action against the ecological damage wrought by such gas guzzlers. This was a heavier sentence than given to serial rapists, child molesters, and arsonists. (In Oregon arsonists usually get less than five years.) After much agitation, the sentence was reduced to ten years, given that it was a crime in which no one was injured.<sup>34</sup>

Sometimes just uttering the wrong words can be enough. In 2005 a federal court convicted Muslim spiritual leader Dr. Ali Al Tamimi for supposedly remarking to his followers at a meeting that they should go abroad and train for a jihad in Afghanistan. For this “terroristic” advocacy he was sentenced to life in prison.<sup>35</sup>

## POLITICAL MURDER, USA

During the antiwar demonstrations of the Vietnam era, law enforcers used lethal force against unarmed protestors on several occasions. In Orangeburg, South Carolina, police fired into a peaceful campus gathering, killing three African American students and wounding twenty-seven others. Ohio National Guardsmen killed four White students and maimed two others who were participating in an antiwar protest at Kent State University. Ten days later, at the all-Black Jackson State College in Mississippi, police began shooting into a women’s dormitory where protesting students had peaceably congregated, killing two and wounding a dozen others.<sup>36</sup> “Impartial” investigations by the very authorities responsible for the killings exonerated the uniformed murderers.

Police attacked the Black Panther Party in more than ten cities, wrecking offices, stealing thousands of dollars in funds, and arresting, beating, and

shooting occupants in planned operations coordinated with the FBI. At least thirty-four Panthers were murdered by police by the early 1970s.<sup>37</sup>

A famously dedicated union leader of the United Auto Workers (UAW), Walter Reuther, who was playing a key role in activating the labor movement against the Vietnam War, was killed when his small plane crashed in 1970. Evidence indicated that the plane's altimeter had been sabotaged. A year and a half earlier Reuther and his brother Victor, another UAW labor activist, had barely escaped death in a remarkably similar incident—a malfunctioning altimeter (in a different aircraft). Weeks before the fatal crash, President Nixon and other Republican leaders had labeled Reuther a “dangerous menace.” Assassination attempts against both Walter and Victor had occurred years earlier when both were shot by snipers while in their respective homes, causing permanent injury to both. For years Reuther had been constantly tracked by the FBI.<sup>38</sup>

Between 1991 and 1993 three Haitian talk-show hosts in Miami, who aired critical commentaries about CIA-supported military repression in Haiti, were shot dead.<sup>39</sup> Individuals in the Cuban American community who advocated a conciliatory policy toward the Cuban communist government were subjected to threats and attacks. A right-wing Cuban exile terrorist group openly claimed credit for some twenty-one bombings between 1975 and 1980 and for the murder of a Cuban diplomat in New York, yet the group escaped arrest in all but two instances.<sup>40</sup>

In the United States, between 1981 and 1987, there were eleven killings of Vietnamese publishers, journalists, and activists who had advocated relations with the communist government of Vietnam. In each instance, a U.S.-based right-wing Vietnamese organization, VOECRN, claimed responsibility. One of VOECRN's victims, a publisher of a Vietnamese-language weekly, survived his shooting and identified the gunman. The assailant was convicted but the conviction was reversed at the prosecutor's request because “he had no prior criminal record in this country.” The police and FBI claimed that such attacks were unrelated and devoid of a political motive—despite VOECRN's politically inspired communiqués claiming responsibility.<sup>41</sup>

There is the strange case of Professor Edward Cooperman who was shot in his office at California State University, Fullerton. As founder of an organization advocating scientific cooperation with Vietnam, Cooperman had received death threats. Lam Van Minh, a Vietnamese émigré and Cooperman's former student, admitted witnessing the professor's death and was arrested. As he tells it, Cooperman produced a gun that accidentally discharged and killed him. Minh left, taking the gun with him for some reason. He then took a female friend to a movie, after which he returned to the office and placed the gun in Cooperman's hand. The office had the appearance of a struggle. The prosecution introduced little to challenge Minh's improbable story. He was convicted of involuntary manslaughter, sentenced to three years, and served only one. Minh had been previously arrested for possession of stolen property. His lawyer was procured by a right-wing Vietnamese organization.<sup>42</sup>

In Chicago, after repeated death threats, Rudy Lozano, a Chicano union organizer and communist, who worked effectively to unite Latinos, African

Americans, and Whites around working-class causes, was shot dead in his home by someone who came to his door on the pretense of asking for a drink of water and who stole nothing. According to family members, paramedics who arrived at the scene thought they could save Lozano's life, but police blocked them from getting near him, because "evidence might be destroyed."<sup>43</sup>

Other political murders or suspicious deaths in the United States include:

- Alan Berg, a popular Denver talk-show host who engaged in impassioned arguments with anti-Semitic and racist callers and who was killed by members of a White supremacist group.
- Don Bolles, who, at the time of his murder, was investigating a far-reaching financial scandal that implicated some of Arizona's most powerful political and business leaders.
- Karen Silkwood, who was investigating radiation safety negligence at Kerr-McGee corporation.
- Danny Casolaro, whose uncovering of government and business corruption might have implicated high-ranking U.S. officials.
- David Nadel, a Berkeley, California, political activist and organizer, whose identified murderer is living at a known location in Mexico.
- Marine Colonel James Sabow at Marine Corps Air Service, El Toro (declared a "suicide" even though the back of his head was bashed), who threatened to blow the whistle on corrupt covert operators with links to drug trafficking. Four other specialists and contractors connected with the El Torro operation were all found dead under suspicious circumstances.<sup>44</sup>

In 2005 some one hundred heavily armed FBI agents surrounded the home of Ojeda Ríos, the seventy-two-year-old leader of a Puerto Rican independence movement who had evaded arrest after the heist of a Wells Fargo truck in 1990. The agents approached with guns blazing. The autopsy performed on Ríos's body revealed that he could have survived had he received proper medical attention. Instead, the FBI allowed no one into the house for eighteen hours while Ríos slowly bled to death. Amnesty International concluded that the killing had the blueprint of an "extrajudicial execution."<sup>45</sup>

Federal agents have lent support to violent rightist groups. In the 1970s a paramilitary "peacekeeping" force under FBI direction carried out a terrorist campaign on the Pine Ridge Indian Reservation that was directly responsible for hundreds of assaults and for the deaths of more than sixty supporters of the American Indian Movement. In San Diego, the FBI financed a crypto-fascist outfit called the Secret Army Organization, whose operations ranged from burglary and arson to kidnapping and attempted murder. The Senate Intelligence Committee revealed that the FBI organized forty-one Ku Klux Klan chapters in North Carolina alone. FBI informants in the Klan did nothing to stop KKK members from committing murder and other acts of violence. In some instances, as in the 1979 Greensboro, North Carolina, massacre of four members of the Communist Workers Party, FBI informants procured weapons for the murderers and directed them to the right location. The

Greensboro police also knew of the impending attack but took no action. The gunmen were filmed on videotape by journalists who were covering the rally but the perpetrators were acquitted.<sup>46</sup>

From 1969 to 1972, U.S. Military Intelligence and the Chicago police jointly operated an organization called the Legion of Justice. Its members clubbed and maced protestors and antiwar demonstrators, broke into their headquarters, stole files, vandalized a progressive bookstore, and committed other such criminal acts.<sup>47</sup>

Violent right-wingers usually go unscathed by the authorities. The Louisiana district court that gave Linda Evans forty-five years also sentenced Don Black, a KKK member who transported illegal weapons and attempted to set up a drug cartel, to three years. He was out in two. When asked what they intended to do about the fifteen or so right-wing paramilitary terrorist camps within the United States, a Justice Department official said the camps did not appear to be in violation of any federal statute.<sup>48</sup>

An American, Michael Townley, linked with the CIA, admitted in 2005 to having perpetrated a number of assassinations for the Chilean dictatorship in the 1970s. He was given only ten years for the murder of Chilean diplomat Orlando Letelier and American activist Ronnie Moffit in Washington, D.C. But he was soon freed under the witness protection plan. Luis Posada Carilles was linked to Townley, the CIA, and various terrorist acts including killing seventy-three people in the bombing of a Cuban airline. The Bush administration, which professed a dedication to fighting terrorism, refused to hand Posada over to Venezuela or Cuba where he is facing murder charges. Posada's close accomplice in the bombing of the Cuban airline, Orlando Bosch, was pardoned of all his misdeeds by the elder President Bush in 1990 and lives as a free man in Florida. All charges against Posada himself were dismissed by a Bush-appointed federal judge on a technicality having to do with faulty translation at his naturalization interview. Two years later in 2009 Posada was indicted for lying about his involvement in a series of 1997 bombings that targeted tourist spots in Cuba.<sup>49</sup>

When two Chicano socialists were killed by bombs planted in their cars, the FBI made no arrests. When a powerful bomb wrecked the offices of several progressive and civil liberties groups in New York, injuring three people, the police made only a perfunctory investigation. After a series of threats, an antinuclear organizer was shot dead in Houston and an assistant was seriously wounded; police came up with not a clue.<sup>50</sup>

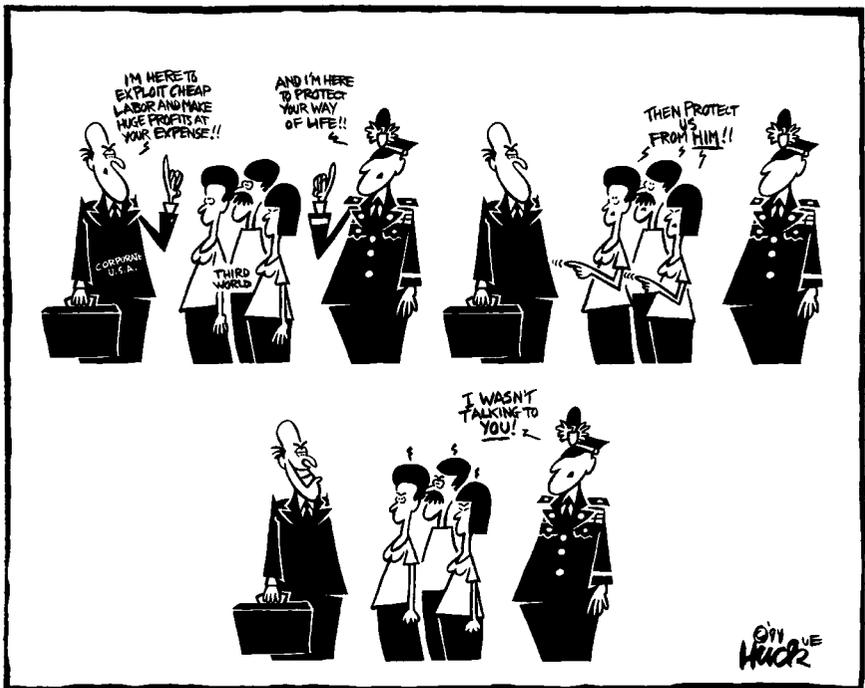
The FBI was quick to make arrests when leftist environmentalists Judi Bari and Darryl Cherney were injured by a car bomb in 1990. They arrested the victims, Bari and Cherney, calling them "radical activists" and charging that the bomb must have belonged to them. Bari, an outspoken advocate of nonviolence, was seriously injured in the blast. Never fully recovering her health, she died of cancer in 1997. The charges were eventually dropped for lack of evidence. Bari's organization launched a civil rights lawsuit charging that the FBI itself was involved in the bombing. In 2004 the Justice Department agreed to pay Cherney and the Bari estate a \$2 million settlement.<sup>51</sup>

Rightist terrorists are treated lightly by law enforcers, leftist groups are treated severely. There is nothing inconsistent about this position. Left groups—no matter how nonviolent and lawful—challenge the corporate capitalist system or some aspect of its privileges and abuses, whereas rightist groups—no matter how violent and unlawful—do the dirty work for that system. Thus there is a community of interest between the rightists and the law agencies and sometimes an unspoken collaboration.

However, when right-wing extremists engage in counterfeiting and bank robberies, and plan attacks against *federal* targets instead of leftist targets, as with the Oklahoma City bombing of a federal building that claimed 168 lives, including 19 children, in 1995, then law enforcers move against them, albeit sometimes belatedly.

## THE NATIONAL SECURITY AUTOCRACY

Within the government there exists a loose grouping of authorities that some have called the *national security state*, consisting of the president, the secretaries of State and Defense, the National Security Council, the Joint Chiefs of Staff, and numerous intelligence agencies like the FBI and CIA. The national security state's primary function is to defeat movements at home and abroad that seek alternatives to free-market globalization.



Congress has no exact idea how much it allocates for intelligence operations because specific funds are hidden in other budget items—in violation of Article I, Section 9 of the Constitution, which declares that no funds shall be drawn from the treasury except by lawful and publicly accounted appropriation. A deputy director of the CIA stated that the overall “intelligence budget” was \$44 billion in 2005.<sup>52</sup>

There is the Pentagon’s Defense Intelligence Agency, which deals with military espionage and counterintelligence. Every echelon within the Pentagon—army, navy, and air force—and every regional command around the world has its own intelligence service.<sup>53</sup> The National Reconnaissance Office (NRO) uses satellites in orbit to eavesdrop on telephone conversations and diplomatic communications, and photograph potential targets for military action. In the early 1990s, the NRO could not account for \$4 billion in secret funds. Its top two NRO managers were ousted, but no one went to jail.<sup>54</sup>

The National Security Agency (NSA) breaks codes and monitors nearly all telephone calls and telegrams between the United States and other countries. Using the “war on terror” as an excuse, the Bush administration brought the NSA back into the business of domestic surveillance, spying on Americans whose views differed from those of the White House.<sup>55</sup>

Presiding over the entire “intelligence community” is the National Intelligence Council, established in 2005 to provide the president and senior policymakers with analyses of foreign policy issues that have been reviewed and coordinated among the various intelligence agencies.<sup>56</sup>

At one time or another, various intelligence agencies have admitted to maintaining surveillance on millions of private citizens and even members of Congress. They plant their operatives in other units of government. They plant stories in the U.S. media, secretly enlisting the cooperation of media bosses, journalists, and editors. The CIA alone has subsidized the publication of hundreds of books and has owned outright more than two hundred wire services, newspapers, magazines, and book-publishing complexes. The agency has recruited thousands of academics across the country as spies and researchers, secretly financing and censoring their work. CIA agents have infiltrated student, labor, and scientific groups. The agency conducts its own resident-scholar programs and offers internships to undergraduate and graduate students.<sup>57</sup>

The CIA has infiltrated and disrupted dissenting organizations in this country and abroad. The National Conference for New Politics (NCNP), a progressive coalition, never recovered from the CIA’s divisive and disruptive “Operation Chaos” attacks from within.<sup>58</sup> The CIA admitted to carrying out mind-control projects at over eighty institutions, sometimes on unsuspecting persons, and was responsible for the death of at least one government employee.<sup>59</sup>

In violation of the National Security Act of 1947, which states that the CIA “shall have no police, subpoena, law enforcement or internal security functions,” the agency has equipped and trained local police forces in the United States, and conducts covert operations against U.S. citizens within this country and abroad.<sup>60</sup>

## CIA: CAPITALISM'S INTERNATIONAL ARMY OR COCAINE IMPORT AGENCY?

U.S. intelligence agencies do more than just gather intelligence. One could fill volumes delineating their crimes against humanity. In countries like Guatemala, Greece, Brazil, Chile, Indonesia, Argentina, Zaire, Guyana, Haiti, Panama, Mozambique, Angola, Jamaica, Kosovo, and the Philippines, U.S. national security forces and U.S.-supported mercenary armies have used every means to destroy popular revolutionary movements and governments or even just reformist ones, and install repressive regimes that were totally accommodating to U.S. corporate interests. What a State Department memorandum had to say about Guatemala could apply to any number of places, namely that the government has used indiscriminate “counter-terror” to combat insurgency. “People are killed or disappear on the basis of simple accusations.... Interrogations are brutal, torture is used and bodies are mutilated. We [the U.S. government] have condoned counter-terror.... We encouraged the Guatemalan Army to do these things.”<sup>61</sup>

The CIA has stolen elections and waged disinformation campaigns abroad. It has bribed officials, incited ethnic enmities, and funded and trained secret armies, paramilitary forces, saboteurs, torture teams, and death squads. It has pursued destabilization and assassination campaigns against government leaders, labor unions, and peasant, religious, and student organizations in numerous nations.<sup>62</sup>

CIA training manuals unearthed by a Freedom of Information lawsuit revealed that the agency taught methods of torture to Third World militaries, such as electric shock, water torture, sleep, food, and sensory deprivation, and psychological torture such as forcing victims to witness the torture of loved ones, including one's children or parents. Other CIA manuals taught methods of assassination.<sup>63</sup> Torture has become an American export. According to Amnesty International, the U.S. Commerce Department has issued hundreds of export licenses worth more than \$27 million for thumbscrews, leg irons, shackles, stun guns, and electro-shock instruments, “specifically designed implements of torture,” much of it to countries with dismal human rights records.<sup>64</sup>

After World War II, U.S. intelligence agencies put thousands of Nazi war criminals and their collaborators on the U.S. payroll, utilizing them in repressive operations against the left in Latin America and elsewhere.<sup>65</sup> The U.S. government also used scientists of the notorious biological warfare Unit 731, part of the Japanese military during World War II. Unit 731 conducted frightful experiments in China and elsewhere, including human vivisection, with and without anesthesia. Evidence strongly suggests that the U.S. military used Unit 731 scientists during the Korean War (1950–1953) to create epidemics of hemorrhagic fever, a disease previously unknown in Korea.<sup>66</sup>

Released CIA documents disclosed that the CIA maintained a clandestine biological warfare program targeting the populations and crops of a number of countries, including North Korea, Vietnam, Laos, Panama, and Cuba. The CIA deployed weather modification technology, and sprayed insect infestations to destroy crops in Cuba, along with a virus that caused swine fever,

the first such infection in the Americas, forcing the slaughter of pigs in Cuba to prevent a widespread epidemic among humans. The agency is also charged with causing an epidemic of dengue hemorrhagic fever, transmitted by mosquitoes, afflicting some 300,000 people, killing 57 Cuban adults and 101 children, the first major epidemic of dengue in the Western Hemisphere. In 1997, Cuba presented a report to the United Nations charging Washington with “biological aggression.”<sup>67</sup>

Throughout the 1970s and 1980s, in various Western European countries, the CIA helped maintain secret paramilitary units to carry out acts of terrorism against anticapitalist organizations. The House Intelligence Committee reported that “several hundred times a day” CIA operatives “engage in highly illegal activities” overseas that endanger the freedom and lives of foreign nationals.<sup>68</sup>

The CIA has recruited hit men for “international murder missions,” supplying arms and money to Italian and Corsican mafias to murder members of communist-led dockworkers’ unions in Italy and France in 1947 and 1950. After these unions were broken, the mobsters were given a freer hand transporting heroin from Asia to Western Europe and North America. Assisted by the CIA itself, anticommunist drug lords in Southeast Asia and Afghanistan increased their opium production and distribution tenfold.<sup>69</sup>

CIA involvement in Central America contributed to the U.S. cocaine epidemic of the 1980s. CIA planes transported guns and supplies down to right-wing mercenary troops in Nicaragua, the “contras,” and procapitalist political and military leaders in other Latin countries; the planes then were reloaded with cocaine for the return trip to the United States. The CIA itself admits having known and done nothing about narcotics shipments to inner-city populations in this country. It was reported that a CIA “anti-drug unit” was involved in cocaine trafficking.<sup>70</sup> Drug infestation can serve as a useful social-control mechanism, keeping low-income African American and Latino youths shooting themselves up with needles and each other with guns rather than organizing militant revolutionary groups as in the 1960s.

A former official observed: “In my 30-year history in the Drug Enforcement Administration [DEA] and related agencies, the major targets of my investigations almost invariably turned out to be working for the CIA.”<sup>71</sup> In November 1993, a former DEA director and a DEA agent both appeared on CBS’s *60 Minutes* and detailed the CIA’s massive theft of cocaine from DEA warehouses. The cocaine was later sold on the streets in the United States. Likewise DEA efforts at thwarting the drug outflow from Burma have been stymied by the CIA and State Department on behalf of Burma’s corporation-loving, drug-running dictatorship.<sup>72</sup>

CIA operatives participated in the multibillion-dollar savings and loan swindles. Monies gained from such deals, along with drug money laundered through various banks and other financial institutions, were illegally used to finance CIA covert activities.<sup>73</sup>

A mountain of evidence suggests that elements of the “intelligence community,” assisted by certain mobsters, were involved in the assassination of President John Kennedy in 1963 and in the subsequent massive cover-up.

Kennedy was considered a dangerous liability because of what were perceived as his “liberal” foreign and domestic policies, including his unwillingness to pursue an all-out ground war in Indochina, and his determination to bring intelligence agencies under firmer executive control.<sup>74</sup>

In 1982, at the urging of the Reagan administration, Congress passed a law prohibiting publication of any information that might help identify present or former intelligence agents, even if the information came from already published sources. Under that law, some journalistic exposés of illegal covert activities themselves became illegal.

It has been argued that a strong intelligence system is needed to gather the information needed by policymakers. But the CIA and other agencies have been unlawfully involved in covert actions that go beyond intelligence gathering, including drug trafficking, mercenary wars, torture, sabotage, assassinations, and disinformation campaigns against the U.S. public itself.

With the overthrow of the Soviet Union and other communist countries, the spies and militarists of the national security state faced a shortage of enemies. How would they justify their bloated budgets if there were no adversaries menacing us? New ones had to be conjured: “rogue nations,” “international terrorists,” “Islamic extremists,” and the like. Such alarmist stories did little to protect our national security but much to protect the budgets of the national security establishment, and much to keep the repressive global apparatus intact.

## WATERGATE AND IRAN-CONTRA

In June 1972, a group of ex-CIA agents were caught breaking into the Democratic Party headquarters in the Watergate building in Washington, D.C. The burglary was part of an extensive campaign involving electoral sabotage, wire-tapping, theft of private records, and illegal use of campaign funds. It was subsequently revealed that President Richard Nixon himself was involved in the skulduggery and related cover-up activities. Facing impeachment, he resigned from office. His successor, Gerald Ford, promptly pardoned Nixon for all crimes relating to Watergate. Nixon never served a day in jail and retired on his presidential pension. Persons found guilty in the affair were given light sentences.<sup>75</sup>

In 1986, another scandal, known as “Iran-contra,” rocked the White House. It was discovered that the Reagan administration had been selling millions of dollars worth of arms to Iran, a country it repeatedly accused of supporting terrorism. As part of a covert operation to bypass Congress and the Constitution, Reagan officials funneled the funds from these secret sales to the Nicaraguan mercenaries known as the “contras,” who were waging a terrorist war of attrition against a democratic socialist Nicaraguan government. Funds also may have been diverted to pay for the campaigns of Republican candidates. President Reagan admitted full knowledge of the arms sales, but claimed that he had played no role in its operation and had no idea what happened to the money. In subsequent court testimonies his subordinates said that Reagan had been actively involved in the entire affair. But he never served a day in jail.<sup>76</sup>

Despite abundant evidence of involvement by the White House and the National Security Council in Iran-contra, no reforms to rein in secret operations were implemented. A special prosecutor did manage to convict eleven individuals of destroying government documents, obstructing justice, perjury, illegally diverting funds, and other crimes, nine of whom received probation and light fines, and only one went to jail for a short spell. Some of the people involved, such as former CIA director and then Vice President George Bush Sr., were never indicted despite testimony directly implicating them. Once Bush Sr. became president in 1989, he pardoned a half dozen criminals, including Defense Secretary Caspar Weinberger, and State Department official Elliot Abrams, who later became Bush Jr.'s deputy national security advisor.<sup>77</sup>

Much is made of how presidents stand by subordinates who are accused of wrongdoing, supposedly out of “loyalty” to them. In fact they usually are bound by something stronger than loyalty, namely self-interest. An underling abruptly cut loose might turn into a damaging source of disclosure. During the Watergate affair, the one aide President Nixon tried to throw to the wolves, John Dean, ended up singing the entire conspiracy libretto to Congress and the world. Generally, it is best for a president who is implicated in an illegal affair to do everything possible to firm up the skittish line of lieutenants who stand between him and lawful retribution.

## HOMELAND INSECURITY

The 11 September 2001 attack on the Pentagon and the World Trade Center in New York, resulting in almost three thousand deaths, provided an atmosphere of national alarm that made it relatively easy for the Bush administration to embark on overseas invasions, while increasing surveillance and suppression at home.

In the weeks before 9/11, the White House had been repeatedly warned by U.S. military intelligence, the FBI, and the CIA of plans for domestic terrorist attacks using explosives and airline hijacking, to be conducted by Muslim-extremist networks. Warnings also came from other experts including the administration's own counterterrorist advisor, Richard Clarke. Various foreign countries sent warnings that a major attack on U.S. soil was imminent. Attorney General John Ashcroft quit flying on commercial airlines after a “threat assessment,” and several top Pentagon officials canceled flights the day before the attacks. But President Bush and his associates chose to do nothing about the impending threat. Instead Bush himself went on one of the longest presidential vacations in White House history.<sup>78</sup>

After the attacks had occurred, and using them as a justification, Bush increased military spending, initiated wars against Iraq and Afghanistan, and rammed the so-called USA Patriot Act through Congress without an opportunity for public debate. Under the Patriot Act:

- The government can monitor people's Internet habits, the contents of their computer documents, e-mails, telephone calls, and the books they borrowed from the library.

- Without a court order and without having to show probable cause that criminal activity was brewing, federal agents could now go into homes to copy or seize people's business and personal records while occupants were away.
- Persons such as librarians, doctors, bank officials, business employers, and neighbors were obliged to turn over other people's personal data to the government, and were prohibited under threat of federal prosecution from telling anyone.
- For the first time in our history U.S. citizens could be held indefinitely without a warrant, without charges or hearings or habeas corpus, or benefit of legal representation, and without being able to contact their families, all in violation of the Fifth, Sixth, and Fourteenth Amendments of the Constitution.<sup>79</sup>
- Given the overly broad definition of "terrorism" provided in the act, the government could designate—in violation of the First Amendment—any protest group as a terrorist organization and any civil disobedience as "domestic terrorism."

Hardly two years after the Patriot Act was passed, over one hundred U.S. cities, counties, and towns had passed resolutions calling for its repeal. But in 2003, the Republican-controlled Congress passed additional laws to expand the act by removing judicial oversight and transferring still more power to law enforcement authorities.<sup>80</sup>

During that same period, an Amnesty International report revealed that U.S. federal agents were conducting what they called "extraordinary rendition," which consisted of abducting individuals in various parts of the world, including the United States, and without any semblance of due process and often without any reliable evidence, sending them off to be interrogated and tortured by regimes abroad for extended periods of time. Other reports indicated that detainees held by U.S. authorities in Guantanamo, Iraq, and elsewhere. No charges were brought against government personnel regarding the abuse and death of detainees.<sup>81</sup>

A report by the International Committee of the Red Cross, gathered in 2007 but not published until 2009, revealed that prisoners detained on suspicion of being terrorists were regularly tortured by the CIA. Though kept in isolation at different locations, the prisoners described remarkably similar torments: waterboarding, forced to stand shackled for days in one position, slammed repeatedly into walls, deprived of sleep and solid food, forced to remain naked for months at a stretch often in frigid cells. All were kept in continuous solitary confinement for their CIA detention, ranging from sixteen months to more than four years.<sup>82</sup>

The White House insisted that spying on U.S. citizens without a warrant and incarcerating people without benefit of a hearing or trial was necessary for our security. Justice Department lawyers provided memorandums stating that the government could ignore international law that prohibits torture and calls for due process.<sup>83</sup>

As far as our real security needs are concerned, next to nothing has been done to implement necessary measures within the United States. Airport

security remains something of an inconvenient joke. One test survey conducted by the Transportation Security Administration itself “found that fake guns, bombs, and other weapons got past security screeners almost one-fourth of the time.”<sup>84</sup> As of 2006 our entire agricultural system remained open to biological attack, according to a former Secretary of Agriculture in the Bush administration. Nuclear power plants and chemical plants, many located close to large urban populations, remained vulnerable to attack. Rail yards with tanker cars full of deadly chemical gases were stored behind unlocked and unguarded gates. Millions of shipping containers moved through U.S. ports unchecked; high-tech detection devices were still not in place, and only 6 percent of containers were physically inspected.<sup>85</sup>

During his first year in the White House, President Obama banned torture and some other brutal interrogation methods. But he continued the practice of preventive detention, incarcerating individuals indefinitely for years without charges and without affording them an opportunity to demonstrate their innocence. His Justice Department ruled that military and intelligence agencies would need the approval of U.S. Attorney General Eric Holder to withhold classified evidence in court. Holder also initiated an investigation of CIA abuse of prisoners.<sup>86</sup>

In sum, under the guise of “fighting communism,” “fighting terrorism,” “protecting U.S. interests,” or “defending democracy,” the purveyors of state power have committed horrendous crimes against the people of this and other countries. The ancient question of political philosophy, *quis custodiet ipsos custodes?* (who guards the guardians?), is still with us.

C H A P T E R  
11

# The U.S. Global Military Empire

The United States is said to be a democracy, but it is also the world's only superpower, with a global military empire of a magnitude never before seen in history. What purpose does this empire serve?

## A GLOBAL KILL CAPACITY

The U.S. military has a nuclear overkill capacity of more than eight thousand long-range missiles and twenty-two thousand tactical ones, along with ground and air forces ready to strike anywhere and a fleet larger in total tonnage and firepower than all the other navies of the world combined. With only 5 percent of the earth's population, the United States devotes more to military expenditures than all the other industrialized nations put together. Over the last half century, U.S. leaders deployed thousands of nuclear weapons and hundreds of thousands of military personnel to over 350 major bases and hundreds of minor installations spanning the globe. This massive deployment supposedly was needed to contain a Soviet Union bent on world domination—although evidence indicates that the Soviets were never the threat they were made out to be by our Cold War policymakers.<sup>1</sup>

Despite the overthrow of the USSR and other Eastern European communist nations in 1990–1992, U.S. military allocations continued at budget-busting stratospheric levels, and U.S. overseas military strength remained deployed in much the same pattern as before, with its Cold War arsenal of long-range nuclear missiles aimed mostly at the former Soviet Union, an enemy that no longer exists. In recent years the list of sites targeted by U.S. nuclear weapons actually grew by 20 percent, including new

targets in Russia, Belarus, Ukraine, Kazakstan, China, Iran, Iraq, and North Korea.<sup>2</sup>

The direct yearly military appropriations rose to about \$534 billion by 2010, really closer to \$850 billion if we count the indirect costs of war and empire, such as veterans benefits and medical costs, annual debt payments due to military spending (over \$100 billion), covert military and intelligence operations, the 70 percent of federal research and development funds that goes to the military, “supplementary appropriations” for specific wars as in Iraq and Afghanistan (about \$130 billion in 2010), and defense expenses picked up by nonmilitary agencies including “defense related activities” of the General Services Administration, along with the Energy Department’s nuclear weapons programs, which consumes more than half of that department’s budget.<sup>3</sup>

The U.S. government also runs a Foreign Military Financing Program, which gives billions of dollars a year to other countries to purchase weaponry from U.S. firms. The U.S. taxpayers fully subsidize these sales while the profits go to the corporate arms dealers.<sup>4</sup>

The federal budget is composed of *discretionary spending* (the monies that the Congress allocates each year) and *mandatory spending* (the monies that must be allotted in compliance with already existing authorizations, such as payments on the national debt or Social Security). In the discretionary budget, more money is spent on the military than on all domestic programs combined.



The Bush administration made an accelerated effort to develop the Strategic Defense Initiative, or “Star Wars.” First proposed in the mid-1980s, “Star Wars” is an outer-space missile program that supposedly would intercept and destroy all incoming warheads launched by other nations. Over the years the Pentagon has spent more than \$120 billion unsuccessfully trying to create this “space shield,” and wants another \$62 billion for the years 2010 to 2014. If the “Star Wars” project ever does prove successful, it will make the nuclear arsenals of other nations obsolete and deprive them of any deterrence against U.S. nuclear missiles. This in turn will encourage them to spend more to update their own long-range attack systems.<sup>5</sup> Also “Star Wars” is in violation of the Outer Space Treaty, signed by ninety-one nations including the United States, which bans weapons of mass destruction in space.

A chief of the U.S. Space Command enthused: “We’re going to fight from space and we’re going to fight into space. We will engage terrestrial targets someday—ships, airplanes, land targets—from space.”<sup>6</sup> The professed goal of the U.S. Space Command is to dominate “the space dimension of military operations to protect U.S. interests and *investments*.”<sup>7</sup> The military already can beam powerful electromagnetic or pulsed radio-frequency radiation transmissions back to earth (Project HAARP), seriously impairing the mental capacity of whole populations, causing “severe physiological disruption or perceptual disorientation” for an extended period, according to the air force.<sup>8</sup>

## PENTAGON PROFITS, WASTE, AND THEFT

The arms procurement program run by the Department of Defense (DOD) is rife with fraud and profiteering. The DOD’s own auditors admit the military cannot account for one-fourth of what it spends, over \$100 billion a year. Such sums do not just evaporate; they find their way into somebody’s pockets. A secretary of defense during the Bush administration, Donald Rumsfeld, admitted that “according to some estimates we cannot track \$2.3 trillion in transactions.” When Bush called “for more than \$48 billion in new defense spending,” this caused Retired Vice Admiral Jack Shanahan to remark, “How do we know we need \$48 billion since we don’t know what we’re spending and what we’re buying.”<sup>9</sup>

If the Pentagon’s “misplaced” funds were returned to state and local governments on a pro rata basis, they all would be able to pay off their debts, vastly improve their educational and health services, and still have funds left over for other things. There’s more to this story:

- The Pentagon was storing \$41 billion in excess supplies gathering dust or rusting away.
- The U.S. Army allocated \$1.5 billion to develop a heavy-lift helicopter, even though it already had heavy-lift helicopters and the Navy was building an almost identical one.
- Congress voted for C-130 cargo planes the Air Force did not want because they were so dysfunctional, and extra B-2 bombers that the Pentagon never requested.

- Congress added \$6.2 billion to a supplemental spending bill for, among other things, a C-17 aircraft that defense secretary Robert Gates recommended terminating.
- The Air Force started to develop an F/A-22 fighter plane in 1986 that cost \$29 billion and was still not combat ready twenty years later in 2005.
- The Pentagon is spending billions to build 187 F-22 fighter planes that seem intended for war with a major power. After a furious battle in Congress, funding for an addition 7 F-22s was cut, saving the country \$1.75 billion. But the Air Force has plans for yet another super fighter plane, the F-35.
- The Pentagon approved a plan to spend \$16 billion to lease one hundred jetliner refueling tankers from Boeing, which cost more than buying the planes. The tankers had been built by Boeing in part with Pentagon funds.<sup>10</sup>

The Government Accountability Office (GAO), watchdog agency for Congress, reported that the Pentagon had no sure way of knowing how \$200 billion was spent waging war in Iraq and Afghanistan. The GAO identified instances in which costs were off by 30 percent or more. Multibillion-dollar Pentagon contracts were plagued by “inadequate planning and inadequate oversight,” according to the GAO controller-general. A third or more of government property that Halliburton and its subsidiaries were paid to manage in Iraq could not be located by auditors. Halliburton and other contractors were repeatedly paid for work never performed. They grossly overcharged the Pentagon for fuel supplies, construction, and meals for troops, while delivering substandard equipment and contaminated water to U.S. bases in Iraq.<sup>11</sup>

Two members of Congress concluded that Halliburton was systematically overcharging on hundreds of requisitions every day, with an enormous cumulative cost to the taxpayer of billions of dollars. “The general feeling,” concluded one Army contracting officer, “is that the contractor [Halliburton] is out of control.”<sup>12</sup>

Military contractors generally enjoy what are called *cost plus* contracts. They get paid whatever it costs to do the job plus a guaranteed profit. There are no penalties for failure. Hence the more wasteful the performance, the costlier is the job and the bigger the profit. There is a disincentive to get the job done efficiently and economically when waste is built into the system.<sup>13</sup>

Defense contractors have been known to make out duplicate bills to different military agencies, getting paid twice for the same service. Tests have been rigged and data falsified to make weapons appear more effective than they actually are. Many top defense contractors have been under criminal investigation, but most fraud goes unpunished. The public purse is pilfered on small items too. The military paid \$511 for lightbulbs that cost 90 cents and \$640 for toilet seats that cost \$12. And after paying the Boeing Company \$5,096 for two pliers, the tough Pentagon procurers renegotiated the price down to \$1,496—a real bargain.<sup>14</sup>

Billions are spent on military pensions that go mostly to upper-income senior officers. Vast sums have been expended at military bases for golf courses, polo fields, restaurants, and officers' clubs, replete with gold-plated chandeliers, oak paneling, and marble fixtures. There is a Pentagon-leased luxury hotel outside Disney World in Florida that requires an annual federal subsidy of \$27 million. Two golf courses at Andrews Air Force Base in Maryland were not enough; so a third one costing \$5 million was built. And in the midst of intense budget cutting of human services, Congress allocated \$1 billion for seven luxury aircraft to service the Pentagon's top commanders. Meanwhile, of the fifteen thousand disabled troops returned from Iraq by 2004, many went for months without receiving pay and medical benefits to which they were entitled.<sup>15</sup>

Corporate contractors enjoy these special features of military spending:

- There are no risks to speak of. Unlike automobile manufacturers who must worry about selling the cars they produce, the weapons dealer has a guaranteed contracted market.
- Almost all contracts are awarded at whatever price a corporation sets without competitive bidding. That means the defense firm can name its own price and the Pentagon pays up.
- Many large military contracts have *cost overruns* of 100 to 700 percent. To cite a notorious example, the C-5A transport plane had a \$4 billion cost overrun (and its wings kept falling off). In recent years the price tag on the ninety-five biggest weapons programs have grown nearly \$300 billion beyond their original cost estimates.<sup>16</sup>
- The Pentagon directly subsidizes corporate defense contractors with free research and development, public lands, buildings, renovations, and yearly cash subsidies totaling in the billions.<sup>17</sup>
- Defense spending does not compete with the consumer market and is virtually limitless. There are always more advanced weapons of destruction to develop and obsolete weaponry to replace.

Various services that used to be performed by military personnel—kitchen duty, laundry, military prison construction, heavy-equipment maintenance, and certain security assignments—are now contracted out to private companies that perform these tasks often with little oversight and for heavily padded prices.<sup>18</sup>

Military spending is much preferred by the business community to other forms of government expenditure. Public monies invested in occupational safety, environmental protection, drug rehabilitation, or public schools provide for human needs and create jobs and buying power. But such programs expand the *nonprofit public sector*, bringing no direct returns to business—if anything, shifting demand away from the private market. In contrast, a weapons contract injects huge amounts of public funds directly into the *private corporate sector* at a rate of profit that is generally two or three times higher than what other investments yield.

U.S. leaders say that military spending creates jobs. So do pornography and prostitution, but there might be more worthwhile ways of boosting

employment. In any case, civilian spending generates more jobs than military spending:

Jobs created by spending \$1 billion on the military: 8,555.

Jobs created by spending \$1 billion on health care: 10,779.

Jobs created by spending \$1 billion on education: 17,687.

Jobs created by spending \$1 billion on mass transit: 19,795.<sup>19</sup>

To put military spending in perspective, consider the following: the \$800 million Congress saved in 1997 by cutting Supplementary Security Income for 150,000 disabled children amounts to less than one-third the cost of building and maintaining one B-2 bomber.<sup>20</sup> The \$5.5 trillion spent just for nuclear weapons over the last half century exceeded the combined federal spending on education, social services, job programs, the environment, general sciences, energy production, law enforcement, and community and regional development during that same period.<sup>21</sup>

To keep America on its arms-spending binge, corporate lobbyists and the Department of Defense itself spend millions of dollars on publicity to boost various weapons systems. The DOD finances military-related research projects at major universities, and propagates the military viewpoint at hundreds of conferences and exhibitions, and in many thousands of brochures, press releases, articles, and books written by “independent scholars” in the pay of the Pentagon.

## HARMING OUR OWN

The U.S. military inflicts numerous hidden costs upon the economy, the environment, and human life. The armed services use millions of acres of land at home and abroad in bombing runs and maneuvers, causing long-lasting damage to vegetation, wildlife, and public health. Military target ranges on the Puerto Rican island of Vieques, in South Korea, and even within the United States are heavily contaminated with petroleum products, uranium, and other carcinogenic heavy metals, causing cancer rates among nearby inhabitants several hundred times higher than in any normal population.<sup>22</sup>

The U.S. military is a major polluter, using vast amounts of ozone-depleting materials, and generating 500,000 tons of toxins yearly. The Pentagon admitted to Congress that some 17,500 military sites violate federal environmental laws.<sup>23</sup> The military contaminates the air, soil, and groundwater with depleted uranium, plutonium, tritium, and other toxic wastes, while amassing vast stockpiles of lethal chemical and biological agents. There are some 20,000 radioactive and toxic chemical sites on military bases and nuclear weapons plants and laboratories across the United States. Many of these have repeatedly released radioactive and other harmful wastes into the air and waterways, including millions of gallons dumped illegally into makeshift evaporation pits and seepage basins.

Populations at home and abroad have been sickened by nuclear bomb tests. After decades of denial, the government is conceding that American

workers who helped make nuclear weapons were exposed to radiation and chemicals that produced cancer and early death. The Department of Energy admits that it would cost astronomical sums and take decades to clean up the contamination generated by nuclear arms production and testing, and that most of these sites actually will never be cleaned up but will need “permanent stewardship” for generations to come.<sup>24</sup>

During the 1950s the U.S. Army conducted germ warfare experiments in American cities, causing numerous civilian illnesses and deaths, a rare epidemic of infections. The U.S. Coast Guard, responsible for policing our waterways, has dumped more than 100,000 used batteries containing lead, mercury, and other chemicals into our rivers and bays.

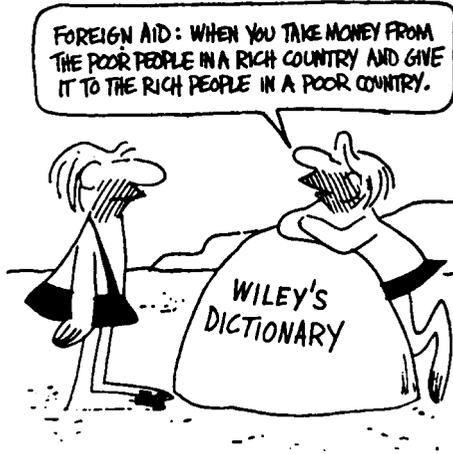
The military is also a danger to its own ranks. Every year hundreds of enlisted personnel are killed in vehicular accidents, firing exercises, practice flights, maneuvers, and other readiness preparations. During World War II the Navy tested the effects of poison gas using sailors as guinea pigs. As many as 60,000 took part in the experiments, many suffering long-term disabilities. Tens of thousands of veterans have been sickened or have died from exposure to atomic testing during the 1950s or from toxic herbicides used in the Vietnam War. And more than 200,000 Gulf War veterans may have been exposed to depleted uranium or other highly hazardous materials, including anthrax inoculations that are suspected of causing serious illness. In 1994 Senator John Rockefeller (D-W.Va.) issued a report revealing that for at least fifty years the Department of Defense used hundreds of thousands of military personnel in human experiments involving intentional exposure to toxic chemical agents that caused serious ailments.<sup>25</sup>

The Department of Defense is one of the biggest and cruelest users of animal experimentation. Animals “are burned, shot, bled, irradiated, dosed with biological, nuclear, and chemical weapons assaulted with cannonades of noise, exposed to deadly viruses,” and then studied as they suffer lingering deaths.<sup>26</sup>

## ECONOMIC IMPERIALISM

In recent decades, U.S. industries and banks have invested heavily in the *Third World* (the poorer regions of Asia, Africa, and Latin America), attracted by the rich natural resources and the high return that comes with underpaid labor and the absence of taxes, environmental regulations, and occupational safety costs. The U.S. government grants subsidies and tax concessions to corporations for their overseas investments, along with compensations for losses due to war or confiscation by a foreign government. Washington refuses aid to any country that nationalizes, without full compensation, assets owned by U.S. firms.

U.S. corporate investments do little to improve and much to diminish the lot of Third World peoples. The transnationals push out local businesses and preempt their markets. American agribusiness cartels, heavily subsidized by the U.S. government, dump surplus products in other countries at below cost and undersell local farmers. They expropriate the best land in these countries



for cash-crop exports, usually monoculture crops requiring large amounts of pesticides, leaving less acreage for the hundreds of varieties of organically grown foods that feed the local populations.<sup>27</sup>

By displacing local populations from their lands and robbing them of their self-sufficiency, corporations create overcrowded labor markets of desperate people who are forced to toil for poverty wages, often in violation of the countries' minimum-wage laws. In Haiti, for instance, workers are paid 11 cents an hour by corporate giants such as Disney and Wal-Mart. The United States is one of the few countries that has refused to sign an international convention for the abolition of child labor and forced labor. This position stems from the child labor practices of U.S. corporations throughout the Third World, where children as young as twelve suffer high rates of injuries and fatalities.<sup>28</sup>

The savings that big business reaps from cheap labor abroad are not passed on in lower prices to their customers. Corporations do not outsource to far-off regions in order to save money for U.S. consumers but to increase their margin of profit. Thus shoes made by Indonesian children working twelve-hour days for 13 cents an hour cost a company only \$2.60 to be made but still are sold for \$90 or more in the United States.<sup>29</sup>

Since World War II, hundreds of billions of dollars in U.S. military aid have been given to some eighty-five nations. The U.S. has trained and equipped some 2.3 million foreign troops and police, the purpose being not to defend these countries from outside invasion but to protect capital investments and the ruling oligarchs from their own restive populations.<sup>30</sup>

U.S. aid money also subsidizes the infrastructure needed by corporate investors in the Third World: ports, highways, and refineries. U.S. nonmilitary aid to foreign nations comes with strings attached. The food that the United States offers as aid must be produced on U.S. soil rather than in the countries that are supposed to be helped. Other aid monies often must be spent on U.S. products, and the recipient nation is required to give investment preferences to U.S. companies, shifting consumption away from home-produced foods and

commodities in favor of imported ones, creating more dependency, hunger, and debt.<sup>31</sup>

The United States Agency for International Development (USAID) used to boast on its Web site that “the principal beneficiary of America’s foreign assistance programs has always been the United States. Close to 80 percent of [USAID] contracts and grants go directly to American firms.”<sup>32</sup>

Much aid money never sees the light of day, going directly into the personal coffers of sticky-fingered officials in the recipient countries.

USAID openly proclaims that one of the prime goals of U.S. foreign assistance is to further “America’s foreign policy interests in expanding democracy and free markets,” that is, making the world safe for U.S. capitalism. Some critics say that the U.S. government uses aid as a political weapon to coerce governments to do what Washington wants and to reward political and military partners rather than to advance genuine social or humanitarian causes abroad. Thus in June 2009 President Obama terminated \$64 million in aid to Nicaragua’s leftist Sandinista government, just as President Reagan had done in 1981. Obama claimed that the Sandinistas might have manipulated municipal elections in 2008—of which there seemed to be little evidence.<sup>33</sup>

Aid also comes from other sources. In 1944, the United Nations created the World Bank and the International Monetary Fund (IMF). Voting power in both organizations is determined by a country’s financial contribution. As the largest “donor,” the United States has a dominant voice, followed by Germany, Japan, France, and Great Britain. The IMF operates in secrecy with a select group of bankers and finance ministry staffs drawn mostly from the rich nations.

The World Bank and IMF are supposed to assist nations in their development. What actually happens is another story. A poor country borrows from the World Bank to build up some aspect of its economy. Should it be unable to pay back the heavy interest because of declining export sales or some other reason, it must borrow again. But the IMF imposes a “structural adjustment program” (SAP), requiring debtor countries to grant tax breaks to the transnational corporations, reduce wages, and make no attempt to protect local enterprises from foreign imports and foreign takeovers. The debtor nations are pressured to privatize their economies, selling at scandalously low prices their state-owned mines, railroads, and utilities to private corporations. They are forced to open their forests to clear-cutting and their lands to strip mining, without regard to the ecological damage done. The debtor nations also must cut back on subsidies for health, education, transportation, and food, spending less in order to have more money to meet debt payments. Required to grow cash crops for export earnings, they become even less able to feed their own populations.

Here then we have explained a “mystery”: the number of people living in poverty is growing at a faster rate than the world’s population. Why, as aid and loans and capital investments have increased abroad over the last half century, so has poverty? Answer: Such programs were never designed to fight poverty but are intended to augment the wealth of transnational investors at the expense of local populations.

Throughout the Third World, real wages have declined, and national debts have soared to the point where debt payments absorb almost all of the poorer countries' export earnings.<sup>34</sup> Some critics conclude that IMF and World Bank structural adjustments do not work, because the end result is *less* self-sufficiency and more poverty for the recipient nations. Why then do the rich member states continue to fund the IMF and World Bank? It is because foreign loan programs *do* work, depending on who benefits. Their intent is not to uplift the masses in other countries but to serve the interests of global finance, to take over the lands and local economies of Third World peoples, indenture their labor with enormous debts, privatize public services, and eliminate the trade competition these countries might have posed had they ever really been allowed to develop. In these respects, foreign loans and structural adjustments, aid and investments, all work very well indeed—not for the recipient nations but for the predatory lenders.

## INTERVENTION EVERYWHERE

The U.S. government intervenes in countries around the world, supposedly to fight terrorism, stop drug trafficking, protect our national security, and defend freedom and democracy. Closer examination shows that U.S. rulers mainly have been defending the capitalist world from social change—even when the change has been peaceful and democratic. So they overthrew reformist governments in Iran, Guatemala, the Congo, the Dominican Republic, Brazil, Chile, and Uruguay. Similarly, in Greece, the Philippines, Indonesia, and at least ten Latin American nations, military oligarchs—largely trained and financed by the Pentagon and the CIA—overthrew popular governments that pursued egalitarian policies for the benefit of the destitute classes. And in each instance, the United States was instrumental in instituting right-wing regimes that were unresponsive to popular needs and wholly accommodating to U.S. investors.<sup>35</sup>

In Nicaragua, a U.S.-backed mercenary force killed over 30,000 people, orphaned more than 9,000 children, and destroyed crops, homes, schools, health clinics, and other facilities—for an estimated damage of over \$3 billion. In Angola and Mozambique, wars waged by CIA-backed forces left several million dead and millions more homeless and destitute. In East Timor, the U.S.-funded Indonesian military slaughtered some 200,000 people, more than one-third of the population.<sup>36</sup>

The United States invaded Grenada in 1983 and Panama in 1989 to overthrow reformist governments, replacing both with free-market regimes propped up by U.S. force, bringing U.S.-financed elections, along with higher unemployment, lower wages, cutbacks in education and human services, and a dramatic increase in privatization, crime, drugs, and poverty.<sup>37</sup> What Nicaragua, Angola, Mozambique, East Timor, Grenada, and Panama had in common were governments that were redirecting some portion of their countries' labor and resources toward the needs of the people, putting them very much out of step with the rigors of free-market global profiteers.

In 1990–1991, Iraq asked for a larger share of the oil market to the annoyance of the giant petroleum companies. In retaliation for the slant drilling

of its oil fields by the feudal rulers of Kuwait, Iraqi dictator Saddam Hussein (a former CIA client) invaded Kuwait. In response, the elder President Bush launched massive bombings that contaminated Iraq's fertile agricultural lands with depleted uranium and killed, by Pentagon estimates, 200,000 people. In the years that followed, Iraq, which once had the highest standard of living in the Middle East, was reduced to destitution, kept down by U.S.-led sanctions—and with its own oil kept off the international market, unable to infringe upon oil cartel profits.<sup>38</sup>

Also targeted was Yugoslavia, a fairly large and prosperous country that had retained many socialist features; some 80 percent of its economy was in the public sector. Yugoslavia showed no interest in joining NATO or the European Union, and its people, especially in the Serbian Republic, resisted the push to complete privatization (despite having opened themselves to IMF loans). A series of Western-financed secessionist wars helped break Yugoslavia into a cluster of privatized, right-wing, free-market republics with high unemployment and low wages. Yugoslavia leaders were charged with “genocide” and “ethnic cleansing” by President Clinton and his associates, and subjected in 1999 to seventy-eight days of bombing by U.S.-led NATO forces that killed or wounded thousands and devastated the industry, infrastructure, and ecology of that once prosperous nation.

Subsequent reports revealed that there had been no systematic mass-rape and mass-atrocity policy by the Serbs as charged by Washington and the Western media, though atrocities had been committed by all sides in the Yugoslav wars. Likewise, the reported mass graves in Kosovo supposedly containing thousands of Albanians killed by Serbs failed to materialize once NATO forces occupied that province. The main victims of ethnic cleansing seemed to be the Serbs themselves, as large numbers of them were driven from their ancestral homes in Croatia, Bosnia, and Kosovo, along with many thousands of Roma, Gorani, and Jews. Yugoslavia was destroyed because it refused to make the transition from socialism to free-market capitalism.<sup>39</sup>

## GLOBAL BLOODLETTING

At one time or another U.S. leaders, both Democratic and Republican, have supported brutal wars of attrition against popular insurgencies in Guatemala, El Salvador, Haiti, Thailand, Vietnam, Cambodia, and Laos. In all these instances, torture and death squad killings were common methods of counterinsurgency.<sup>40</sup> In 1999, President Clinton apologized for past U.S. support of murderous right-wing governments in Guatemala that killed over 200,000 people. Such involvement “in violence and widespread repression was wrong”; it was a “mistake,” and must never happen again, said the president, even as he continued to support violent interventions against Iraq, Yugoslavia, Haiti, Somalia, and other countries.<sup>41</sup>

From 1955 to 1975, U.S. forces dropped almost 8.4 million tons of bombs and napalm, and 18 million gallons of chemical defoliants, destroying over 40 percent of Vietnam's plantations and orchards and over 40 percent of its forest lands and much of its aquatic resources. Several million Vietnamese,

Laotians, and Cambodians were killed; millions more were maimed or contaminated by toxic chemicals; almost 10 million were left homeless. Some 58,000 Americans lost their lives and hundreds of thousands more were wounded or permanently disabled. But the war did benefit the top ten military contractors (including DuPont, ITT, and Dow Chemical) who grossed \$11.6 billion (in 1973 dollars). From 1979 into the 1990s, U.S. leaders aided the maniacal Khmer Rouge in Cambodia in order to debilitate the socialist-leaning government of that country, prolonging a civil war that took tens of thousands of lives.<sup>42</sup>

U.S. rulers became more friendly toward countries like China, Russia, Vietnam, Libya, and Mozambique when they departed from their collectivist programs and threw their economies open to private investment. Mozambique, for instance, privatized nearly fifteen hundred state-run firms, and removed government protections from many others, causing widespread unemployment and deep impoverishment. In the former communist countries of Eastern Europe and the Soviet Union, capitalist privatization brought the shutdown of much industry, a drastic reduction of human services, and skyrocketing unemployment, poverty, crime, homelessness, prostitution, and other such blessings of the free-market paradise.<sup>43</sup>

Colombia is another country that has a history of U.S.-financed repression, including the systematic murder by army, police, and paramilitary death squads of tens of thousands of workers, students, farmers, and clergy who try to organize against their overlords. From 1986 to today upwards of two thousand labor unionists in Colombia have been assassinated by CIA-supported death squads. Along with weaponry and helicopters, the U.S. military also provides defoliation chemicals that wreaked havoc on Colombia's environment and people.<sup>44</sup> In countries like Indonesia, Nigeria, India, Burma, and Colombia, U.S. transnational corporations have paid police and military to beat, arrest, and in some cases kill labor unionists or residents who protested against the ecological damage and community displacement caused by corporate enterprise.<sup>45</sup>

For all their talk about human rights, U.S. government leaders have used force and violence to prop up "pro-West" regimes throughout the world. Strikes have been outlawed, unions destroyed, wages cut, and dissidents murdered.<sup>46</sup> In the late 1980s, the U.S. national security state helped Mexico carry out a campaign of extermination against progressive reformist elements. Mexican authorities admitted that at least 275 political dissidents were tortured and assassinated. One survivor described how she was raped, tortured, and then forced to watch the torture of her husband and one-year-old daughter.<sup>47</sup>

At times, elections are manipulated by U.S. interventionists with the use of enormous sums, dishonest counts, and well-directed terror, as happened in Jamaica, Chile, El Salvador, Panama, Yugoslavia, and elsewhere.<sup>48</sup> But if election outcomes are not satisfactory to U.S. leaders, they are declared "rigged" and "fraudulent" (regardless of what international supervisors might say), as happened in revolutionary Nicaragua in the 1980s, in Yugoslavia in the 1990s and 2000, and in Haiti in 2000. Such governments are then targeted for

destabilization by U.S. rulers. After reformist president Hugo Chavez was elected in Venezuela and proceeded to use oil revenues for social programs for the poor, the White House predictably denounced him as a dictator, a fire-brand, and an aggrandizing enemy of the United States, rejecting his overtures for friendly relations as deceptive ploys.

In the wake of the 11 September 2001 attacks on the World Trade Center and the Pentagon (about which there remain many unanswered questions<sup>49</sup>), President Bush invaded Afghanistan, vowing to capture Osama bin Laden, the reputed terrorist perpetrator. Nine years later, the anti-U.S. resistance loomed stronger than ever in Afghanistan as the United States became immersed more deeply in a costly conflict with local extreme Islamic militants called the Taliban. A number of informed observers—including U.S. Commander General David Petraeus—were of the opinion that al Qaeda terrorists had long vacated Afghanistan.

In 2002 the International Criminal Court (ICC) was ratified by about one hundred nations to prosecute leaders of signatory states who were responsible for war crimes and human rights abuses. Because the United States was not granted a blanket exemption from prosecution, Bush withdrew from the treaty that set up the ICC. In addition, his administration announced it would no longer be bound by the strictures of international law and previous treaties.<sup>50</sup> By 2005 the United States further undermined the ICC by pressuring member states to grant U.S. personnel immunity from prosecution. In May 2005, Angola became the hundredth state to sign such an agreement. Had it not done so, it would have lost all U.S. aid. As a permanent member of the United Nations Security Council, the United States also could veto any case being referred to the ICC by the UN.

In March 2003, in the face of massive antiwar protests around the world and at home, Bush launched an invasion of Iraq, claiming that Iraqi leader Saddam Hussein possessed weapons of mass destruction, a charge that proved to be without substance. The war was expected to be a quick and profitable venture that would give U.S. petroleum interests direct access to Iraq's vast oil reserves, and get rid of the independent-minded leadership in that country. However, almost four years later, the Iraq conflict showed no promise of letting up, with U.S. casualties at upwards of forty-five hundred dead, over thirty thousand wounded, and tens of thousands of Iraqis killed and many more seriously injured, while much of Iraq was in ruins.

Extreme sectarian violence escalated in Iraq, as Shiite and Sunni Muslims attacked U.S. forces and each other. Whole areas were contaminated by depleted uranium from U.S. shells. Ordinary Iraqis took an additional blow when U.S. authorities privatized most of the state-owned economy: prices skyrocketed, food and housing subsidies were abolished, and rations for the very poor were cut.<sup>51</sup>

As of 2010, President Obama made moves to reduce the number of U.S. troops in Iraq while escalating the conflict in Afghanistan under the questionable notion that the terrorist organization al Qaeda was based in that country. Obama also increased the U.S. military presence in Colombia and supported the further expansion of NATO with its threatening encirclement of Russia.

At the same time, he continued to threaten Iran, and intensified the sanctions and trade embargoes against North Korea. In short, Obama was showing no new modus operandi or bright new goals in the realm of foreign affairs.

If we define “imperialism” as that relationship in which the ruling interests of one country dominate, through use of economic and military power, the land, labor, natural resources, finances, and politics of another country, then the United States is the greatest imperialist power in history.

U.S. expansionism advances the opportunities for corporate global investment, and prevents the emergence of social orders that are revolutionary or reformist or even conservative nationalist (as in Iraq) if they utilize their resources and labor in independent, but there are ways that diminish the profitability and domain of the global empire. The profits of this empire flow into the hands of a few hundred corporate and financial conglomerates, whereas the immense costs are borne by the common people at home and throughout the world.

CHAPTER  
12

# Who Governs? Elites, Labor, and Globalization

Those who control the wealth of society, the corporate plutocracy, exercise trusteeship over educational institutions, foundations, think tanks, publications, and mass media, thereby greatly influencing society's ideological output and information flow. They also wield a power over political life far in excess of their number. They shape economic policy through the control of jobs and investments. They directly influence the electoral process with their lavish campaign contributions and lobbying, and make it their business to occupy the more important public offices or see that persons loyal to them do.

## THE RULING CLASS

What we have in the United States is a *plutocracy* (rule by and for the wealthy). Not all wealthy persons are engaged in ruling. Most prefer to concentrate on other pursuits. The ruling class consists largely of politically active members of the wealthy corporate class. Most top policymakers are drawn from big corporations, prominent law firms, and, less frequently, from the military and scientific establishments. Many are linked by social ties and common financial investments. Many attend the same elite schools and have worked in the same corporations.<sup>1</sup>

Legend has it that many U.S. presidents rose from humble origins. In fact, since the beginning of the Republic, the top leadership positions—including the presidency, the cabinet, and the Supreme Court—have gone predominantly to White males from affluent families, with most of the remainder coming from the top 5 or 10 percent of the population.<sup>2</sup>

The crucial factor, however, is not the class origin of leaders but the class interest they serve. A rich person who manifests markedly progressive leanings is not likely to be invited into a position of power. Conversely, persons from relatively modest economic background such as Presidents Lyndon Johnson, Ronald Reagan, Richard Nixon, and Bill Clinton rise to the top by showing themselves to be faithful guardians of the upper circles. The question then is not only who governs, but whose interests and whose agenda are served by who governs, who benefits and who does not, questions that are the central focus of this book.

The top politico-economic elites frequently gather to decide what candidates to support and what policies to pursue at home and abroad, so to better secure their common class interests. They meet at the Knickerbocker Club in New York and various other well-served sites. For almost a century, many of them have gathered every summer at Bohemian Grove, a vast luxurious male-only retreat in a California redwood forest owned by the Bohemian Club of San Francisco. The guest list has included every Republican U.S. president and some Democratic ones, many top White House officials, and directors of large corporate and financial institutions. “The collective corporate stock ownership by [Bohemian Grove] members and guests conservatively exceeds \$100 billion.”<sup>3</sup>

Also playing an unofficial but influential role in policy formation are the *policy advisory groups* with their networks of corporate and political notables. One of the more prominent is the Council on Foreign Relations (CFR), started in 1918, now with almost forty-two hundred members—including representatives from the Rockefeller, Morgan, and DuPont groups. The CFR is funded by the nation’s top financial institutions, media networks, and



corporations. CFR members have included U.S. presidents, cabinet officers, members of the Joint Chiefs of Staff, CIA directors, Federal Reserve officers, key members of Congress, an occasional college or university president, and major media moguls. Almost one-third of CFR members are from the corporate business sector and big banks, including directors from Citigroup, AIG, Disney/ABC, ExxonMobil, Dow Jones, Goldman Sachs, ChevronTexaco, and Halliburton.<sup>4</sup>

Of the various policy groups, the Council on Foreign Relations is probably the most influential. It is simultaneously a think tank that exercises influence over foreign and economic policy and a membership group that gathers together many of the leading players in politico-economic life. The CFR helped create the Marshall Plan, the International Monetary Fund, and the World Bank. It advocated a strategic nuclear arsenal and U.S. military intervention in numerous countries including the massive escalation in Vietnam. In 1980, the CFR strongly recommended a sharp rise in arms spending and a harder line toward the Soviets. All these positions became official policy; so too the “war on terrorism,” a venture vigorously propagated in 2002 by CFR scholars and spokespersons who produced many publications and made hundreds of talk-show appearances to promote the invasion and occupation of Iraq.<sup>5</sup>

Some CFR members also belong to the Trilateral Commission, an assemblage of political and business leaders from the major industrial countries, dedicated to advancing global free-market capitalism. Other policy groups such as the Committee for Economic Development, the Business Council, the Business Roundtable, and the U.S. Chamber of Commerce, all composed largely of directors from giant companies, exercise considerable influence over policies that impact on business interests—and on the lives of millions of us.<sup>6</sup>

The influence of these organizations inheres in the enormous economic power they wield, and in their capacity—unique among social groups in this country—to fill top government posts with persons directly from their ranks or others recruited to serve corporate interests during both Democratic and Republican administrations. Numerous top members of the Ford, Carter, Reagan, Bush Sr., Clinton, Bush Jr., and Obama administrations have been CFR members, Trilateralists, or chief executives of Wall Street investment houses and banks, or just multimillionaires from corporate America. Some also have been members of the Bilderberg Conference, an organization that regularly brings together political leaders, financiers, and other notables from around the world.

The Clinton, Bush Jr., and Obama administrations offered more gender and racial variety than usually found but not much class diversity.

While still governor of Arkansas, Bill Clinton himself was a member of the Council on Foreign Relations, the Trilateral Commission, and the Bilderberg Conference, having attended the latter in 1991 with financier David Rockefeller. How Clinton emerged as a presidential candidate is itself a story. At a private meeting in New York, in June 1991, top Wall Street executives, mostly linked to the Democratic Party, held a series of meetings with presidential aspirants in what one organizer called “an elegant cattle

show.” They questioned Arkansas governor Bill Clinton, who impressed the executives “with his willingness to embrace free trade and free markets.”<sup>7</sup> Clinton became their candidate, and in short order was designated and treated by the corporate-owned media as the “frontrunner” for the Democratic presidential nomination—and was treated as such.

After running on a platform promising sweeping changes, President Obama went on to appoint a number of establishment policy elites, including Secretary of the Treasury Timothy Geithner, erstwhile Republican, a former director of the IMF and once president of the New York Federal Reserve, a member of the CFR, and a member of the Group of Thirty (a highly selective policy consultative group in Washington, D.C.). Another Obama appointment was Lawrence Summers as director of the White House National Economic Council. Summers formally was chief economist at the World Bank and president of Harvard University.

Plutocratic interests are served also by well-financed conservative think tanks such as the Heritage Foundation and Project for a New American Century. They produce studies showing that America’s main ailment is government regulations, and the cure is laissez-faire economics, globalization, abolition of human services, and no taxes on business and wealthy investors. Richly funded right-wingers recruit and train cadres of ideologically committed writers and publicists who infiltrate government agencies, congressional and lobbying staffs, and news agencies, issuing a steady stream of materials to advance the corporate free-trade, free-market agenda.

## LABOR BESIEGED

Through most of U.S. history, the federal government has been friendly to business and hostile to labor. National security agencies such as the FBI have long spied on unions, usually in cooperation with management.<sup>8</sup> Few if any labor leaders occupy top decision-making posts in government. Few if any hold command positions in universities and foundations. None own TV or radio networks or major news syndicates.

In 1935 working people won a major victory when a law was passed setting up the National Labor Relations Board (NLRB) as an independent federal agency to protect labor’s right to collective bargaining. In the years that followed, union membership increased dramatically and workers across the country won wage gains amounting to billions of dollars. Then, in 1947, a Republican-controlled Congress passed the Taft-Hartley Act, which imposed restrictions on strikes, boycotts, and labor organizing. Union membership has steadily shrunk from 35 percent of the workforce to about 12 percent. If we don’t count public employees and consider only the private sector, union membership declined to 7.9 percent, lower than during the 1930s.<sup>9</sup>

As of 2010, twenty-two states enforce *right-to-work laws* that allow anti-union workers in a firm to enjoy the same wages and benefits that the union negotiates on behalf of its dues-paying members. The union is also required to defend the nonunion workers in grievances with management. This freeloading constitutes a drain on union resources.

More than a thousand consulting firms instruct employers on how to prevent workers from organizing and how to get rid of existing unions. The bosses can raise all sorts of questions to delay the election for months. They can inundate workers with anti-union propaganda, force them to attend anti-union meetings including one-on-one sessions with their supervisors, and ply them with gifts and promises. In contrast, union organizers are denied access to the work site.

Company bosses have used armed thugs to break union organizing efforts by creating a climate of violence and intimidation. During union election drives, management can threaten to close the plant or move it elsewhere if a union is voted in. When employees at one Wal-Mart store unionized, Wal-Mart closed the store down, suddenly claiming it was unprofitable. After eleven Wal-Mart meat cutters in Texas voted for a union, the company eliminated meat cutting in all its stores and turned to prepackaged meat.<sup>10</sup>

Every year thousands of workers are unlawfully fired for attempting to organize, although management always gives other reasons such as “poor performance.” If workers are immigrants, they run the risk of deportation should they try to form a union.<sup>11</sup>

Employers can use NLRB procedures to delay elections for months, even years, prolonging every hearing, appealing every unfavorable decision in the courts. When unions do win recognition, management may then refuse to negotiate an acceptable contract and will challenge the election results before the NLRB and then into the courts. The NLRB will sometimes spend years investigating minor or frivolous management charges. By the time the company is ordered to bargain a contract, many union supporters may have quit or been fired; others may have lost hope or been intimidated into silence, and new employees have been screened for union sympathy.<sup>12</sup>

In 2005 a Republican-controlled NLRB ruled that an employer can prohibit workers from fraternizing on or off duty, which makes it nigh on impossible for workers to gather and talk about forming a union, for fear of being fired. Such a ruling violates the very intent of the National Labor Relations Act: the worker’s right to collective action, not to mention the constitutional right to lawfully associate with whomever one pleases. The NLRB also decided that temporary workers could not bargain alongside permanent workers without the employer’s consent (not likely to be granted). In addition it ruled that owners did not need to provide records to verify their claims of not being financially able to meet contract conditions.<sup>13</sup>

Often management will refuse to renew an existing contract when it expires. The company may deliberately deny employees access to the work site, what is known as a *lockout*. Then it hires permanent replacements (“scabs”) to break the union. The threat of scab replacement has discouraged strike activity and further hampers the right to unionize.

By substantial majorities of almost two to one, public support of labor unions continues to be strong.<sup>14</sup> Union membership has declined not because unions are so unpopular but because of the repressive, one-sided conditions under which organized labor has been forced to operate.

## UNIONS AND THE GOOD FIGHT

Organized labor usually cannot match business in spending power and political muscle. In recent elections, big business outspent labor by twenty-four to one.<sup>15</sup> If we add the huge sums expended by individual fat cats and wealthy candidates, the ratio is even more lopsided. Far from having too much power, unions have been fighting for their lives against *off-shoring* (exporting jobs to lower-wage markets abroad), strikebreakers, and hostile rulings from courts and the NLRB.

In the 1940s and 1950s government witch-hunting purged the labor movement of communists. The Reds were among the most effective and dedicated organizers. Maurice Zeitlin found that communist-led unions were more democratic than anticommunist ones. They consistently secured better contracts for workers and gave stronger support to minority representation.<sup>16</sup>

We sometimes hear that labor unions are corrupt and undemocratic. Indeed, some union leaders vote themselves sumptuous salaries and collude with management and gangland thugs to intimidate the workforce. But such corruption tends to be concentrated in a relatively small number of locals. And management readily tolerates corrupt union leaders and mobsters who steal from the union treasury, intimidate workers, sign “sweetheart contracts” favorable to management, and do nothing to help the rank and file and everything to help themselves. Owners can live with these kinds of plundered dysfunctional unions. They most dislike unions run by honest and dedicated leaders who fight hard to protect the interests of their rank and file. The owners themselves are no strangers to crime and corruption in the form of bribes, kickbacks, tax evasion, toxic dumping, insider trading, stock swindles, and the pilfering of workers’ pension funds. Department of Labor statistics on “labor racketeering” reveal that most of the fines are imposed not on labor leaders but on businesses that defraud unions. More often than not, the unions are the victims not the criminals.<sup>17</sup>

Unions have been criticized for causing recessions. By driving up labor costs, they force companies to mechanize, cut back on jobs, and relocate to cheaper labor markets, it is said. But union strength correlates with prosperity rather than with poverty and recession. In states where unions have been traditionally weak (for example, Alabama, South Carolina, and Mississippi), the standard of living has been lower than in states where labor has a stronger organized presence.<sup>18</sup> Wages in the United States compare favorably to wages in Third World countries that have very weak or nonexistent unions. But U.S. wages compare *unfavorably* to better-unionized nations such as Canada and Western Europe. Unionized workers average 26 percent higher wages than non-union workers in this country, and are more likely to have better benefits and safer work conditions.<sup>19</sup>

A strong labor movement correlates not only with prosperity but with democracy. Countries in which labor is well-organized enjoy more human rights than countries where unions are nonexistent. Unions. They are one of the few institutions in which ordinary working people can give an organized response

to the issues affecting their lives. The rank and file participate in union elections at higher rates than in national elections. In most unions the entire membership gets to vote on a contract that the union leaders negotiate with management.

Organized labor has been at the forefront of the fight against child labor and for the eight-hour day and safer work conditions. Unions have played an important role in the passage of major civil rights legislation and have supported single-payer health insurance, affordable housing, mass transportation, consumer protections, public education, and progressive tax rates. They have opposed the many “free trade” agreements (discussed below) that circumvent democratic sovereignty. Unions have backed environmental controls and peace movements in coalitions with other organizations. Some of the more progressive unions broke with the militaristic Cold War mentality of the AFL-CIO leadership and opposed U.S. intervention against reformist and revolutionary movements in Central America and elsewhere.

For labor unions to reverse their long decline, they need repeal of the laws that hamstringing their ability to organize and win decent contracts. The NLRB must once again become an agency that defends—rather than undermines—the right to collective bargaining. Union leaders need to invest the vast sums in their pension funds in social programs beneficial to their rank and file. And AFL-CIO leaders must stop promoting a U.S. foreign policy that supports oppressive regimes and preserves cheap labor markets in the Third World—to which U.S. jobs are then exported.<sup>20</sup>

Human labor is the basis of our well-being. It deserves far better treatment than it is getting.

## HOW GLOBALIZATION UNDERMINES DEMOCRACY

The goal of the transnational corporation is to become truly transnational, poised above the sovereign power of any particular nation while being serviced by all nations. Cyril Siewert, a Colgate Palmolive executive, could have been speaking for all transnationals when he remarked, “The United States doesn’t have an automatic call on our [corporation’s] resources. There is no mindset that puts this country first.”<sup>21</sup> What comes first is the company’s profits and investment opportunities.

One way to elevate the giant transnationals above the sovereign power of democratic constituencies is through “free trade” agreements such as the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT), and similar agreements. As presented to the public, free trade does away with irksome regulatory laws, integrates national economies into a global trade system, and thereby creates more trade, more jobs and prosperity, a process called “globalization” that is treated as a natural development beneficial to all.

The GATT agreements created the World Trade Organization (WTO), an international association of over 120 signatory nations. The WTO has the authority to overrule or dilute any laws of any nation deemed to burden the

investment and market prerogatives of transnational corporations. It sets up three-member panels composed of “trade specialists” who exercise a decision-making power superior to that of any nation, thereby ensuring the supremacy of international finance capital. These panelists are drawn mostly from the corporate world; they meet in secret, are elected by no one, and operate with no conflict-of-interest strictures. Their function is to allow the transnational companies to do as they wish in pursuit of profit.

No free-trade restrictions are directed against private business; almost all are against governments. Signatory governments must treat foreign companies the same as domestic ones, and honor all corporate patent claims made on the world’s natural resources. Should a country refuse to change its laws when a “free trade” panel so dictates, it can be fined or deprived of needed markets and materials.<sup>22</sup>

Free-trade edicts forced Japan to accept greater pesticide residues in imported food, prevented Guatemala from outlawing deceptive advertising on baby food, and suppressed a Guatemalan law that encouraged mothers to breast-feed their children (the law interfered with baby-food product opportunities). Free-trade rulings eliminated the ban on asbestos and on endangered-species products, and ruled against marine-life protections in various countries. The European Union’s prohibition on the importation of hormone-ridden U.S. beef had overwhelming popular support throughout Europe, but a three-member WTO panel decided the ban was a violation of free trade. Likewise with the European ban on imports of genetically modified crops from the United States, and other food import regulations based on health concerns. The WTO overturned a portion of the U.S. Clean Air Act banning certain additives in gasoline because the ban restricted imports from foreign refineries. And it overturned that portion of the U.S. Endangered Species Act forbidding the import of shrimp caught with nets that failed to protect sea turtles.<sup>23</sup>

Free-trade agreements allow multinationals to impose monopoly property rights on indigenous and communal agriculture. In this way corporate agribusiness can better penetrate local food-producing communities and monopolize their resources. There is the example of the neem tree, whose extracts contain naturally pesticidal and medicinal properties. Cultivated for centuries in India, the tree has attracted the attention of various Western pharmaceutical companies. The pharmaceuticals filed patents that gave them exclusive control over the marketing of neem tree products, a ruling that is being reluctantly enforced in India, causing mass protests by farmers. Tens of thousands of erstwhile independent Indian farmers must now work, if at all, for the powerful pharmaceuticals on terms set by the companies.

In a similar vein, the WTO ruled that the U.S. corporation RiceTec has the patent rights to all the many varieties of basmati rice, grown for centuries by India’s farmers. It also ruled that a Japanese corporation had exclusive rights throughout the world to market curry powder. In these instances,



“free trade” means monopoly corporate control. Such developments caused Malaysian prime minister Mahathir Mohamad to observe:

Theft of genetic resources by western biotech TNCs [transnational corporations] enables them to make huge profits by producing patented genetic mutations of these same materials. What depths have we sunk to in the global marketplace when nature’s gifts to the poor may not be protected but their modifications by the rich become exclusive property?

If the current behavior of the rich countries is anything to go by, globalization simply means the breaking down of the borders of countries so that those with the capital and the goods will be free to dominate the markets.<sup>24</sup>

Globalization has even given us “water markets.” Universally recognized as a public resource and a human right, water sources are now being privatized, sold to corporations who then maintain exclusive rights to sell the water as a profitable commodity, in some cases even prohibiting local residents from using barrels to collect their own rainwater.<sup>25</sup>

Under the free-trade agreements, public services can be eliminated because they cause “lost market opportunities” for business, or create an unfair subsidy. To offer one instance: the less expensive, single-payer automobile insurance program proposed by the province of Ontario, Canada, was declared “unfair competition.” Ontario could have its public auto insurance only if it paid U.S. insurance companies what they estimated would be their present and *future* losses in Ontario auto insurance sales, a prohibitive cost for the province. Thus the

citizens of Ontario were not allowed to exercise their democratic sovereign power to institute an alternative not-for-profit, single-payer auto insurance system.

Under NAFTA, the U.S.-based Ethyl Corporation sued the Canadian government for \$250 million in “lost business opportunities” and “interference with trade” because Canada banned MMT, an Ethyl-produced gasoline additive considered carcinogenic by Canadian officials. Fearing they would lose the case, Canadian officials agreed to lift the ban on MMT, pay Ethyl \$10 million in compensation, and issue a (misleading) public statement calling MMT “safe.” California also banned the unhealthy additive; this time a Canadian-based Ethyl company sued California under NAFTA for placing an unfair burden on free trade.<sup>26</sup>

International free-trade agreements like GATT, NAFTA, and the Central American Free Trade Agreement (CAFTA) have hastened the corporate acquisition of local markets, squeezing out smaller businesses and worker collectives. At the same time thousands of small companies and farms in other countries have been forced out of business. Mexico, for instance, was flooded with cheap, high-tech, mass-produced corn and dairy products from giant U.S. agribusiness firms. These firms are so heavily subsidized by the U.S. government that they easily undersold Mexican farmers, driving 1.5 million of them off the land and sending their local distributors into bankruptcy. Before NAFTA, Mexico was self-sufficient in food; now it has to import food.<sup>27</sup>

Free-trade globalization has eroded farm incomes and destroyed rural livelihoods, doubling the number of people living in poverty in Mexico. The number of malnourished people across the entire Third World grew by an average of 4.5 million a year. And over 1 million jobs were lost in the United States, including many in family farming.<sup>28</sup>

“Free” trade is not fair trade; it benefits the rich interests in all nations at the expense of the rest of us, circumventing what little democratic sovereignty we have been able to achieve. “Globalization” means turning the clock back on many twentieth-century reforms that infringe upon the prerogatives of investment capital. Under the free-trade accords, there is no freedom to boycott products, no prohibitions against child labor, no guaranteed living wage, and no health and safety protections—not when such things are judged as interfering with market opportunities.

We Americans are told that to remain competitive in a global economy, we must increase our output while reducing our labor and production costs; in other words, work harder for less. We must introduce more wage concessions and cuts in human services, more deregulation and privatization. Only then might we cope with the impersonal forces of globalization that are sweeping us along.

In fact, there is nothing impersonal about these forces. “Free trade” agreements are consciously planned by big business and its government minions in pursuit of a deregulated world economy that undermines all democratic checks upon business practices, and leaves all the world’s population in the merciless embrace of transnational free-market capitalism. So the people of the world are finding it increasingly difficult to get their governments to impose protective

regulations or develop new forms of public-sector production out of fear of being overruled by some self-selected international trade panel.<sup>29</sup>

“Free trade” treaties are in violation of the U.S. Constitution, as suggested by the following:

- The Constitution’s preamble makes clear that sovereign power rests with the people: “We the People of the United States ... do ordain and establish this Constitution for the United States of America.”
- Article I, Section 1 of the Constitution reads, “All legislative Powers herein granted shall be vested in a Congress of the United States.”
- Article I, Section 7 gives the president (not some trade council) the power to veto a law, subject to being overridden by a two-thirds vote in Congress.
- Article III gives adjudication and review powers to a Supreme Court and other federal courts as ordained by Congress.
- The Tenth Amendment to the Constitution states: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”
- There is nothing in the entire Constitution that allows—and much that disallows—an international trade panel to exercise supreme review powers overriding the constitutionally mandated decisions of the legislative, executive, and judicial branches.

True, Article VII says that the Constitution, federal laws, and treaties “shall be the supreme Law of the land,” but certainly this was not intended to include treaties that overrode the sovereign democratic power of the people and their representatives.

In any case, the trade agreements do not have the status of treaties. To exclude the Senate from deliberations, they were called “agreements” not treaties, a semantic ploy that enabled President Clinton to bypass the two-thirds treaty ratification vote in the Senate and avoid any treaty amendment process. The World Trade Organization was approved by a lame-duck session of Congress held after the 1994 elections. No one running in that election uttered a word to voters about putting the U.S. government under a perpetual obligation to ensure that national laws do not conflict with WTO rulings.

What is being undermined is not only a lot of good laws dealing with environment, public services, labor standards, and consumer protection, but the very right to legislate such laws. Our *democratic sovereignty* is being surrendered to secretive plutocratic trade panels that presume to exercise a power greater than that of the people and their courts and legislatures. What we have is a coup d’état by international finance capital. Corporate property and investment rights—including the “intangible property of expected profits”—are elevated to a supreme position over all democratic rights and human needs. The new free-trade globalism makes no provision for popular representation, no public forum for debate and decision, no elections, no institutionalized democratic checks to hold decision makers accountable.

Designed to leave the world's economic destiny to the tender mercy of bankers and multinational corporations, globalization is a logical extension of imperialism, a victory of empire over republic, corporate capital over democracy. In recent times however, given popular protests, several multilateral trade agreements have been stalled or voted down. Over the years, militant protests against free trade have taken place in scores of nations. More and more, people throughout the world are resisting the loss of democratic accountability that masquerades under the banner of "globalization" and "free trade." And national leaders are thinking twice before signing on to new trade agreements. Meanwhile, existing free-trade agreements do not need to be "revised" but repealed, and instead of "free trade" we need fair trade, that is, trade that serves the interests of the many rather than the cupidity of the few.

C H A P T E R  
13

## Mass Media: For the Many, by the Few

The mainstream media claim to be free and independent, objective and neutral, the “watchdogs of democracy.” A closer look suggests that they behave more like the lapdogs of plutocracy.

### HE WHO PAYS THE PIPER

The major *news media* or *press* (the terms are used interchangeably here) are an inherent component of corporate America. Only six giant conglomerates—Time Warner, General Electric, Viacom, Bertelsmann, Walt Disney, and News Corporation (down from twenty-three in 1989)—own most of the print publications, movie studios, record labels, and radio and television programming in the United States, with additional holdings abroad. About 85 percent of the daily newspaper circulation in this country belongs to a few giant chains, and the trend in owner concentration continues unabated. All but a handful of the 150 movies distributed to mass markets each year are from six major studios. Big banks and corporations are among the top stockholders of mainstream media. Their representatives sit on the boards of all major print and broadcast media.<sup>1</sup>

After heavy lobbying and campaign donations, the broadcast industry secured passage of the 1996 Telecommunications Act. Under this law companies that previously were restricted to owning only one radio and one TV outlet in a local market now could own up to six radio and two television stations in that one area. Most of the nation’s thousands of radio stations were bought up by large conglomerates, the biggest being the right-wing Clear Channel chain with nine hundred stations. With fewer independent stations came less public-interest programming and more syndicated right-wing “hate radio”

hosts who rail against liberals, environmentalists, peace demonstrators, socialists, and gays.

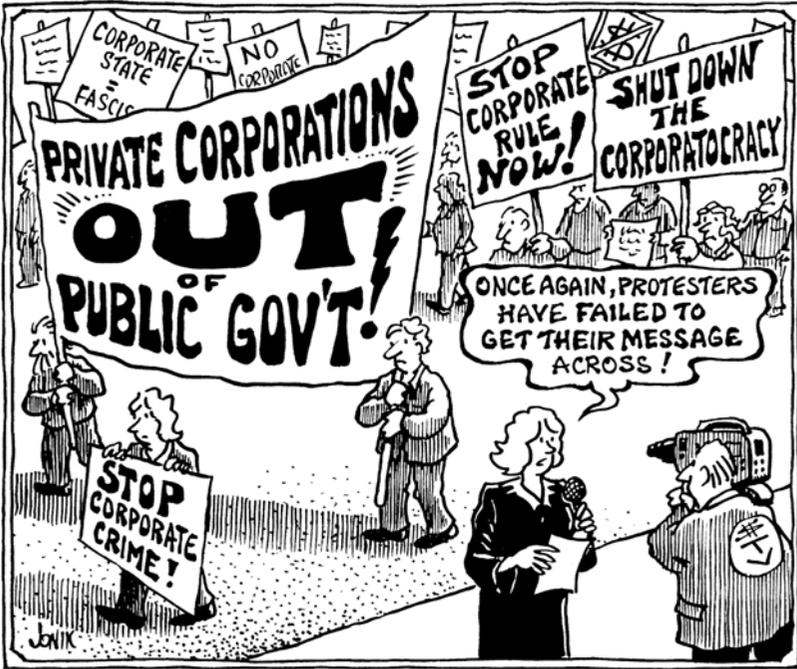
Media bosses do not hesitate to kill stories they dislike and in other ways inject their own preferences into the news. As one group of investigators concluded years ago: “The owners and managers of the press determine which person, which facts, which version of the facts, and which ideas shall reach the public.”<sup>2</sup> In recent times, media bosses have refused to run stories or commentaries that reflected favorably on single-payer health insurance, or unfavorably on “free trade” globalization and U.S. military intervention in other countries. In 2004, through its many radio stations, Clear Channel sponsored jingoistic “Rally for America” events around the country in support of the U.S. invasion of Iraq. That same year Walt Disney Co. blocked its Miramax division from distributing a documentary by Academy Award winner Michael Moore because it offered an unflattering picture of President Bush. Sinclair Group, the largest owner of local TV stations in the country, censored its ABC affiliates for reading the names of U.S. soldiers killed in Iraq (because it might dampen support for the war). Sinclair sends recorded right-wing editorial commentary to its affiliates to be broadcast as local news, and regularly makes large contributions to Republican candidates.<sup>3</sup>

Fox News, part of the vast media empire owned by right-wing billionaire Rupert Murdoch, refused to air an advertisement critical of Samuel Alito when he was being considered for the Supreme Court. The ad cited examples of the ideologically driven conservative opinions Alito promulgated while serving as an appeals court judge. The Fox station in New York also refused to broadcast a Democratic candidate’s ad because it poked fun at President Bush and therefore was deemed “disrespectful.” Fox News reportedly quizzes journalistic applicants to be sure they are registered Republicans. Daily memos come down from the corporate office at Fox telling reporters and commentators what the story of the day should be and what point of view was expected when reporting it.<sup>4</sup>

Corporate advertisers are another powerful group who leave their political imprint on the media. As erstwhile president of CBS Frank Stanton remarked, “Since we are advertiser-supported we must take into account the general objective and desires of advertisers as a whole.”<sup>5</sup> To give one example among many: A consumer reporter was fired by KCBS-TV in Los Angeles after automotive advertisers repeatedly complained to his bosses about his critical reports on car safety.

Corporate sponsors might cancel advertising accounts not only when they feel that the reporting reflects poorly on their product, but when they perceive a “liberal” drift in news and commentary. To give one example, the prize-winning *Kwitney Report*, a PBS news show that revealed U.S. backing of death squads and dictators in Central America and other hot issues, went off the air because it could not procure corporate funding.<sup>6</sup>

The media bosses control the journalists, not the other way around. Journalists can sometimes slip critical information into stories, but if they persist, their reports are spiked, they are reassigned, and soon their careers are at risk. For reporting on the abuses of corporate America, Frances Cerra incurred the



ire of her *New York Times* editors and was transferred to a Long Island beat. There she wrote articles on the Shoreham nuclear power plant that ran counter to the *Times*' pronuclear stance. Her final story was suppressed as "biased"; it reported that the plant was in serious financial trouble—which proved true. Cerra was never given another assignment.<sup>7</sup>

The managing editor of the *Santa Fe New Mexican*, David Mitchell, was sacked for running a series on the dangers of the Los Alamo National Laboratory. Unfortunately for him, the paper's owner was heavily involved in promoting nuclear technology. Tom Gutting, city editor of the *Texas City Sun*, was fired for criticizing the White House's performance in the hours after the 9/11 attack. So was columnist Dan Guthrie of the *Daily Courier* in Oregon. In a front-page editorial Guthrie's bosses announced that criticism of the president and his associates "needs to be responsible and appropriate."<sup>8</sup>

Sometimes a journalist can be penalized for off-duty activities or comments. The *San Francisco Chronicle* fired a columnist for participating in a mass demonstration against the U.S. invasion of Iraq—even though California law explicitly states that employers cannot forbid or prevent employees from participating in political activities. After correspondent Ashleigh Banfield suggested at a campus talk that news coverage of the Iraq war was sanitized and Americans were not getting the whole story, her NBC contract was not renewed.<sup>9</sup> Meanwhile media owners attend political fundraisers and state dinners, contribute to election campaigns, and socialize with high-ranking officeholders, but this is not seen as violating journalistic standards of neutrality and objectivity.

Newspeople who consistently support the worldview of global capitalism and the national security state are the ones more likely to be rewarded with choice assignments, bonuses, and promotions. Additional blandishments, such as lucrative speaker's fees from moneyed interests, often blunt the recipient's critical edge. One might recall how the Shah of Iran, a brutal dictator detested by most of his people, received a glowing press in the United States. For twenty-five years, over five hundred newspeople received the Shah's gifts and were invited to his lavish parties. The few who wrote critically of him were left off his gift list.

When ABC correspondent John Stossel emerged as a *laissez-faire* ideologue, announcing that "it is my job to explain the beauties of the free market," his career took off. An ardent supporter of chemicalized agribusiness, Stossel claimed that organic food "could kill you" and catastrophic global warming is a "myth." He called for the privatization of Social Security, the curbing of environmental education, and the celebration of greed as a good thing for the economy. Instead of being challenged for his one-sided views, Stossel was given a seven-figure contract and a starring role in numerous ABC-TV specials.<sup>10</sup>

The major networks claim their news shows are "fair" and "balanced." But one study found that conservative guests on network opinion shows outnumbered liberal ones by three to one. (Leftist *radicals* were too scarce as network guests even to be counted.)<sup>11</sup> In 2006, a supposedly liberal network, CNN, hired right-wing opinion maker and gambling addict William Bennett as a political commentator. More recently, Fox hired Glenn Beck, a right-wing radio host. Beck once called the indigent victims of Hurricane Katrina "scumbags," and talked of killing dissidents he disliked. He said he "understood" a mass killer in Alabama who must be like millions of Americans frustrated for being shut down by the liberal elites. Beck also called President Obama "a racist" who had "a deep-seated hatred for White people."<sup>12</sup>

Another Fox commentator, Bill O'Reilly, denounced critics of the U.S. invasion and occupation of Iraq as "traitors" who along with "all those clowns at the liberal radio network" should be arrested by the FBI and put "in chains."<sup>13</sup> On Fox News the conservative-liberal imbalance was the most pronounced of any network. The more people watched Fox News, the more misinformed they were. Fox viewers (an astounding 80 percent) were the most likely to believe one or more of the following: (a) Iraq was linked to the al Qaeda terrorist network, (b) Iraq had weapons of mass destruction, and (c) world opinion favored the U.S. invasion of Iraq—all demonstrably false statements.<sup>14</sup>

On rare occasions, the news media will go against a strong corporate interest, as with the exposés on how the tobacco industry conspired to hook people on smoking by inserting extra nicotine in cigarettes, and how smoking caused cancer. We knew about the link between smoking and cancer for over half a century. But the press and policymakers gave the issue their attention only after a growing public outcry and numerous class action suits against Big Tobacco—and after the tobacco companies were banned from advertising in the major media. A host of other consumer issues such as carcinogens in cosmetics, radioactive materials in products, the use of industrial sludge as

fertilizers, and the unsafe quality of many medications, along with manifold issues relating to the environment, still do not get much exposure.

## THE IDEOLOGICAL MONOPOLY

Conservative commentators repeatedly accuse the media of “liberal” bias. In fact most daily newspapers offer an editorial perspective ranging from blandly centrist to ultraconservative. Over the last seventy years the Republican presidential candidate received more newspaper endorsements than the Democrat in sixteen out of eighteen elections. Surveys show that Washington journalists, though more liberal on “cultural issues” such as abortion and gay rights, are more than twice as likely as the general public to support corporate free trade and far more in favor of trimming Medicare and Social Security.<sup>15</sup>

So nervous are journalists about being called “liberal” that they take pains to criticize or ignore progressive leaders while shining up to rightists. Consider how the liberal media collaborated in the campaign waged to impeach President Clinton for lying about a sexual tryst he had with an intern, an act that itself was not unlawful. Then compare that to how no major media called for President Bush’s impeachment for the momentous lies he repeatedly uttered in order to justify his aggression against Iraq—claiming that Iraq was linked to al Qaeda and that Saddam Hussein had weapons of mass destruction—lies of immense political dimension.

The “expert” guests appearing on newscasts are predominantly government officials (or former officials), corporate heads, and members of conservative think tanks. Likewise TV pundits, radio talk-show hosts, and syndicated columnists are predominantly and often vehemently conservative. Both radio and television are awash with the likes of Rush Limbaugh and Michael Savage who aggressively pound home a message of reaction and hostility toward anything resembling liberal reform.

Of the “liberal” commentators who are hailed as representing the “Left,” many are little more than “pro-capitalist, middle-of-the-road tepid centrist” as former *New York Times* syndicated “liberal” columnist Anthony Lewis candidly described himself. These tepid souls are nowhere as far left as the conservatives are far right. The whole left portion of the political spectrum is mostly shut out of the mainstream media.

Still, critical information does make its way into the media—to the great annoyance of conservatives. Much of it is cited in various chapters of this book. What often is missing is any cohesive analysis of the significance of that information. And in many instances even the most basic information is lacking if it reflects unfavorably on those with significant economic power. Consider the media’s presentation of these topics:

**Ideology.** For at least the last thirty years the ultraconservatives have enjoyed a near monopoly in the propagation of political ideology, constantly pounding home this message: don’t look to government to solve our problems; government *is* the problem; the free market would solve our ills were it not for bureaucratic meddling from Washington; the environment is doing fine; if the tree huggers had their way all our corporations would be closed and we would

be out of jobs; we have the best health care system in the world—the best of everything for that matter; America was founded as a Christian nation and we should keep it that way; America faces a world filled with enemies who are only waiting to pounce upon us; the latte-sipping liberal elites look scornfully upon our American way of life; they seek to divest us of our family values while imposing their secular amorality upon us; liberals prefer to see hard-working Americans exploited by welfare chiselers rather than teaching people to be self-reliant; liberals bring us divorce, greedy labor unions, collectivism, a weak military, socialism, gun control, and policies of “tax spend, tax spend.”

Through a process of relentless and repetitive messaging, the reactionaries pounded home the above themes. With enormous sums of money made available to them by rich corporate right-wingers, they formed whole new networks like Fox and the Christian Broadcasting Network. They started numerous new magazines and other publications. They bought up hundreds of radio stations and sponsored mean-spirited reactionary commentators who were nothing but well-paid propagandists.<sup>16</sup>

All this time the Democrats and liberals have done little by way of developing a “media message machine” that could counter the right-wing propaganda juggernaut. They address themselves to this or that issue, as such issues arise, but they do little about offering general principles and salient information to the public.

**Economy.** News reports on business rely almost entirely on business sources. The overall corporate economy is more celebrated in the abstract than critically examined in its specifics. The dumping of corporate diseconomies onto the public, the outsourcing of capital and jobs to low-wage countries, the increasing accumulation and concentration of wealth for the superrich, the tendency toward chronic recession, inflation, and underemployment, and other such developments are treated superficially, if at all. Poverty remains an unexplained phenomenon in our capitalist paradise.

Whether portraying the poor as unworthy idlers or innocent unfortunates, the press seldom gives critical attention to the market forces that create and victimize low-income people. The press has failed to explain the real impact of the national debt and how it generates an upward redistribution of income and undermines public-sector spending. Almost nothing is said in the mainstream media about how corporate America regularly puts profits before people, or how “free trade” globalism is really monopoly corporate globalism.

Most media commentators were unwilling to see chronic overproduction and depressed wages as having anything to do with the severe economic crisis of 2008–2009, preferring to blame the recession on the malfeasance of individual speculators rather than on the systemic dysfunction of an unregulated untrammelled capitalism.

**Elections.** Media coverage of electoral campaigns focuses mostly on the contest per se: who will run, who will win, and what campaign ploys are playing well with the public. Relatively little attention is given to policy content. News commentators act more like theater critics, reviewing the candidate’s performance and style. One study found that more than two-thirds of campaign coverage centers on insider strategy and political maneuvering rather than substantive issues.<sup>17</sup> Progressive candidates find themselves dependent for

exposure on mass media that are owned by the same conservative interests they are criticizing. Hoping to educate the public on the issues, they discover that the media allow little or no opportunity for them to make their position understandable to larger publics that might be willing to listen. The sheer paucity of information can make meaningful campaign dialogue nearly impossible.

The major media ignored or summarily dismissed the many questions about widespread fraud in the 2000 and 2004 presidential elections, swiftly declaring a Republican winner despite flagrant irregularities in both contests (see the next chapter).<sup>18</sup> The media's systemic ideological role has been to preserve the legitimacy of a national election that some critics have shown to be demonstrably stolen.

**Crime.** The press has helped create—the “lock-'em-up” crime craze throughout America. Because of the increasing coverage that both the news and entertainment media gave to crime, the number of respondents who ranked crime as the prime problem jumped sixfold—even as the nationwide homicide rate actually dropped by 20 percent.<sup>19</sup> *Corporate* crime however is another story, largely an underreported one. The media will denounce particularly greedy and corrupt CEOs—the ones who get caught—while leaving untouched the free-market corporate system that produces them.

**Affirmative Action.** Instead of treating affirmative action as an attempt to redress long-standing injustices, the media has frequently overlooked the persistence of racism and sexism in many walks of life, leaving people with the impression that African Americans and women are enjoying special privileges at the expense of White males.<sup>20</sup>

**Labor.** Most newspapers have large staffs for business news but not a single labor reporter. Reporters seldom enlist labor's views on national questions whereas corporate leaders are interviewed regularly. Ordinary workers are virtually never treated as knowledgeable sources about work issues. There are no daily or periodic reports about the number of workers killed or injured on the job. Unions are usually noticed only when they go on strike, but the issues behind the strike, such as occupational safety or loss of benefits, are rarely acknowledged. The misleading impression is that labor simply wants too much. Unions make “demands” while management makes “offers.”

**Political Protests and Globalization.** Citizens who exercise their democratic rights under the First Amendment by launching protests against official policy often are given short shrift. The hundreds of thousands who have demonstrated around the world against “free trade” treaties have been characterized as violence-prone zealots and “flat-earthers.” The major media treat globalization as a benign and natural process, rather than a transnational corporate strategy to roll back public regulations and democratic protections in countries around the world. With good reason did David Rockefeller, during a speech at the 1991 Bilderberg Conference, declare: “We are grateful to the *Washington Post*, the *New York Times*, *Time Magazine* and other great publications whose directors have attended our meetings and respected their promises of discretion for almost forty years. It would have been impossible for us to develop our plan for the world if we had been subjected to the lights of publicity during those years.”<sup>21</sup>

*Global Empire and War.* Reports about U.S. involvement in foreign affairs usually rely heavily on government releases. The media support U.S. military interventions into other countries, accepting with little critical examination official assumptions that Washington's war policy is motivated by concerns for democracy, national security, and peace. Some pundits, like *New York Times* columnist Thomas Friedman, are passionate promoters of global corporatism and U.S. military attacks on smaller, weaker nations. Friedman called for "bombing Iraq, over and over and over again." One of his favorite slogans was "Give war a chance," which he used in support of U.S. aggressions against Yugoslavia, Afghanistan, and Iraq.<sup>22</sup> Over 1 million Iraqi deaths resulted from the U.S. invasion and occupation while billions of U.S. dollars have been unaccountably lost in Iraq. But the media have given relatively little attention to this immense loss of life and treasure.<sup>23</sup>

Commentators stress the importance of maintaining U.S. military might and "credibility" (that is, the willingness to use force and violence). Little if any positive exposure is given to anti-imperialist struggles or to domestic critics of U.S. overseas interventions. The corporate media, along with NPR and PBS, portrayed the Vietnam War, the U.S. invasions of Grenada and Panama, the destruction of Yugoslavia, and the decade-long bombing attacks and subsequent invasion of Iraq pretty much as the White House and the Pentagon wanted, with little attention given to the underlying imperial interests and the devastation wreaked by U.S. forces.<sup>24</sup>

Human rights violations in communist North Korea and China are repeatedly alluded to, whereas U.S.-supported terrorism in scores of countries, utilizing death squads, massacres, and mass detentions, receives scant notice, if any. The press downplayed or ignored outright the slaughter of some 500,000 Indonesians by the U.S.-supported militarists of that country, and the extermination campaign waged by those same militarists in East Timor. The media made little mention of the massive repression of dissident populations in Uruguay, Guatemala, Turkey, El Salvador, Argentina, Haiti, Honduras, Nigeria, Palestine, Zaire, the Philippines, and other U.S.-supported free-market regimes. While supportive of right-wing pro-capitalist regimes, the media are strenuously negative toward leftist movements and governments such as Castro's Cuba and Chavez's Venezuela.<sup>25</sup> The media have had little to say about U.S.-supported counterrevolutionary mercenary forces in Angola, Mozambique, Nicaragua, and elsewhere whose blood-drenched campaigns took hundreds of thousands of lives.<sup>26</sup>

Meanwhile, the space program is reported the way NASA wants, with scarcely a word given to those who criticize its costs and the serious damage it does to the earth's protective ozone layer.

## SERVING OFFICIALDOM

Getting too close to the truth can prove harmful. In a series of deeply researched articles in the *San Jose Mercury News*, reporter Gary Webb exposed the CIA's involvement in the drug traffic between the contras (U.S.-supported mercenary troops in Central America) and inner-city dealers in the United States. Webb was swiftly subjected to a barrage of counterattacks from the *Washington Post*, *New York Times*, *Los Angeles Times*, the major TV

networks, and other keepers of permissible opinion. They accused him of saying things he had not said, while ignoring the more damning and well-substantiated heart of his findings. Eventually, Webb's editor caved in to the pressure, making a public self-criticism for having published the series. Webb left the *Mercury News*, his career in shambles. A subsequent report by the CIA itself largely confirmed his charges.<sup>27</sup>

In 1998 CNN producers April Oliver and Jack Smith ran a story accusing the U.S. military of using sarin, a highly lethal nerve gas, in an operation in Laos in 1970 that killed about one hundred people including two American defectors. An immediate storm of abuse descended upon Oliver and Smith from the Pentagon. CNN hastily issued a fawning retraction and fired the two producers. Oliver and Smith put together a report showing that their story was based entirely on testimony by U.S. military personnel, including participants in the operation who stood by their stories.<sup>28</sup> Their report received almost no attention in the media.

Scores of supposedly "independent and objective" journalists move back and forth in their careers between media and government, in what has been called the "revolving door." David Gergen served in the Nixon, Ford, Reagan, and Clinton administrations, and in between was an editor at *U.S. News and World Report* and a PBS commentator. Pat Buchanan was a staff writer for President Nixon, a columnist and TV opinion-show host for CNN, a staff writer for President Reagan, then a CNN host again.<sup>29</sup>

More than four hundred U.S. journalists, including nationally syndicated columnists, editors, and major publishers, have carried out covert



“Actually, Lou, I think it was more than just my being in the right place at the right time. I think it was my being the right race, the right religion, the right sex, the right socioeconomic group, having the right accent, the right clothes, going to the right schools ...”

assignments for the Central Intelligence Agency over the last four decades, gathering intelligence abroad or publishing the kind of stories that create a domestic climate of opinion supportive of U.S. interventionism. Included among them were such prominent press moguls as William Paley, erstwhile head of CBS; Henry Luce, late owner of Time Inc.; and Arthur Hays Sulzberger, late publisher of the *New York Times*. The CIA has owned more than 240 media operations around the world, including newspapers, magazines, publishing houses, radio and television stations, and wire services. Many Third World countries get more news from the CIA and other Western sources than from Third World news organizations. Stories exposing the major media's complicity with the CIA themselves have been suppressed by the major media.<sup>30</sup>

If Cuban or Chinese or Venezuelan journalists were shown to work for their respective countries' intelligence agencies, and if they were found to be intermittently occupying official positions within their governments, including secret operations, it would be taken as a sure sign that these nations lacked an independent press.

Those investigative journalists who persist in unearthing troubling truths often run into difficulty. The Justice Department won a Supreme Court decision allowing the government to issue subpoenas requiring newspeople to disclose their sources to grand-jury investigators, in effect forcing the press to be an investigative arm of the very officialdom over whom it is supposed to act as a watchdog. One study found that more than thirty-five hundred subpoenas were served on members of the news media in one year alone.<sup>31</sup> Dozens of reporters have been jailed or threatened with prison terms for trying to protect their sources by refusing to hand over materials and tapes. Such government coercion creates a chilling effect, encouraging the press to avoid trouble from officialdom by censoring itself.

Government officials give choice leads to sympathetic journalists and withhold information from troublesome ones. They meet regularly with media bosses to discuss specific stories. Every day the White House, the Pentagon, and other agencies release thousands of self-designed reports to the media, many of which are then uncritically transmitted to the public as news from independent sources. The Bush Jr. administration secretly concocted favorable news reports about itself by hiring actors to pose as journalists, producing phony "video news releases" that were distributed and broadcasted as "news" by hundreds of local TV stations. The White House also paid several real journalists tens of thousands of dollars—in government funds—to produce news and opinion pieces that promoted the administration's policies.

According to the Government Accountability Office, such acts violated the law against spreading "covert propaganda" within the United States at public expense. But the Republican-controlled Congress took no action against the president. The Bush people also hired someone (an erstwhile male prostitute who had paid numerous visits to the White House) to pose as a journalist under a fictitious name, so that he could ask rehearsed questions of the president or his press secretary at news conferences.<sup>32</sup>

## POLITICAL ENTERTAINMENT

The entertainment media (movies and television shows) undergo a rigorous political censorship. Even the *New York Times* admits that network “production and standards” (censorship) departments have reduced their policing of sexual and other cultural taboos, but “network censors continue to be vigilant when it comes to overseeing the *political* content of television films.”<sup>33</sup> Television shows and films that treat anti-imperialist and anticorporate themes have trouble getting sponsors and funding. Even if produced, they are likely to get very limited distribution. Such was the fate of movies like *Salt of the Earth*, *Burn*, *Winter Soldier*, *Salvador*, *Reds*, *1900*, *Matwan*, and *Romero*.<sup>34</sup>

What is considered a political or nonpolitical film is itself a political judgment. Almost all mainstream entertainment is political in one way or another. Even movies and television shows that do not promote a specifically political story line may propagate images and themes that support militarism, imperialism, racism, sexism, authoritarianism, and other undemocratic values. In the entertainment world, adversities are caused by ill-willed individuals and cabals, never by the injustices of the socioeconomic system. Problems are solved by individual derring-do rather than by organized collective effort.

In war movies like *Black Hawk Down*, *Stripes*, and *Heartbreak Ridge*, the U.S. military is almost always portrayed sympathetically, locked in battle against some pernicious foe, never serving as an instrument of U.S. empire building. The Pentagon has maintained a cozy relationship with the entertainment industry for years, providing armored equipment, matériel, base access, and even troops for battle scenes. In exchange, the military brass imposes script changes that portray the military in a completely favorable light and aid in the recruitment and retention of personnel.<sup>35</sup>

In the media’s entertainment world, nefarious violence is met with righteous violence, although it is often difficult to distinguish the two. By the time he finishes elementary school, a typical American male child will have seen eight thousand TV murders, and many thousands more assaults and other acts of violence. Studies indicate that people who watch a lot of crime shows have a higher fear of crime and urban minorities, and are more willing to embrace authoritarian solutions.<sup>36</sup>

Women are still marketed as sexual objects in ads and story lines, but in recent years they sometimes are also depicted as intelligent and capable persons, occupying positions of authority and responsibility. The same holds for African Americans, although they still appear far less often than Whites in leading roles. Latinos are the most underrepresented group in prime-time television, closely followed by Asian Americans, while Native Americans are virtually invisible, except for the hackneyed “cowboy and Indian” flicks.

Years ago African Americans predictably played servants and street criminals. Now they play police and street criminals, still usually in minor roles. The Black police captain scolding the hero cop and the Black judge (frequently female) admonishing courtroom lawyers have become new African American stock characters. African Americans abound in prime-time sitcoms, but the more serious struggles faced by the African American community in almost

every area of life and work are rarely afforded realistic portrayal. African American actors still experience a shortage of racially nonspecific roles dealing with real-life problems that can affect anyone regardless of ethnicity.

There have been some notable exceptions to the dismal fare served up to mass audiences. Movies like *A Civil Action* and *Erin Brokovich* cast a revealing light on the venality of corporate polluters. *Iron Jawed Angels* gave a fine portrayal of the women's suffragist movement. *North Country* depicted the struggle by female miners against workplace sexist harassment. Both *Syriana* and *Good Night and Good Luck* pursued topics that were critical of the powers that be. However, most films and television shows produced in the business-owned entertainment world give scarce attention, if any, to important and potentially fascinating social, cultural, political, and historical themes.<sup>37</sup>

In recent years the Public Broadcasting System (PBS) has become more sensitive to race, gender, and gay issues but still virtually ignores working-class concerns, out of fear of alienating corporate underwriters. When labor unions have funded documentaries and dramas having a working-class perspective, public television bosses usually have refused to run them, claiming that labor (with its millions of workers) represents a "special interest."<sup>38</sup>

## ROOM FOR ALTERNATIVES?

In sum, the news is a product not only of deliberate manipulation but of the ideological and economic power structure under which journalists operate and into which they are socialized. If we consider censorship to be a danger to our freedom, then we should understand that the media are already censored by those who own or advertise in them and by the entire corporate-dominated political culture that sets limits on what is permissible opinion.

Sometimes, however, the media cannot easily suppress and distort realities about the world because reality itself is radical. The Third World really is poor and exploited; the U.S. government really does side with the rich oligarchs and suppresses leftist reform movements at home and abroad; the gap between wealth and poverty really is growing ever greater in most of the world; there really is crime and corruption in high places; the environment really is facing catastrophic dangers caused mostly by massive fossil fuel consumption; corporations do wield enormous power and do downsize their workforce while reaping record profits. To maintain some connection to the world, the press must occasionally report glimmers of these realities. When it does, the rightists complain furiously about a "liberal bias."

Furthermore, the press is not entirely immune to more democratic and popular pressure. Despite the media's misrepresentation and neglect, if a well-organized and persistent public opinion builds around an issue, it occasionally can break through the media sound barrier.

Is there any alternative to the major media? The Public Broadcasting Act of 1967 did launch the Public Broadcasting System as an alternative to commercial television. Instead of being independently financed by a sales tax on television sets or some such method, PBS was made dependent on annual appropriations from Congress and was run by a board appointed by the president. PBS and National Public Radio (NPR) are now required to match

federal funds with money from listener contributions and corporate sponsors. Both NPR and PBS offer commentators who are just about as politically safe as any found on the commercial networks.

Of the many high-quality documentaries made by independent producers dealing with important political controversies, few are accorded mainstream exposure. Thus *Faces of War*, revealing the U.S.-supported counterinsurgency destruction visited upon the people of El Salvador, was denied broadcast rights in twenty-two major television markets. The award-winning *Building Bombs* and the exposé on the Iran-contra affair, *Coverup*, were denied access to PBS and all commercial channels. *Deadly Deception*, a documentary critical of General Electric and the environmental devastation wreaked by the nuclear weapons industry, won the Academy Award, yet, with a few local exceptions, was shut out of commercial and public television. So too was the Academy Award-winning documentary *Panama Deception*, which offered a critical exposé of the U.S. invasion of Panama. A powerful and moving exposé of the profit-driven American health care system is Michael Moore's *Sicko*, which played in a few movie theaters but never made it to any network.

Many areas of the country are awash in talk shows and news commentary that are outspokenly ultrarightist, pro-corporate, militaristic, anti-union, and antifeminist. Wealthy conservatives have poured millions of dollars into building the religious right's numerous radio and television outlets, including the Christian Broadcasting Network, which has as many affiliates as ABC. There is a significant religious left in this country, dedicated to peace and social justice issues, but it gets no big financial backing or major media outlets, and therefore is seldom heard by mass audiences.

Denied access to mainstream media, the political left has attempted to get its message across through community- and listener-sponsored radio stations and small publications that suffer chronic financial difficulties and sometimes undergo harassment from authorities and infiltrators. Skyrocketing postal rates effect a real hardship on dissident publications. At the same time, the government continues to subsidize billions of pieces of junk mail sent out by business and advertising firms.

For a while unlicensed "microradio" or "pirate" radio stations began burgeoning across the country. These pirate stations transmit in a limited one- to five-mile radius, too small to interfere with larger signals. The real nuisance they pose is their heterodox views. Micro stations in a number of locales have been forcibly shut down by the FCC and local police, who break into their premises and haul off their broadcast equipment. There are also legal low-power stations (LPFM) that are required to have a license or waiver from the FCC under penalty of law. A station seeking a LPFM license has to be in areas where there is space on the dial, which rules out most urban areas. Over half the LPFM licenses granted by the FCC have gone to right-wing church groups.<sup>39</sup>

The airwaves are the property of the people of the United States and should be open to divergent views. Here are some modest proposals for a more democratic media:

- The antitrust law that limits the number of media outlets any one corporation can own should be revived.
- The amount of airtime given to advertising should again be limited.

- The networks ought to pay for use of the public airways, and these fees should go to financing noncommercial public broadcasting. Public television and radio should be funded by a public tax system rather than by rich corporate “underwriters.”
- All broadcast stations should be required to allocate time for free and open debates among a diverse array of political proponents including the most progressive and revolutionary.

There once did exist a “Fairness Doctrine,” a law requiring that time be given to an opposing viewpoint after a station broadcasted an editorial opinion. But there was no requirement as to the diversity of the opposing viewpoints, so usually the range was between two only slightly different stances. The FCC ruled that broadcast time should not be made available to “communists or the communist viewpoint” but only to “persons other than communists.”<sup>40</sup> Even this pale and slanted law was too much for the reactionaries. President Reagan vetoed the Fairness Doctrine in 1987 when Congress attempted to renew it.

Ultimately the only protection against corporate-dominated monopoly media is ownership by the people themselves, with provisions for the inclusion of a broad spectrum of conflicting views. This is not as chimerical or radical as it sounds. In the early 1920s, before it was swallowed up by commercial interests, radio consisted primarily of hundreds of not-for-profit stations run mostly by colleges, labor unions, and community groups.<sup>41</sup> Today more community-supported radio stations and public access cable-TV stations are needed. The microradio station should be encouraged, for it is among the most democratic of media, requiring almost no capital while being relatively more accessible to the community in which it operates.

The Internet also offers progressive websites that provide information and opinion rarely accommodated by mainstream media. By its nature the Internet provides for individual transmission and commentary by just about anyone who has a computer and an opinion, bringing us some of the best and worst, but also providing new opportunities for networking and organizing, and for gathering information. Some giant telephone and cable companies began pressuring Congress to limit the number of Internet servers, in an effort to establish high-fee monopoly control. Their goal has been to create the electronic equivalent of an expensive “fast lane,” while relegating all nonpaying users to slower, more limited, and less reliable access.<sup>42</sup>

Those who own the newspapers and networks will not relinquish their hold over the communication universe. Ordinary citizens will not have access until they can gain control over the resources that could give them access, an achievement that would take a different kind of economic system than the corporate “free market” we have. In the meantime, Americans should have no illusions about the “free and independent press” they are said to enjoy.

C H A P T E R  
14

## Voters, Parties, and Stolen Elections

The U.S. political system is said to be democratic, for we get to elect our leaders in free and open elections. Yet, as a democratic institution, the electoral process is in need of serious upgrading.

### DEMOCRATS AND REPUBLICANS: ANY DIFFERENCES?

For generations, professional party politicians ran the *party machine* in city neighborhoods and towns, doling out little favors to little people and big favors to realty speculators, business contractors, and party leaders themselves. The political bosses were occupied mostly with winning elections rather than with questions of social justice. Old-fashioned political machines can still be found in some cities, but over the years party organizations have declined for a number of reasons:

First, campaign finance laws now allocate federal election funds directly to candidates rather than to parties, thereby weakening the influence of the party organization.

Second, now that many states have adopted the direct primary, candidates are less likely to seek out the party organization for a place on the ticket, and more likely to independently pursue the nomination by entering the primary.

Third, because televised political ads can reach everyone in their living room, the party precinct captain is less needed to canvass the neighborhood and publicize the candidate. Today's candidate needs moneyed backers or personal wealth to pay for costly media campaigns, complete with pollsters and public relations experts, who help select issues and shape electoral strategy. Candidates expend huge sums selling their image in catchy sound bites,

marketing themselves as they would a soap product to a public conditioned to such appeals. As someone once said: “You can’t fool all the people all of the time, but if you fool them once it’s good for four years.”

Voters sometimes will support one candidate only out of fear that the other candidate will make things even worse. This *lesser-of-two-evils* appeal is a common inducement to voter participation. Some voters feel that they are not really offered a choice but are forced into one, voting not so much *for* as *against* someone. When presented with issue-linked choices, however, voters in the main are able to make critical distinctions and do respond according to their pocketbook interests and other specific preferences.<sup>1</sup>

It is not quite accurate to characterize the Republicans and Democrats as Tweedledee and Tweedledum. They are not exactly alike and do take significantly different positions at times. But on some fundamental issues, the similarities between them loom so large as frequently to obscure the differences. Both the Democratic Party and the GOP (“Grand Old Party,” a nickname for the Republican Party) are committed to the preservation of the private corporate economy; the use of subsidies, tax allowances, and global “free trade” agreements to bolster business profits; huge military budgets; a costly and wasteful manned space program; and the use of force and violence to defend the transnational corporate empire. The two parties have been characterized as “nonideological.” In a sense they are, insofar as their profound ideological commitment to the corporate system at home and abroad is seldom made an explicit issue.

In the last several decades, however, there has been a sharpening of ideological differences between the two parties. The Republican Party has been the more ideologically consistent party, tirelessly launching attacks on every incidental issue to demonize their liberal opponents, while preaching the virtues of family values, free enterprise, free market, and superpatriotism. Judging from the performance of the last several GOP administrations, the Republican leadership is dedicated to eliminating taxes for corporations and the very rich, outlawing abortion and gay marriage, undoing environmental protections, eliminating government-run human services (including Social Security), and abolishing all government regulations of corporate activities.

The Republicans have voted for increased military spending and troop allotments; for armed interventions in other countries; for enormous subsidies for agribusiness, big oil, and the pharmaceutical industry; against raising the minimum wage; against assistance to homeowners in crisis and jobs programs during recent recessions; against a public option for health care and having the government negotiate for lower Medicare drug prices; and against support for renewable energy or other meaningful measures dealing with global warming.

The Democrats, or at least the more progressive ones, favor consumer rights, universal health insurance, human services, labor rights, environmental protections, safe and legal abortions, progressive taxes, cuts in military spending, and gender and ethnic equality.

Generally Republicans get most of their votes from conservatives, White males, rural and suburban dwellers, fundamentalist Christians and other regular churchgoers, managerial professionals, the upwardly mobile, people who earn over \$100,000, and those with some college education.

Democrats generally do best among liberals, women, city dwellers, wage workers, African Americans, Jews, people who earn under \$20,000, and those who are among the least and the most educated, that is, without high school diplomas or with advanced degrees.

The Republican Party leadership, as centered in the Republican National Committee, is a disciplined outfit, run from the top down, with a tight grip on state and county committees. It launches systematic campaigns to achieve a conservative ideological dominance, targeting both issues and individuals, striving for permanent control of state and national legislatures through redistricting and heavy campaign spending, while stacking the courts with right-wing ideologues.

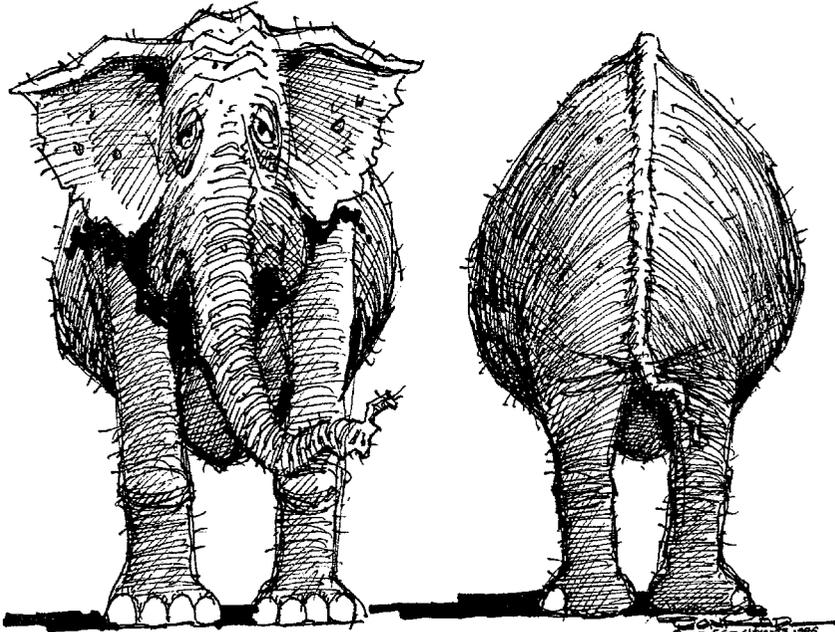
Unlike the GOP, the Democratic Party lacks a centralized command and ideological attack mode. It seems to have no overall agenda for locking down control of the electoral process and the institutions of government. It is a loose coalition of groups, with state and local committees that often go their own way, supplemented by independent organizations that pursue one or another issue. The Democrats seem incapable of matching the GOP's uncompromising and relentless attack mode. Indeed, in recent times the Democrats have been led by a president, Barack Obama, who spends much time reaching out for a bipartisan consensus that does not exist.

There also are differences within each party between voters and party activists. Delegates to a recent Republican national convention were more conservative on issues than a majority of registered Republican voters. One in five delegates put their net worth at \$1 million or more. Most were White middle-aged males opposed to campaign finance reform, affirmative action, gay rights, progressive income tax, single-payer health care, stronger environmental protections, and legal abortion. They supported a federal law to impose prayer in the schools but not federal funds for school repair programs. The chances of finding a GOP delegate with a family income under \$25,000 was fifty to one. At the Democratic national convention the odds were somewhat lower: fourteen to one, but still hardly representative of the wider public.

## THE TWO-PARTY MONOPOLY

A nationwide poll reported that 53 percent of respondents felt we should have a third major political party.<sup>2</sup> But all fifty states have laws—written and enforced by Democratic and Republican officials—setting some daunting requirements for third-party ballot access. In some states, independent or third-party candidates must collect large numbers of signatures and pay burdensome filing fees. Sometimes the time to collect signatures is limited to one week, virtually an impossible task.<sup>3</sup>

The Supreme Court upheld a Washington State law that requires minority candidates to win at least 1 percent of the total primary election vote in order to run in the general election, in effect depriving most minor candidates of ballot access.<sup>4</sup> Bills have been submitted in Congress, so far without success, that would institute a more permissive and uniform ballot access law throughout the fifty states. Over the years, some of the unfair restrictions against third parties have been struck down in court battles.



THE TWO PARTY SYSTEM

It has been argued that restrictive ballot requirements are needed to screen out frivolous candidates. But who decides who is “frivolous”? And what is so harmful about such candidates that the electorate must be protected from them by all-knowing Republican and Democratic party officials? In fact the few states that allow relatively easier access to the ballot—such as Iowa, Tennessee, Vermont, and New Hampshire, where relatively few signatures are needed and enough time is allowed to collect them—have suffered no invasion of frivolous or kooky candidates.

The Federal Election Campaign Act gives millions of dollars in public funds to the two major parties to finance their national conventions, primaries, and presidential campaigns. But public money goes to third-party candidates only *after* an election and only if they glean 5 percent of the vote, something nearly impossible to achieve without funds. In sum, they cannot get the money unless they get 5 percent of the vote; but they are not likely to get 5 percent without the substantial amounts of money needed to buy sufficient national exposure.

While receiving nothing from the federal government, minor parties must observe all federal record-keeping requirements. The Federal Election Commission, designated by law to have three Republican and three Democratic commissioners, spends most of its time checking the accounts of smaller parties and filing suits against them and against independent candidates. Hence two private political parties are endowed with law enforcement powers to regulate the activities of all other parties in ways that preserve their two-party monopoly.

## MAKING EVERY VOTE COUNT

The system of representation itself discriminates against third parties. The *winner-take-all, single-member-district plurality* system used in the United States artificially magnifies the strength of major parties. A party that polls a plurality (the largest number of votes even if less than a majority) wins 100 percent representation with the election of a district's single candidate, whereas the other parties, regardless of their vote, receive zero representation. Because there are few districts in which minor parties have a plurality, they invariably have a higher percentage of wasted or unrepresented votes, and win a lower proportion of seats, if any.

Even voters of the two major parties are shortchanged. In various counties of Northern California, GOP voters compose 20 to 35 percent of the turnout but receive zero representation because they are unable to elect a member of their party. In parts of Kansas, Nebraska, and Oklahoma, Democratic voters cast 30 to 40 percent of the votes, but receive zero representation because all the congressional seats are won by Republicans. Across the country, those living in safe Republican or safe Democratic districts and who support the weaker party have little reason to vote. Of course the same holds for those who support minor parties.<sup>5</sup>

In most congressional districts one party dominates over the other. The two-party system is largely a patchwork of one-party dominions—magnified by the winner-take-all system. About one of every ten representatives is elected to Congress with no opposition at all in either the primary or the general election. Over 90 percent of congressional incumbents who seek reelection are successful in that endeavor. Death and voluntary retirement seem to be the more important factors behind membership turnover.

In contrast to the winner-take-all system is *proportional representation* (PR), which provides a party with legislative seats roughly in accordance with the percentage of votes it wins. Let us say ten single-member districts were joined into one multiseat district. Every party provides a ranked list of ten candidates. Voters vote for the party of their choice, and each party is awarded their proportional number of seats. A party that gets around 50 percent of the vote would get only five seats (for the top five candidates on its list); one that received 30 percent would get three seats, while one that received 20 percent would get two seats. Just about every vote would be represented.<sup>6</sup>

Some political scientists and pundits argue that proportional representation is an odd, overly complicated system that encourages the proliferation of splinter parties and leads to legislative stalemate and instability. They laud the two-party system because it supposedly allows for cohesion and stable majorities. Actually there is nothing odd or quirky about PR; it is the most popular voting system in the world. Some form of PR is used in virtually every country in Europe, from Austria and Belgium to Sweden and Switzerland. Winner-take-all is found in only a handful of countries.<sup>7</sup> In 1993 New Zealand adopted proportional representation in a national referendum by an overwhelming vote. PR usually produces stable coalition governments that are consistently more representative and responsive than winner-take-all systems.

PR voting is not complicated. Citizens simply cast votes for the parties that more closely reflect their interests. Nor is PR completely alien to the United States. Some local governments and school districts have employed it for years. PR gives ethnic minorities and diverse political groups a better chance of winning some representation. In 1945, in the last PR race for the New York City Council, Democrats won fifteen seats, Republicans three, Liberals and Communists two each, and the American Labor party one; public interest in city council elections was high. PR was abolished in New York not because it didn't work but because it worked too well, giving representation to a variety of leftist dissenting views. After winner-take-all was reinstated in New York, the Democrats won thirty-four council seats, the Republicans one, and smaller parties were completely frozen out.<sup>8</sup>

To repeat: Winner-take-all elections artificially magnify the representation of the stronger parties and the weakness of the lesser ones. Wedded to the unfair advantages of the current system, Democrats and Republicans in Congress passed a law in 1967 *requiring* all states to set up single-member, winner-take-all districts for Congress. This system deprives minority parties not only of representation but eventually of voters too, because not many citizens wish to "waste" their ballots on a minor party that seems incapable of achieving a legislative presence. So third parties are locked in a vicious cycle: They cannot win because they lack support, and they have trouble gaining support because they are small and cannot win.

Sometimes it does not seem worth the effort to vote for one of the two major parties in districts where the other so predominates and will be winning the sole representation. If we had PR, however, every vote would be given some representation, and people would be more likely to vote. This partly explains why voter turnout ranges from 36 to 42 percent for congressional elections, whereas in countries that have PR, turnouts range from 70 to 90 percent.<sup>9</sup> With proportional representation, there is a broader choice of parties, a higher rate of participation, and a more equitable representation than in our winner-take-all, single-member-district, two-party system.

## RIGGING THE GAME

The electoral system is rigged in other ways. A common device is *redistricting*, changing the boundaries of a single-member district ostensibly to comply with population shifts but really to effect a preferred political outcome. Often the intent is to dilute the electoral strength of new or potentially dissident constituencies, including ethnic minorities. Thus, the New York City Council split fifty thousand working-class Black voters in Queens into three predominantly White districts, making them a numerical minority in all three. Likewise in Los Angeles County and nine Texas counties, heavy concentrations of Latinos were divided into separate districts to dilute their voting impact.

An extreme form of politically motivated redistricting is the *gerrymander*. District lines are drawn in elaborately contorted ways so as to maximize the strength of the party that does the drawing.<sup>10</sup> Sometimes, as just described, gerrymandering is used to deny minority representation by splitting a

concentrated ethnic area into different districts. Other times it is used to *assure* minority representation by creating a district that manages to concentrate enough African American voters so as to allow the election of an African American. Conservative opponents condemn such practices as “racial gerrymandering” and “reverse discrimination.” But defendants argue that such districts may look bizarre on a map but are the only way to abridge a White monopoly and ensure some Black representation in states where Whites remain disproportionately overrepresented even after a supposedly equitable redistricting.

The courts have ignored the gerrymandering that shapes so many districts around the country. After the 1990 census, the Republican administration of Bush Sr. directed certain states to maximize the number of districts packed with African American and Latino voters. Bush had an ulterior motive. By corralling minorities (who voted heavily Democratic) into electoral ghettos, the GOP would have a better chance of carrying the more numerous surrounding White districts.<sup>11</sup>

Redistricting occurs every ten years, as a function of *reapportionment*. The Constitution mandates that every decade a national census shall be taken and House of Representative seats shall be reapportioned, according to the shifts in population between the various states. When states lose or gain seats in the reapportionment, they must then redistrict after the census, a task performed by the various state legislatures, subject to veto by the governors. If a state neither gains nor loses seats after a particular census, there still may be population shifts within it that warrant the redrawing of district lines.

In 2001, after the 2000 census, congressional district lines were redrawn in Colorado and Texas in a way that federal courts decided was fair, as did the Texas GOP governor and GOP attorney general. But just two years later, after Republicans won complete control of state legislatures in both states, they took the unprecedented step of redrawing district lines already ratified by the courts, and doing it in a severely partisan way, especially in Texas where the congressional delegation went from seventeen to fifteen in favor of Democrats to twenty-one to eleven in favor of Republicans, a shift unparalleled in the annals of gerrymandering. In 2006 the Supreme Court upheld the newly imposed redistricting, setting aside the practice described in the Constitution of redrawing districts once every ten years after the national census, and opening the door for a partisan redistricting scramble any time a state legislature might change hands.<sup>12</sup> Only about a dozen states have constitutional prohibitions against multiple redistricting within the same decade.

Even if districts are redrawn by a neutral computer method, under the winner-take-all system large numbers of voters are still without representation. Proportional representation provides the more equitable system. Thus Democrats living in a 65 percent Republican district in the Dallas suburbs are effectively gerrymandered out of an opportunity to elect a person who represents their interests. But with PR, the five Republican Dallas suburban districts would be made into one composite district with five representatives, and Democratic voters would be able to elect one or two of the five, thereby attaining representation roughly proportional to their numbers instead of being entirely shut out.

The decennial national census itself introduces distortions because it often undercounts low-income voters, missing more renters than homeowners and many poor residents in overcrowded neighborhoods and remote rural areas, who tend to be less forthcoming with census takers. Undercounting means underrepresentation in Congress and the state legislatures, and less federal aid. According to the Census Bureau, one national census missed an estimated 8.4 million people and double-counted or improperly tallied 4.4 million, including many affluent Whites who had more than one residence.<sup>13</sup>

If, despite rigged rules, radical parties gain grassroots strength and even win elections, they are likely to become the object of official violence. The case of the U.S. Socialist Party is instructive. By 1918, the Socialist Party held twelve hundred offices in 340 cities including seventy-nine mayors, thirty-two legislators, and a member of Congress. The next year, after having increased their vote dramatically, the Socialists suffered the combined attacks of state, local, and federal authorities. Their headquarters in numerous cities were sacked, their funds confiscated, their leaders jailed on trumped-up charges, their immigrant members summarily deported, their newspapers denied mailing privileges, and their elected candidates denied their seats in various state legislatures and Congress. Within a few years the party was finished as a viable political force.

While confining themselves to legal and peaceful forms of political competition, the Socialists discovered that their opponents were burdened by no similar compunctions. The guiding principle of ruling elites was and still is: when change threatens to rule, then the rules are changed.

## MONEY, A NECESSARY CONDITION

A huge handicap faced by third-party candidates—and progressive candidates within the major parties—is the lack of funds needed to win office. Money is the lifeblood of present-day electoral campaigns. A race for a seat in the House of Representatives can cost several million dollars. Senatorial and gubernatorial contests sometimes are many times more than that. In the 2008 presidential and congressional campaigns, spending by all advocacy groups and candidates and party committees totaled \$5.3 billion, a record amount that did not include the many millions spent on hundreds of state and local contests.<sup>14</sup>

Sometimes millions are expended not to win office but merely to procure a party nomination in a primary contest against other members of the same party. And before the actual primary there is what some call the *money primary*. The candidate who amasses an enormous war chest or who has an immense personal fortune thereby discourages would-be challengers. He or she is treated seriously as a candidate and is likely to be designated the “front runner” by the media.

During the 2000 Republican presidential primaries, Bush Jr., son of a former president, “won” the money primary by raising \$50 million four months before the first primary in New Hampshire. That sum came from just a small number of superrich donors.<sup>15</sup> Several other GOP primary opponents dropped out after they discovered that most of the fat cats had already committed their checkbooks to Bush. By the time Bush won his party’s nomination in July 2000, he had already spent over \$97 million—and the campaign against his Democratic opponent had

yet to begin.<sup>16</sup> Thus, well before the actual election, a handful of rich contributors winnow the field, predetermining who will run in the primaries with what level of strength and plausibility. Only the very rich get to “vote” in the money primary.

That may be a little less true with the advent of the Internet. Nowadays fundraisers for less-established candidates are able to access larger numbers of potential supporters without incurring big costs. Still there remains the need to convince potential donors, even small ones, that the candidate is a “serious one,” something not easy to do if the media have designated the candidate as a minor fixture not to be taken seriously as the nominee to be.

Every four years both major parties receive millions of dollars in federal funds—allocated to them by a Congress dominated by these same two parties—to finance their national presidential nominating conventions. The Democratic and GOP conventions also receive substantial sums from their host cities, and large cash gifts from corporations, including buffet lunches, hospitality rooms, and postsession celebrations for the convention delegates.<sup>17</sup> Big corporations bankroll the televised presidential debates, which usually are limited to the two major-party candidates.

As mandated by law, as of January 2009 an individual can contribute to the campaigns of as many candidates as he or she wants, but not more than \$2,400 in a primary and \$2,400 in the election for a total of \$4,800 per candidate. That same individual can also give \$30,400 to the national party committee, \$10,000 to state and local party committees, and various other contributions. In sum, one person can contribute \$45,600 to all candidates and \$69,900 to all party and political action committees within a biennial period.<sup>18</sup> In addition, there are the fat speaking fees, travel accommodations, and other free services that companies are happy to provide to needy or greedy legislators.

There is also *soft money*, which consists of funds that can be used only for “issue advertising” and for singing the candidate’s praises—as long as the ad does not urge us to vote for or against anyone. Difficult to distinguish from campaign ads, soft-money ads provided an enormous loophole for campaign expenditures, totaling hundreds of millions of dollars to the major parties. The McCain-Feingold Act of 2002 banned the solicitation and spending of soft money by national parties and federal candidates. Though designed to plug loopholes in spending, the new law spawned loopholes of its own. Independent committees could still raise money apart from any party or candidate. And individual contributions could be passed along to future nominees in “bundled” amounts that exceeded the \$5,000-per-candidate limit.

In national elections, business generally outspends labor by more than seven to one. When it comes to soft money and state initiatives and ballot propositions, the ratio of business over labor spending is more like twenty-one to one, with most of that money finding its way into the coffers of the more conservative candidates of the two parties.<sup>19</sup> To hedge their bets, corporations and other big donors sometimes contribute to both parties, though usually substantially more to the Republicans.<sup>20</sup> Contributions often are doled out even to lawmakers who run unopposed, to ensure influence over the preordained victor.

A candidate needs funds for public relations consultants, pollsters, campaign travel; campaign workers, offices, telephones, computers, faxes, mailings; and,

most of all, media advertisements. Yet some say that money is not a major influence because better-financed candidates sometimes lose, as demonstrated by billionaire Steve Forbes, who spent \$30 million of his personal fortune in 2000 and still failed to gain the GOP presidential nomination. Electoral victory, the argument goes, is more likely to be determined by other factors such as party label, ideology, issues, and incumbency. The largest sums go to entrenched incumbents who are expected to win, so money does not bring victory, it follows victory.

In response, we might note that candidates who are the bigger spenders may not always win but they usually do, as has been the case over the last fifteen years in more than 80 percent of House and Senate races. Even in “open races,” with no incumbent running, better-funded candidates won 75 percent of the time. In the 2008 congressional election, Democratic candidates received noticeably more in direct contributions than Republicans, and won control of both the House and Senate.<sup>21</sup> This does not establish a simple one-to-one causal relationship between money and victory. But given the central role money plays in launching a campaign and promoting a candidate, how can we say it is of no crucial importance?

Money influences not only who wins, but who runs, and who is taken seriously when running. Candidates sometimes are backed by party leaders explicitly because they have personal wealth and can use it to wage an effective campaign. It is true that Steve Forbes failed to gain the GOP nomination. But even though he was of lackluster personality and had a fuzzy program, his money enabled him to win primaries in two states and be treated as a serious contender throughout the campaign.

Candidates who win while spending less than their opponents still usually have to spend quite a lot. While not a surefire guarantor of victory, a large war chest—even if not the largest—is usually a *necessary condition*. Money may not guarantee victory, but the lack of it usually guarantees defeat. Without large sums, there is rarely much of a campaign, as poorly funded “minor” candidates have repeatedly discovered.

The influence of money is also evident in the many state ballot initiatives from Florida to California relating to a range of vital issues. In many instances, there initially is strong voter support for the public-interest position. Then big business launches a heavily financed blitz of slick television ads, outspending its opponents by as much as fifty to one in some cases, and opinion turns in business’s favor.<sup>22</sup>

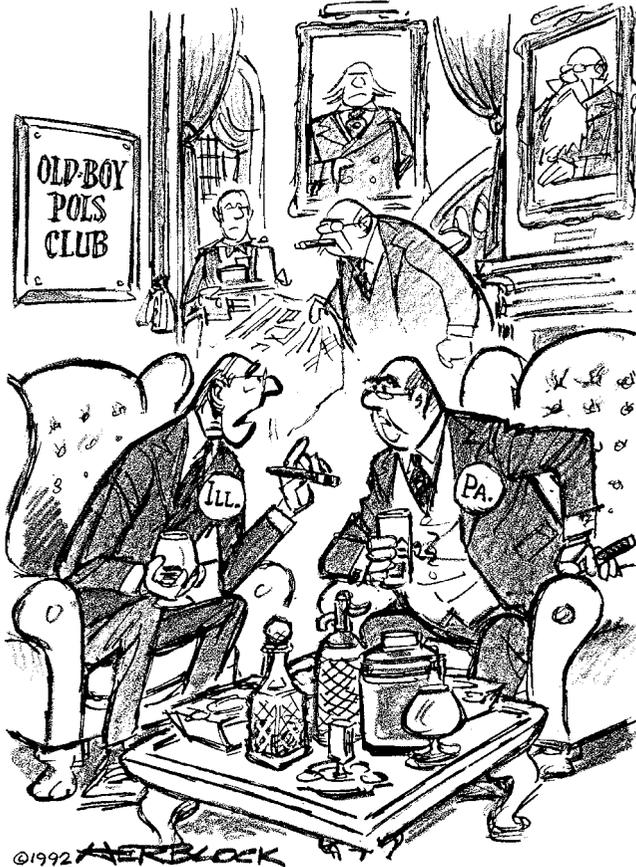
There seems to be a growing awareness of the undue and undemocratic influence of money. In Georgia, civil rights leaders launched a court challenge mandating the creation of publicly financed state elections because winners were enjoying more than a 300 percent spending advantage over losers. In Maine, voters approved a law in 1996 that allows candidates to opt for full public financing of their campaigns. A few years later a similar law was approved by voters in Massachusetts and in Vermont. In 2002, a majority of the legislature in Maine won races on public money, lawmakers who thereby were not indebted to moneyed interests. In Arizona, Janet Napolitano became the first governor of any state to be elected with public financing. Her opponent opposed public funding and raised almost \$2 million in private donations. Public funding of elections is resisted by those who can readily outspend their opponents, but it wins bipartisan support among voters across the nation.<sup>23</sup>

## THE STRUGGLE TO VOTE

The United States ranks among the lowest in the world in voter turnout. Nearly a third of adult Americans are not even registered to vote. Some people fail to cast a ballot because they care little about public affairs. But others, including some who do vote, feel deeply cynical and angry about politics. They are disenchanted by the hypocrisy and pretense, the constant drone of campaign ads, and the vast sums spent. Many have trouble believing that voting makes a difference. In a New York Times/CBS poll, 79 percent of respondents agreed that government is “pretty much run by a few big interests looking out for themselves.”<sup>24</sup>

It has been argued that since nonvoters tend to be among the more apathetic and less informed, they are likely to be swayed by prejudice and demagoguery. Hence it is just as well they do not exercise their franchise.<sup>25</sup> Behind this reasoning lurks the dubious presumption that better-educated, upper-income people who vote are more rational and less compelled by self-interest

**“THE BIG MISTAKE WAS IN LETTING THEM  
HAVE THE VOTE IN THE FIRST PLACE”**



and ethno-class prejudices, an impression that itself is one of those comforting prejudices upper- and middle-class people have of themselves.

Some writers argue that many people don't bother to vote because they are fairly content with things. Certainly some individuals are blithely indifferent to political issues—even issues that may affect their lives in important ways. But generally speaking, voter apathy is often a psychological defense against feelings of powerlessness and disillusionment. What is seen as apathy may really be antipathy.

Some political analysts argue that low voter participation is of no great import because the preferences of nonvoters are much the same as the preferences of voters. If the stay-at-homes were to vote, it supposedly would not change the outcome of most elections. In fact, upper-income persons vote at almost twice the rate as those of lower-income, and for conservative candidates at almost three times the rate. Hence, it *would* make a difference if low-income citizens voted in greater numbers, and on those occasions when they do, it *does*.

The argument is sometimes made that deprived groups, such as ethnic minorities, who feel thwarted by politics should accept the fact that they are numerically weak and unable to command wide support for their demands. In a system that responds to the democratic power of majority numbers, a minority poor cannot hope to have its way.

What is curious about this argument is that it is never applied to more select minority interests—for instance, oilmen. Now oilmen are far less numerous than the poor, yet the deficiency of their numbers, or of the numbers of other tiny minorities like bankers, industrialists, and billionaire investors, does not result in any lack of government responsiveness to their wants.

Furthermore, many people fail to vote because they face various kinds of official discouragement and intimidation. Two centuries of struggle have brought real gains in extending the franchise. In the early days of the Republic, propertyless White males, indentured servants, women, Blacks (including freed slaves), and Native Americans (“Indians”) had no access to the ballot. In the wake of working-class turbulence during the 1820s and 1830s, formal property qualifications were abolished for White males. And after a century of agitation, women finally won the right to vote with the adoption of the Nineteenth Amendment in 1920. In 1961, the Twenty-third Amendment gave District of Columbia residents representation in presidential elections, but they are still denied full voting representation in Congress. In 1971, partly in response to the youth antiwar rebellions of the late 1960s, the Twenty-sixth Amendment was quickly adopted, lowering the minimum voting age from twenty-one to eighteen.

The Fifteenth Amendment, ratified in 1870, written in the blood of civil war, prohibited voter discrimination because of race. But it took another century of struggle to make this right something more than a formality in many regions. In 1944, the Supreme Court ruled that Whites-only party primaries were unconstitutional.<sup>26</sup> Decades of agitation and political pressure, augmented by the growing voting power of African Americans who had migrated to Northern cities, led to a number of civil rights acts and several crucial Supreme Court decisions. Taken together these actions gave the federal government and courts power to act against segregationist state officials and against

discriminatory state restrictions—such as long-term residency requirements and poll taxes.<sup>27</sup> The result was that in certain parts of the South, African Americans began voting in visible numbers for the first time since Reconstruction.

During the 1980s, President Reagan threatened to cut off federal aid to state and local agencies that assisted in voter registration drives. Voting rights activists who tried to register people in family-assistance offices were arrested. Question: Why would an American president cut off federal aid and arrest people who were helping other Americans to register to vote? Answer: The other Americans were seen as voting the wrong way. Reagan was a Republican and the people in family-assistance offices were largely low-income Democrats.

In 1986, the Reagan White House sent FBI agents streaming into Southern counties to interrogate over two thousand African Americans about *voter fraud*. While finding no evidence of fraud, the FBI did cause some voters to think twice about going to the polls. The motive behind this kind of intimidation is as political as it is racial. If African Americans voted overwhelmingly for Republican candidates rather than for Democrats, then Republican administrators would not likely be hounding them.

In 1992, a Democratic Congress passed a “motor voter” bill that sought to increase voter turnout among the elderly, the poor, and the infirm by allowing citizens to register as they renew their driver’s licenses, or apply for Social Security, unemployment, welfare, or disability benefits. President Bush Sr. vetoed it. Question: Why would an American president veto a bill that helped other Americans to vote? Answer: Once again, they were likely to vote the wrong way.

The following year a bill was passed allowing registration at motor vehicle and military recruiting offices, but to avoid a Republican Senate filibuster it contained no provision for voter registration at welfare and unemployment offices. There have been widespread reports as late as 2009 that even this limited law was not being adequately enforced.<sup>28</sup>

## THE WAR AGAINST IMAGINARY “VOTER FRAUD”

Today, while many legal restrictions have been removed, new barriers to voting loom. In various Western democracies, governments actively pursue programs to register voters, leading to high registration rates and high voter participation. In contrast, U.S. federal and state officials have a history of making it difficult for working people to register and vote. In a dozen or more states within the United States we find the following:

- Would-be voters may be required to prove their citizenship with a passport, birth certificate, or other government ID, documents that poor and elderly citizens often lack. People who had been voting for many years suddenly found themselves disqualified. In Missouri alone, newly installed photo ID requirements threaten to disfranchise up to 240,000 state residents.
- In some states citizens are being required to pay voter ID fees—which amounts to an unconstitutional poll tax, felt most heavily by low-income voters.

- Legislation pending in some states prohibits the elderly from using photo IDs issued by retirement centers or neighborhood associations when going to the polls. Many low-income elderly do not have driver's licenses to use as IDs.
- Registration centers are usually open only during working hours when blue-collar and lower-level service people cannot get off from work. The locations of registration centers can be remote and frequently changed.
- Registration forms are sometimes unnecessarily complex, in short supply, poorly distributed, and sluggishly processed.
- Onerous and unnecessary rules are imposed on grassroots voter registration drives, such as requiring registration forms to be turned in within forty-eight hours after being filled out; or making it illegal for anyone to get within one hundred feet of a line of voters to offer legal advice regarding their voting rights.
- If your name in the registration database (John Smith) does not perfectly match your name as spelled on your driver's license or some other ID (John L. Smith), you can be turned away at the polls, and many have been.
- Polling places are sometimes not situated in accessible locations. In one Texas county, officials closed down all but one of thirteen polling stations, and Black and Latino voter turnout plummeted from twenty-three hundred to three hundred. In parts of Mississippi, a person might have to register both at the town and county courthouses, which could mean driving ninety miles round trip.
- In recent elections, more than one in five registered voters did not vote because of long work hours, physical disabilities, parental responsibilities, lack of transportation, or other difficulties. In some democracies, measures are taken by officials to assist voters facing such obstacles, but not in the United States.<sup>29</sup>

According to the standard view, working people and the poor have a low voter turnout because they are wanting in information and civic awareness. But if they are so naturally inclined to apathy, one wonders why entrenched interests find it necessary to take such strenuous measures to discourage their participation.

Daunting ID and registration requirements are supposedly intended to keep ne'er-do-wells from attempting to cast ballots in someone else's name, a problem that—despite repeated investigations—has not been shown to exist in any numbers. Most recently the Century Foundation found no evidence of voter impersonation or of felons or other persons trying to illegally cast ballots.<sup>30</sup> Still Republican officials continue to invent stories about droves of fraudulent voters “stealing driver's licenses or passports so they can sneak into the booth and cast an illegal ballot. GOP leaders have intimidated voters of color, unfairly purged voter rolls, and set up unconstitutional barriers to the ballot box—all in the name of cleaning up ‘voter fraud.’”<sup>31</sup> This untiring crusade is obviously aimed at limiting the number of voters from demographic groups that favor the Democrats.

Republican efforts to suppress the vote have enjoyed some success. In the 2008 presidential election, 4 million to 5 million voters did not cast a ballot

because they encountered registration difficulties or failed to receive absentee ballots. An additional 2 million to 4 million registered voters were discouraged from voting due to administrative hassles like long lines and new voter identification requirements.<sup>32</sup> Had the election been a closer contest, a suppressed vote of this magnitude would have produced a different outcome.

When United Auto Workers union members took election day off, they were able to work at bringing out the vote, serve as poll watchers, and find time themselves to vote. Yet most workers cannot participate at that level because elections are held on a workday (Tuesday), making voting difficult for those who have late commutes.

One positive development: Every state in the union now allows people to vote several days earlier than election day. In some states *early voting* is provided only for those who have an excuse. In other states early voting is available to anyone who might want to avail themselves of it. In the 2008 election, mindful of the punishing long voter lines of previous elections, early voters turned out in record numbers totaling about 30 percent of the total vote.

About 5 million Americans are prohibited from casting a ballot because of past criminal records or because they are currently behind bars. Three states (Florida, Kentucky, and Virginia) still impose lifetime disfranchisement on anyone ever convicted of a felony, impacting disproportionately on low-income communities of color. Other states have scaled back similar bans in recent years.

People who were still behind bars are denied the vote in all but two states (Maine and Vermont), yet they are counted as part of the population of the communities in which the prisons are located, creating political districts that would not otherwise exist. When funds and legislative seats are allocated according to population, conservative rural communities with large prison populations disproportionately glean more seats and funds for themselves. Cities lose out on funds that could be used for both crime prevention and prisoner rehabilitation. Inmates should be counted as residents of the community to which they are likely to return after incarceration, the places where reentry programs need to be funded.<sup>33</sup>

## SHADY ELECTIONS

Often presumed to have died out with old-time machine politics, shady electoral methods are with us more than ever. In one of the closest contests in U.S. history, the 2000 presidential election between Vice President Al Gore and Texas Governor George W. Bush, the final outcome hinged on how the vote went in Florida. Independent investigations in that state revealed serious irregularities directed mostly against ethnic minorities and low-income residents who usually voted Democratic. Some thirty-six thousand newly registered voters were turned away because their names had never been added to the voter rolls by Florida's secretary of state Kathleen Harris, a Republican who was in charge of the state's election process while herself being an active member of the Bush election campaign. Others were turned away because they were declared—almost always incorrectly—"convicted felons." In several Democratic precincts, state officials closed the polls early, leaving lines of would-be voters stranded. Under orders

from Governor Jeb Bush (Bush Jr.'s brother), state troopers near polling sites delayed people for hours while searching their cars. Some precincts required two photo IDs, which many citizens do not have. Uncounted ballot boxes went missing or were found in unexplained places or were never collected from certain African American precincts. During the recount, the Republican national leadership shipped in some young bullies, mostly GOP congressional aides from Washington, D.C., to storm the Dale County Canvassing Board, punch and kick one of the officials, shout and bang on their office doors, and generally created a climate of intimidation that caused the board to abandon its recount and accept the dubious pro-Bush tally.<sup>34</sup>

Even though Bush lost the nation's popular vote to Gore by over half a million in the official count (and probably more than that in an honest count), these various coercive actions suppressed enough pro-Gore ballots to give Florida to Bush by about five hundred votes, along with the Electoral College and the presidency itself. Similar abuses occurred in other parts of the country. A study by computer scientists and social scientists estimated that 4 million to 6 million votes were left uncounted in the 2000 election.<sup>35</sup>

The 2004 presidential election between Democratic challenger Senator John Kerry and the Republican incumbent, President Bush, amounted to another stolen election. Some 105 million citizens voted in 2000, but in 2004 the turnout climbed to at least 122 million. Preelection surveys indicated that among the record 16.8 million new voters Kerry was a heavy favorite, a fact that went largely unreported by the press. In addition, there were about 2 million progressives who had voted for Ralph Nader in 2000 but who switched to Kerry in 2004. Yet the official 2004 tallies showed Bush with 62 million votes, about 11.6 million more votes than he got in 2000. Meanwhile Kerry showed only 8 million more votes than Gore received in 2000. To have achieved his remarkable 2004 tally, Bush would have had to keep all his 50.4 million from 2000, plus a majority of the new voters, plus a large share of the very liberal Nader defectors. Nothing in the campaign and in the opinion polls suggested such a mass crossover. The numbers did not add up.

In key states like Ohio, the Democrats achieved immense success at registering new voters, outdoing the Republicans by as much as five to one. Moreover the Democratic Party was unusually united around its candidate—or certainly against the incumbent president. In contrast, elements within the GOP displayed open disaffection. Prominent Republicans, including some former officeholders, diplomats, and military brass, publicly voiced serious misgivings about what they saw as the Bush administration's huge budget deficits, reckless foreign policy, pronounced theocratic tendencies, and threats to individual liberties. Sixty newspapers that had endorsed Bush in 2000 refused to do so in 2004; forty of them endorsed Kerry.<sup>36</sup>

All through election day 2004, exit polls showed Kerry well ahead, yet the official tally gave Bush a victory. Before the election, several Republican lights had announced their intention to suppress the Democratic vote. In an interview with *U.S. News & World Report*, Pennsylvania House Speaker John Perzel observed that Kerry would need a huge number of votes in Philadelphia to carry the state: "It's important for me to keep that number down."

Rep. John Pappageorge (R-MI) was quoted in the *Detroit Free Press* as saying, “If we do not suppress the Detroit vote, we’re going to have a tough time in this election.” In Nevada, former executive director of the state GOP Dan Burdick told the press, “I am looking to take Democrats off the voter rolls.”<sup>37</sup> Here is an incomplete list of how the GOP “victory” was secured:

- In some places large numbers of Democratic registration forms disappeared. Absentee ballots sometimes were mailed out to voters just before election day, too late to be returned on time, or they were not mailed at all.
- Overseas ballots normally and reliably distributed by the State Department were for some reason distributed by the Pentagon in 2004. Nearly half of the 6 million American voters living abroad—a noticeable number of whom formed anti-Bush organizations—never received their ballots or got them too late to vote. Military personnel, usually more inclined toward supporting the president, encountered no such problems with their overseas ballots.
- Voter Outreach of America, a company funded by the Republican National Committee, collected thousands of voter registration forms in Nevada, promising to turn them in to public officials, but then systematically destroyed the ones belonging to Democrats.
- Tens of thousands of Democratic voters were stricken from the rolls in several states because of “felonies” never committed, or committed by someone else, or for no given reason. Registration books in Democratic precincts were frequently and inexplicably out-of-date or incomplete.
- In states like Ohio, Democrats enjoyed record turnouts but were deprived of sufficient numbers of polling stations and voting machines. Many of the machines in their precincts kept mysteriously breaking down. After waiting long hours many people departed without voting. Pro-Bush precincts had no such troubles.
- A similar pattern was observed with student populations in several states. Students at conservative religious colleges had little or no wait at the polls, whereas students from liberal arts colleges were forced to line up for as long as ten hours, causing many to give up.
- A polling station in a conservative evangelical church in Miami County, Ohio, recorded an impossibly high turnout of 98 percent, while a polling place in Democratic inner-city Cleveland recorded an impossibly low turnout of 7 percent.
- Latino, Native American, and African American voters in New Mexico who favored Kerry by two to one were five times more likely to have their ballots spoiled and discarded in districts supervised by Republican election officials. In these same Democratic areas, Bush “won” an astonishing 68 to 31 percent upset victory.
- Cadres of right-wing activists, many of them religious fundamentalists financed by the Republican Party, handed out flyers in key Democratic precincts warning that voters who had unpaid parking tickets, an arrest record, or owed child support would be arrested at the polls—all untrue.
- Democratic poll watchers in Ohio, Arizona, and other states, who tried to monitor election night vote counting, were menaced and shut out by squads

of Republican toughs. In Warren County, Ohio, GOP officials announced a “terrorist attack” alert, and ordered the press to leave. They then moved all ballots to a warehouse where their secret counting produced some fourteen thousand more votes for Bush than he had received in 2000.

- Bush did remarkably well with phantom populations. The number of his votes in two counties in Ohio exceeded the number of registered voters, creating turnout rates as high as 124 percent. In a small conservative suburban precinct of Columbus, where only 638 people were registered, the touch-screen machines tallied 4,258 votes for Bush. In almost half of New Mexico’s counties, more votes were reported than were recorded as being cast, and the tallies were consistently in Bush’s favor.<sup>38</sup>

Exit polls showed Kerry solidly ahead of Bush in both the popular vote and the Electoral College. Exit polls are an exceptionally accurate measure of elections. In three recent elections in Germany, exit polls were never off by more than three-tenths of 1 percent. Unlike ordinary opinion polls, the exit sample is drawn from people who have actually just voted. It rules out those who say they will vote but never make it to the polls, those who cannot be sampled because they have no telephone or otherwise cannot be reached at home, those who are undecided or who change their minds about whom to support, and those who are turned away at the polls for one reason or another. Exit polls have come to be considered so reliable that international organizations use them to validate election results in countries around the world.

Republicans argued that in 2004 the exit polls were inaccurate because they were taken only in the morning when Kerry voters came out in greater numbers. In fact, the polling was done at random intervals all through the day, and the evening results were much the same as the early returns.

Most revealing, the discrepancies between exit polls and official tallies were never random but worked to Bush’s advantage in ten of eleven swing states that were too close to call, sometimes by as much as 9.5 percent as in New Hampshire, an unheard of margin of error for an exit poll. In Nevada, Ohio, New Mexico, and Iowa, exit polls registered solid victories for Kerry, yet the official tally went to Bush, virtually a statistical impossibility.<sup>39</sup>

In states that were not hotly contested, the exit polls proved quite accurate. Thus exit polls in Utah predicted a Bush victory of 70.8 to 26.4 percent; the actual result was 71.1 to 26.4 percent. In Missouri, where the exit polls predicted a Bush victory of 54 to 46 percent, the final result was 53 to 46 percent.

One explanation for the strange anomalies in vote tallies was found in the widespread use of touch-screen electronic voting machines. These machines produced results that consistently favored Bush over Kerry, often in chilling contradiction to exit polls. In 2003 more than nine hundred computer professionals signed a petition urging that all touch-screen systems include a verifiable audit trail. Touch-screen voting machines can be easily programmed to throw votes to the wrong candidate or make votes disappear while leaving the impression that everything is working fine. A tiny number of operatives can access the entire network through one machine and change results at will. The touch-screen machines are coded, tested, and certified in complete

secrecy. Verified counts are impossible because the machines leave no reliable paper trail. Any programmer can write code that displays one result on the screen, records something else, and prints yet something else. There is no known way to ensure this does not happen.<sup>40</sup>

Since the introduction of touch-screen voting, mysterious congressional election results have been increasing. In 2000 and 2002, Senate and House contests and state legislative races in North Carolina, Nebraska, Alabama, Minnesota, Colorado, and elsewhere produced dramatic and puzzling upsets, always at the expense of Democrats who were ahead in the polls. In some counties in Texas, Virginia, and Ohio, voters who pressed the Democrat's name found that the Republican candidate was chosen. In Cormal County, Texas, three GOP candidates all won by exactly 18,181 votes apiece, a near statistical impossibility.

All of Georgia's voters used Diebold touch-screen machines in 2002, and Georgia's incumbent Democratic governor and incumbent Democratic senator, who were both well ahead in the polls just before the election, lost in amazing double-digit voting shifts.<sup>41</sup>

This may be the most telling datum of all: In New Mexico in 2004 Kerry lost all precincts equipped with touch-screen machines, irrespective of income levels, ethnicity, and past voting patterns. The only thing that consistently correlated with his defeat was the touch-screen machine itself. And in Florida Bush registered inexplicably sharp jumps in his vote (compared to 2000) in counties that used touch-screen machines.<sup>42</sup>

Companies like Diebold, Sequoia, and ES&S that market the touch-screen machines are owned by militant supporters of the Republican Party. The CEO of Diebold, Walden O'Dell, raised huge sums for the Bush campaign. (In 2009 Diebold sold its voting-machine division to ES&S, its largest competitor, putting an even more monopolistic grip on the voting-machine system.) These companies refused to explain how their machines worked, claiming proprietary rights, a claim that has been backed in court. Election officials are not allowed to evaluate the secret software. Apparently corporate trade secrets are more important than voting rights.

The companies also argued that secrecy was needed in order to maintain security. One security technologist disagrees: "Any voting-machine company that claims its code must remain secret for security reasons is lying. Security in computer systems comes from transparency—open systems that pass public scrutiny—and not secrecy."<sup>43</sup>

The solution is to use only electronic voting machines that produce readily countable paper ballot results. Election officials would be required to conduct random hand recounts of paper ballots in 3 or 4 percent of precincts, and more in very close races. Such routine audits are an important check on the accuracy of the computer count. The best system of all is the one in which voters directly record their votes on paper and the paper ballots are then jointly counted by officials of all political parties.<sup>44</sup>

Incidents of electoral fraud also were reported in the 2006 and 2008 elections but by then a great deal of light had been thrown on the strange anomalies of electronic voting machines, along with court challenges and public protests—all of which may have discouraged the partisan hackers.

## PALE DEMOCRACY

What policymakers do can have serious effects on our well-being. So it does matter who gets elected. And who gets elected is much determined by how the electoral system is run. In Western European countries, with their strong party systems and several weeks of relatively brief campaigning, money does not reign supreme as in the United States. Benefiting from the more democratic system of proportional representation, left-oriented parties in Europe have established a viable presence in parliaments, even ruling from time to time. Consequently they have been able to create work conditions, human services, and living standards considerably superior to those found in the United States.

Over the long haul just about every life-affirming policy that has come out of government originated not with policymakers and political leaders but with the common people, be it the eight-hour work day, the abolition of child labor, public education, the right to collective bargaining, workers' benefits, occupational safety, civil rights, civil liberties, women's rights, gay rights, health care, consumer protection, and environmental protection. When an issue wins broad, well-organized popular support and receives some (usually reluctant) attention in the media, then officeholders are less able to remain forever indifferent to it.

The way people respond to political reality depends on the way that reality is presented to them. If large numbers have become apathetic and cynical, including many who vote, it is at least partly because a questionable electoral system discourages the kind of creative mass involvement that democracy is supposed to nurture. But even within a constricted two-party context, elections—if kept somewhat honest—are one of the potentially soft spots in the capitalist power structure.

CHAPTER  
15

## Congress: The Pocketing of Power

The Congress created by the framers of the Constitution is a bicameral body, divided into the House of Representatives, whose 435 seats are distributed among the states according to population, and the Senate, with two seats per state regardless of population. Thus nine states—California, New York, Florida, Texas, Pennsylvania, Illinois, Ohio, Minnesota, and New Jersey—contain more than half the nation’s population but only 18 of the Senate’s 100 seats. Whom and what does the Congress represent?

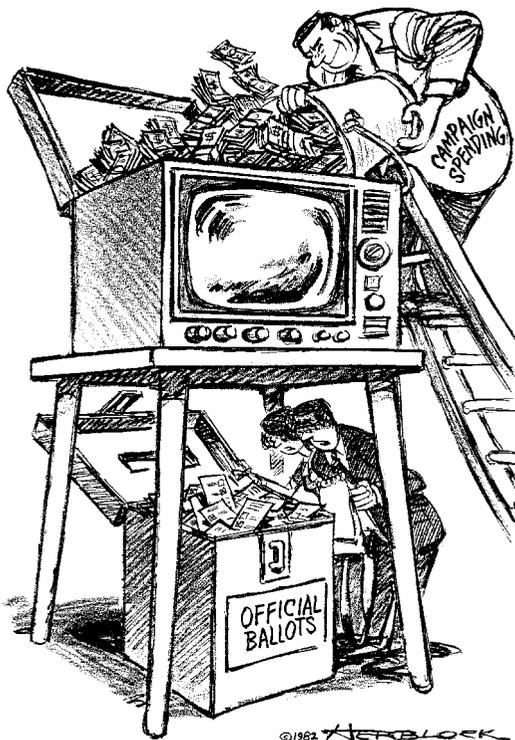
### A CONGRESS FOR THE MONEY

The people elected to Congress are not demographically representative of the nation. Women are 52 percent of our population but composed only 92 of the 435 members of the House of Representatives in the 111th Congress in 2010, and 17 of 100 U.S. senators. African Americans and Latinos together are a quarter of the nation’s population, yet African Americans held only 42 seats in the House, while Latinos occupied 25; the Senate had only one African American senator and three Latinos. In addition, occupational backgrounds are heavily skewed toward the upper brackets. Though they are only a small fraction of the population, lawyers (many of them corporate attorneys) compose about half of both houses. Bankers, investors, entrepreneurs, and business executives compose the next largest group, along with former mayors, state legislators, and other local officeholders. There are almost no blue-collar persons or other ordinary working people in Congress, although some members are of low-income family origin.<sup>1</sup>

Plutocracy—rule for the rich by the rich—prevails in Congress for the most part. As one senator admitted, “At least half of the members of the Senate today are millionaires.... We’ve become a plutocracy.... The Senate was meant to represent the interests of the states; instead, it represents the interests of a class.”<sup>2</sup> The lower chamber too, remarked another critic, is evolving “from a House of Representatives to a House of Lords.”<sup>3</sup> Many House and Senate members file financial disclosure forms that give a vague and incomplete listing of their personal wealth. Persons elected to Congress these days tend to be even wealthier than in earlier times—because escalating campaign costs give rich individuals an ever greater advantage when running for office.

In addition to their private income, the people who represent us in Congress receive a salary of \$174,000 (as of 2010), which alone puts them in the top 3 percent bracket. Many of them enjoy vastly different lifestyles and income opportunities than those whom they claim to represent. We get transportation policy made by lawmakers who never have to endure the suffocation of a crowded bus or hunt for a parking space, agricultural policy by those who never tried keeping a family farm going, safety legislation by lawmakers who never set foot in a factory or mine, and minimum-wage laws by those who never have to try to support a family on poverty income. So we have Rep. Jim Talent (R-MO) who repeatedly voted against raising the minimum wage while himself teaching a two-hour-a-week class at Washington University in St. Louis for \$90,000 a year, or about \$1,500 an hour, in addition to his congressional salary.<sup>4</sup>

**“WHAT’S IT DONE TO THE CONTENTS OF THIS BOX?”**



We have health care policies formulated by lawmakers who never have to sit for hours in a crowded clinic or go without care. Members of Congress—including those conservatives who rant against publicly funded medical coverage—enjoy all the benefits of socialized medicine: free medical care, free hospitalization, free surgery, and free checkups with no co-payments, no deductibles, no hidden fees, no disqualifying preconditions, all free for themselves and their families. And after they leave Congress, they are guaranteed private medical insurance in addition to Medicare. There is not one recorded instance of any right-wing member of Congress refusing this free socialistic medical care even as they denounce it as unsuitable for the rest of us.

Likewise, while attacking our Social Security retirement programs, the GOP-dominated 109th Congress itself enjoyed a retirement plan that allows anyone who has served in the House or Senate to draw a pension for the rest of his or her life upon leaving office, the amount depending on time served, along with cost of living increases over the years. And unlike most pensions, members of Congress do not have to pay a penny into the plan.

“Congress is the best that money can buy,” said the humorist Will Rogers. Given the skyrocketing costs of media-driven electoral campaigns, the quip is truer than ever. Members of Congress go where the money is, scrambling for congressional committee assignments that deal with issues of greatest interest to big donors. Lawmakers who received contributions from tobacco companies were three times more likely to have voted against crackdowns on cigarette sales to minors. The same members of Congress responsible for spending billions on the F-22 fighter plane and related military hardware, and insisting on an additional dozen of the planes—which the Pentagon did not want—received over \$1.3 million from the weapons builders in 2008.<sup>5</sup>

Political donations can represent some of the most profitable investments a business can make. For \$36.5 million in campaign donations, the banking industry was granted deregulation and savings and loan bailout legislation that would cost the U.S. public at least \$1 trillion. The timber industry spent only \$8 million on contributions to secure a logging road subsidy worth \$458 million, a return on investment of over 5,700 percent. With a mere \$5 million in campaign donations, the broadcasting industry was able to procure free digital TV licenses, a giveaway of public property worth \$70 billion, for a staggering 1,400,000 percent return on investment.<sup>6</sup>

There is a saying: “The dollar votes more times than the man.” The power of money works ceaselessly to reduce the influence of citizens who have nothing to offer but their votes. Most senators and many House representatives get the greater part of their money from outside their districts or home states. Senator Robert Dole (R-Kan.), for instance, worked hard to get a billion-dollar farm subsidy for tobacco growers, and received generous contributions from the tobacco industry. But tobacco is virtually an unknown crop in Kansas, the state that elected him, so whom was he representing?<sup>7</sup>

Politicians can claim that money does not influence their votes, but their votes certainly influence the money flow. Those who vote the way powerful interests want are more apt to be rewarded with handsome donations from those same interests. In June 2008, standing before a room of oil executives,

Republican presidential candidate John McCain abandoned his previous position against coastal oil drilling and declared his support for it. A month later, oil and gas executives donated a total of \$1 million to McCain's campaign.<sup>8</sup>

Big donors might be strung along now and then, contributing in the hope of buying a legislator's eventual support, but they do not long reward those who habitually oppose them. Legislators themselves admit they feel obliged to accommodate big contributors. At a Senate Democratic Caucus, Senator Harold Hughes (D-Iowa) once said his conscience would not allow him to continue in politics because of the way he had been forced to raise money. The late Senator Hubert Humphrey (D-Minn.) concurred, bemoaning the "demeaning and degrading" way he had to raise money, and "how candidates literally had to sell their souls."<sup>9</sup>

## LOBBYISTS: THE OTHER LAWMAKERS

Lobbyists are persons hired by interest groups to influence legislative and administrative policies. Some political scientists see lobbying as part of the "information process": the officeholder's perception of an issue is influenced primarily by the information provided him or her—and the lobbyist's job is to be the provider. Often the information presented on behalf of an issue is less important than who is presenting it. As one congressional committee counsel explained: "There's the twenty-three-year-old consumer lobbyist and the businessman who gives you \$5,000. Whom are you going to listen to?"<sup>10</sup>

Along with the slick brochures and expert testimony, corporate lobbyists offer succulent campaign contributions, fat lecture fees, easy-term loans, prepaid vacation jaunts, luxury resorts, four-star restaurants, lush buffets, lavish parties with attractive escorts, stadium suites at major sporting events, and other hustling enticements of money.

Legislators sometimes rely on lobbyists to write their speeches, plant stories in the press on their behalf, launch fundraising drives, and even write some of the bills that the lawmakers submit to Congress.

Some 34,000 lobbyists prowl the Capitol's lobbies (hence their name) or seek favorable rulings from agencies within the vast executive bureaucracy, their numbers having doubled in recent years. Lobbyists outnumber legislators by sixty-three to one. The amount they spend to influence lawmakers is even more than the amount spent to elect them.<sup>11</sup>

High-powered Washington lobbyists are often corporate attorneys, businesspeople, or former public officeholders with good connections in government. Business lobbyists can be credited with thwarting or watering down antitrust, environmental, food safety, health care, prolabor, and proconsumer measures, exercising an influence over government that eclipses just about every other major interest.<sup>12</sup> Almost eighty foreign governments also have lobbyists in Washington looking for trade and aid agreements, including some regimes that have been among the world's worst human rights abusers.

Officeholders who prove especially cooperative toward lobbying interests might later be rewarded with lucrative positions in the corporate world when they return to private life. Barred from lobbying for only one year after

leaving public service, they are becoming lobbyists with increasing frequency. A recent example is Rep. Billy Tauzin (R-La.) who, having played an active role in passing the trillion-dollar boondoggle Medicare prescription drug bill, was reportedly offered a \$2 million-a-year job with PhRMA, the pharmaceutical industry's leading lobbying group. Lured by huge incomes, more than 270 former members of Congress have registered to lobby over the last decade (along with about 2,000 former congressional staff people).

In recent years, a campaign known as the K Street Project was launched by House Republican leaders. They got trade associations and lobbying firms to fire Democratic lobbyists and hire only designated Republicans, in effect imposing a one-party monopoly over the influence system.<sup>13</sup> Some lobbyists, in a reverse flow, have subsequently won election to Congress, further blurring the line between lobbyists and lawmakers. Many thousands of disclosure documents that are required by law for lobbyists to file are not filed.

The most effective resource that lobbyists have at their command is money. Money buys accessibility to the officeholder and the opportunity to shape his or her judgments. Access alone does not guarantee influence. About a century ago, before he became president of the United States, Woodrow Wilson pointed out:

Suppose you go to Washington and try to get at your Government. You will always find that while you are politely listened to, the men really consulted are the men who have the big stake—the big bankers, the big manufacturers, and the big masters of commerce.... The masters of the Government of the United States are the combined capitalists and manufacturers of the United States.<sup>14</sup>

When a fundraising dinner in Washington netted the Republican Party \$9 million in big donations, President Bush Sr.'s press secretary Marlin Fitzwater defended the event: “[The donors] are buying into the political process.... That’s what the political parties and the political operation is all about.” Asked how less wealthy persons could buy into the process, Fitzwater replied vaguely, “They have to demand access in other ways.”<sup>15</sup>

Those who argue that lobbyists are effective not because of money but because they shape the “information flow” might consider that the ability to disseminate information and propagate one’s interests itself presumes organization, expertise, exposure, and staff—things that money can buy. The mere possession of great wealth and control of industry give corporate interests a social standing unknown to ordinary working citizens. Their needs are paraded as the “needs of the economy” and of the nation itself.

One ex-lobbyist concludes that the lobbyist’s main job is to circumvent existing laws and get preferential treatment from Congress “for clients who have no legal rights to them.”<sup>16</sup> On one occasion lobbyists from Boeing, the Business Roundtable, the National Association of Manufacturers, and others used a congressional committee room beneath the House chamber as a command post, with its House telephones and fax machines, in a successful effort to win approval of a free-trade bill. Some of the corporate lobbyists refused to explain how they got there when challenged by a group of congressional Democrats.<sup>17</sup>

A favorable adjustment in rates for interstate carriers, a special tax benefit for a family oil trust, a high-interest bond issue for big investors, the leasing of public lands to a private company, emergency funding for a faltering aeronautics plant, a massive bailout for big banks, a postal subsidy for advertising firms, the easing of safety standards for a food processor, the easing of pollution controls for a chemical plant—all these hundreds of bills and their special amendments and thousands of administrative rulings, which mean so much to particular business interests, spur the efforts of legislators and administrators while going largely unnoticed by a public that pays the monetary and human costs and seldom has the means to make its case, or even discover it has a case.

Public-interest groups that attempt to speak for the general populace do not have an easy time of it, especially when their proposals are directed against powerful economic interests. The relative scarcity of power resources (the most crucial being money) limits their efforts. Many of these citizen groups devote an inordinate amount of time foraging for funds just to maintain their offices and tiny staffs.

Despite these inequities, there exists “the school of happy pluralism,” which sees power as widely and democratically diffused. One political scientist concludes that “nearly every vigorous push in one direction” by a lobbying interest “stimulates an opponent or coalition of opponents to push in the opposite direction. This natural self-balancing factor comes into play so often that it almost amounts to a law.”<sup>18</sup> The evidence presented in this book does not support such a cheerful view. Do the homeless, the unemployed, and most ordinary citizens really have the kind of political clout that makes them figure as near equal contestants in the influence system with high-rolling corporate lobbyists?

Supposedly the diversity of cultural, economic, and ethnic groups in our society creates multiple cross-pressures that mitigate the strength of any one allegiance. Thus some voters might favor the Democrats on bread-and-butter issues but support the Republicans’ antigay and antiabortion stances. Such cross-pressures do not seem to apply to the politically active segments of the big-business community that frequently collude around common class interests, giving mutual support to each other’s agendas in a process known as *logrolling*.

Logrolling is not the same as compromise. Rather than checking and blunting the selfish demands of each group as in compromise situations, special-interest legislators and lobbyists cobble together winning votes in Congress by backing one another’s claims at the expense of those who have little power in the organized influence system.

Pressure group efforts are directed not only at officeholders but also at the public, in what has been called *grassroots lobbying*. The goal is to bombard the lawmakers with a media blitz and messages from concerned persons in their home constituencies. Among the earliest practitioners of grassroots lobbying were liberal public-interest groups. But it was not long before business associations also adopted this approach, the difference being that they have been able to spend vastly more on shaping opinion visibility.

Corporate special interests sometimes hide behind pressure-group *front organizations* that have uplifting, public-service-sounding names. The National Wetlands Coalition is really a well-financed lobby of oil and mining companies

and real-estate developers with the single mission of undoing the regulations that protect our wetlands and endangered species. The Coalition for American Growth and American Jobs is really dedicated to facilitating corporate outsourcing and export of jobs to cheaper labor markets abroad. Front groups can spend immense sums on political activities without having to disclose their donors and expenditures as long as they do not expressly advocate voting for a particular candidate.<sup>19</sup>

Some pressure groups do not represent the constituencies they claim to. For instance the American Medical Association (AMA) claims to speak for the medical profession in its opposition to public health insurance. But the AMA now represents only 19 percent of practicing physicians, about half of whom support a single-payer health system. Less publicized but larger medical groups such as the Physicians for a National Health Program, the American College of Physicians, and the American Medical Student Association, not to mention various nurses associations, are in sharp disagreement with the AMA.<sup>20</sup>

Some grassroots lobbying is intended to build a climate of opinion favorable to the corporate giants rather than to push a particular piece of legislation. The steel, oil, and electronics companies do not urge the public to support the latest tax loophole or business handout. If anything, they prefer that citizens not trouble themselves with such matters, but they do “educate” the public with a whole menu of false claims about the many jobs they create, the selfless services they provide the community, and the loving care they supposedly give to the environment. With this kind of *institutional advertising*, the corporations sell themselves and the entire business system rather than selling just their particular products.

## THE VARIETIES OF CORRUPTION

Members of Congress will sometimes act as pressure politicians without prodding from any pressure group, because they already are well funded by the group, or have lucrative holdings of their own in the same industry, or fear the group’s political clout at election time, or are ideologically driven to support its cause. Legislators with large agribusiness holdings sit on committees that shape agricultural programs directly benefiting themselves. Fully a third of the lawmakers hold outside jobs as lawyers or officers of corporations and financial institutions that link them with the very industries they oversee. More than one-third of the senators make money every time the military budget increases because they have investments in the defense industry. Almost half the Senate and over a hundred House members have interests in banking, including many who sit on committees that deal with banking.

Some senators and representatives travel for fun at government expense under the guise of conducting committee investigations, a practice known as *junketing*. In one five-year period, lawmakers and their staff members indulged in 23,000 “fact-finding” junkets costing almost \$50 million. The tab was picked up mostly by private sponsors interested in winning legislative favors. The legislators and their dedicated assistants journeyed to investigate such urgent trouble spots as Hawaii (150 trips), Paris (200), and Italy (140).<sup>21</sup>

Members of Congress also have been known to place relatives on the payroll and pocket their salaries or take salary kickbacks from staff members. Some have billed both the government and private clients for the same expense, or have used unspent travel allocations and unspent campaign contributions for personal indulgences.<sup>22</sup>

The donations that lobbyists make to congressional campaigns are legal as long as there is no explicit promise of official favors in exchange for the money. Lawmakers who most closely boost corporate agendas not surprisingly seem most likely to luxuriate in corporate largesse. Corporations also are allowed to make unlimited donations to pay for a cooperative Congressperson's legal expenses. When House majority leader Tom DeLay (R-Tex.) came under investigation for various shady dealings, several of the nation's largest firms and their executives donated hundreds of thousands of dollars to his defense fund.<sup>23</sup>

Even by today's jaded and permissive standards, lobbyists and legislators might still do things that are deemed unlawful. In 2005 the most notorious of these was lobbyist Jack Abramoff who was charged with bribing members of Congress and the Bush administration in exchange for official favors. Then there was Rep. Randy Cunningham (R-Cal.) who pleaded guilty to accepting up to \$2.4 million in bribes from defense contractors and evading \$1 million in taxes, for which he was sentenced to eight years and four months in federal prison, the severest sentence meted out to a member of Congress as of then.<sup>24</sup>

Numerous politicians who preached family values and denounced libertine lifestyles were themselves guilty of illicit liaisons and other hypocritical practices. A prime example is Rep. Dan Burton (R-In.), an outspoken proponent of "family values," a married father of three, with a 100 percent approval rating from the right-wing Christian Coalition. Calling President Clinton a "scumbag" because of his extramarital activities, Burton himself was eventually forced to admit to fathering a child during an extramarital affair. He used campaign money and federal funds to hire women of dubious credentials as part of his congressional staff. One of his ladies received about a half-million dollars in payments, but it remained unclear what she did to earn such generous wages. Burton also paid rent on her house—which he claimed was his "campaign headquarters" though oddly it was located outside his district. He also reimbursed himself for thousands of dollars annually in travel expenses, and unexplained "campaign expenses" for gifts, flowers, golf balls, and sundry other things. As of 2010, Burton was still in Congress.<sup>25</sup>

Of the dozens of other notable cases of moral hypocrisy and dishonesty was Senator Larry Craig, a Republican from Idaho. An outspoken opponent of gay marriage and gays in the military, Craig was arrested for making sexual advances toward an undercover police officer in a men's toilet. He pleaded guilty to disorderly conduct. Several other men, including one from Craig's college days, identified the senator as having engaged in sexual activity with them or having made overtures with that intent. He did not run for reelection.<sup>26</sup>

Scores of lawmakers or their aides have been indicted or convicted of bribery, influence peddling, extortion, and other crimes. And those were only the ones unlucky enough to get caught. Numerous other members have retired from office to avoid criminal charges. The House and Senate ethics committees are charged with overseeing and enforcing ethics codes, but they do a less than impressive job of it.

In 1997, the House barred outside groups and individuals from lodging ethics complaints against its members. When Tom DeLay was facing felony indictments in 2004, the House GOP pushed through a rule to ensure that such criminal charges would not prevent him from keeping his post as House Majority Leader. When this proved too outrageous, House Republicans adopted a rule requiring that an ethics complaint had to muster a majority of votes on the Ethics Committee. But membership on the committee was evenly split according to party affiliation, so party-line votes made it nigh on impossible for ethics complaints to see the light of day.

If, as they say, power corrupts, it usually gets a helping hand from money. Members of Congress are not the only culprits. In just one six-year period, the number of other public officeholders convicted included 3 cabinet officers, 3 governors, 34 state legislators, 20 judges, 5 state attorneys-general, 28 mayors, 11 district attorneys, 170 police officers, and a U.S. vice president, Spiro Agnew, who resigned in exchange for the dropping of charges of bribery, extortion, and income-tax evasion. A U.S. president, Richard Nixon, escaped impeachment and jail by resigning from office and being granted a pardon by his successor, Gerald Ford.

A Government Accountability Office study found over 77,000 cases of fraud in federal departments and agencies during a two-and-a-half-year period, nearly half in the Pentagon. Only a small number of the individuals involved were prosecuted.<sup>27</sup>

The number of high-level members of the Reagan administration accused of unethical or illegal conduct was record breaking. The charges included fraud, improper stock dealings, tax violations, perjury, obstructing congressional investigations, accepting illegal loans, gifts, and favors, and otherwise using public resources for personal gain. Only a few went to jail; many resigned but many stayed on, including Attorney General Edwin Meese, whose memory lapsed seventy-nine times (“I don’t remember”) when questioned before a Senate committee regarding a host of shady financial dealings.<sup>28</sup>

Some observers see corruption as a more or less acceptable fact of life. Passing a little money under the table is supposedly just another way of oiling the wheels of government and getting things done.<sup>29</sup> But corruption often goes beyond the petty bribe to reach momentous proportions. Rather than being a violation of the rules of the game, it becomes the name of the game, something more than merely an outgrowth of a politician’s flawed character. Corruption in government promotes policies that drain the public treasure to feed the private purse. It vitiates laws and regulations that might otherwise safeguard community interests. It produces favoritism for the few and injury and neglect for the many. Private venality becomes a public enemy.

## SPECIAL INTERESTS AND SECRECY

For years, power in Congress rested with the twenty or so standing (that is, permanent) committees in each house that determined the destiny of bills: rewriting some, approving a few, and burying most. The committees were dominated by chairpersons who rose to their positions mostly by seniority, that is,

by being repeatedly reelected, a feat best accomplished in a safe district or predominantly one-party state.

Both parties in both houses have a caucus or “conference” consisting of the entire membership of the party in that particular house. The party caucus elects the majority or minority leader and party whips. The majority party’s caucus also elects the committee and subcommittee chairs and controls their official investigative activities. Totalling over 240 in the House and Senate combined, the subcommittees have staffs of their own and fixed legislative jurisdictions.

The subcommittees simplify the lobbyist’s task of controlling legislation. Each special-interest group has its own special-interest subcommittee. For example, be it cotton, corn, wheat, peanut, tobacco, or rice producers, each major agribusiness interest is represented on a particular subcommittee of the Senate and House Agricultural Committees by senators and representatives ready to do battle on their behalf. To decentralize power in this way is not to democratize it. The separate units are for the benefit of specific groups, often to the neglect of the unorganized public.

Much is made of the “powerful chairmen” said to preside over this or that committee. Thus the chair of the House Armed Services Committee was always considered “powerful,” but it was because he served the powerful interests of corporate America and the military. Power does not adhere to a position in some mystical fashion. When a progressive Democrat, Ron Dellums, became chair of the House Armed Services Committee through seniority, and sought to roll back some military spending, he felt his position to be tenuous indeed, as most of his committee responded less to his leadership and more to the big contractors and



big campaign donors from the defense industry. Suddenly the powerful committee chair was not so powerful.

Some appropriations are known as *pork barrel* or just *pork* or *earmarks*. Such earmarks are tucked away in larger spending bills, have limited legislative sponsorship, and are usually tacked on at the last minute (sometimes giving them the additional name of *add-ons*). Pork generally consists of projects that are of local interest but are highly visible representations of the legislator's ability to bring home the federal bacon: a \$400,000 parking lot for a town of three hundred people in Alaska, \$250,000 to highlight the health benefits of California wine, and \$550,000 for a Dr. Seuss memorial in Massachusetts. Congressional pork-barrel spending used to average several billion dollars a year, but by 2006 it had climbed to \$27 billion for some 15,000 projects.<sup>30</sup> Not all earmarks are frivolous or wasteful; many are quite useful. Taken together earmarks represent a tiny sum compared to the hundreds of billions doled out annually for fat defense contracts, corporate subsidies, and tax breaks for the superrich.

When it involves the poor and the powerless, Congress knows how to save money. A Republican-controlled Congress, with assistance from conservative Democrats, cut food programs for infants and senior citizens, assistance programs for the disabled, home-care and therapy programs for the infirm and handicapped, and medical care, home-heating aid, and job and housing programs for low-income families and elderly—the kind of cuts that transfer into suffering and hardship for the most vulnerable members of society.<sup>31</sup>

In contrast the Congress is keenly supportive of the national security state and the arms industry. In 1982, a massive grassroots movement for a bilateral, verifiable freeze on nuclear weapons swept the country, yet the lawmakers continued to vote for major escalations in nuclear weaponry. In 2000, over 80 percent of the U.S. public favored a ban on nuclear weapons testing, yet the Comprehensive Test Ban Treaty was defeated in the Senate by a 51 to 48 vote; all 51 were Republican senators. In 2009, a substantial majority of the public disapproved of U.S. military involvement in Iraq and Afghanistan, yet the Democratic-controlled Congress continued to vote for funds to maintain it.

Congress seems unable to rein in the national security state. When the lawmakers ruled that no military aid was to be given to mercenary forces in Nicaragua, funds for right-wing contra terrorists continued to be found even during the period of the most stringent congressional prohibitions. More recently, the Pentagon continued to aid Indonesian military units despite a congressional ban intended to curb the torture and murders committed by these same units.

The Pentagon and various intelligence agencies, including the CIA, DIA (Defense Intelligence Agency), and NSA, sponsor fellowship programs that enable them to place their employees on congressional staffs for a year at a time, influencing lawmakers in ways quite differently than would a cadre of congressional fellows from antipoverty or environmental organizations. There is little to prevent fellows from being assigned to congressional staffs for the express purpose of spying on particular House or Senate members. Congressional fellowships are also awarded to employees of corporate firms with an interest in military contracts and other legislation, including General Electric,

General Dynamics, and DuPont—with no provision made for possible conflict of interest.<sup>32</sup>

Congressional committees hold many of their sessions behind closed doors, keeping influential business groups informed while keeping the public in the dark. “The thing that really makes me mad is the dual standard,” complained a Senate committee staff member. “It’s perfectly acceptable to turn over information about what’s going on in committee to the auto industry or the utilities but not to the public.”<sup>33</sup> Secrecy can envelop the entire lawmaking process. A bill cutting corporate taxes by \$7.3 billion was (a) drawn up by the House Ways and Means Committee in three days of secret sessions, (b) passed by the House under a closed rule after only one hour of debate with (c) about only thirty members present who (d) passed the bill without benefit of a roll call vote.

Legislation can have deceptive packaging and hidden contents. A bill that raised the minimum wage by 85 cents contained lesser known provisions that favored transnational corporations with tax shelters and opportunities to roll back worker benefits and raid pension funds. In 2006, a bill offering a long overdue but paltry increase in the minimum wage also had attached to it a huge tax cut for the very rich. It was defeated by Senate Democrats.

Some of the most significant legislation is drafted clandestinely. Without benefit of public hearings and public debate, a coterie of high-placed government officials and corporate executives secretly put together the North American Free Trade Agreement (NAFTA), a two-thousand-page bill that went largely unread by the lawmakers voting on it. It was presented to the House of Representatives with a fast-track proviso. *Fast track* requires that Congress accept or reject an agreement in toto without amending it and with only two days of debate

## THE LEGISLATIVE LABYRINTH

As intended by the framers of the Constitution, the very structure of Congress has a conservative effect on its performance. The staggered terms of the Senate—with only one-third elected every two years—are designed to blunt any mass sentiment for a sweeping turnover. The division of the Congress into two separate houses makes concerted legislative action all the more difficult.

A typical bill before Congress must make its way through various committees of, say, the House of Representatives, during which time it might be given a hearing, be subjected to amendments, recommitted to its originating committee, or pigeonholed (killed). If it survives this process, it goes before the entire House where it is debated, passed, or rejected. If passed by the House, the bill is sent to the Senate, which either places it directly on its calendar for debate and vote or refers it to a standing committee to repeat the same process of hearings and amendments. It can die in committee or be sent to the Senate floor. The Senate might defeat the bill or pass the House version either unchanged or amended. If the House refuses to accept the Senate amendments, a *conference committee* is put together consisting of several senior members from each house. Should the conference committee be able to reach a compromise, an identical version of the bill is returned to each house for a final vote.

Sometimes conference committees go into business for themselves, introducing elaborate changes. Thus under a GOP-controlled Congress, a conference committee consisting entirely of House and Senate Republicans deleted from the final version of an \$87 billion spending bill a provision that would have penalized corporations guilty of war profiteering in Iraq or Afghanistan.<sup>34</sup>

A bill that does not make it through both houses before the next congressional election must be reintroduced and the entire process begun anew. If passed by both houses, the bill goes to the president who either signs it into law or vetoes it. The president's veto can be overridden only by two-thirds of the members of each house who are present and voting. If the president fails to sign the legislation within ten days after passage, it automatically becomes law unless Congress adjourns in that time, in which case it has been *pocket vetoed* and so dies.

The bill that survives this legislative labyrinth to become law may be only an *authorization* act to bring some program into existence. Congress then must repeat the entire process for an *appropriations* bill to finance the authorization—something the lawmakers occasionally fail to do.

Various dilatory tactics, from time-consuming quorum calls to Senate filibusters, can thwart legislative action. For seventy years, until the 1950s, the *filibuster* (limitless debate in the Senate designed to obstruct legislative action) was wielded by Southern Democrats to block 257 antilynching bills. Eventually a cloture rule was passed mandating that the Senate could end debate by a three-fifths vote (sixty votes). *Procedural filibusters* rather than actual ones have become the more likely practice. If a motion to end debate gets sixty or more votes, then it is assumed that cloture has been achieved and no filibuster can be successfully attempted. If it fails to get sixty votes, then it is treated as having been blocked by filibuster.

In the 1980s and 1990s, Republicans used the procedural filibuster far more frequently than did Democrats. They filibustered or threatened to filibuster bills that supported arms control, public financing of congressional campaigns, limits on private campaign spending, legal abortions at military hospitals, human rights conditions on military aid to El Salvador, a modest tax-rate increase on the rich, accessible voter registration for the poor and unemployed, outlawing the use of scabs as permanent replacements of strikers, and a \$16.3 billion jobs program.<sup>35</sup> In 1998, a bill that banned lobbyists' gifts and meals and a bill designed to end loopholes in campaign financing were killed when proponents could not achieve the sixty votes needed to overcome a filibuster threat. Some bills are so compromised and watered down to make them filibuster proof that they end up being of little worth.

The Senate requirement of sixty votes to pass a bill—if a filibuster challenge arises—is arguably unconstitutional. The Constitution requires a supermajority (two-thirds) in only five instances: to override a presidential veto, ratify a treaty, propose an amendment to the Constitution, convict an impeached official, and expel a member of the Senate or House. It does not call for a supermajority for ordinary legislation.<sup>36</sup>

About 80 percent of the bills never make their way out of the legislative labyrinth to become law. Many of these are best left buried. But the lawmakers' wisdom is not the only determinant of what gets through; class power is also at work.

Legislation intended to assist the needy moves along the slow lane: a \$100 million bill to fund summer jobs for unemployed youth is debated in Congress for eight months, with dozens of attempts at crippling amendments; a pilot project supplying school breakfasts for a small number of malnourished children is debated at agonizing length. But when Continental Illinois Bank is about to go bankrupt, billions of dollars are handed out for a quick rescue transfusion, with hardly any deliberation. Hundreds of billions are readily channeled into the savings and loan bailout. Billions for new weapons systems are passed in a matter of days. NAFTA is rammed through without amendment in two days. And domestic programs that had taken many years of struggle to achieve are cut by many billions of dollars in a few weeks. The major financial interests may not always get all they want, but they usually enjoy the fast lane in Congress.

The USA Patriot Act also traveled the fast lane, being rushed through Congress so quickly that most members had no chance to read it and no notion of its extreme and repressive provisions (discussed in Chapter 10). Throughout his first year in office, President Obama kept the Patriot Act intact with all its potentially oppressive features.

## INCUMBENCY AND TERM LIMITS

For members of Congress getting reelected is a major concern; for some it is their only concern. In any case, the great majority of them are quite successful at it. The turnover in Congress is rarely more than 5 to 8 percent. In the 2000 election 98 percent of the incumbents who chose to run again were reelected. There are several reasons for this:

**Campaign funding and constituent service.** By definition, incumbents are people who have already demonstrated an ability to muster enough money and votes to win. They maintain an office in their home district to perform services for constituents, doing little favors for little people and big favors for big people, gathering votes from the former and campaign money from the latter.

**Name recognition.** Incumbents generally enjoy a head start over potential challengers in name recognition. They issue press releases and use their *franking privileges* (free congressional mailings) to correspond with constituents, sending out newsletters that advertise their devoted efforts as lawmakers.

**One-party dominance.** Many states and districts are demographically inclined toward one party or another, and many districts are gerrymandered to concentrate party strength in lopsided ways, so much so that it is sometimes difficult to recruit a challenger. Those who face tough reelection challenges and have problems raising funds are more inclined to retire than those who occupy safe and well-financed seats.<sup>37</sup>

Conservatives had nothing against limitless incumbency in Congress when conservative Southern Democrats or Republicans dominated the influential committee leadership positions. But when senior positions began going to moderately liberal and even progressive Democrats, including members of the Congressional Black Caucus, conservatives became the moving force behind *term limits* (allowing a legislator to serve a limited number of terms with no further opportunity to be reelected to the same office). Some misguided progressives joined in the

campaign, believing that term limits would rid the Congress of entrenched oligarchs and bring infusions of fresh ideas and improved legislative performance.

Others argued that a Congress in which members could serve only one or two terms would lack institutional memory and experience and be wanting in professional efficacy. When one recalls that it takes many years of struggle to pass major public-interest legislation, who in Congress would be able to stick around long enough to see things through?

Term limits actually were adopted by referendums in various state legislatures, and the results have not been encouraging. There is weaker legislative leadership and greater power for bureaucratic chiefs, legislative staffers, and, above all, lobbyists. Without benefit of a veteran leadership with real institutional memory, the “perpetually inexperienced” legislators, limited to only two terms, commit frequent tactical and procedural errors. Sometimes there are prolonged debates on frivolous resolutions but hardly any discussion on bills of major importance. Budgets are passed in record time because lawmakers often do not fully understand what they are voting for. Newly arrived legislators undo laws that had just been passed the term before, or give exhaustive reconsideration to bills that had been defeated the previous term, or remain blithely ignorant about past legislative disasters that are in need of fixing. “It takes hours just to get everybody in line for a single vote.... [M]any are distracted by new campaigns for other offices.”<sup>38</sup>

With term limits, the elected position is seen more than ever as a temporary position. Legislators are sometimes inclined to depart even before their terms are finished in order to take an appointive post or run for some other office. “They don’t have much experience; all they have are political futures. Donors are more important than constituents,” a public-interest advocate said of the term-limited California lower house. Term limits create a perpetually freshman and sophomore legislature that is “more amateurish, much more juvenile and much less informed,” said another.<sup>39</sup>

Of the twenty-one states that had adopted term limits since 1990, the state supreme courts in four (Massachusetts, Oregon, Washington, and Wyoming) have ruled that limits were unconstitutional. In two other states (Idaho and Utah) the state legislatures have repealed limits. That leaves fifteen states with term limits for state lawmakers.<sup>40</sup>

In 1992, highly publicized and well-financed initiatives to limit terms in the U.S. Congress to six or twelve years (depending on the state) won voter endorsements in fourteen states; the limits applied only to the congressional delegations of the respective states. But several years later, the U.S. Supreme Court ruled that Article I of the Constitution prohibits a state from erecting new qualifying barriers for congressional candidates, including incumbents running for reelection.<sup>41</sup> The decision invalidated the congressional term limit provisions of twenty-three states. So as of today there are no term limits on the U.S. Congress.

## LEGISLATIVE DEMOCRACY UNDER SIEGE

Behind Congress there stands the entire corporate social order, with its hold over the economy and wealth of society, its control of mass media, and its high-paid lobbyists and moneyed contributors. Given all this, it is surprising

that any democratic victories are won in Congress. Yet, from time to time popular pressures prevail and progressive lawmakers do manage to push worthwhile measures through Congress, or block something egregious.

The legislators also sometimes perform democratic watchdog functions over administrative agencies, checking to see why a Labor Department field office is not functioning, why a Social Security office is being closed, why a cancer clinic has not received its funding, why vacancies in an agency investigating racketeering have not been filled, why a report on wage rates at rural hospitals has not been released, why compensation has not been made to injured veterans, and other such matters.

The most useful watchdog of government, the Government Accountability Office (formerly the General Accounting Office), created and directed by Congress to investigate everything from military waste to environmental abuse, operates at the request of legislators and reports directly to Congress. This congressional agency is an important democratic pressure on behalf of ordinary people, prodding a recalcitrant and often secretive federal bureaucracy.

Even during the rightist Reagan and Bush Sr. presidencies, Congress approved the expansion of Medicare, strengthened major civil rights statutes and environmental programs, and imposed sanctions on South Africa because of its racist apartheid policy. Congress, then, is not just a special-interest arena. It is also a place where larger critical issues are sometimes joined, where democratic inputs can be registered, where progressive forces occasionally can mount attacks against a conservative status quo or maintain some (partially successful) defense against the free-market rightist rollback.

In times past the majority party in Congress, be it Democratic or Republican, usually maintained a degree of accommodation and compromise toward the minority party, according it proportionate representation on standing committees and conference committees, access to proposed legislation, and equal debating time. The understanding was that today's majority party is likely to find itself in the minority someday, at which time it would want to be treated with the same consideration.

With the increasing number of gerrymandered and touch-screen upset victories for Republican candidates, the GOP majority leadership in Congress in 2002–2006 showed a growing disinclination to practice procedural democracy, feeling that it would predominate indefinitely as the legislative majority. Bills were written in secrecy, often by right-wing lobbyists and other special interests, with no hearings called, and no realistic debate allowed in most instances. Omnibus bills, thousands of pages long, were brought to the House floor with no advance notice, in violation of the seventy-two-hour rule. Democrats were excluded entirely from conference committees, where the Republicans rewrote legislation even after the conference was closed, usually ending up with far more conservative bills than what originally went into conference.

The House operated in increasing secrecy. During the spring and summer months of 2003, in the wee hours of what was usually Friday night when many members had left to visit with constituents, the GOP House leadership rammed through cuts in veterans benefits by three votes, slashed education and health care by five votes, gave enormous tax cuts to the very rich by a handful of votes,

eviscerated the Head Start assistance program for low-income children by one vote, and passed the Medicare privatization and prescription drug bill by one vote. As one participant, Rep. Sherrod Brown (D-Ohio), described it:

Always in the middle of the night. Always after the press had passed their deadlines. Always after the American people had turned off the news and gone to bed.... What did the public miss? They didn't see the House votes, which normally take no more than 20 minutes, dragging on for as long as an hour as members of the Republican leadership trolled for enough votes to cobble together a majority ... coercing enough Republican members into switching their votes to produce the desired result. In other words, they didn't see the subversion of democracy.<sup>42</sup>

In keeping with House rules, voting is supposed to last fifteen minutes but on numerous occasions—when the final tally did not go the way GOP leaders wanted—they kept the roll call vote open sometimes for several hours into the early morning, cajoling and arm-twisting to get the votes the White House demanded. In one instance, Rep. Nick Smith (R-Mich.) stated publicly that he was pressured to change his “no” vote to “yes” by party leaders who assured him that if he cooperated, “business interests” would contribute \$100,000 to his son’s campaign to succeed him in Congress, and if he did not, they would make sure his son never made it to Congress. He stood firm, and in fact, his son was opposed and defeated in that year’s Republican primary.<sup>43</sup>

How can we create a Congress that is more responsive to voters and less responsive to moneyed interests and legislative manipulators?

*First* and foremost, we need honest elections, not ones that are stolen by those who control the registration and voting, or who are in an unanswerable position to fix the final tally (see the discussion in Chapter 14).

*Second*, candidates should win office instead of buying their way in. What is needed is a system of public campaign financing that neutralizes the influence of private contributions. Candidates who accept public funding would have to agree to limit their spending to the amount of the public allocation. Those who decline taxpayer money would be free of that spending limit—but their opponents would then qualify for public funds equal to any amount spent by the privately funded candidate. Limitless private funding would be allowed—but it would be matched and therefore neutralized by public funding. In states like Maine and Arizona that have public financing of elections, the amounts spent by candidates have dropped dramatically.

*Third*, strict prohibitions should be placed on lobbyist gifts and services that are now little more than legalized bribery.

*Fourth*, broadcast media should be required to set aside free and equal time for all candidates during campaigns. The airwaves are the property of the American people, part of the public domain. Broadcasters are granted licenses to operate stations, but that does not mean they own the air waves to use as they choose. It is no infringement on their free speech to oblige them, as a public service, to make some portion of broadcast time available to office seekers who want to discuss public issues.

*Fifth* and finally, campaign times are too long. Candidates start announcing their candidacy and jockeying for position more than a year before

election day. Longer campaigns create bigger campaign bills, more dependency on those with money, more mass-marketing of a candidate's image with less time given to actual issues and policies.

With honest vote counts, secure access to voter registration and ballots, public financing of campaigns, limits on private perks, and free access to media, the representative system would be more democratic in process and content. Major public office would be more accessible to others besides the rich or those supported by the rich. And democracy would have much more hope and substance to it.

C H A P T E R  
16

# The President: Guardian of the System

The president, we are told, plays many roles: chief executive, “chief legislator,” commander-in-chief, head of state, and party leader. Seldom mentioned is the president’s role as promoter and guardian of corporate capitalism. The president is the embodiment of the executive-centered state system that serves corporate interests at home and abroad.

## SALESMAN OF THE SYSTEM

Every modern president has served as the politico-economic system’s ideological salesperson, praising “free enterprise” and hailing America as the greatest country in the world. Prosperity, our presidents tell us, is here or not far off—but so are the nation’s many wild-eyed enemies, be they communists, revolutionaries, terrorists, Islamic “fanatics,” or whatever. There is no shortage of adversaries supposedly waiting to pounce upon the United States, thwarted only by the readiness of U.S. military forces around the world.

Whether Democrat or Republican, liberal or conservative, the president tends to treat capitalist interests as synonymous with the nation’s well-being. America will achieve new heights spurred on “by freedom and the profit motive,” President Reagan announced. “This is a free-enterprise country,” said President Bill Clinton. “I want to create more millionaires in my presidency” than did other presidents.<sup>1</sup>

Presidents describe the overseas investments of giant corporations as “U.S. interests” abroad, to be defended at all costs—or certainly at great cost to the taxpayer. The president’s primary commitment abroad is not to democracy as such but to free-market capitalism. In an address before the United Nations,

27 September 1993, President Clinton said: “Our overriding purpose is to expand and strengthen the world’s community of market-based democracies.” In fact, U.S. presidents have supported any number of market-based *dictatorships* in Latin America, the Middle East, and elsewhere. And they have helped destroy any number of popular-based governments that sought alternatives to free-market corporatism, as in Chile, Nicaragua, South Yemen, Indonesia, East Timor, Mozambique, Iraq, and Yugoslavia—suggesting that the president’s prime service is not to democracy but to the global free market.

At the Constitutional Convention of 1787, the wealthy planter Charles Pinckney proposed that no one qualify for the presidency who was not worth at least \$100,000—a munificent sum in those days. Although the proposal was never written into the Constitution, it seemingly has been followed in practice. In modern times almost all major presidential candidates have been millionaires either when they first campaigned for the office or by the time they left it.

Presidents have relied heavily on the judgments of corporate leaders, drawing their top advisors primarily from industry and banking. One description of President Ford could easily apply to most other White House occupants: He “follows the judgment of the major international oil companies on oil problems in the same way that he amiably heeds the advice of other big businesses on the problems that interest them.... He is... a solid believer in the business ideology of rugged individualism, free markets and price competition—virtues that exist more clearly in his mind than they do in the practices of the international oil industry.”<sup>2</sup>



*“Privatizing the President could be a good thing or a bad thing depending on who owned him.”*

During the economic crisis of 2008–2009, President Obama showed himself incapable of delivering a thorough critique of Wall Street’s irresponsible financial legerdemain. He argued against putting a cap on the multimillion-dollar bonuses that induced financial speculators to take unwarranted risks. Obama repeatedly announced that “we are all in this together” when in fact the general public was taking most of the losses and paying most of the expenses on behalf of the Wall Street speculators.

Presidents are as capable of trading favors for money as any influence-peddling, special-interest politician. Big contributors may disclaim any intention of trying to buy influence, but if it should happen that they find themselves or their firms burdened by a problem that only the White House can handle, they see no reason why they shouldn’t be allowed to exercise their rights like other citizens and ask their elected representative, who in this case happens to be their friend, the president of the United States, for a little help. The success any group enjoys in winning White House intercession has less to do with the justice of its cause than with the monetary resources it commands and the place it occupies in the class structure.

President Nixon helped settle a multibillion-dollar suit against ITT and then received a \$400,000 donation from that corporation. Reagan pushed through the deregulation of oil and gasoline prices, then received huge contributions from the oil industry. A “team” of 249 fat cats put up at least \$100,000 each to help elect Bush Sr. in 1988. In return, they all were granted special dispensations on regulatory and legal matters. Seventy-one big contributors to Bush Jr.’s 2000 campaign were awarded no-bid contracts totaling \$8 billion for lucrative projects in Iraq and Afghanistan. Bush waived payment of at least \$7 billion in government royalties for the oil and gas taken from publicly owned reserves, all to benefit an industry that was already making record profits. In his two presidential campaigns, Bush Jr. received a total of \$61.5 million from oil and gas companies alone.<sup>3</sup> Among Barack Obama’s biggest campaign contributors in the 2008 presidential race were Goldman Sachs, Microsoft, Citigroup, JPMorgan Chase, Morgan Stanley, and General Electric, almost all of whom benefited directly from the multibillion-dollar bailout subsequently doled out by the Obama administration.<sup>4</sup>

Like any local political-patronage dispenser, presidents will award choice posts to big contributors. Bush Sr. received a total of \$900,000 from persons he later appointed to ambassadorships; many had no political or diplomatic experience. Nixon insisted that people who were offered ambassadorships be required “to pay at least \$250,000” in campaign contributions. Bush Jr. appointed big donors as Secretaries of Commerce and Labor and chief of Homeland Security.<sup>5</sup> Speaking to a gathering of his wealthy supporters in the 2004 campaign, he remarked, “What an impressive crowd, the haves and the have-mores. Some people call you the elite. I call you my base.”<sup>6</sup>

Given that they live like opulent potentates, it is probably not easy for presidents to remain keenly aware of the travails endured by ordinary working people. The president resides in the White House, a rent-free, 132-room mansion set on an eighteen-acre estate, with a well-stocked wine cellar, tennis courts, a private movie theater, gymnasium, bowling alley, and heated outdoor swimming

pool. In addition, the president has a domestic staff of about one hundred, including six butlers, the free services of a personal physician, a dozen chauffeured limousines, and numerous helicopters and jets, including Air Force One. He has access to the imperial luxuries of Camp David and other country retreats, free vacations, a huge expense allowance—and for the few things he himself must pay for—a \$400,000 annual salary.<sup>7</sup>

Journalists and political scientists have described the presidency as a “man-killing job.” Yet presidents take more vacations and live far better and longer than the average American male. After leaving office they continue to feed from the public trough on an annual pension of \$180,100 with adjusted increases for inflation, plus funds for office space, staff, and travel expenses, along with full-time Secret Service protection. Some ex-presidents pick up other perks, as when a group of self-described “independently wealthy” individuals bought a sumptuous estate in fashionable Bel Air, California, which they gave to Ronald Reagan when he left office, in appreciation for all he had done for them.

It is said that the greatness of the office lends greatness to its occupant, so that even persons of mediocre endowment grow in response to the presidency’s responsibilities and powers. Closer examination reveals that presidents have been just as readily corrupted as ennobled by high office. At least six presidents employed illegal FBI wiretaps to gather incriminating information on rival political figures. The White House tapes, which recorded Nixon’s Oval Office conversations, showed him to be a vindictive, bigoted, foul-mouthed man whose shallowness the majestic office could cloak but not transform. On occasion, Nixon requested the IRS to stop auditing the incomes of close friends and go after his political enemies. Official audits revealed that he underpaid his taxes by \$444,022 while spending over \$2.4 million of taxpayers’ money on improvements of his private estate.<sup>8</sup>

President Reagan repeatedly fabricated stories and anecdotes about nonexistent events. The Iran-contra affair revealed him to be a manipulator and dissembler who felt himself unaccountable to Congress and above the law. Like some of his predecessors, Bush Jr. proved himself impatient and ill-tempered with subordinates, given to self-righteous attacks against critics, and ready to cover up a number of shady deals from his past, including insider trading with Harken Energy shares. As one columnist complained: “How can Bush crack the whip on Big Business when he’s a wholly owned subsidiary of it?”<sup>9</sup> The same can be said of other political leaders in both Republican and Democratic administrations.

## THE TWO FACES OF THE PRESIDENT

One of the president’s many roles is “chief liar,” performed by offering the public a deceptive admixture of populist rhetoric and plutocratic policy. Presidents Richard Nixon and Gerald Ford both voiced their support for environmentalism and then opened new forest lands to strip mining. Both gave lip service to the problems of the Vietnam veteran, the plight of the elderly, and the needs of the poor, yet cut benefits to these groups. President Jimmy Carter promised to reduce the military budget and arms sales; instead he increased both. He talked of helping the needy, but proposed cutbacks in youth summer jobs, child nutrition programs, and other benefits, while offering lavish subsidies to big business.<sup>10</sup>

The gap between rhetoric and policy became a virtual chasm during the Reagan years. President Reagan lauded our veterans, but offered a budget that reduced veterans' health care. He described himself as a champion of racial equality without mentioning that he had cut inner-city programs and had done nothing to enforce civil rights. He announced that his tax cuts had benefited working folks and not the rich—though the figures said just the opposite. He called for the rule of law in international affairs, yet launched an unlawful invasion of Grenada and a mercenary war of attrition against Nicaragua. And he refused to accept the lawful jurisdiction of the World Court when Nicaragua brought the case before that tribunal.<sup>11</sup>

Reagan's successor, President George Bush Sr., proclaimed himself the "education president," yet slashed education funds for disadvantaged children and others. As the self-professed "environment president," Bush Sr. opposed international measures against global warming and ozone depletion.<sup>12</sup>

"The courage to change" was the campaign theme that helped get Bill Clinton, a Democrat, elected president in 1992, yet he did not seem interested in changing much of anything. He did nothing to liberalize the labor laws that made union organizing so difficult. He supported a \$3 billion reduction for low-income housing. He vowed to confront the cataclysmic problems of global warming, then himself did nothing about greenhouse gases.<sup>13</sup>

Clinton talked of world peace but bombed Iraq on false pretexts and kept sanctions against that country in place for eight years, causing the death of tens of thousands. He bombed Yugoslavia round-the-clock for seventy-eight days, wreaking far more death and destruction than the "civil war" he professed to be suppressing. He publicly apologized to the Guatemalan nation for the role played by the United States in training and assisting the Guatemalan military in its mass murders. At the same time, his administration reinitiated aid to that same military.<sup>14</sup>

Most of Clinton's appointees were of corporate background. Clinton reappointed the ultraconservative Republican Alan Greenspan as chair of the powerful Federal Reserve System. He picked Republicans to serve as his secretaries of Defense and State and as special advisors to his staff. Yet polls indicated that people thought of Clinton as a liberal. Nearly 60 percent incorrectly believed that he advocated universal health coverage. Most thought that labor contributed more to his campaigns than big business; actually business gave more. The public "appear to like his agenda—even if, as it turns out, they don't know what it is."<sup>15</sup> In this, Clinton successfully performed the role of every president in a corporate-dominated system, convincing the people he was their man when in fact he was someone else's.

George Bush Jr. was second to none in his ability to say one thing and do another. When first campaigning for office, Bush said he would reduce government spending and stay out of foreign wars. Once in office he increased spending to record levels and plunged the country into two wars. He promised to "keep the government from raiding the Social Security surplus," yet his yearly budgets raided the Social Security surplus to pay for other programs. Bush hailed America's military, but he cut health care benefits for military veterans, closed several of their hospitals, and directed the Veterans Administration to stop informing veterans about their benefits. He repeatedly claimed that his tax cuts benefited middle- and

low-income people, when in fact, the lion's share went to the top 1 percent, and over 30 percent of taxpayers at lower rungs got nothing at all.<sup>16</sup> Like every other recent president, Bush vowed to protect the environment, yet he weakened or revoked rules that protected wildlife or limited carbon, sulfur, and mercury emissions in the atmosphere, and arsenic in drinking water.<sup>17</sup>

Bush said nothing about what his administration was doing for women, probably because it was not doing much. He refused to fund family-planning programs; he proposed a \$20 million reduction in assistance to (largely female) victims of domestic violence, and cuts in nutrition programs for pregnant women and infants. He mouthed some generalities about racial equality but eliminated the minority business development agency.<sup>18</sup>

Bush reduced federal spending on education, libraries, school lunches, child care, remedial reading, and programs to help abused children. He claimed that "our first goal" was employment for "every man and woman who seeks a job." But he did nothing to promote employment programs and presided over an economy that lost almost 3 million jobs in three years.<sup>19</sup>

Bush declined to participate in an international effort to crack down on tax and money-laundering havens. He claimed that war with Iraq was necessary because Iraqi leader Saddam Hussein had active links to the al Qaeda terrorist organization and possessed weapons of mass destruction. In fact, the CIA reported that there were no links between Saddam and al Qaeda. And UN inspectors reported they had free access in Iraq and found no weapons of mass destruction, nor did the U.S. military once it occupied the country.<sup>20</sup>

In 2008, the Democratic contender for the presidency, Barack Obama, campaigned on a promise of *change* and a vague "Yes we can" slogan. Once in office he seemed to effect relatively few changes in policy. He produced a military budget of record size. After promising to reverse the egregious aspects of Bush's "faith-based initiatives" and restore the separation of church and state, Obama retained and extended such initiatives. While talking about helping Main Street's working families, Obama presided over a multitrillion-dollar bailout for Wall Street bankers. He accepted substantial cuts in his stimulus spending package that was supposedly designed to put millions of unemployed back to work. He ruled that dispossessed homeowners who have fallen prey to the deceptions and greed of mortgage brokers and lenders would not be eligible for relief.

He spent much of the early months of his presidency trying to rule by bipartisan consensus, reaching out to uncompromising reactionary GOP opponents who took every concession he made as an invitation to pound away at him all the harder. By the end of his first year, Obama began to look like a weak president incapable of fighting for progressive change.<sup>21</sup>

Obama did little to rein in the national security state. He appointed Leon Panetta as director of the CIA, and Panetta promptly became a total advocate of the agency's prerogatives, making no attempt to clean house. President Obama did not rescind the domestic wiretapping program installed by Bush Jr., and he continued the practice of sending terrorist suspects to third countries for interrogation. These prisoners (euphemistically designated as "detainees") often were arrested on flimsy evidence, given no legal defense, never tried, confined indefinitely in violation of habeas corpus, and subjected to harsh treatment including

protracted torture. Obama refused to release hundreds of Pentagon photos showing the abuse of prisoners by U.S. personnel, although he did promise that there would be no such torture on his watch.<sup>22</sup>

Like other politicians, only more so, the president is caught between the demands of democracy and the powers of plutocracy. He must make a show of serving the people while advancing the major domestic and global interests of corporate America. He also must do for the capitalist system what individual capitalists cannot do. The president must reconcile conflicts between various business interests, usually deciding in favor of big industry and big finance and against small business and small investors. Sometimes he must oppose the interests of individual companies or industries, keeping them in line with the overall needs of the corporate economy. When engaged in such conflicts the president takes on an appearance of opposing the special interests (particular industries) on behalf of the common interest. In fact, he might better be described as *protecting the common interests of the special interests* by keeping the free market from devouring itself.

When President Obama handed out hundreds of billions of dollars to large financial institutions, while doing next to nothing to help the millions who were losing their homes because of deceptive predatory mortgages sold to them by those same big financial interests, was he serving the *national interest* or a *special interest*? Much depends on how the labels are applied. If we believe the national interest entails the needs of industry and other major components of corporate America that have such a ripple effect on the national (and international) economy, then the president was responding to a national interest. By this view, the social needs of homeowners—a constituency of many millions—are defined as a more limited “special” interest.

Others would argue that the national interest is not served when giant investment firms receive favored treatment at the expense of workers, homeowners, and taxpayers. Just because corporations have nationwide holdings does not mean they serve the interests of the nation’s populace. The “national interest” or “public interest” should encompass the ordinary public rather than relatively small groups of corporate elites. Contrary to conventional belief, the public monies distributed to these favored few do not “trickle down” to the mass of working people at the bottom—as the dispossessed homeowners and newly unemployed can testify.

Whichever position one takes, it becomes clear that there is no neutral way of defining the national interest. Whatever policy the president pursues, he is likely to be helping some class interests rather than others. It is a matter of historical record that presidents usually have chosen a definition of the national interest that serves the giant conglomerates, at cost to us lesser mortals.

## FEDS VS. STATES

Champions of big business forever dream of a marriage between Big Business and Little Government. It is easier for DuPont to control the state of Delaware than deal with the entire federal government. Conservatives argued for states rights through much of the twentieth century when the federal government was

advancing civil rights for minorities and expanding human services for everyone. In the 1980s, Republican President Reagan sought “to curb the size and influence of the federal establishment” by giving many reduced social programs back to the states (when he could not abolish them outright). This supposedly would revitalize state governments. In actuality, states and cities were given greater responsibility for dealing with social problems but less resources to do so given the drastic cuts in federal revenue sharing.

Twenty years later, variations of this problem persisted. In 2005, Connecticut sued the federal government, arguing that it should not be required to spend \$50 million of its own money to carry out the federal standardized school test programs under the so-called No Child Left Behind Act. In 2006, Texas and four other states, responding to the administration’s Medicare prescription drug law, sued the federal government, arguing that it was a violation of the Constitution for states to relinquish their own taxpayer dollars for a federally legislated program.

When states initiate progressive actions, conservatives discard their states’ rights posture and use the central government to override state powers. For instance, the Reagan administration argued that the states were prohibited from establishing nuclear plant emission standards more stringent than those imposed by federal authorities. Years later the Bush administration and a Republican-controlled Congress (a) pushed for a bill that would wipe out any state food safety regulations that were stricter than federal standards, (b) moved class action lawsuits from state to federal courts where plaintiffs faced more obstacles when suing corporations for wrongdoing, (c) asserted that the federal government was exempt from state cleanup and environmental laws, (d) prohibited states from buying quality medications from Canada that were far less expensive than what was sold by U.S. pharmaceuticals.<sup>23</sup>

Laws that affect the personal realm—family relations, contracts, probate, certain crimes—are usually left to the states, because people in different parts of the country take different approaches. Thus marriage laws vary from state to state on such things as age of consent, community property, grounds for divorce, same-sex wedlock, and child custody.

Since 1787, conservatives have been for a strong central government or a weak one, strong state and local governments or weak ones, federal supremacy over states or state supremacy over federal, depending on which arrangement best served moneyed interests at any particular juncture. Abstract notions such as “states’ rights” and a “revitalized federalism” are not an end unto themselves but a means of serving the dominant corporate class.

## A LOADED ELECTORAL COLLEGE

Under Article 2, Section 1 of the Constitution, presidents are not elected by the people but by a majority of “electors,” appointed in such manner as the various state legislatures might direct. The number of electors allotted to each state is equal to the total number of its seats in the House of Representatives plus its two senators.<sup>24</sup>

When electing a president we actually are voting for a slate of party-designated electors who are pledged to the candidate of our choice. After the election, the victorious slates of electors gather in their respective states and cast their ballots to elect the president. Since 1796 at least seventeen electors have failed to support the candidate to whom they had been pledged. In 1960 a Nixon elector from Oklahoma voted for Senator Harry Byrd, as did six of the eleven Alabama electors pledged to John Kennedy. In 2000, one of the three Democratic electors from the District of Columbia abstained, even though the district went heavily for Gore. In 2004, one Republican elector from West Virginia announced he might not vote for Bush. Twenty-six states have passed laws *requiring* electors to vote as they originally pledged to do.

The framers of the Constitution assumed that the *Electoral College*, as it became known, would generally consist of propertied and educated gentlemen who would meet months after the election to deliberate and select a president, acting as a damper on popular passions and misjudgments. It was expected that candidates would seldom achieve a majority of the Electoral College, in which case the election would be thrown into the House of Representatives, where each state delegation would vote as a single unit, casting only one vote.

By awarding a state's entire electoral vote on a winner-take-all basis to the candidate who wins a plurality of the state's popular vote, the Electoral College often creates artificial or exaggerated majorities out of slim pluralities. Thirteen times since 1838, a candidate with a plurality (the largest vote of all the various candidates but still short of a majority) was elected president by the artificially magnified majority of the Electoral College. This happens because a candidate might have, say, 47 percent of the vote in a particular state (with the other 53 percent divided among several other candidates), but wins 100 percent of the winner-take-all Electoral College vote, thus greatly inflating the winning tally. In 1984 Reagan won 58.8 percent of the votes cast but 97.5 percent of the Electoral College. Under this system, the *location* of votes sometimes becomes more important than the actual number of votes.

It is also nigh on impossible for a third-party candidate, whose support is thinly spread around the nation rather than concentrated in one region or a few states, to carry a state and make a showing in the Electoral College. This freezing out of third-party candidates is seen as a virtue by those who believe that the two-party system is a bulwark against fractious multiparty coalitions.

There are others who believe that a polity is not fully a democracy unless everyone's vote is counted as equal. The Electoral College does not provide an equal count; it distorts the popular vote by giving each state, regardless of its population, two extra electoral votes, equivalent to its seats in the U.S. Senate. Hence small states are overrepresented and large ones are underrepresented. Wyoming, with a population of 500,000, is guaranteed the minimum three electoral votes allotted to each state (and to the District of Columbia), or one elector for every 167,000 people. In contrast, California with its 35 million people and fifty-five electoral votes, has one elector for every 645,000 votes, only about one-fourth the vote power of Wyoming.

Because the Republicans control a number of relatively less populated western and southern states, this gives them proportionately more electoral

votes per popular votes, which helps explain how in the 2000 presidential election, Vice President Al Gore won the popular vote by 543,895 ballots, but Texas governor George W. Bush won a larger number of smaller states with their padded electoral votes, thereby gleaning a bare 271–266 Electoral College majority, in what many saw as a stolen election (see Chapter 14).

When a highly dubious pro-Bush vote count in Florida was challenged in the courts, the Republican-controlled Florida legislature declared its intent to brush aside all challenges and summarily accept the list of pro-Bush electors that the Florida secretary of state, an active member of the Bush campaign, had certified as the winning slate. The Florida lawmakers were within their legal (if not moral) rights, for Article II, Section 1 of the Constitution states, the electors in each state shall be appointed “in such manner as the Legislature thereof may direct,” demonstrating yet another profoundly undemocratic feature of the Electoral College.

It has been argued that by treating the large states as giant blocks of electoral votes, the Electoral College enhances their importance, and because large states like New York and California tend to be liberal, this works to the advantage of liberals. But there is no set correlation between state size and ideology. Texas is a large state yet one of the more conservative. And both New York and California have elected conservative Republican governors with some frequency.

An additional distortion caused by the Electoral College under the winner-take-all rule is not between large and small states but between “sure” states (in which one party seems like the certain winner) and “unsure” or “battleground” states, which offer a close race with an uncertain outcome. Presidential candidates do next to nothing in safe states because such efforts would have little effect upon the final Electoral College count. Instead they concentrate their media advertising, public appearances, issues, and voter turnout efforts on the dozen or so battleground states where a strong campaign can make a difference. Because of the Electoral College, national contests are not truly national.

With the *direct election* of the president, every vote would count equally regardless of location, whether in a one-sidedly Democratic or Republican state or an evenly divided one, whether in sparsely populated Wyoming or hugely populated California. There would be no possibility of someone winning the vote but losing the election, and no possibility of a state legislature picking a slate of electors contrary to the one elected. An attempt to introduce a constitutional amendment through Congress for the direct election of the president failed in 1977–1978, because of the opposition of members from smaller states advantaged by the two extra elector votes. Over the last several decades, opinion polls have consistently found large majorities across the nation favoring direct presidential elections.<sup>25</sup>

Short of abolishing the Electoral College, a state could allocate its electoral votes to candidates in proportion to their popular vote in that state. As of now, Maine and Nebraska give two electoral votes to the statewide winner and one electoral vote for every congressional district that a presidential candidate carries. In 2004, an amendment to abolish the Electoral College was introduced in the House of Representatives but went nowhere.

## THE WOULD-BE ABSOLUTE MONARCH

Article 1 of the Constitution gives Congress the power to declare war, make the laws of the land, raise taxes, and spend money. Article 2 seems far more limited; it gives the president the power to appoint ambassadors, federal judges, and senior executive officers (subject to Senate confirmation), and to make treaties (subject to ratification by two-thirds of the senators voting). The president can veto laws (but the veto can be overridden by a two-thirds vote in both houses), and he can call Congress into special session and do a few other incidental things. The president has two really significant functions: to see that the laws are faithfully executed and to serve as commander-in-chief of the army. All in all, relying solely on the Constitution, we might think that Congress determines policy and writes the laws, while the president does Congress's bidding by putting laws into operation.

The reality is something else. In the last century or so, the role of government has grown enormously at the municipal, state, and federal levels and in the executive, legislative, and judicial branches. But the tasks of serving capitalism's vast needs and interests in war and peace have fallen disproportionately on the level of government that is national and international in scope: the federal; and on the branch most suited to carrying out the necessary technical, organizational, and military measures: the executive.

The executive branch today is a vast conglomeration of departments and agencies, its largest single component being the Pentagon. The Executive Office of the President contains a number of administrative units to help the president formulate and coordinate overall policy. The growth of presidential powers has been so great as to have frequently eclipsed Congress—and sometimes the Constitution itself.

Conservatives long called for "limited government," yet they also have come to appreciate the uses of a strong presidency in advancing the causes of military-industrial capitalism at home and abroad. It was a right-wing president, Ronald Reagan, who broadened the realm of executive power. Reagan requested (unsuccessfully) an *item veto* that would have allowed him to veto select portions of any bill he signed. He called for repeal of the Twenty-second Amendment, which limits presidents to just two terms. In contrast, some of his liberal opponents talked about making the executive more accountable to Congress, and said nothing bad about the Twenty-second Amendment and nothing good about an item veto.

Presidents frequently claim extraconstitutional prerogatives, such as the following:

***Executive Privilege: Withholding Information.*** At times, presidents place themselves and their associates above the reach of congressional investigation by claiming that the separation of powers gives them an inherent right of executive privilege, the right to unaccountable secrecy regarding Executive Office documents and plans. Executive privilege has been used to deny information on everything from undeclared wars to illegal campaign funds and burglaries (Watergate). The Supreme Court has collaborated in promoting executive privilege as something deserving of constitutional standing, deciding that a

“presumptive privilege” for withholding information (in noncriminal cases) belongs to the president. Presumptive indeed, since the concept of executive privilege does not exist in the Constitution or any law.<sup>26</sup>

In 2000, Vice President Dick Cheney chaired a task force consisting mostly of his former oil industry associates to rewrite the nation’s energy policy according to their specifications. Their plan, it was eventually revealed, included drilling in wilderness areas and eliminating clean air laws. It also contained elaborate provisions for a military invasion of Iraq (this was well before the 9/11 attacks on the World Trade Center). When the Government Accountability Office asked for the names of task force members and transcripts of the meetings, Cheney refused, citing “executive privilege,” which apparently now covers the vice president, oil executives, and war-for-oil policies.

In 1974, Congress passed the Freedom of Information Act to guarantee citizens access to government information. In 1978, the Presidential Records Act further established that presidential papers and tapes belong to the government, not to former presidents, and were to be opened to the public twelve years after a president left office. But through much of 2001, Bush Jr. delayed release of Reagan’s presidential records, in effect protecting some members of his own administration who had served under Reagan—not to mention his own father who had been Reagan’s vice president. Then Bush unilaterally rewrote the Presidential Records Act with an executive order giving himself and all former presidents the right to veto requests to open presidential records. Bush claimed that it was a matter of “national security,” but national security documents already were excluded from public inquiry.<sup>27</sup>

The Obama administration continued, like its predecessors, to argue that the *state secrets privilege* was rooted in the Constitution. The White House maintained that on national security grounds the executive branch could have lawsuits dismissed and evidence kept secret from the courts. Civil libertarians argue that such an untrammelled privilege easily becomes a way of concealing the worst kinds of government misconduct.<sup>28</sup> The White House then attempted to keep the privilege but with limitations upon it. Obama’s Attorney General Eric Holder decided that military and intelligence agencies would not be free to withhold anything and everything they wanted to; they now needed the approval of the Justice Department to keep classified evidence out of court and out of sight. Holder also initiated an investigation of the CIA’s abuse of prisoners.<sup>29</sup>

***Executive Order: Rule by Decree.*** As the above example shows, the president will frequently issue an executive order, a decree or regulation that has the impact of a law without authorization from Congress (or the Constitution). Reagan unilaterally abrogated the treaty of commerce and friendship with Nicaragua in order to wage a war of attrition against that country. Reagan, Bush Sr., and Bush Jr. all used executive orders to take wetlands out of protection and grant favorable deregulations to industry. When Congress resisted Clinton’s request for a \$40 billion package to bail out Mexican and Wall Street financiers, the president resorted to executive fiat, offering the financiers up to \$20 billion from a fund originally set up to support the U.S. dollar in international markets.

In the wake of the 9/11 attack, Bush Jr. issued a host of executive orders supposedly to enhance national security, one of which rescinded certain labor protections required of federal contractors. When a federal court revoked Bush's decision, the president ignored the court decision, justifying his action as a response to "national emergency." Executive Order 11000 allows the government to mobilize civilians into work brigades under government supervision; 11002 designates the Postmaster General to operate a national registration of all persons; and 11004 allows the government to designate residential areas to be abandoned and move whole populations to new locations.<sup>30</sup>

***Nonenforcement and Unilateral Decisions.*** The Supreme Court has long been aware that its decisions have the force of law only if other agencies of government choose to abide by them. Congress belatedly came to the same realization, developing a new appreciation of the executive's power to command the personnel, matériel, and programs needed for carrying out decisions. The peculiar danger of executive power is that it executes. The executive alone has the power of implementation, acting—or refusing to act—with the force of state, often with initiatives all its own making. Consider the following:

- The Reagan administration terminated benefits for hundreds of thousands of disabled Americans. When federal courts found the action to be illegal, the administration announced it would ignore the unfavorable court decisions.
- When a federal judge ordered the Bush Sr. administration to make surplus federal property available to the homeless under a 1987 law, the White House refused to execute the court order.
- Both the Reagan and Bush Sr. administrations impounded (refused to spend) billions appropriated by Congress for housing and low-income programs, and impounded billions intended for improvements in mass transit and air safety.
- Congress prohibited military sales to the Guatemalan dictatorship, yet the White House went ahead and sold \$14 million worth of military equipment to that regime.
- When the Congress failed to pass Bush Jr.'s faith-based initiatives, he signed an executive order allowing Christian religious groups to receive over \$1.1 billion to carry out their own programs. The money came out of the operational budgets of other federal agencies.
- The Bush Jr. administration unilaterally reshaped environmental policy for the benefit of logging companies and other developers, offering a generous settlement that weakened environmental and species protections whenever industry sued. "None of the decisions was subject to prior public comment or congressional approval."<sup>31</sup>

***Presidential Signing Statements.*** Bush Jr. repeatedly resorted to an extra-constitutional, extrajudicial device known as *presidential signing statements*. A signing statement is a memorandum the president might issue after he signs a bill into law. Its purpose is to create a record of legal objections about the act or some provision of it for judges to consider in any future court challenge. During a period of 213 years, forty-two presidents issued statements regarding six hundred

provisions of law. During his first 6 years, Bush used signing statements over eight hundred times—in a more extensive way—to indicate that he would leave unenforced all or any portion of a law. Rather than vetoing a bill and facing the possibility of having his veto overridden after open debate in Congress, Bush resorted to this unilateral and unaccountable method of virtually nullifying any law he disliked.

Bush issued a signing statement declaring he would not obey a law that restricted the government's contingency plans to secretly search private homes and seize private papers and records at will. He issued another asserting that he would not obey a law forbidding the White House to censor or withhold scientific data requested by Congress. Perhaps his most infamous signing statement came when he declared himself not bound by the ban on torture passed overwhelmingly by Congress. Nor did he see himself bound by congressional oversight powers in the application of the Patriot Act. Senators on the Judiciary Committee accused Bush of an "unprecedented" and "astonishing" power grab to do as he pleased without regard to the laws passed by Congress.<sup>32</sup>

**Midnight Regulations.** When presidents are about to leave office, they discover a good deal of unfinished business. So in the closing days of their administrations they issue a flood of presidential dictates known as midnight regulations. Bush Jr.'s midnight regulations included rulings that undermined the Clean Air Act and the Endangered Species Act, eliminated environmental protections for fisheries, made it harder to protect workers from toxic exposures, and made it tougher for employees to take family leave or medical leave.<sup>33</sup>

**Unitary Executive and "Inherent Power."** Today some conservatives propagate the concept of a unitary executive, the notion that the president has autonomous constitutional powers that inhere in the office itself, allowing him to act as he sees fit in matters of national security, overriding the Congress and usurping judicial oversight when the president deems it necessary. To be sure, Article 2 of the Constitution says that "executive power" is vested in the president. But it has never been made clear what that term means, neither in Madison's day nor today. What seems certain is that the framers of the Constitution did not intend to give the president unanswerable totalistic power.

Yet presidents themselves have sometimes made claim to dictatorial absolutist power. When asked whether a U.S. military foray into Bolivia, ostensibly to catch drug traffickers, was in the national interest, President Reagan said, "Anything we do is in the national interest." President Nixon went even further, asserting an "inherent executive power" under the Constitution to commit even criminal acts when impelled by what he considered to be national security considerations. As he put it, "When the president does it, that means it is not illegal."<sup>34</sup>

President Bush Sr. stated that he would notify Congress of covert operations about to be launched—unless he decided not to, "based on my assertion of the authorities granted this office by the Constitution." In 2002, President Bush Jr. remarked, "I do not need to explain why I say things. That's the interesting thing about being the president... I don't feel like I owe anybody an explanation."<sup>35</sup> Bush acknowledged that he had not complied with the Foreign Intelligence Surveillance Act of 1978, which forbids wiretapping and eavesdropping on Americans without a warrant. He maintained that a 2001 authorization to use military

force against terrorists and “the president’s inherent constitutional powers” allowed him to violate the act.<sup>36</sup> In fact, such powers are not designated in the Constitution.

Throughout his presidency Bush asserted that in matters of national security he was unbound by U.S. law or international treaties, including laws prohibiting the torture of prisoners. He claimed the power to imprison at will “enemy combatants,” persons rounded up not from any battlefield but from farms and villages in Afghanistan and Iraq sometimes solely on accusations from a feuding neighbor or from someone interested in the reward money. For years such detainees were deprived of legal counsel, formal charges, and court trial.<sup>37</sup>

The “unitary executive” is a euphemism for an executive claiming an unlimited statist empowerment free of any checks and balances and other constitutional restraints, a presidential autocracy. Using unilateral initiatives, the president willfully concocts his own laws—“by the power and authority vested in me by me”—something not allowed by the Constitution.<sup>38</sup> Inside every president is a divine-rights monarch trying to get out.

**War Powers.** The growth of unaccountable executive power is nowhere more evident than in the realm of international conflict. “War is the true nurse of executive aggrandizement,” wrote James Madison in 1787. It was not the intent of the framers to confer upon the president any power to start a war. The Constitution gave Congress the sole right to declare war. But as commander-in-chief, presidents over the last two centuries have committed U.S. armed forces into action abroad almost three hundred times. In only five of these conflicts has Congress declared war, the last time in December 1941 to enter World War II. In more recent times, U.S. presidents have invaded the sovereign states of Grenada and Panama; bombed Iraq, Somalia, and Yugoslavia; invaded and occupied Yugoslavia, Afghanistan, and Iraq; and supported proxy wars against a score of other nations, overthrowing governments and engaging in unlawful blockades and other acts of war, without a declaration of war from Congress. Against the expressed will of Congress, President Reagan used U.S. planes and bases to wage a mercenary war against Nicaragua in the 1980s.

Congressional attempts to rein in unilateral presidential war making have proven ineffective. The War Powers Act, passed in 1973 over President Nixon’s veto, requires that the president seek congressional approval within sixty days after launching a military action. The act allows the president to unilaterally engage U.S. troops only in case of an attack on the United States or its territories, possessions, or armed forces. Presidents have regularly violated the act. Clinton engaged U.S. air forces in combat for seventy-eight days over Yugoslavia, never bothering to get congressional approval beyond sixty days. And U.S. military advisors in Colombia engaged in combat actions without benefit of statutory or constitutional mandate.

In October 2002, a Republican-controlled Congress voted the president power to engage in war at any future time should he *unilaterally* decide to do so. Bush Jr. took the nation into wars with Afghanistan and Iraq. Both invasions have proven to be protracted and costly in lives and treasure, and both were continued by the Obama administration. Supposedly these wars have made all of us much safer.

Recent presidents have claimed a “constitutional and historic power” to conduct foreign affairs without limitations from Congress. In fact the Constitution does not grant the president the right to wage covert (or overt) actions against other nations. The power of a singular ruler to lead an entire nation into war, treating the army as his personal force, is the power of an absolute monarch, an imperial presidency.<sup>39</sup>

***Executive Agreements.*** The president can circumvent the Senate’s constitutional power to ratify treaties by unilaterally entering into *executive agreements* with foreign nations, another extraconstitutional contrivance. Even treaties that are formally ratified by the Senate may then be subjected to selective interpretation by the White House. Some senators complained that the president’s interpretation of a treaty’s “true meaning” undermined the Senate’s constitutional duty to ratify a treaty because the Senate would have no certainty about what it was actually approving.<sup>40</sup> Treaties aside, the White House makes claim to secret measures and appropriations. Thus many senators had not heard of the automated battlefield program for which they had unwittingly voted appropriations. Congress also unknowingly funded CIA covert operations in Laos and Thailand that were in violation of congressional prohibitions. And the lawmakers ordered a halt to expansion of a naval base in the Indian Ocean, only to discover that construction was continuing.

***Congressional Collaboration and Surrender.*** In his dealings with Congress, the president has a decided edge. (a) He can command the kind of media attention that lesser officeholders can only dream about. (b) Lawmakers who vote the way he wants on crucial bills are more likely to get White House support for their home district projects and for upcoming campaigns. (c) There being only one president but many legislators, the chief executive has the advantage of unitary initiative and action. (d) The executive branch controls much of the crucial information. Congress frequently goes along because it depends heavily on what the executive departments have to say.

The president tends to be more powerful than Congress when he assumes a conservative stance and less powerful when he wants to push in a progressive direction. This reflects the society’s wider distribution of politico-economic resources of power already discussed in this book. Like any political officeholder, the president is more likely to enjoy a successful use of power when he moves on a path charted by powerful interests.

The Congress itself sometimes collaborates in the usurpation of its own power, granting various presidents, and a widening list of executive agencies, confidential funds for which no detailed invoices are required. When a Republican president has a rigidly partisan Republican Congress at his call, then there is even less check on his power. Thus the 109th GOP-controlled Congress repeatedly failed to challenge the Bush administration’s illegal use of domestic surveillance, its unilateral claim to expanded powers, and the indefinite detention and mistreatment of designated “enemy combatants.”

From time to time Congress has fought back. Both houses now have budget committees with staffs that can more effectively review the president’s budgetary proposals. Along with the investigations conducted by its standing committees and subcommittees, Congress has the Government Accountability

Office, which is independent of the executive branch and carries out assignments for congressional members of all parties, an agency created and funded by Congress to investigate government doings and report directly to Congress and the American public. The GAO plays an important role in uncovering executive waste, wrongdoing, mismanagement, and nonenforcement of the law.

To sum up, the purpose of executive power is to advance the process of “free-market” capital accumulation. There is not likely to be much progressive change from the top, no matter who is in the White House, unless there is also mass social unrest and mobilization for fundamental reforms at the base. Until then, presidents will pursue their prerogatives and their wars.

C H A P T E R  
17

## The Political Economy of Bureaucracy

Bureaucracy can be found in just about every area of modern capitalist society, in big corporations, universities, religious establishments, and other private organizations as well as in government. A bureaucracy is an organization that (a) mobilizes human and material resources for explicitly defined projects or purposes, (b) is staffed by career personnel with specialized skills and designated responsibilities, and (c) is coordinated by a hierarchy of command.<sup>1</sup>

### THE MYTH AND REALITY OF INEFFICIENCY

Bureaucracies have certain bothersome characteristics that seem to inhere in the nature of the beast. For instance, the need for consistent and accountable operating procedures can create a tendency toward red tape and a limited capacity to provide new initiatives. The need to divide responsibilities over widely dispersed activities can cause problems of coordination and accountability. For the average citizen there are the incomprehensible forms and labyrinthine runarounds orchestrated by the petty autocrats and uncaring time servers who inhabit the bureaucracies of private business as well as government. Still, bureaucracies perform crucial and complex tasks—for better or worse. “The feat of landing men on the moon,” observes Duane Lockard, “was not only a scientific achievement but a bureaucratic one as well.”<sup>2</sup> The same might be said of the Vietnam War, the Social Security system, the national highway program, and most other large-scale undertakings.

According to the prevailing corporate ideology, government bureaucracy is an inefficient drain on the more productive private economy. The proposed remedy is to either abolish government programs or *privatize* them,

that is, hand them over to private contractors. Free marketeers insist that everything works better in the private sector, and government should be “run more like a business.” One might wonder how that could be possible. Government deals with complex social problems, conflicting goals, and competing constituencies. Exactly what businesses should government be run like? The fifty thousand firms that go bankrupt every year? Or the large successful corporations—themselves giant bureaucracies and recipients of billions of dollars in public subsidies—that regularly skirt the law, pay few or no taxes, and cater only to paying customers? Do we want government run like the private companies that are controlled by sometimes swindling directors, who answer to no one but themselves and a few banks and big investors?

If we run government like a business (whatever that means), then who will take care of the costly, nonprofit public services that the public—and business itself—demand? For instance, who will provide the vast sums that government spends on roads and highways required by the automotive and trucking industries? the snow removal services? the compensatory payments to the unfortunates whose homes and farms are in the way of new highways? and the highway patrols that rein in drunken drivers and other menacing motorists? In such instances, is government a burden on the auto industry, or is it the other way around?

There are gross inefficiencies and waste in *private business*, but they are rarely publicized. Operational expenses are generally *less* in public bureaucracies than in private organizations. Administrative costs for the government’s Medicare program are under 3 cents per dollar. Administrative costs for private health insurance are 26 cents per dollar. In recent decades, top federal salaries have declined in real buying power while the earnings of corporate executives have skyrocketed.<sup>3</sup>

Social Security has been a more reliable and less expensive retirement program than private pension plans. A Roper poll asked people to estimate the administrative costs of Social Security as a percentage of benefits. Conditioned to think of government programs as inefficient, respondents guessed 50 percent, on average. Actually only 1 percent is spent on administration. By comparison, the administrative costs for private insurance are about 13 percent of annual payments. Likewise, administrative costs at nonprofit public hospitals average less than at private-profit hospitals.<sup>4</sup>

Public power utilities owned by local governments offer rates averaging 20 percent less than those charged by private power companies. In four years after it was created in 1998, the Long Island Power Authority in New York cut rates 20 percent, saving customers an estimated \$2.1 billion. Public utilities in Palo Alto and Los Angeles offered rates that were 20 to 40 percent less than what was charged by the privately owned Pacific Gas & Electric (PG&E) elsewhere in California. The Palo Alto and Los Angeles public utilities spent zero on lobbying and on payments to private stockholders, whereas PG&E spent over \$2 million on lobbying and transferred \$5.1 billion in three years from customers to mostly affluent stockholders. In one year, the Palo Alto public utility transferred \$7.3 million, and the (much larger) L.A. public utility \$124 million, to their respective local governments to be spent on public

services. PG&E transferred nothing back to the communities from which it so handsomely profited.<sup>5</sup>

Corporate leaders want to eliminate social spending programs not because they don't work but because they often do. And when they do, they demonstrate that not-for-profit public-owned services (socialism) can outperform for-profit public-owned services (capitalism) at least in many basic areas. Conrail, a government-owned rail system, gave better service at less cost than the investor-owned lines it replaced. But this very success was intolerable to those who correctly see nonprofit public ownership as a threat to the private-profit system. So, Conrail was "privatized" (sold back to private investors) at a giveaway price. Likewise the rail systems in Europe are government owned and are superior to anything we have.

Supplemental Security Income (SSI), created in 1972, provides a minimum monthly income for the elderly and disabled, along with Social Security payments. With all this funding, destitution among the elderly and disabled should have dropped. It did.

The food stamp program was supposed to substantially reduce hunger and malnutrition. It did.

Free marketeers have argued that antipoverty programs did not end poverty, true, but they were never designed to do so. The programs were meant to provide benefits that alleviated some of the misery, and they did.

In one decade, government requirements for seat belts, speed limits, emergency public health facilities, and safety features on consumer products helped produce a 21 percent drop in accidental fatalities. Since the Occupational Safety and Health Administration (OSHA) was established, even with its serious understaffing, the job fatality rate has been cut in half and an estimated 140,000 workers' lives have been saved.<sup>6</sup> We need more of OSHA, not less.

The business community opposes such programs because they expand the public sector; they provide for social needs, and create alternative sources of individual income and public revenues, leaving people less desperately competing for jobs, and less willing to work for miserable wages. They demonstrate that life can be served well without anyone making a huge profit and growing rich off the rest of us.

Environmental regulations do benefit the public with cleaner air and water, but they cut into industry profits. Public housing did dramatically reduce overcrowding and homelessness between 1940 and 1980, but it created a whole stock of housing units that compete with the private supply, helping to dampen rents in the private housing market. Rent control did keep millions of units affordable while allowing landlords to make "reasonable" profits, but nowhere as much profits as they otherwise could make without rent control.<sup>7</sup>

We can appreciate what public programs accomplish when the programs are cut back. The rollbacks in public housing and rent control were accompanied by a sharp rise in landlord profits and homelessness. In the 1970s the sight of homeless people was relatively rare. By the Reagan era of the 1980s, homelessness became commonplace. The closing of venereal disease clinics fueled a noticeable increase in VD cases. The heartless reductions in welfare and nutrition payments increased hunger among impoverished adults and children. A watering down of

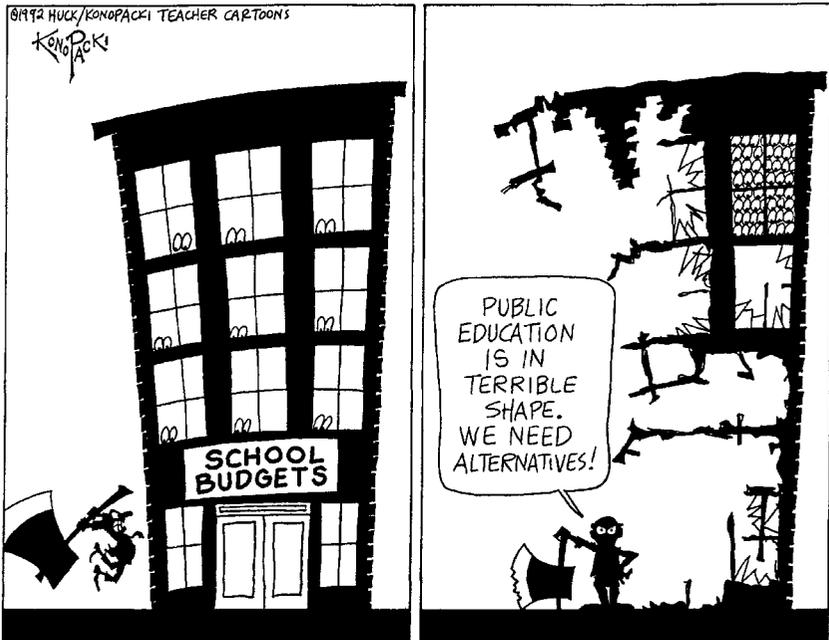
worker-safety rules, clean-air standards, and pesticide controls further toxified the environment and cost the nation in human life. And cuts in public works construction led to overflowing sewers and corroding bridges.<sup>8</sup>

## DEREGULATION AND PRIVATIZATION

Business wants an end to any regulations that limit profit opportunities. In the last decade, thanks to campaigns waged by its lobbyists, the nation's electric power industry underwent *deregulation*. State after state removed the price regulations they had set to limit how much the utility could charge customers. Utility bills doubled and even tripled, bringing ever greater profits. Customers in eleven deregulated states pay about \$50 billion more annually for their utility power than their counterparts in regulated states. "The reality behind those numbers is a lot of bent, gnarled hands trembling when they open the electric bill."<sup>9</sup>

Those who argue that the free market will best provide for us seem to forget why utilities had their rates regulated in the first place: they do not operate in a competitive market; they are monopolies that provide an essential commodity to a captive market.

After the reign of several conservative administrations, Americans in 2006 were getting only half as much energy from wind, solar, and geothermal sources as they had twenty years earlier.<sup>10</sup> Deregulation can often be a matter of life and death. An amendment to the National Highway Safety Act, abolishing federal safety regulations on small to medium trucks, led to a discernible increase in accidents and fatalities.



Along with deregulating the private sector, corporate America advocates *privatizing* the public sector by selling off to private investors the nation's public schools, hospitals, housing, postal services, transit systems, and municipal water systems. Capitalism constantly feeds off socialism by extracting subsidies, grants, loan guarantees, bailouts from the public treasury, a socialism for the rich. Over twenty states in the United States have enacted legislation allowing private corporations, including investment firms like Goldman Sachs, Morgan Stanley, and the Carlyle Group, to buy or lease public highway and transportation infrastructure from which they will pocket billions of dollars in toll collections.<sup>11</sup>

Generally the first step toward privatization is to drastically defund the public service, thus causing it to deteriorate. This in turn is treated as proof that "government doesn't work" and needs to be handed over to private corporations that presumably will get the job done more efficiently.

Experience demonstrates otherwise. Communities in Florida, Maryland, Michigan, Connecticut, and elsewhere found private-profit voucher schools more costly and less serviceable and have reverted to a public school system. A report by the U.S. Department of Education showed that in reading and mathematics students attending public schools generally did as well as, or better than, private-school students of comparable backgrounds.<sup>12</sup> To be sure, there are public schools all over the country that are miserably equipped and understaffed, but what they need is better funding, not further budget slashing.

Short of complete privatization, many functions within governments at the federal, state, and local levels have been contracted out to private business. The Internal Revenue Service hired commercial debt collectors to collect back



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4 cents for Education  
6 cents for Health Care  
50 cents to the Military Industrial Complex

taxes from delinquent taxpayers. The private agents keep as much as 25 percent of what they recover. Everyone agreed that IRS workers could collect unpaid taxes more cheaply and effectively than private contractors, but because of staff shortages, the IRS is often unable to follow up for years on the big cases.<sup>13</sup> Again, the public service is often undermined by lack of funds and staff, serving as an excuse to promote privatization.

Today the U.S. government spends more on private contractors than on federal workers. Be it highly skilled professional work or janitorial maintenance, the service usually ends up costing the government more when contracted out. Though private contractors spend less money on worker wages and benefits, they funnel much more into upper-management salaries and stockholder profits. Furthermore, private contractors doing government work are often left unsupervised and waste or overcharge billions of dollars—as demonstrated most recently by the corrupt and profiteering private services contracted by the Pentagon in Iraq.<sup>14</sup>

The story is the same in other countries. In Britain and Chile, government pension funds were privatized. Vast fortunes were made by those who handled the accounts while the pensioners ended up with almost nothing. In Bolivia, the privatization of oil refineries led to a 15 percent hike in gas prices. New Zealand sold \$14 billion in public assets to private interests, including railways, telecommunications, utilities, and water resources, leading to more expensive services, a decrease in the value of New Zealand's dollar, and a growth in the gap between rich and poor. In countries throughout Eastern Europe, the free-market privatization that replaced the socialist system led to poorer and vastly more expensive services, and much plundering of public natural resources by private interests.<sup>15</sup>

The public sector carries out tasks that private business cannot handle. Consider the much maligned post office: what private corporation would deliver a letter three thousand miles, door to door, for the price of a postage stamp, or forward your mail to a new address at no extra cost? Republican administrations, however, attempted to put the U.S. Postal Service on a more “profit-motivated” basis. They contracted out postal jobs to low-wage non-union companies, reduced delivery service, paid fat bonuses to top management, and disregarded health and safety regulations for postal workers—all resulting in more expensive and less efficient service.

In cities throughout the nation, working-class neighborhoods have been razed to make way for shopping malls, industrial parks, sports arenas, and convention centers, built with *public* funds to benefit already rich private investors. These projects incur multimillion-dollar state and municipal debts that constitute a large part of the U.S. urban fiscal crisis. Instead of contrasting the profitability of private business with the debt-ridden costliness of government, we would do better to see the causal connection between the two.

Government in capitalist America is usually not allowed to compete with the private sector. Unused offices in a U.S. government building may not be rented out, for it would put government in competition with private rentals. Government is allowed to operate only in the *un*profitable markets that business does not want. Thus, public hospitals show none of the handsome profits of private ones because they handle the uninsured modest-income people who cannot

afford the astronomical costs of private health care. And “the Department of Housing and Urban Development can subsidize low-income housing, but it can neither build units itself nor divert private investment from middle-class suburban development.”<sup>16</sup>

## SECRECY AND DECEPTION, WASTE AND CORRUPTION

Both public and private bureaucracies have a decided tendency toward secrecy. The more secrecy, the more administrators can do what they want without having to answer for it. Most of the secrecy in public bureaucracy is on behalf of private business, the military, and intelligence agencies. The government has suppressed information concerning bank bailouts, toxic-waste disposal, hazardous chemical substances in water supplies, and the harmful effects of pesticides and nuclear power plants. The government withheld information regarding the medical problems of tens of thousands of U.S. military personnel exposed to nuclear tests in the 1950s. Also kept secret was information on the ill effects of defoliants in the Vietnam War, chemical weaponry during the Gulf War (1990–1991), and nuclear tests and germ warfare experiments upon civilian populations in U.S. urban areas.<sup>17</sup>

President Reagan issued a presidential directive that forced some 2 million government workers to take a pledge of secrecy and of lifetime government censorship of their writings and speeches. Administrators have sought to undercut the Freedom of Information Act by outright denial of requests, or by imposing years of delay before releasing materials, or inking out more and more information on the released documents, and sometimes charging exorbitant copying fees.<sup>18</sup>

The total number of government classified documents is not known, though the figure is estimated at well into the billions. At least 70 percent of the millions of World War II documents related to war crimes still remain secret, some seventy years later. In the last decade, in cooperation with the CIA and other intelligence agencies, the National Archives began reclassifying thousands of historical documents that had been declassified and available to the public for years, including some already published or photocopied long ago by historians. No one explained why these materials were being removed from the public eye.<sup>19</sup>

The Bush Jr. administration suppressed evidence about dangerous levels of mercury and lead emissions. It rewrote and otherwise downplayed the conclusions of government scientists on the link between global warming and fossil fuel emissions. It overruled an earlier review by top government scientists that supported the medical use of marijuana. The administration knowingly withheld data from Congress showing that the Medicare drug prescription program imposed on millions of senior citizens would cost far more than the president had acknowledged. During Bush’s reign, all government-sponsored environmental and health studies required White House clearance before being released, allowing the administration to suppress studies that highlighted the dangers of chemicals in our food, environment, and consumer products. The administration also altered a scientific analysis of the deleterious impact of cattle grazing in order to allow expanded access to public lands by ranchers.<sup>20</sup>

Native Americans tried to get the Interior Department to stop the daily destruction of electronic and hard-copy documents that detailed how billions

of dollars in grazing, logging, mining, and oil royalties from Indian-owned land went missing.<sup>21</sup>

Government secrecy breeds unaccountability and ultimately waste and corruption. The Department of Agriculture gave billions of dollars worth of contracts to agribusiness firms that were caught rigging bids, fixing prices, and defrauding government programs. Affordable housing grants and mortgage insurance, intended for low-income elderly, went to luxury resorts. The top officials involved in such deals received lavish perks from corporate clients.

The White House's own Office of Management and Budget found that year after year agencies and departments could not account for tens of billions of dollars. What is more, when they realized their huge accounting discrepancies, rather than searching to see where the money went, they simply entered multibillion-dollar balance adjustments, writing off the missing sums by fabricating new numbers that were "unsupported, unapproved, and erroneous." Management of the Department of Defense (Pentagon) was deemed "the worst in government," routinely showing the biggest losses, and unable to account for much of its enormous annual budget and its worldwide assets of over \$1 trillion. Accounting systems were so chaotic in many departments that audits were impossible. Thousands of employees had been authorized to process payments without oversight or accounting, further raising the risk of fraud and theft.<sup>22</sup> (One of the better-managed budgets was in the Social Security Administration.)

One audit found spending abuses by officials and contractors in virtually every aspect of operations carried out by the National Aeronautics and Space Administration (NASA). The losses, estimated at over \$3.5 billion, were "only the tip of the iceberg." Meanwhile the Army Corps of Engineers repeatedly failed to collect most of the royalties on more than three hundred oil and gas leases, and could not account for the sums that had been collected. But no one was prosecuted.<sup>23</sup>

Public servants who become *whistleblowers* by going public about wrongdoings often risk their careers (instead of being hailed as dedicated public servants). In the federal bureaucracy, as in most other organizations—including corporations, churches, universities, police, and military—there usually is more concern about the bad publicity caused by disclosures of wrongdoing than about the wrongdoing itself. Some instances of how whistleblowers have been treated:

- After reporting that his superiors were favoring certain wealthy taxpayers, an IRS division chief was transferred to an obscure office, had his pay reduced, and was subjected to a criminal investigation for "unauthorized disclosures of taxpayer information."
- When several scientists announced that radiation safety standards were at least ten times too low, the Department of Energy—beholden to the nuclear industry—fired them, confiscated their data, and publicly attacked their integrity.
- A U.S. sailor serving on an aircraft carrier could no longer tolerate the dumping of raw sewage and trash into the ocean every day, including plastics, computers, and toxins. For going public he was court-martialed, demoted, and sentenced to the brig.

- A State Department policy advisor revealed that the CIA had covered up two murders committed by one of its operatives. The disclosure caused a public outcry that prompted the CIA to rid itself of many hirelings who were implicated in major crimes abroad. The whistleblower's reward? He was declared a security risk, had his State Department career destroyed, and faced a criminal investigation.<sup>24</sup>

These are not isolated instances. The board created by the Whistleblower Protection Act to handle complaints had a backlog of one thousand cases only four months after its creation. In one year alone it received 814 complaints of reprisals against whistleblowers.<sup>25</sup> During the Bush Jr. administration, whistleblowers in the Pentagon, FDA, CIA, FBI, Mine Safety and Health Administration, and the departments of Justice, Interior, Energy, and Health and Human Services found themselves subjected to reprisals and were removed from their positions.<sup>26</sup> The White House has argued in several cases that government information is government property; therefore employees who take and release such information are guilty of theft. Thus leaking information about crimes is itself treated as a crime.

But blowing the whistle sometimes bring rewards. Under the False Claims Act, whistleblowers who expose companies that swindle the government are promised up to a quarter of the money recovered. Since its inception the act has generated more than \$12 billion in retrieved funds for the federal treasury and over \$1 billion for hundreds of whistleblowers.<sup>27</sup>

## NONENFORCEMENT: POLITICS IN COMMAND

Contrary to the conventional wisdom, anonymous bureaucrats do not usurp power for themselves. In fact, career bureaucrats pretty much do as they are told by their politically appointed agency heads. The professional ethic of most bureaucrats is: remain neutral and wait for the policy line to be set from above. This usually means: avoid doing anything that might prove troublesome to the powers that be. Politics is in command.

Many rulings by bureaucratic agencies, published daily in the Federal Register, are as significant as major pieces of legislation. In the absence of precise guidelines from Congress, they often take the place of legislation, handed down by agency heads or by the White House. Thus, without a word of public debate, the Price Commission approved more than \$2 billion in utility rate increases. Under a White House directive, the Social Security Administration was obliged to use "stricter eligibility" rules to deprive 265,000 disabled persons of public assistance.

The political process does not end with the passage of a bill but continues at the administrative level, albeit in more covert fashion, influencing how a law is administered. There has been lax enforcement or total nonenforcement of drug safety standards, consumer protection laws, civil rights, voting rights, collective bargaining rights, and protection of public lands and parks. Most nonenforcement is not the result of bureaucratic inertia but political intent, perpetrated by right-wing policymakers who are unsympathetic to the regulatory programs.

A prime example would be the Bush Jr. administration's unwillingness to enforce the antitrust laws, leaving unchallenged the increasing monopoly concentrations and mergers perpetrated by giant companies. One critic complained, "This is a story about how ideology has taken over the law enforcement process."<sup>28</sup>

Bush also "managed to effect a radical transformation of the nation's environmental laws, quietly and subtly, by means of regulatory changes and bureaucratic directives," including novel and often obscure rule revisions that undermined the Clean Air Act.<sup>29</sup> A top EPA official of twelve years and a decorated civil servant, Eric Schaeffer, resigned, charging that the Bush administration refused to crack down on companies that poured 7 million tons of toxic substances into the air every year.<sup>30</sup>

Among the few things working in favor of public-interest regulations are public-interest groups. Most enforcement cases against powerful corporate polluters, for instance, are initiated by environmental and local citizens groups. The Environmental Protection Agency rarely initiates action and usually opposes tough environmental laws. Citizen environmental groups sue to make EPA do what it is getting paid to do and what the law requires it to do. But it often takes years of struggle before the EPA will act.

Often agencies are not sufficiently staffed to handle the enormous tasks that confront them. The EPA staff can monitor but a fraction of the one thousand new potentially toxic chemicals that industry pours into the environment each year. The Federal Aviation Administration regularly drops a large number of airline safety cases because it has too few lawyers to do the work.<sup>31</sup>

After nearly a year in office, the centrist-oriented Obama administration had done little to improve enforcement of environmental laws. Effective laws are already on the books but they remain largely underapplied by the EPA. President Obama was called upon by public-interest groups to impose stricter monitoring of water and air quality, and the safety of the food supply. The groups wanted better funding and stronger support for agencies such as the EPA, the Centers for Disease Control and Prevention, the Consumer Product Safety Commission, and others that had suffered drastic budget cuts under the previous administration or had been deterred by the White House from carrying out their missions.<sup>32</sup>

Likewise, representatives of a farm workers union complained that enforcement of existing laws, not enactment of new ones, was needed to alleviate the housing and safety problems faced by farm workers. In Obama's first year in the White House, the Government Accountability Office (GAO) found that the Labor Department was regularly failing to enforce minimum-wage, overtime and child labor laws, leaving millions of workers vulnerable.<sup>33</sup>

People who insist that things do not get done because that is the nature of the bureaucratic beast seem to forget that only certain kinds of things do not get done, whereas other things are done all too much. The law making some 13 million children eligible for medical examination and treatment had the same legal status as the law to develop a "Star Wars" outer-space weapon system, the latter backed by the White House, giant industrial contractors, research institutes, Pentagon brass, and key members of Congress. If anything, the Star Wars program was vastly more expensive and of greater technical and administrative complexity. Yet it

moved ahead, while the children's health program moved hardly at all. Several years later, almost 85 percent of the youngsters had been left unexamined, causing "unnecessary crippling, retardation, or even death of thousands," according to a House subcommittee report. The important difference between the two programs was not bureaucratic but political.

The effectiveness of a law or an administrative program depends on the power of the groups supporting them. Laws that serve powerful clientele are likely to enjoy a vigorous life, whereas laws that have only the powerless to support them are often stillborn. An agency set up to regulate industry on behalf of consumers, workers, or the environment may possess a zeal for reform in its youth, but before long it is likely to be reined in. The capitalist political economy is the graveyard of reform-minded administrative bodies.

In its youthful days after World War I, the Federal Trade Commission (FTC) moved vigorously against big business, but representatives of industry prevailed upon the president to replace some of the commissioners by others more sympathetic to the corporations.<sup>34</sup> Some sixty years later, the pattern was to repeat itself. Staffed by consumer advocates, the FTC began vigorous action against shady business practices, only to find itself under fire from the business community and their acolytes in Congress and the White House. The FTC had its jurisdictional powers abridged and its budget cut. In similar fashion, the Consumer Product Safety Commission had its staff cut by more than half and was then stacked with conservatives who had neither training nor interest in product safety.<sup>35</sup>

Frequently, members of Congress demand to know why an agency is bothering their constituents or their campaign contributors. Administrators who do not want unfavorable publicity or a cut in their appropriations are likely to apply the law in ways that satisfy the legislators who control their budgets. Also, the promise of a lucrative post with a private firm whose interests they favored while in public office can exercise a considerable influence on the judgments of administrators.

Bureaucratic rulings can go the other way sometimes, strengthening regulatory laws rather than undermining them. In September 2009, given a bit more political room under the Obama administration, the EPA announced that it was ordering a review of numerous permits to mine coal by blowing the tops off mountains in Appalachian states. The agency was to consider the possibility that such a practice was gravely damaging to water quality.<sup>36</sup>

## SERVING THE "REGULATED"

There are regulatory agencies that are under the command of various executive departments, such as the Labor Department's Occupational Safety and Health Administration (OSHA) and the Justice Department's Drug Enforcement Administration (DEA). And there are independent regulatory commissions, such as the Federal Communications Commission (FCC) and Federal Trade Commission (FTC), that operate outside the executive branch, making quasi-judicial rulings that can be appealed only to the courts. They report directly to Congress but their personnel are appointed by the president, with Senate confirmation.

These various agencies frequently become protectors of the industries they are supposed to regulate:

- The FCC serves the telephone companies and the media networks.
- The Federal Energy Regulatory Commission maintains a permissive policy toward energy producers.
- The Department of Transportation defers to the oil-highway-automotive combine.
- The Army Corps of Engineers and the Bureau of Reclamation continue to mutilate the natural environment on behalf of utilities, agribusiness, and developers.
- The Department of Interior serves the oil, gas, mining, agribusiness, and timber companies.
- The Nuclear Regulatory Commission obligingly serves the nuclear industry, extending operating licenses to aging plants that pose serious problems, while easing restrictions on construction.
- And the Pentagon—spending more than all the other agencies combined—gives untiring support to the arms industry.

In 1949, with a limited budget of only \$2 million, the Food and Drug Administration (FDA) proceeded against thousands of violators. Today, with a budget a hundred times larger, the FDA rarely takes action against major food or drug companies. It has learned discretion. Now pharmaceutical firms can make all sorts of dubious claims about the safety and efficacy of their drugs and charge just about any price the market will bear.<sup>37</sup>

When Monsanto marketed its bovine growth hormone (BGH), the FDA approved the drug despite a GAO study showing harmful effects to cows and potentially to humans. When Dr. Richard Burroughs voiced his concerns about the approval of BGH, he was fired from the FDA.<sup>38</sup> The agency also ruled that milk producers who refused to use the drug and wished to label their milk as free of BGH would not be allowed to do so, a ruling that was rescinded after much public outcry. (Milk producers must still give notice on containers that BGH causes no ill effects, a claim that has never been substantiated.)

The FDA is charged with protecting much of the nation's food supply but as of 2010 it had neither the authority nor resources to do so. The agency could only try to cajole food producers to voluntarily recall their product after people have taken ill or even died. A bill pending in the House of Representatives would give the FDA more power to impose and enforce safety standards for the food we eat.<sup>39</sup>

A hundred or so people die every year from food poisoning and thousands of others are sickened, yet the Department of Agriculture (USDA) exercises little control over meat production. All it can do is try to persuade a meat company to recall a tainted product. Proposals to give USDA stronger enforcement powers have been opposed by powerful lobbies and lawmakers beholden to meat producers.<sup>40</sup>

Over the past fifty years, intensive chemical farming has damaged the quality of millions of acres of once fertile soil, enough to cause a discernible drop in the nutritional level of many grains and vegetables. The USDA is

aware of the problem but shows no inclination to act on it. Ever responsive to giant agribusiness, the USDA attempted to promulgate national standards for organic foods that included irradiated and genetically modified foods. The move was stalled by strong public opposition.<sup>41</sup>

In response to public pressure, Congress passed a law in 1996 to lower pesticide limits in food in order to protect children. Yet, years later not one limit was lowered as the law requires. Pesticide levels were actually increasing in fruits and vegetables.<sup>42</sup>

In violation of the Fair Labor Standards Act, millions of children in the United States toil long hours at hazardous jobs in sweatshops, mills, fast-food restaurants, and on agribusiness farms. Each year tens of thousands of them are injured and hundreds are killed at the workplace. Employers are not too worried about violations because the laws are rarely enforced. The average business can expect to be inspected once every fifty years, if that. The average fine handed down in cases involving workplace death or permanent injury of children is relatively light.<sup>43</sup>

In most instances involving corporate America, federal regulators do not regulate, either because their agency is too wedded to the particular industry or too intimidated by it, or because the agency's legislative mandate does not provide enough enforcement power. Even if they wished to crack down on big business, most federal agencies are woefully understaffed or outmanned by cadres of high-paid corporate lawyers.

But enforcement can be quite stringent when used as a political weapon against the less powerful. Thus while displaying little enthusiasm for regulating big business, the Bush Jr. administration saddled labor unions—at every level from the smallest local to the national leadership—with a nightmare of endless punitive financial reporting requirements designed to eat up the unions' resources and paralyze their activities.<sup>44</sup>

Conservative administrations that are hostile to the whole idea of using government to serve public needs often *promote* policies of inaction. This was dramatically illustrated by the Bush-appointed officials of Homeland Security and the Federal Emergency Management Agency (FEMA) who had no experience or interest in security or disaster management, and who never even established a clear chain of command for domestic emergency. When a horrendous hurricane hit New Orleans and surrounding areas in 2005, Homeland Security and FEMA remained inactive for several days. Although forewarned, FEMA did nothing about the weakened levees that broke and flooded much of New Orleans. It made no use of trucks, boats, medical personnel, and food that were offered from various quarters including other government agencies. It made little effort to rescue, evacuate, and mobilize relief for disaster victims. And it misappropriated and squandered huge sums of relief funds allocated to it.<sup>45</sup>

Nonperformance is due less to bureaucratic inertia than to political intent. A conservative administration deliberately appoints agency heads who do little to address problems and are opposed to government solutions.

So federal meat-inspection laws have been administered by officials with a history of opposition to meat inspection. Public-housing programs have been supervised by former realty investors who are openly hostile to public

housing. Environmental programs have been administered by former industry representatives antagonistic to environmental regulations.

Bradley Smith, who considered limits on campaign spending to be unconstitutional, was given a Republican seat on the Federal Election Commission, which enforces limits on campaign spending.

Spencer Abraham, who twice sponsored bills that would have eliminated the Department of Energy while he was a U.S. senator, was appointed by Bush Jr. as Secretary of Energy, from which post he did everything to champion coal and nuclear interests, and nothing to develop clean energy sources.

To chair the Securities and Exchange Commission (SEC), Bush chose Harvey Pitt, a corporate lawyer who had been a frequent critic of SEC regulations and had represented many of the same industries he now was supposed to regulate without fear or favor. A host of oil, gas, and coal industry lobbyists who opposed industry regulation by the Interior Department were given key regulatory posts in Interior. Bush also picked Margaret Spelling as Secretary of Education even though she had never spent a day as teacher or school administrator, and had displayed no interest in educational issues. She proved to be a strong proponent of privatizing public schools.<sup>46</sup>

President Obama appointed Timothy Geithner as Treasury secretary to supervise the financial bailout of 2008–2009. Geithner had been president of the Federal Reserve Bank of New York and was close to many of the speculators and investors at Goldman Sachs and AIG and other Wall Street financiers, the very people he was supposed to be reining in and regulating.

Likewise Obama appointed Lawrence Summers as director of the White House National Economic Council to assist in trying to bring the unregulated banking crisis under control. This same Summers, while serving as Clinton's Secretary of the Treasury, had worked for the repeal of key regulatory banking provisions, a deregulation that arguably led to the subprime mortgage crisis. But Summers insisted that financial crises are caused by an *excess* of regulation. This self-professed free marketeer was now called upon to regulate his friends, the Wall Street moguls.

## PUBLIC AUTHORITY IN PRIVATE HANDS

Along with its funds and services, government sometimes surrenders its very authority to big business. Control of federal lands and water has been handed over to local “home-rule” boards dominated by large ranchers, who thereby successfully transform their economic power into a publicly sanctioned authority.<sup>47</sup> In every significant line of industry, *advisory committees* staffed by representatives of leading corporations work closely with government agencies, making most of the important recommendations at meetings not open to press or public. Their reports become the basis for government actions and new legislation, winning them special advantages over smaller competitors, workers, and consumers.

Under the guise of “voluntaristic” and “decentralized” policymaking, the federal government often grants business associations—dominated by the biggest firms—the power to nominate their own personnel to public licensing boards and other administrative bodies. Such measures transfer sovereign

authority to favored private producers. There exists, then, unbeknownst to most Americans, a large number of private decision makers who exercise public authority to suit themselves without having to answer to the public.

Among one of the most powerful of these is the Federal Reserve, which controls the nation's interest rates and money supply. At the behest of the major banks, in 1913 Congress and President Woodrow Wilson created the Federal Reserve Board. Its key architect was Nelson Aldrich, father-in-law of John D. Rockefeller Jr. All federally chartered banks and many state banks are members of the "Fed," as it is called. The Fed's seven-person board of governors is appointed to staggered fourteen-year terms by the U.S. president, who can make only two appointments during his four-year term. Once appointed, the board members answer to no one but the banking industry. The five regional members of the Fed's top policy committee are selected by bankers from the various regions.

The U.S. Constitution gave Congress the exclusive power to create money. But the coterie of private bankers who compose the Fed now exercise this sovereign power. Check the money in your wallet; every bill of whatever denomination is labeled "Federal Reserve Note." When the Treasury needs money, it must turn to this private banking institution, the Federal Reserve. The Treasury prints interest-bearing U.S. Government Securities, an issue of, say, \$10 billion face value. These securities are IOUs that are given to the Fed. The Fed then enters \$10 billion as a debit, which is given to the Treasury. If Treasury wants it in cash, the Fed has the cash printed at the Bureau of Engraving and Printing, the same place government securities are printed.

The Fed then enters \$10 billion on its books as a credit owed to it by the Treasury, and now collects interest on the \$10 billion asset. When the reserve ratio is eight to one, the Fed can lend \$8 for every \$1 dollar it has on reserve. In effect, much of the money it lends is created out of thin air! Instead of issuing interest-free money of its own, the U.S. Treasury is borrowing from a private banking source, the Fed, incurring an enormous debt. Thus the major banks are allowed to create fiat money and collect interest on that money from the government and the taxpayers. The Federal Reserve is a money-making machine, returning \$16 billion to \$24 billion a year in profits, a grand source of income that goes directly into the bulging coffers of a tiny financial class.<sup>48</sup>

In 1963, President John Kennedy voiced his unhappiness with this fiduciary arrangement. He began issuing silver-backed Treasury notes as currency to replace Federal Reserve Notes, thereby beginning to save taxpayers billions of dollars. Within a few months, Kennedy was assassinated and the printing of interest-free Treasury notes was stopped almost immediately.

Congress holds an agency accountable primarily by controlling its appropriations, but the Fed evades this control by drawing its operating funds from the billions of dollars it collects in interest on government securities. In 1996, in what the *New York Times* called "a rare independent examination" of "the secretive central bank," the GAO issued a report criticizing the Fed's management of its own finances. The GAO noted that the Fed did not always seek fully competitive bids for services it bought, and that it had accumulated a \$3.7 billion contingency fund that should have been returned to the Treasury.<sup>49</sup>

Generally the Fed pursues a conservative, deflationary policy, making it difficult for the president and Congress to prime a sluggish economy. The Fed's autonomy supposedly demonstrates its "independence" from politics. But everything it does has a political effect, usually favorable to banking and other big moneyed interests. The Fed's big bankers have public authority to act as nonelected oligarchs who can manipulate the money supply, pocket enormous earnings, and impact on the economy in defiance of elected officials, while being answerable to no one.

In August 2009, in what might be considered a small victory for the American public, a federal court ruled that the Federal Reserve should open its books for the first time and reveal how it was spending the nation's money. Meanwhile 270 representatives in Congress co-sponsored a bill to have the GAO audit the Fed. Playing upon public fears, the Fed continued to resist disclosure, claiming that such transparency would jeopardize its independence and destabilize the economy—as if the economy were not already unstable.

## REGULATION AND BUSINESS IDEOLOGY

If government is corporate capitalism's provider and protector at home and abroad, and if government and business are so intermingled as to be often indistinguishable, why are businesspeople so critical of "government meddling in the economy"? There are a number of explanations. First, corporate America is not at all against *monopolistic regulations* that limit entry into a market, weaken smaller competitors, subsidize select industries, set production standards that only big companies can meet, and encourage monopoly pricing.

It is *public service regulation* that big business wants eliminated, such things as antitrust laws, and worker, consumer, and environmental protections. These are anathema to business because they benefit the general public while cutting into the profits of the privileged investor. Deregulation in the public-service realm leaves business freer to pursue profits without incurring any obligation for the social costs of that pursuit. Deregulation has given the mining companies a free hand to devastate whole regions without having to pay any restoration costs. Deregulation allows corporate executives to pad their paychecks with fringe benefits and stock options without having to tell stockholders or tax collectors, an arrangement that one business journalist called "a license to steal."<sup>50</sup> Deregulation also has enabled banks to increase customer-service fees at a time when their own computerized customer-service costs have declined.

Business is not really committed to some abstract "free-market" principle. Government regulations that enhance profits are quietly supported and those that cut into profits are loudly denounced. It is only in the latter case that the cry for deregulation is heard throughout the nation's boardrooms.

Business people adhere to the business ideology, a belief in the virtues of private enterprise free of "government meddling." That business leaders might violate this creed in their own corporate affairs does not mean their devotion to it is consciously hypocritical. Beliefs are no less sincerely held because they are self-serving. Quite the contrary, it is a creed's congruity with a favorable

self-image and self-interest that makes it so convincing to its proponents regardless of what the facts are. Many businesspeople, including those who have benefited in almost every way from government contracts, subsidies, and tax laws, believe their gains are the result of their own self-reliance and talents in a highly competitive “private” market. They believe that the assistance business gets from the government benefits the national economy, whereas the assistance others get is a handout to parasites.

What is really needed is not an endless proliferation of regulatory units but a change in the conditions that demand so much regulation—that is, a different method of ownership and a different purpose for production, one that puts people before profits.

C H A P T E R  
18

# The Supremely Political Court

Supreme Court justices and other federal judges are nominated by the president and subject to confirmation by the Senate. They have life tenure and can be removed from office only for misconduct and only through impeachment by the House and conviction by a two-thirds vote after a trial in the Senate. The size of the Supreme Court is determined by statute, fluctuating over the years from six to ten members, being fixed at nine since 1877.

## WHO JUDGES?

All three branches of government are sworn to uphold the Constitution, but the Supreme Court alone formally reviews the constitutionality of actions by the other two branches, at least in those cases brought before it. Nothing in the Constitution gives the Court this power of *judicial review*, but the proceedings of the Constitutional Convention of 1787 reveal that many delegates expected the judiciary to overturn laws it deemed inconsistent with the Constitution.<sup>1</sup> Of even greater significance is *judicial interpretation*, the Court's power to decide the intent and scope of laws as they are applied in actual situations.

By its nature, the Supreme Court is something of an aristocratic branch: its members are appointed rather than elected; they enjoy life tenure and are formally accountable to no one once in office; and they have the final word on constitutional matters. Of the 111 justices who have sat on the Court up to 2010, there have been 106 White males, 2 African American males, and 3 White women (one of whom is Latino).

In class background and political proclivity, the justices (and federal judges at other levels) have more commonly identified with the landed interests than with the landless, the slave owners rather than the slaves, the industrialists



“I’m happy to say that my final judgment of a case is almost always consistent with my prejudgment of the case.”

rather than the workers, the exponents of Herbert Spencer rather than of Karl Marx. A Lincoln appointee to the Court, Justice Samuel Freeman Miller, made note of the judiciary’s class biases: “It is vain to contend with judges who have been at the bar, the advocates for forty years of railroad companies, and all the forms of associated capital.... All their training, all their feelings are from the start in favor of those who need no such influence.”<sup>2</sup> Through most of its history, notes one scholar, “the Court’s personnel were recruited mainly from the class of corporate lawyers, so there was no shortage of empathy with the desires of expanding capitalism.”<sup>3</sup>

Federal judges and Supreme Court justices have been known to enjoy expensive gifts and lavish trips paid for by corporations and other affluent interests that seek to influence their judicial rulings. There are no rules to regulate these practices or to track any conflict of interest or personal links that judges might have to litigants. A GAO report found that judges improperly issued hundreds of decisions involving corporations in which they themselves owned stock. One judge threw out lawsuits against a medical center on whose board he sat.<sup>4</sup> Justice Antonin Scalia went on an all-expenses-paid duck-hunting trip with Vice President Dick Cheney in 2004, then two weeks later refused to recuse himself before deciding in Cheney’s favor in a case that was of keen personal and political interest to the vice president.<sup>5</sup>

Elected judges in state courts around the country routinely accept campaign contributions from lawyers and litigants, and seldom recuse themselves from cases involving these same donors. In one instance, a judge refused to disqualify himself and twice cast the deciding vote to throw out a \$50 million jury verdict against a corporation that had donated \$3 million to his campaign. In 2009, the U.S. Supreme Court by a slim majority (with four conservatives opposed) ruled that judges must recuse themselves from such cases.<sup>6</sup>

Chief Justice Charles Evans Hughes once remarked, “We are under a Constitution but the Constitution is what the judges say it is.”<sup>7</sup> And what they say is largely determined by their ideological predilections. If the justices look favorably upon a policy, then they are inclined to argue, “There is nothing in the Constitution that prohibits it.” If they do not like the policy, then they will say, “There is nothing in the Constitution that allows it.” Thus Justice Anthony Kennedy wrote in support of a military death penalty case that there is nothing in the Constitution prohibiting Congress from delegating to the president, acting as commander in chief, the power to impose the death penalty in military capital murder cases. But with equal logic one could argue that there is nothing in the Constitution that *grants* Congress the right to delegate such an immense and fatal power.

Occasionally a president will select someone for the Court whose behavior goes contrary to expectations, but almost always the justices’ voting records are close to the ideological preferences of the president who appoints them.<sup>8</sup> In the 1980s, President Reagan was second to none in this endeavor, systematically stocking more than half of the 744 federal judgeships with conservative ideologues, mostly in their thirties and forties, who would be handing down decisions and shaping the law of the land for the next three to five decades.<sup>9</sup>

Reagan’s successor, George Bush Sr., appointed an additional 195 federal judges, all conservatives, usually youngish, including Clarence Thomas, a forty-three-year-old reactionary mediocrity to replace the great Thurgood Marshall on the Supreme Court.

When Bill Clinton, a Democrat, became president, he had an opportunity to fill more than one hundred judicial vacancies and bring a little more ideological balance to the appellate and district courts. A record number of his appointments were women or ethnic minority members (or both), but on the whole they were the least progressive of any modern Democratic president, rendering liberal decisions in only 46 percent of cases.<sup>10</sup> Over half of the sixty-five federal judges he appointed in 1998 were millionaires. Clinton was quick to drop judicial candidates when there was serious opposition from Republicans, as happened in over sixty instances.

President Bush Jr. whined repeatedly about the “obstructionism” of Senate Democrats in blocking his nominees for judgeships. In fact, in just a few years the Senate confirmed over two hundred of his selections and blocked only ten—seven of whom were eventually confirmed. Bush’s appointees included Carolyn Kuhl, who devoted years to preserving tax breaks for colleges that practiced racial discrimination, and Jay Bybee, who said that the First Amendment should not be used to limit the states’ infringements on liberty

and that Congress has no power to stop violence against women and little power to limit what the president does. While serving in the Justice Department, Bybee authored a memo arguing for the legality of torture.<sup>11</sup>

The appointment and confirmation of judges and justices has become a heavily politicized process, with various conservative and liberal groups mobilizing for or against a nominee in attempts to sway the public and the Senate. The antagonists understand that the ideology of the candidate is a key determinant in how he or she will decide cases.<sup>12</sup>

In preparation for their confirmation hearings before the Senate Judiciary Committee, both Chief Justice John Roberts and Justice Samuel Alito (Bush Jr. appointees) engaged in dress rehearsal hearings where they were interrogated and coached by White House handlers in how to avoid making statements that would reveal their ideological commitments. During confirmation proceedings, each nominee repeatedly insisted that he would approach issues with an open mind, judging each case purely on its merits. Roberts claimed he would be as neutral as an umpire, not making the rules but evenhandedly applying them with “modesty and humility” (his words).

When asked by the senators about Oregon’s Death with Dignity Act, Roberts said he believed that the federal government should not enter this arena and that “the right to be left alone is one of our basic rights.” But once on the Court, he decided that the federal government indeed should enter this arena and should overrule the referendum twice affirmed by Oregon’s voters to let terminally ill patients end their own lives humanely.<sup>13</sup> In short, Roberts and Alito misled the senators. Once confirmed they followed their own ideological predilections quite predictably. “Robert’s record [as Chief Justice] is not that of a humble moderate but ... of a doctrinaire conservative.... In every major case since he became the nation’s seventeenth Chief Justice, Roberts has sided with the prosecution over the defendant, the state over the condemned, the executive branch over the legislative, and the corporate defendant over the individual plaintiff.”<sup>14</sup>

## CONSERVATIVE JUDICIAL ACTIVISM (EARLY TIMES)

Much of the debate about the Supreme Court today centers on whether (a) the Court should act politically and ideologically by exercising a liberal “judicial activism,” vigorously supporting individual rights and social needs, or (b) employ a conservative “judicial restraint” and “strict construction,” cleaving close to the traditional intent of the Constitution and not injecting a personal partisan agenda. In practice, however, through most of its history the Court has engaged in a *conservative judicial activism*, pursuing a partisan agenda in defense of wealthy interests and other privileged groups. Be it slavery or segregation, child labor or the sixteen-hour workday, state sedition laws or assaults on the First Amendment, Supreme Court justices have shown an infernal agility in finding constitutional justifications for the continuation of almost every inequity and iniquity.

In its early days under Chief Justice John Marshall, the Court emerged as an activist guardian of corporate property. Consider the landmark case *Trustees*

of *Dartmouth College v. Woodward* (1819). In response to the demands of farmers and artisans for affordable education, the New Hampshire state legislature turned Dartmouth College, an elite private school, into a public university. Dartmouth's trustees opposed the move, but the state court concluded that the legislature had acted within its province, for education was "a matter of the highest public concern." Furthermore, the trustees had no property right in Dartmouth; their right of office was a public trust. The Marshall Court thought otherwise. Dartmouth's corporate charter (granted by the English Crown in 1769 before there was a United States) was a contract that could not be impaired by legislative enactment. Dartmouth was a private corporation and would have to remain one.

When the framers wrote in the Constitution that states could not impair contract obligations, they were thinking of contracts between individuals. But in *Dartmouth College*, Marshall decided that a state's effort to create a democratic education system was "a power of at least doubtful utility." More important was a state's obligation to preserve contracts with private corporations (even though corporations are mentioned nowhere in the Constitution).

Various justices, including Marshall himself, were slaveholders who upheld the primacy of property rights in slaves, rejecting all slave petitions for freedom. Right up until the eve of the Civil War, in the famous *Dred Scott v. Sandford* (1857), the Court concluded that, be they slave or free, Blacks were a "subordinate and inferior class of beings" without constitutional rights.

When the federal government wanted to establish national banks, give away half the country to private speculators, subsidize industries, set up commissions that fixed prices and interest rates for large manufacturers and banks, send Marines to secure corporate investments in Central America and elsewhere, imprison people who denounced capitalism and spoke out against war, deport immigrant radicals without a trial, or use the United States Army to shoot workers and break strikes, the conservative activists who dominated the Court inventively devised loose constructionist activist interpretations of the constitution in order to move in these reactionary directions.

But when the federal or state governments sought to limit workday hours, set minimum-wage or occupational safety standards, ensure the safety of consumer products, guarantee workers rights to collective bargaining, then the Court ruled that ours was a limited form of government that could not tamper with property rights and the "free market" by depriving owner and worker of "substantive due process" and "freedom of contract." "Substantive due process," a self-contradictory concept that exists nowhere in the Constitution, was a contrivance of conservative judicial activism. In effect, conservative financial interests were now to be treated as part of judicial due process. This allowed the Court to declare laws unconstitutional even if there was no violation of due process.<sup>15</sup>

More often than not, the Supreme Court has been a conservative activist force. It prevented Congress from instituting a progressive income tax, a decision that took eighteen years and the Sixteenth Amendment to the Constitution to circumvent. The Court upheld the interests of slaveholders right up to the Civil War and accepted racist segregation for almost a century after.

It delayed female suffrage for forty-eight years, a decision undone only by the Nineteenth Amendment. And it has prevented Congress from placing limitations on personal campaign spending by rich candidates.

The Fourteenth Amendment, adopted in 1868 ostensibly to establish full citizenship for Blacks, says in part, “No State shall ... deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.” Once more conservative judicial activism reigned supreme as the Court decided that “person” included corporations and that the Fourteenth Amendment was really intended to protect business conglomerations from the “vexatious regulations” of the states.<sup>16</sup> By 1920, conservative activists on federal courts had struck down roughly three hundred labor laws that had been passed by state legislatures to ease the inhumane conditions endured by working people. Between 1880 and 1931, the courts issued more than 1,800 injunctions against labor strikes. (An injunction is a court order prohibiting a party from taking a specific action.)

When Congress outlawed child labor, the Court’s conservative majority found it to be a usurpation of the reserved powers of the states under the Tenth Amendment, which reads: “The Powers not delegated to the United States by this Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people.” But when the states passed social-welfare legislation, the Court’s conservative judicial activists found it in violation of “substantive due process” under the Fourteenth Amendment.<sup>17</sup> Thus they used the Tenth Amendment to stop federal reforms initiated under the Fourteenth Amendment, and they used the Fourteenth to stop state reforms initiated under the Tenth. Juridically speaking, it is hard to get more brazenly activist than that.

In 1896, a conservative activist Supreme Court produced *Plessy v. Ferguson*, which rendered an inventive reading to the Fourteenth Amendment’s equal protection clause. *Plessy* legitimated the racist practice of segregation by enunciating the *separate but equal* doctrine: the forced separation of Blacks from Whites in public facilities did not impute inferiority as long as facilities were more or less equal (which they rarely were).

Convinced that they too were persons despite the treatment accorded them by a male-dominated society, women began to argue that the Fourteenth and Fifth Amendments applied to them and that the voting restrictions imposed on them by state and federal governments should be abolished. The Fifth Amendment says, among other things, that no person shall be denied “due process of law.” (It applies to the federal government just as the Fourteenth Amendment due process clause applies to the states.) But in *Minor v. Happersett* (1875), the all-male conservative activist Court fashioned another tortured interpretation: women were citizens, true, but citizenship did not *necessarily* confer the right of suffrage.<sup>18</sup> The Court made up its mind that “privileges and immunities of citizens,” “due process,” and “equal protection of the laws” applied to such “persons” as business corporations, but neither to women nor to persons of African descent.

Well into the New Deal era, the Supreme Court was the activist bastion of laissez-faire capitalism, striking down—often by slim 5 to 4 majorities—reforms

produced by the state legislatures and Congress. From 1937 onward, under pressure from the public and the White House, and with the switch of one conservative justice to the side of the liberals, the Court began to accept the constitutionality of New Deal legislation.

## CIRCUMVENTING THE FIRST AMENDMENT

The Supreme Court opposed restrictions on capitalist economic power, but supported restrictions on the civil liberties of persons who agitated against that power. The First Amendment says, “Congress shall make no law ... abridging the freedom of speech, or of the press.” Yet, from the Alien and Sedition Acts of 1798 to today, Congress and the state legislatures have passed numerous laws to penalize the expression of politically heretical ideas as “seditious” or “subversive.” During the First World War, almost two thousand prosecutions were carried out, mostly against anticapitalists who expressed opposition to the war, including the U.S. socialist leader Eugene Victor Debs, who was thrown into prison. One individual, who in private conversation in a relative’s home opined that it was a rich man’s war, was fined \$5,000 and sentenced to twenty years.<sup>19</sup>

During World War I, a radical named Charles Schenck distributed a leaflet that urged repeal of the draft and condemned the war as inspired by Wall Street. Schenck was charged with attempting to cause insubordination among U.S. military forces and obstructing recruitment, both violations of the Espionage Act of 1917. The Supreme Court upheld his conviction. In ordinary times, Justice Oliver Wendell Holmes reasoned, such speech is protected by the First Amendment, but when a nation is at war, statements like Schenck’s create “a clear and present danger” of bringing about “evils that Congress has a right to prevent.” Free speech, Holmes argued, “does not protect a man in falsely shouting fire in a crowded theater and causing a panic.”

The analogy is farfetched. Schenck was not in a theater; he was distributing leaflets against the war. Holmes was summoning the same argument paraded by every ruler who has sought to abrogate a people’s freedom: these are dangerous times; national security necessitates a suspension of democratic rights.<sup>20</sup>

More than once the Court treated the allegedly pernicious quality of a radical idea as justification for its suppression. When the top leadership of the Communist Party was convicted under the Smith Act, which made it a felony to teach or advocate the violent overthrow of the government, the Court upheld the convictions, arguing in *Dennis et al. v. United States* (1951) that there was no freedom under the Constitution for those who conspired to propagate revolutionary movements. Free speech was not an absolute value but one of many competing ones. Justices Hugo Black and William O. Douglas dissented, arguing that the defendants had not been charged with any acts or even with saying anything about violent revolution, but were intending to publish and teach the classic writings of Marxism-Leninism. In any case, the First Amendment was designed to protect the very heretical views we might find offensive and fearsome. Safely orthodox ideas rarely needed constitutional protection, they argued.

Six years later, fourteen more communist leaders were convicted under the Smith Act for propagating forbidden political beliefs. This time, with both the political climate and the Court's makeup having shifted, the justices ruled that the Smith Act prohibited only incitement to unlawful actions and not "advocacy of abstract doctrine." The convictions were overturned. Justice Black added the opinion that the Smith Act itself should be declared unconstitutional because "the First Amendment forbids Congress to punish people for talking about public affairs, whether or not such discussion incites to action, legal or illegal."<sup>21</sup> In response to pressure from free-speech advocates, Congress repealed the Smith Act in 1977.

Communists might sometimes be denied free speech, but not liquor and tobacco companies. The Court's conservative judicial activists determined that Rhode Island's ban on advertising liquor prices violated "commercial speech," as did a Massachusetts law requiring tobacco ads in stores to be at least five feet high, out of children's direct vision.<sup>22</sup> The Court's conservative activists ruled, in the words of Justice Lewis Powell, that corporate spending to influence votes during a referendum campaign "is a type of speech indispensable to decision-making in a democracy."<sup>23</sup> In a dissenting opinion, Justices Byron White, William J. Brennan, and Thurgood Marshall argued that "corporations are artificial entities created by law for the purpose of furthering certain economic ends." Their enormous economic power threatens "the very heart of our democracy, the election process."

The Court's record in the area of personal liberties, though gravely wanting, is not totally devoid of merit. It overturned attempts by the states to censor publications, to deny individuals the right to peaceful assembly, and to weaken the separation between church and state.<sup>24</sup> But it also allowed U.S. Army Intelligence to spy on lawful civilian political activity, and prohibited civilians from bringing political literature and demonstrations to military posts.<sup>25</sup> Reporters were denied a right to confidential news sources when subpoenaed by officials, thus limiting their ability to protect informants and conduct investigations.<sup>26</sup>

The Court decided that bans on political signs in public places were not a restriction on free speech, nor bans on demonstrations and leafleting at shopping malls.<sup>27</sup> When handcuffed, peaceful protestors had their eyes forced open and deliberately swabbed with stinging pepper spray chemicals by police officers, the Court's conservative majority ruled that there was no needless pain and brutality involved if the officers reasonably believed that the level of force was legally permissible.<sup>28</sup> So police can use unreasonable force as long as *they* think it is reasonable.

In *Thornburgh v. Abbott* (1989), prison officials were granted almost a free hand in deciding what publications prisoners could receive, a censorship applied mostly to politically dissident literature. As with prisoners, so with students. The Court determined that high school administrators could censor student publications and transfer faculty who dealt with classroom subjects that their superiors disliked.<sup>29</sup> The federal courts have repeatedly ruled that teachers or other employees who are denied contracts or otherwise discriminated

against because of their political views have no grounds for legal redress, unlike employees who encounter racial or gender discrimination.

The Court did uphold the right to criticize public figures even in objectionable ways.<sup>30</sup> But it also decided that a Michigan state worker, who had been denied a promotion because the police Red squad had a file on his politically active brother, could not sue the state, a decision that placed the state's politically repressive acts above legal challenge.<sup>31</sup> In 1996, the high court ruled that the FBI could maintain files on Americans who were engaged in legal political activities protected by the First Amendment—even though Congress had passed the Privacy Act prohibiting such surveillance.<sup>32</sup>

In *Garcetti v. Ceballos* (2006), a 5 to 4 majority found that the First Amendment did not protect public employees against retaliation by their supervisors for anything said while performing their duties. This meant that whistleblowers who made their complaints public faced a greater danger of retaliation. In a dissent, Justice Stevens said, “The notion that there is a categorical difference between speaking as a citizen and speaking in the course of one’s employment is quite wrong.”

Through all this, the conservative majority on the Court today remains steadfast in protecting us from hearing naughty words on the air.<sup>33</sup>

## FREEDOM FOR REVOLUTIONARIES (AND OTHERS)?

Some people argue that revolutionaries violate the democratic rules of the game and should not be allowed to take advantage of the very liberties they seek to destroy; in order to preserve our freedom, we may have to deprive some people of theirs.<sup>34</sup> Several rejoinders might be offered.

First, by suppressing “harmful” thoughts, political rulers are in effect making up our minds for us, depriving us of the opportunity to hear and debate heterodox ideas. An exchange with anticapitalist revolutionary advocates is forbidden because the dissident has been silenced—which in effect puts a limit on our own critical thoughts regarding this subject.

Second, it is not true that anticapitalists are dedicated to the destruction of freedom. Much of the working-class ferment in United States instigated by socialists and communists actually widened the areas of dissent and helped extend the franchise to propertyless working people. The crucial role communists played in struggling for labor reforms, peace, and civil rights strengthened rather than undermined democratic forces. Likewise, the militant antiwar protests conducted by self-professed revolutionaries during the Vietnam era broadened the spectrum of critical information regarding U.S. foreign policy, at least for a time.

Third, the construction of new socioeconomic alternatives would bring an increase in freedom, including freedom from poverty and hunger, freedom to share in the making of decisions that govern one’s work and community, and freedom to experiment with new forms of production and ownership. Admittedly some freedoms enjoyed today would be lost in a revolutionary democratic socialist society, such as the freedom to exploit other people and get

rich from their labor, the freedom to squander natural resources and treat the environment as a septic tank, the freedom to monopolize information and exercise unaccountable socioeconomic power.

In many countries, revolutionary movements brought an increase in freedom by advancing the conditions necessary for health and human life, providing jobs for the unemployed and education for the illiterate, using economic resources for social development rather than for corporate profit, ending foreign exploitation, and involving much of the populace in the task of economic reconstruction. Revolutions can extend a number of real freedoms without destroying those that never existed for the people of those countries. The argument can be debated, but not if it is suppressed.

Finally, as a point of historical fact, the threat of revolution in the United States has never been as real or harmful to our liberties as the measures taken to “protect” us from revolutionary ideas. In the name of national security and the “war on terrorism,” authorities will suppress any mobilized opinion that is seen as “giving comfort to the enemies of our land.” Instead of worrying about some future revolutionary menace, we should realize that freedom is in short supply in the present society. The real danger comes from those at the top who would insulate us from “unacceptable” viewpoints. No idea is as dangerous as the force that seeks to repress it. (See the discussion in Chapter 11.)

## AS THE COURT TURNS

What direction the Supreme Court takes depends largely on the climate of the times and on the political composition of the justices. In the 1960s, fortified by the social activism of the wider society and a liberal majority on the bench, the Court under Chief Justice Earl Warren for the first time in U.S. history ruled repeatedly on behalf of the less affluent, issuing a number of decisions that (a) protect civil liberties, (b) reapportion legislative districts in accordance with population distribution, and (c) extend the economic rights of the poor.<sup>35</sup> The Warren Court handed down several decisions aimed at abolishing racial segregation. The most celebrated, *Brown v. Board of Education* (1954), unanimously ruled that “separate educational facilities are inherently unequal” because of the inescapable imputation of inferiority cast upon the segregated minority. In addition, the Court nullified state prohibitions against interracial marriage.<sup>36</sup>

In the years after Warren, the Court moved mostly in a rightward direction on a variety of crucial issues.<sup>37</sup> What follows is a representative selection of cases.

***Abortion and Gender Mistreatment.*** Abortion and sex discrimination cases have received mixed treatment. On the positive side, the Court has ruled that (a) sexual harassment on the job violated a person’s civil rights, (b) victims of sexual harassment can obtain monetary damages from the institution in which the harassment occurred, and (c) schools are liable under federal law for failing to stop a student from subjecting another student to severe and continual sexual harassment.<sup>38</sup>

The justices declared unconstitutional a requirement that women seeking abortions must notify their husbands, but in another case they decided that underage women must obtain parental consent for an abortion.<sup>39</sup> The reasoning seems to be that a young woman is not mature enough to decide about getting an abortion but she is mature enough to be forced to become a mother and raise a child. In *Webster v. Reproductive Health Services* (1989), the Court gave states broad powers to impose restrictions on abortions, such as barring the use of public money, medical personnel, and facilities. In 2003 the justices decided that states had the right to force women seeking an abortion to be counseled against having one, as well as to face other obstacles, including postponing the decision and returning for an additional trip to the clinic—which can work a hardship on low-income women who must travel far to find an abortion clinic.<sup>40</sup>

In *Scheidler v. National Organization for Women* (2003), the Court reversed a previous decision and ruled that antiabortion protestors who blocked clinics and harassed abortion providers were not subject to heavy penalties under the federal racketeering law. But in *Stenberg v. Carhart* (2000), the Court ruled 5 to 4 that the government could not prohibit doctors from performing late-term abortion, because it might be the most medically appropriate way of terminating some pregnancies.

**Affirmative Action and Civil Rights.** Justice Harry Blackmun explained in *University of California v. Bakke* (1978) that affirmative action had to be taken to correct long-standing racial inequities. But by the late 1980s, the justices were making it more difficult to establish discrimination claims against employers, and were sharply limiting the ability of state and local governments to set aside a small fixed percentage of contracts for minority businesses.<sup>41</sup> A 5 to 4 majority decided that if an employer asserts “business necessity” to justify a racist or sexist practice, the burden is on the worker to prove intent and show that the practice is not job related.<sup>42</sup> It is often impossible to demonstrate intent. We can see the effects of an action but usually can only divine the motive.

In *Ledbetter v. Goodyear* (2007), the only woman among sixteen men at the same management level discovered after twenty years of employment that she had been earning less than any of her colleagues, including those with less seniority. Too late, the Supreme Court’s conservative majority ruled: employees may not bring suit unless they have filed a formal complaint with a federal agency within 180 days “after the alleged unlawful employment practice occurred.” This seemingly unrealistic requirement could prevent thousands of discrimination cases from being filed. In any case, the 180-day limitation was generated out of thin air, another instance of conservative jurists legislating from the bench.

Over the past several decades there have been a few victories for racial justice. For instance, *Palmore v. Sidoti* (1984) ruled that a divorced woman cannot be denied custody of her children because she remarried a man of another race. For the most part, however, conservative judges have refused to redress racial grievances relating to voting rights, school redistricting, and law school admission.<sup>43</sup> In *Grutter v. Bollinger* (2003), the Court did rule

that the University of Michigan Law School could consider an applicant's race as an additional qualification in order to promote campus diversity.

In a companion decision, however, the justices struck down Michigan's undergraduate admission system that awarded points for minority status. (The university also granted admission points to children of alumni, rural residents, and students whose families make big donations, but none of these special treatments were challenged.) Ironically, the sternest opponent of affirmative action on the Court has been Justice Clarence Thomas, an ultraconservative African American, who himself got into Yale Law School because of affirmative action.

On the brighter side, the Supreme Court issued unanimous decisions supporting legal protections for employees who were victims of racial and gender discrimination and harassment.<sup>44</sup>

**Criminal Justice.** In *Massey v. Washington* (1991), the justices decided that sentencing a mentally retarded thirteen-year-old to life imprisonment was not a violation of the Eighth Amendment's prohibition against "cruel and unusual punishment." The youth's older codefendant testified that Massey "was just there" and had not killed anyone.

The Court upheld a life sentence given to a man for three minor frauds totaling \$230. Chief Justice William Rehnquist argued that this was not excessive and that cruel and unusual punishment might be when someone is given, say, a life sentence for "overtime parking"—an example so farfetched as to allow for nearly any kind of excess.<sup>45</sup> In 1991, the Court ruled that a life sentence without parole for a first-time conviction of cocaine possession was not cruel and unusual punishment. In 2003, the Supreme Court's conservative majority continued on its medieval course, sustaining a fifty-year-to-life mandatory minimum sentence for an offender convicted of two counts of petty theft. He had a history of minor offenses but no violent crimes.<sup>46</sup> That same year, *Ewing v. California* upheld a conviction of twenty-five years for someone who stole three golf clubs.

The Court's ever-inventive conservative activists decided that when imposing sentence, federal judges may take into account not only the crimes for which defendants were convicted but additional charges for which juries found them *not guilty*. Thus a charge that cannot be proven in court might still bring punishment.<sup>47</sup> To its credit, the Court came out strongly against racial bias in jury selection, specifically prosecutors' practice of deliberately challenging and removing African Americans from jury panels.<sup>48</sup> The justices reaffirmed the right of defendants to competent representation, calling for a new trial for a convict whose attorney had slept through substantial portions of his trial.<sup>49</sup>

The justices seem to think children can fend for themselves. The prohibition against cruel and unusual punishment, they decided, does not protect schoolchildren from corporal punishment even if they are severely injured by school officials. And the due process clause does not protect an individual from another individual, not even a child from an abusive parent.<sup>50</sup>

Child abusers seem to get more juridical consideration than their victims. By a 5 to 4 vote in *Stogner v. California* (2003), the Court struck down a

California law that had extended the statute of limitations for prosecuting suspected sex abusers, putting a stop to criminal investigations across the state. The majority argued that lengthening the statute of limitations violated the Constitution's *ex post facto* clause, which prohibits changing the law and making something a crime after the fact. Actually the acts involved *were* crimes when they were committed. Only the time available for prosecution had been changed. Stogner raped his own young daughters. In this case, it was four conservatives who had the good sense to dissent.

The Fourth Amendment protection against unreasonable searches and seizures was seriously weakened when the Court upheld the police's power to conduct sweeping searches in private homes and on buses, to arrest individuals without a warrant, and to hold them without a court hearing.<sup>51</sup>

The conservative activists ruled that in order to file lawsuits against inhumane prison conditions, inmates had to show that prison officials exhibited "deliberate indifference." It was not explained how one could demonstrate deliberate neglect if the inhumane prison conditions themselves did not.<sup>52</sup> By a 6 to 3 majority in *Hope v. Pelzer* (2002), the Court did declare unconstitutional an Alabama prison practice of handcuffing inmates to a metal pole for hours in the blazing summer heat, seeing it as cruel and unusual punishment.

In *McNally v. United States* (1987), the Court reined in the prosecutory power when applied to upper-class white-collar offenders, making it more difficult to bring mail fraud charges against persons in private business, government, and the judiciary. Justice Stevens dissented, wondering "why a Court that has not been particularly receptive to the rights of criminal defendants" now protects "the elite class of powerful individuals who will benefit from this decision."

The Court has ruled that the federal government does not have the authority to ban gun possession near schools or prosecute perpetrators of domestic violence. Such matters came under the jurisdiction of the states. Yet, under the interstate commerce clause, the feds could regulate the medicinal use of marijuana, because locally grown pot might eventually end up crossing state lines (which is also true of guns circulated near schools). The decision affirmed the federal government's prosecution of people in California who smoked pot to ease the symptoms of multiple sclerosis and other painful and debilitating diseases.<sup>53</sup>

**Death Penalty.** Generally the Supreme Court has been pruning down the death penalty. *Coker v. Georgia* (1977) declared that death is an excessive penalty for the crime of rape. *Kennedy v. Louisiana* (2008) ruled that even rape of a child was not sufficient cause for execution—only those convicted of first-degree murder can be executed. *Ford v. Wainwright* (1986) made it unconstitutional to execute an insane person because a defendant must be able to comprehend the proceedings and punishment. *Atkins v. Virginia* (2002) did the same for mentally retarded persons, as did *Roper v. Simmons* (2005) for those who were under eighteen at the time of their crime. *Ring v. Arizona* (2002) held that juries, not judges, must make the critical findings that send convicted murderers to death row. *Baze v. Rees* (2008) ruled that lethal-injection drugs used by Kentucky and most other states do not constitute cruel

and unusual punishment, thus clearing the way for a resumption of executions nationwide.

**Economic Inequality.** In seeming violation of the Fourteenth Amendment's equal protection clause, the justices decided that a state may vary the quality of education in accordance with the amount of taxable wealth located in its school districts, thus allowing just about any degree of deprivation.<sup>54</sup>

Despite a law limiting water subsidies to farms of 160 acres or less and to farmers who "live on or near the land," the Court held that large commercial farms, including ones owned by Standard Oil, were entitled to the subsidies.<sup>55</sup> California's Proposition 13 restricted tax increases on property bought before 1975, so that persons with newly purchased homes carry tax burdens as much as thirteen times heavier than longtime and often more affluent owners, in what amounts to a kind of caste system.<sup>56</sup>

**Electoral System.** Several decisions by conservative judicial activists snipped away at the "one-person, one-vote" reapportionment rule and allowed for greater population disparities among state and congressional legislative districts.<sup>57</sup> The Court continued to hold that states could not prohibit corporations from spending unlimited amounts to influence the outcome of public referenda, because such expenditures were a form of "speech" and business firms were to be considered "persons." Nor could limits be imposed on the amount that rich candidates expend on their own campaigns, or the amount that they and political parties may spend on other candidates if the expenditure is made "independently," that is, without being controlled in any way by the candidate.<sup>58</sup>

In 2000, in an apparent departure from this stance, the Supreme Court, in a 6 to 3 decision, upheld a state's authority to impose strict limits on campaign contributions, because preserving the integrity of the electoral process outweighed an individual's right to give large sums to a favored candidate. As Justice Stevens noted: "Money is property; it is not speech."<sup>59</sup> In 2001 and again in 2004, by slim majorities the Court upheld limits on how much "soft money" political parties and rich donors could spend on candidates' ads, including ads that target a candidate's constituency close to election time and promote a candidate in some way.<sup>60</sup>

In *Citizens United v. Federal Election Commission* (2009), rather than showing judicial restraint by deferring to the elected branch, the conservative justices displayed disdain for Congress's attempts to limit campaign spending. Instead the conservative activists overthrew the Court's own prior rulings limiting campaign spending. "What the conservatives seemed most concerned about," wrote one editorialist "was protecting the interests of corporations."<sup>61</sup>

The Court held 5 to 4 that states could not impose term limits on their representatives in Congress; the Constitution allowed for only three qualifying restrictions: age, residency, and citizenship.<sup>62</sup> The justices also decided that states can prohibit small parties from endorsing a major-party candidate, thus ruling out cross-endorsements or fusion tickets and diminishing the leverage a minor party might have.<sup>63</sup>

The 600,000 or so U.S. citizens (overwhelmingly Democrats) who reside in Washington, D.C. (the District of Columbia) and pay federal taxes have

no constitutional right to representation in Congress, the justices decided, in seeming violation of the one-person, one-vote rule.<sup>64</sup>

In a clear victory for Republicans, the Supreme Court's conservative majority ruled that Indiana could require voters to produce a photo ID before being allowed to cast a ballot. The requirement, also imposed by several other states, is supposedly intended to thwart voter fraud. But proponents were unable to produce a single instance in Indiana of a person posing as another in order to cast a ballot. Opponents argued that such laws could cause many eligible voters to stay home if they did not have an up-to-date driver's license or passport or some other government-issued photo ID, documents that poor and elderly citizens often lack.<sup>65</sup> In seeming defiance of the Supreme Court, the following year the Indiana law was overturned by an Indiana state appellate court, which ruled that the law did not treat all voters equally since no ID requirements were imposed on voters who used mail-in ballots.<sup>66</sup>

In 2006, the Court ruled that the Texas legislature could redraw congressional districts in mid-decade (districts that had been judged by both parties as fairly done just two years before), in effect allowing a gerrymandering that gave the Republican Party six additional congressional seats and the Democrats six fewer. The ruling set aside the long-standing practice, as explicitly described in the Constitution, of redrawing districts once every ten years after the national census.<sup>67</sup>

**Environment.** The justices legislated from the bench in the *Exxon Valdez* case. The Exxon oil tanker, steered by a captain who had been drinking heavily, ran aground in Alaska's Prince William Sound in March 1989, spilling 11 million gallons of oil—the largest spill on record in North America, fouling 1,200 miles of pristine Alaska coastline, causing serious ecological damage, killing marine life, and destroying the homeland and livelihoods of nearly 33,000 people. Exxon was fined \$5 billion in punitive damages. (The company was earning about \$30 billion to \$40 billion a year.) The Supreme Court galloped to Exxon's rescue and reduced the damages by nine-tenths to \$500 million, ruling that compensation payments and punitive payments should be on a one-to-one ratio. Here again the activist conservatives were legislating purely on their own. Critics of the ruling said they could find no justification for the Court's ratio. The victims in the case were left shocked and disappointed, awarded about \$15,000 each, not enough to begin paying off debts after almost twenty years of litigation.<sup>68</sup>

The Supreme Court also rescued gold-mining companies when it ruled that the Clean Water Act does not prevent them from dumping millions of tons of toxic waste into rivers, streams, lakes, and bays, obliterating life in these water bodies.<sup>69</sup>

**Executive Power.** Conservative judicial activists support an expanded role for presidential power and executive privilege. Over the years, federal courts have refused to hear cases challenging the president on such things as the undeclared war in Vietnam, the unprovoked U.S. invasion of Grenada, the imposition of embargoes on Nicaragua, the U.S. invasion of Panama, and the U.S. bombing of Iraq and Yugoslavia. A Massachusetts law mandating that the state boycott companies that do business with the brutal dictatorship of

Myanmar (Burma) was struck down because it was judged as interfering in the president's capacity to act for the nation on foreign affairs.<sup>70</sup>

*Cheney v. United States* (2004) ruled that the White House had constitutional immunity from all legal demands for information, except when under criminal investigation. As Justice Scalia argued approvingly, "I think executive privilege means whenever the president feels he is threatened, he can simply refuse to comply with a court order. He has the power ... to say 'No this intrudes too much upon my powers.'" <sup>71</sup> But *Hamdan v. Rumsfeld* (2006) did rein in that autocratic monarchical power a bit when a majority of justices repudiated the plan to put Guantanamo detainees (held five years as "terrorist suspects") on trial by military commissions. The Court ruled that the commissions had no basis in federal or international law, that testimony was extracted through coercion, and that defendants had been denied the right to attend their trials.

***Labor and Corporate Economy.*** Over the last decade the Supreme Court has delivered a series of victories to big corporations at the expense of working people, ruling that (a) workers have no right to strike over safety issues if their contract provides a grievance procedure, denying, for example, miners the right to walk off the job in the face of immediately dangerous safety violations that management refused to remedy, (b) employers can penalize workers for unionizing by closing down operations and denying them jobs, (c) unions cannot collect fees from nonunion employees that are used for political campaign contributions, only those fees and dues necessary to perform its duties as a collective bargaining representative, and (d) companies can give preferential hiring to scabs who crossed picket lines.<sup>72</sup>

In *NLRB v. Kentucky River Community Care* (2001), a 5 to 4 majority decided that nurses who help less-skilled workers to deliver services can be classified as "supervisors" and therefore are not allowed to organize a union. The dissenting justices argued that such an arbitrarily broad definition of "supervisor" threatened the right of many other professional employees to organize.

In 2003, the Court ruled that undocumented immigrants had no right to be reinstated in their jobs if they were fired for joining a union, nor could they hope to collect back pay for the time they were deprived of work.<sup>73</sup> Retaliatory firings for union organizing are a violation of the National Labor Relations Act, but this seemed not to faze the Court's conservative activists who legislate from the bench. In another case the conservative justices decided that punitive damages against corporations are "unconstitutional" if they are many times higher than the amount awarded for injuries.<sup>74</sup> Punitive damages are awarded in a jury trial (so it is hard to see how due process has been denied), and such awards are meant to punish business wrongdoers in amounts that have an impact. But again out of thin air the Court's conservative activists set up standards exclusively of their own devising.

***Separation of Church and State.*** The First Amendment reads in part: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." (An *established church* is one that is largely or fully supported by the government or recognized as the official religion of

the nation.) Disregarding this separation of church and state, the Court has long held that religious organizations can enjoy various exemptions from taxation, in effect forcing laypersons to pick up that portion of the tax burden that religious bodies do not pay.<sup>75</sup> Thus people are being forced to subsidize religions they may not believe in.

In a series of 5 to 4 decisions, a deeply divided Court ruled that (a) federal funds given to religious groups to promote chastity did not violate separation of church and state, (b) tuition, textbook, and transportation costs for private schools (including religious ones) were tax deductible, (c) a university could not refuse to subsidize a student religious publication with mandatory student activity fees, and (d) federal money may be used to pay for special education teachers and other instructional equipment in parochial schools.<sup>76</sup>

In *Zelman v. Simmons-Harris* (2002), a 5 to 4 majority upheld a program that allows parents to use public money to pay for private schools, mostly religious ones. In *Chandler v. Siegelman* (2001), the justices let stand a lower court ruling that allows moments of prayer at graduations and football games.

In *support* of church-state separation, the Court ruled that authorities cannot require public schools to teach the biblical notion (“creationism”) that the world was made by God as a perfectly finished product in six days. And states could withhold state scholarships from students preparing for the ministry.<sup>77</sup> The court also upheld a lower federal court order requiring the removal of a Ten Commandments monument from the Alabama state judicial building.<sup>78</sup>

The Supreme Court’s ideological bias is reflected not only in the decisions it hands down but in the cases it selects or refuses to review. During the last two decades of conservative domination, review access has been sharply curtailed for plaintiffs representing labor, minorities, consumers, and individual rights. Powerless and pauperized individuals have had a diminishing chance of getting their cases reviewed, unlike powerful and prestigious petitioners such as the government and giant corporations. State and federal prosecutors were able to gain a hearing by the high court at a rate fifty times greater than defendants. Criminal defendants who could afford the legal filing fee were twice as likely to be granted a Supreme Court review as were indigent defendants.<sup>79</sup>

## CONSERVATIVE JUDICIAL ACTIVISM (PRESENT DAY)

Because the Court can neither fashion legislation nor enforce its decisions, it has been deemed the “least dangerous branch.” But a militantly conservative Court bolstered by a conservative executive can exercise quite an activist influence. Again and again the Court’s conservative activists imposed their own tortured logic to cases, blatantly violating the clear language of a law in order to undermine the efforts of a previously liberal Congress. Or the Court upheld conservative-inspired executive regulations designed to negate a statute passed by the Congress.

Conservative political leaders complain of judicial activism when judges expand civil rights, civil liberties, abortion rights, and the rights of women, gays, minorities, immigrants, and workers. But these same conservatives

manifest no outrage when the Supreme Court declares corporations to be “persons,” money to be “speech,” and the president to be supreme and unaccountable. A consistent double standard obtains. Judicial activism that supports democratic working-class rights and socioeconomic equality invites attack. Judicial activism that strengthens authoritarian statism and big-business prerogatives is readily embraced. “Most activist, politicized judges on the federal bench today,” notes one critic, “are conservative Republicans.”<sup>80</sup>

Conservatives say that judges should not try to “legislate from the bench,” the way liberal activists supposedly do. They insist that jurists show modesty and restraint, including a careful regard for past court decisions. But a Yale study reveals that conservative justices like Thomas and Scalia have a far more active rate of invalidating or reinterpreting Congressional laws than more liberal justices like Stephen Breyer and Ruth Bader Ginsberg.<sup>81</sup> The Court’s right-wing jurists have been not only the most willful, ideologically driven activists of all, they have been downright adventuristic, showing no hesitation to invent concepts and constructions out of thin air, eviscerate perfectly legitimate (but liberal) laws, shift arguments and premises as their ideology dictates, roll back egalitarian politico-economic gains, and weaken civil liberties, civil rights, and the democratic process itself (such as it is).

Conservative activism was nowhere more evident than in *Bush v. Gore* (2000). In a 5 to 4 decision, the conservatives overruled the Florida Supreme Court’s order for a recount in the 2000 presidential election, arguing that because different counties might use different modes of tabulating ballots in a hand recount, this would violate the equal protection clause of the Fourteenth Amendment. In fact, the methods used to count votes by hand in Florida would lead to results no less uniform than recounts in any other state across the nation, as Justice Stevens noted in his dissent. The Democratic candidate, Vice President Al Gore, was behind by only a hundred or so votes in Florida and was gaining ground with each attempt at recount. The Court’s conservative judicial activists did not give Florida a chance to fix the problem. They abruptly ended the counting and in effect appointed Bush Jr.—the candidate who failed to get a majority of both the popular vote and the Electoral College—president of the United States.<sup>82</sup> In this case, Justices Thomas and Scalia both refused to recuse themselves even though Thomas was married to a consultant in the Bush campaign and Scalia had two sons employed in law firms representing Bush in the very same Florida proceedings.

The Court’s conservatives have held that the federal government must not use the equal protection clause of the Fourteenth Amendment to force states to stop violence against women, or mandate a more equitable mode of property taxes or a more equitable distribution of funds between rich and poor school districts. But in *Bush* these same justices now ruled that the equal protection clause could be used to stop a legal recount conducted by the state of Florida. At the same time, they explicitly stated that *Bush v. Gore* could not be considered a precedent for other equal protection issues. In no other case in the Court’s history have the justices prohibited the precedent set from being treated as a precedent. In other words, the Fourteenth

Amendment was operative only when the conservative activists decide to activate it, not at any other time.

Life tenure was supposed to shield the federal judiciary from outside influences and place it above partisan politics. Experience shows that federal judges are as political and ideological as anyone else. A fixed term of ten or twelve years, as some states allow their state judges, would still give a jurist significant independence, but it would not allow him or her to remain unaccountable for an entire lifetime. Judges who exhibit a hostile view toward constitutional rights eventually could be replaced. With more turnover, ideologically partisan groups might find it more difficult to pack the courts for many years ahead.

The justices read not only the Constitution but also the newspapers. They talk not only to each other but to friends and acquaintances. Few jurists remain untouched by the great tides of public opinion and by the subtler shifts in values and perceptions. The Court is always operating in a climate of opinion shaped by political forces larger than itself. The hope is that democratic forces will prove increasingly effective in restraining the reactionary oligarchic activism of the federal courts.

C H A P T E R  
19

## Democracy for the Few

This country contains a diverse array of interest groups. If that is what is meant by “pluralism,” then the United States is a pluralistic society, as is any society of size and complexity. But the proponents of pluralism presume to be saying something about how *power* is distributed and how democracy works. Supposedly the government is not controlled by corporate elites who get what they want on virtually every question. If there are elites in our society, they are checked in their demands by conflicting elites. No group can press its advantages too far and any sizable interest can find a way within the political system to make its influence felt. Government stands above any one particular influence but responds to many. So say the pluralists.<sup>1</sup>

### PLURALISM FOR THE FEW

The evidence offered in the preceding chapters leaves us with reason to doubt that the United States is a pluralistic democracy as described above. Most government policies favor large-investor interests at a substantial cost to the rest of the populace. Long and hard democratic struggles have won some real benefits for the public, yet inequities and social injustices of immense proportions continue and even worsen. There is commodity glut in the private market and chronic scarcity in public services. While the superrich get ever richer, possessed with more money than they know what to do with, the number of people living below or perilously near the poverty level has continued to climb.

To think of government as nothing more than a referee amidst a vast array of “countervailing” groups (which presumably represent all the important interests within society) is to forget that government best serves those

who can best serve themselves. Power in America “is plural and fluid,” claimed one pluralist.<sup>2</sup> In reality, power is structured through entrenched, well-organized, well-financed, politico-economic channels. Wealth is the most crucial power resource. It creates a pervasive political advantage, and affords ready access to most other resources.

Those who celebrate the existing plutocracy have little to say about the pervasive role of political repression in U.S. society, the purging and exclusion of anticapitalist dissidents from government, from the labor movement, the media, and academia, and from public life in general. They have little to say about the surveillance and harassment of protest organizations and public-interest advocacy groups. They seem never to allude to the near-monopoly control of ideas and information that is the daily fare of the news and entertainment sectors of the mass media, creating a climate of opinion favorable to the owning-class ideology at home and abroad. Nor are the plutocratic celebrants much troubled by an electoral system in which votes are suppressed and vast sums of money are a prerequisite for office.

Apologists for the existing system make much of the fact that wealthy interests do not always operate with clear and deliberate purpose. To be sure, like everyone else, elites sometimes make mistakes and suffer confusion about tactics. But if they are not omniscient and infallible, neither are they in a state of chronic confusion. If they do not always calculate correctly in the pursuit of their class interests, they do so often and successfully enough. And they are keenly aware that they do have class interests.

Is the American polity ruled by a secretive, conspiratorial, omnipotent, monolithic power elite? No, the plutocracy, or ruling class, does not fit that simple caricature. First of all, no ruling class in history, no matter how autocratic, has ever achieved omnipotence. All have had to make concessions and allow for unexpected and undesired developments. In addition, ruling elites are not always secretive. The influence they exercise over governing bodies is sometimes covert but often a matter of public record, some of it reported even in the mainstream media. Their influence is exercised through control of the top posts in business and government, and their control of interlocking directorates and trusteeships whose existence, though not widely advertised, is public knowledge. These elites do often find it desirable to plan in secret, minimize or distort the flow of information, and pursue policies that may violate the laws they profess to uphold. Examples aplenty have been offered in this book.

American government is not ruled by a monolithic elite. Occasionally sharp differences arise in ruling circles about how best to advance the interests of the moneyed class. Differences can arise between moderate and extreme conservatives, between small and large investors, and domestic and international corporations. But these conflicts seldom take into account the interests of the working public. When push comes to shove, what holds the various elites together is their common interest in preserving an economic system that ensures the accumulation of corporate wealth and the privileged lifestyles of the superrich.

Does this amount to a “conspiracy theory” of society? First, it should be noted that not all conspiracies are theories; some do exist. A common view is that conspiracy is only the imaginings of kooks. But just because some people have fantasies of conspiracies does not mean that all conspiracies are fantasies. There was the secretive plan to escalate the Vietnam War as revealed in the Pentagon Papers, the Watergate break-in, the FBI COINTELPRO disruption of dissident groups, the several phony but well-orchestrated “energy crises” that sharply boost oil prices, the Iran-contra conspiracy, and the hundreds of savings and loan conspiracies.

Ruling elites insist upon conspiring in secret, without being held accountable to anyone, for example, Vice President Cheney’s secret meeting with oil magnates to map out national energy policy (see Chapter 16). They sometimes call it “national security.” But when one suggests that their plans (whether covert or overt) are intended to benefit the interests of their class at cost to the rest of us, one is dismissed as a “conspiracy theorist.” It is allowed that farmers, steelworkers, or schoolteachers may concert to advance their interests, but it may not be suggested that moneyed elites do as much—even when they occupy the top decision-making posts of government and finance. Instead, we are asked to believe that these estimable persons of high station walk through life indifferent to the fate of their vast holdings.

Although there is no one grand power elite, there is continual communication and coordination between various corporate and governmental elites in almost every policy area, centering around the common interests of the corporate owning class. Many of the stronger corporate groups tend to predominate in their particular spheres of interest, more or less unmolested by other elites. In any case, the conflicts among moneyed elites seldom work to the advantage of the mass of people. They are conflicts of haves versus haves. Often they are resolved not by compromise but by logrolling and collusion. These mutually satisfying arrangements among “competitors” usually come at the expense of the public interest. To be sure, the demands of the unfortunates may be heard occasionally as a clamor outside the gate, and now and then concessions are granted to take the edge off their restiveness.

Big business prevails not only because it uses campaign donations and shrewd lobbyists to manipulate policymakers. Business also exerts an overall influence as a system of power, a way of organizing capital, employment, and large-scale production. Because big business controls much of the nation’s economy, government perforce enters into a uniquely intimate relationship with it. The health of the economy is treated by policymakers as a necessary condition for the health of the nation, and since it happens that the economy is mostly in the hands of large interests, then presumably government’s service to the public is best accomplished by service to those interests, so it is often thought. The goals of business (high profits, cheap labor, easy access to rich natural resources, and secure and expanding markets) become the goals of government, and the “national interest” becomes identified with the systemic needs of corporate capitalism. In order to keep the peace, business may occasionally accept reforms and regulations it does not like, but government cannot ignore business’s own reason for being, that is, the never-ending accumulation of capital.

## THE LIMITS OF REFORM

Government involvement in the U.S. economy represents not socialism (as that term is normally understood by socialists) but state-supported capitalism, not the communization of private wealth but the privatization of the commonwealth. This development has brought a great deal of government involvement, but of a kind that revolves largely around bolstering the profit system, not limiting or replacing it. In capitalist countries, government generally nationalizes sick and unprofitable industries and privatizes profitable public ones—in both cases for the benefit of big investors. In 1986, in what amounted to a bailout of private investors, the social democratic government in Spain nationalized vast private holdings to avert their collapse. After bringing them back to health with generous nourishment from the public treasure, they were sold back to private companies. The same was done with Conrail in the United States, as we have seen. Likewise a conservative Greek government privatized the state-owned telecommunications system, which had been reporting continuous profits for several years.

When a capitalist government takes over an enterprise, it usually gives full compensation to the previous owners. Hence, the same wealthy investors who once owned the private stocks now own public bonds and collect the interest on these bonds. The wealth of the enterprise remains in private hands whereas nominal ownership is public, a socialism for the rich. What the public owns in this case is a huge bonded debt—with all the risks and losses and none of the profits. State-supported capitalism cannot prosper without passing its immense diseconomies onto the public.

Defenders of the existing system assert that the history of “democratic capitalism” has been one of *gradual reform*. To be sure, important reforms have been won by working people. To the extent that the present economic order has anything humane and civil about it, it is because of the struggles of millions of people engaged in advancing their living standard and their rights as citizens. It is somewhat ironic to credit capitalism with the genius of gradual reform when (a) most economic reforms through history have been vehemently and sometimes violently resisted by the capitalist class and were won only after prolonged, bitter, and sometimes bloody popular struggle, and (b) most of the problems needing reform have been caused or intensified by corporate capitalism.

Fundamental reform is difficult to effect because those who have the interest in change have not the power, while those who have the power have not the interest, being disinclined to commit class suicide. It is not that most officeholders have been unable to figure out the steps for egalitarian change; it is that they are not willing to go that way. For them the compelling quality of any argument is determined less by its logic and evidence than by the strength of its advocates. The wants of an unorganized public with few power resources of its own and no cohesive political agenda are seldom translated into policy imperatives by officials.

Furthermore, the reason our labor, skills, technology, and natural resources are not used for social needs is that they are used for corporate gain,

if used at all. The corporations cannot and will not build low-rent houses, feed the poor, clean up the environment, or offer higher education to any qualified low-income person—unless government gives them lucrative contracts to do so. The corporation does not exist for social reconstruction but for private profit. Our social and ecological problems are rational outcomes of a basically irrational system, a system structured not for satisfying human need but for magnifying human greed.

How can we speak of the U.S. politico-economic system as being a product of the democratic will?

What democratic mandate directs the government to give away more monies every year to the top 1 percent of the population in interest payments on public bonds than are spent on services to the bottom 20 percent?

When was the public consulted on interest rates and agribusiness subsidies?

When did the public insist on having unsafe overpriced drugs, and genetically altered foods, and hormone-ridden meat and milk—and federal agencies that protect rather than punish the companies that market such things?

When did the American people urge that utility companies be allowed to overcharge consumers?

When did the voice of the people clamor for unsafe work conditions in mines and factories and on farms, and for recycling radioactive metals into consumer products and industrial sludge into agricultural topsoil?

How often have the people demonstrated for multibillion-dollar tax breaks for the superrich, and privatization of Social Security, and a multibillion-dollar space shuttle program that damages the ozone layer and leaves us more burdened by taxes and deprived of necessary services?

When did we demand an unworkable multibillion-dollar space missile program that only increases the dangers of nuclear instability?

When did the populace insist that the laws of the land be overruled by international nonelective anonymous trade panels in service to the transnational corporations?

What democratic will decreed that we destroy the Cambodian countryside between 1969 and 1971 in a bombing campaign conducted without the consent or even the knowledge of Congress and the public?

When did public opinion demand that we wage a mercenary war of attrition against Nicaragua, or invade Grenada, Panama, Somalia, Afghanistan, Iraq, and Haiti, slaughtering tens of thousands in the doing; or support wars against popular forces in El Salvador, Guatemala, Angola, Mozambique, the Western Sahara, and East Timor; or subvert progressive governments in Chile, Indonesia, Yugoslavia, and a dozen other countries?

Far from giving their assent, ordinary people have had to struggle to find out what is going on. Often their leaders sweep them along with heavy dosages of patriotic hype and fear of imminent dangers. Yet, despite all that, substantial segments of the public mobilize against the worst abuses and most blatant privileges of plutocracy, against the spoliation of the environment, and against bigger military budgets and armed interventions in other lands.

## DEMOCRACY AS POPULAR STRUGGLE

The ruling class has several ways of expropriating the earnings of the people.

First, as *workers* people receive only a portion of the value their labor power creates. The rest goes to the owners of capital. On behalf of owners, managers continually devise methods to increase the rate of production and profit.

Second, as *consumers* people are victimized by monopoly practices that force them to spend more for less. They are confronted with increasingly exploitative forms of involuntary consumption, as when relatively inexpensive mass-transit systems are eliminated to create a greater dependency on automobiles, or low-rental apartments are converted to high-priced condominiums, or a utility company doubles its prices after deregulation.

Third, as *taxpayers* working people have had to shoulder an ever larger portion of the tax burden, while corporate America and the superrich pay proportionately less and less. Indeed, the dramatic decline in business taxes and estate taxes has been a major cause of debt growth. And as we have seen, the national debt itself is a source of income for the moneyed creditor class and an additional burden on the populace.

Fourth, as *citizens* the people endure the hidden diseconomies foisted onto them by private business, as when a chemical company contaminates a community's air or groundwater with its toxic wastes, or when the very survival of the planet is threatened by global warming.

The reigning system of power and wealth, with its attendant injustices, activates a resistance from workers, consumers, community groups, and taxpayers—who are usually one and the same people. There exists, then, not only plutocratic dominance but popular opposition and demands for reform.

There is a tradition of popular struggle in the United States that has been downplayed and ignored. It ebbs and flows but never ceases. Moved by a combination of anger and hope, ordinary people have organized, agitated, demonstrated, and engaged in electoral challenges, civil disobedience, strikes, sit-ins, takeovers, boycotts, and sometimes violent clashes with the authorities—for socioeconomic betterment at home and peace abroad. Against the heaviest odds, dissenters have suffered many defeats but won some important victories, forcibly extracting concessions and imposing reforms upon resistant rulers.

Democracy is something more than a set of political procedures. To be worthy of its name, democracy should produce *outcomes* that advance the well-being of the people. The struggle for political democracy—the right to vote, assemble, petition, and dissent—has been largely propelled by the struggle for economic and social democracy, by a desire to democratize the rules of the political game in order to be in a better position to fight for one's socioeconomic interests. In a word, the struggle for democracy has been an inherent part of the struggle against plutocracy.

Through the nineteenth and twentieth centuries, the moneyed classes resisted the expansion of democratic rights, be it universal suffrage, abolitionism, civil liberties, or affirmative action. They knew that the growth of

popular rights would only strengthen popular forces and impose limits on elite privileges. They instinctively understood, even if they seldom publicly articulated it, that it is not socialism that subverts democracy, but democracy that subverts capitalism.

The reactionary agenda being successfully advanced in recent years is designed to take us back to the days before the New Deal, to a country with a small middle class and a large impoverished mass, when the United States was a “Third World” nation long before the term had been coined. Wages are held down by forcing people to compete more intensely for work on terms most favorable to management. Historically, this is done with speedups, downgrading, layoffs, union busting, and the threat of plant closings. In addition, owners eliminate jobs through mechanization and moving to cheaper labor markets overseas. They also have sought to ease child-labor laws, lower the employable age for some jobs, bring in more immigrants, and raise the retirement age, further increasing the number of workers competing for jobs.

Another way to depress wages is to eliminate alternative sources of support. The historical process of creating people willing to work for subsistence wages entailed driving them off the land and into the factories, denying them access to farms and to the game, fuel, and fruits of the commons. Divorced from this sustenance, the peasant became the proletarian. Today, unemployment benefits and other forms of public assistance are reduced in order to deny alternative sources of income. Public jobs are eliminated so that more workers will compete for employment in the private sector, helping to depress wages.

Still another way to hold down wages and maximize profits is to keep the workforce divided and poorly organized. Racism helps to channel the economic fears and anger of Whites away from employers and toward minorities and immigrants who are seen as competitors for scarce jobs, education, and housing. When large numbers of workers are underpaid because they are Blacks, Latinos, illegal immigrants, or females, this depresses wages and increases profits.

The plutocracy struggles to keep the working populace in its place. The feeling among the superrich is that too much already goes to the people and into the nonprofit sector. As the common lot of the citizenry advances, so do their expectations. A century ago the working populace lived in hovels and toiled twelve to fourteen hours a day for poverty wages, frequently under gruesome conditions with no benefits. Their children more often went to work than to school. But after decades of struggle, working people were able to better their lot. By the 1970s millions of them were working eight-hour days and had job seniority, paid vacations, time-and-half overtime, company medical insurance, and adequate retirement pensions; many lived in decent housing and even could pay a mortgage on a home of their own, while their kids went to public school and some to public universities. Along with this came improvements in occupational safety, consumer safety, and health care.

The plutocracy wondered, where will it end? The better off the common people become, the still better off they want to be, it seemed. And more for the general populace meant less for the privileged few. By the 1970s it looked like

this country might end up as a quasi-egalitarian *social democracy* unless something was done about it. As Paul Volcker said when he was chair of the Federal Reserve in 1980, “The standard of living of the average American has to decline.”<sup>3</sup>

Decline it did. What much of this book has documented is the reactionary rollback to an earlier time: an increase in poverty, homelessness, substandard housing, and substandard schools; longer work days with no overtime pay; no job security or seniority; wage and benefit cutbacks; a growing tax burden increasingly shifted onto the backs of the lower and middle classes, coupled with a runaway national debt; fewer if any vacation days; expensive profit-driven but dangerously inadequate health care; privatization of public services; reducing disability assistance and family support; and undermining occupational safety regulations and consumer and environmental protections.

When democratic forces mobilize to defend their standard of living, the ruling class must attack not only their standard of living but the very democratic rights that help them defend it. Democracy becomes a problem for the plutocracy not when it fails to work but when it works too well, helping the populace to move toward a more equitable and favorable social order, narrowing the gap however modestly between the superrich and the rest of us. So democracy must be diluted and subverted, smothered with disinformation and media puffery, with rigged electoral contests, and large sectors of the public disfranchised, bringing faux victories to the more reactionary candidates. At the same time, the right of labor to organize and strike come under persistent attack by courts and legislatures. Federal security agencies and local police repress community activists and attack their right to protest. And U.S. leaders enter into a series of international trade agreements to bypass our democratic sovereignty altogether and secure a corporate supremacy, elevating investment interests above all democratic rights.

## THE ROLES OF THE STATE

The state is the single most important instrument that corporate America has at its command. The power to use police and military force, the power of eminent domain, the power to tax and legislate, to use public funds for private profit, float limitless credit, mobilize highly emotive symbols of loyalty and legitimacy, and suppress political dissidence—such resources of state give corporate America a durability it could never provide for itself.

The state also functions to stabilize relations among giant firms. Historically, “firms in an oligopolistic industry often turn to the federal government to do for them what they cannot do for themselves—namely, enforce obedience to the rules of their own cartel.”<sup>4</sup> A central function of the capitalist state is to protect capitalism from itself, from the capitalists who plunder not only the public but the private investment system, killing the goose that lays the golden eggs.

The state is also the place where liberal and conservative ruling-class factions struggle over how best to keep the system afloat. The more liberal and centrist elements argue that those at the top of the social pyramid should give

a little in order to keep a lot. If conservative goals are too successful, if wages and buying power are cut back too far and production increased too much, then the contradictions of the free market intensify. Profits may be maintained and even increased for a time through various financial contrivances, but overcapacity and overproduction lead to economic recession, unemployment grows, markets shrink, discontent deepens, and small and not so small businesses perish. The capitalist system begins to devour itself.

As the pyramid begins to tremble from reactionary victories, some of the less myopic occupants of the apex develop a new appreciation for the base that sustains them. They call for concessions to those below. But the more reactionary free marketeers press ever backward with their agenda. If demand slumps and the pie expands only slightly or not at all, that is quite all right as long as the slice going to the owning class continues to grow. If profits are going up, then the economy is “doing well”—even if the working public is falling behind in real wages, as happened during much of 2001–2009.

The state also acts on behalf of the plutocracy at the international level. One way to ease the economic competition between capitalist nations is to destroy the competing capital of other countries either by underselling and driving them out of business as in much of the Third World, or by forced privatization and deindustrialization as in Eastern Europe and the former Soviet Union, or by sanctions and massive bombings of a country’s industrial and ecological base and expropriating its rich resources as in Iraq and Yugoslavia. The elites of a country that has achieved world superpower status, such as the United States, have a special advantage in such global stratagems.

The state best protects the existing class structure by enlisting the loyalty and support of the populace, getting them to collaborate in their own mistreatment. The state establishes its legitimacy in the eyes of the people by keeping an appearance of popular rule and neutrality in regard to economic interests, and by playing on the public’s patriotic pride and fear, conjuring up images of cataclysmic attack by foreign forces, domestic subversives, communists, and now Islamic terrorists.

Having correctly discerned that “American democracy” as professed by establishment opinion makers is something of a sham, some people incorrectly dismiss the democratic rights won by popular forces as being of little account. But these democratic rights and the organized strength of democratic forces are, at present, all we have to keep some rulers from imposing a dictatorial final solution, a draconian rule to secure the unlimited dominance of capital over labor. Marx anticipated that class struggle would bring the overthrow of capitalism. Short of that, class struggle constrains and alters the capitalist state, so that the state itself, or portions of it, becomes a contested arena.

The vast inequality in economic power that exists in our capitalist society translates into a great inequality of social power. More than half a century ago Supreme Court Justice Louis Brandeis commented, “We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can’t have both.” And some years earlier, the German sociologist Max Weber wrote: “The question is: How are freedom and democracy in the long run at all possible under the domination of highly developed

capitalism?”<sup>5</sup> That question is still with us. As the crisis of capitalism deepens, as the contradiction between the egalitarian expectations of democracy and the demoralizing thievery of the free market sharpens, the state must act more deceptively and repressively to hold together the existing politico-economic system.

Why doesn't the capitalist class in the United States resort to fascist rule? It would make things easier: no organized dissent, no environmental or occupational protections to worry about, no elections or labor unions. In a country like the United States, the success of a dictatorial solution to the crisis of capitalism would depend on whether the ruling class could stuff the democratic genie back into the bottle. Ruling elites are restrained in their autocratic impulses by the fear that they might not get away with it, that the people and the enlisted ranks of the armed forces would not go along.

Furthermore, a state that relies solely on its bayonets to rule is exposed for what it is at its core, an instrument of class domination. It loses credibility, generates resistance rather than compliance, and risks igniting a rebellious and even revolutionary consciousness. Given secure and growing profit margins, elites generally prefer a “democracy for the few” to an outright dictatorship.

Representative government is a serviceable form of governance for corporate America—even if a sometimes troublesome one. By offering a modicum of liberty and self-rule to the populace, it masks the moneyed interests served by the state. Rather than relying exclusively on the club and the gun, bourgeois democracy plays the contradictory roles of *protector of capital* and *servant of the people*. By employing a seemingly benign legitimate power, it more effectively marshals popular support and maintains a privileged status quo.

What is said of the state is true of the law, the bureaucracy, the political parties, the legislators, the universities, the professions, and the media. In order to best fulfill their class-control functions yet keep their social legitimacy, these institutions must maintain the appearance of neutrality and autonomy. To foster that appearance, they must occasionally exercise some critical independence and autonomy from the state and from capitalism. They must save a few decisions for the people, and take minimally corrective measures to counter some of the many egregious transgressions against democratic interests.

## WHAT IS TO BE DONE?

It is not quite true that Americans are so brainwashed by right-wing propagandists that they reject all improvements in their politico-economic lives. Here are some examples to the contrary:

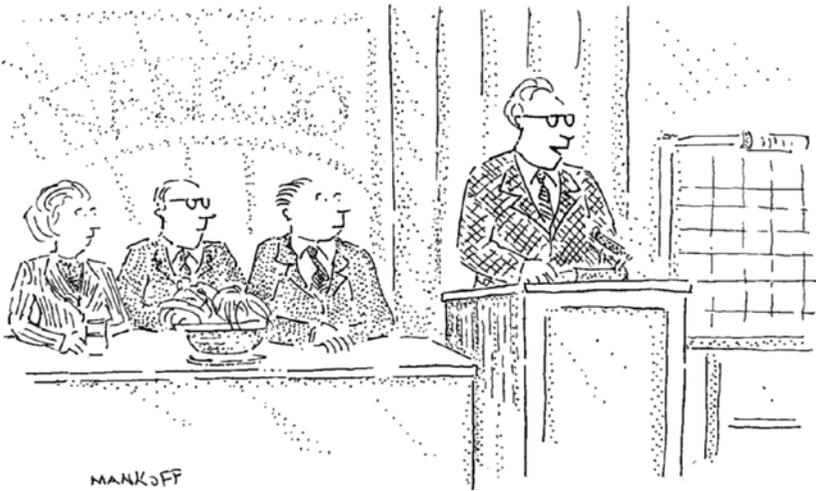
When successive White House administrations did nothing to raise the minimum wage, a score of states chose to hike their minimum wages to a dollar or more above the federal level. Dozens of cities implemented living-wage requirements for companies with municipal contracts. They launched legislative initiatives on public health and safety, the environment, and political campaign contributions. Many communities have successfully mobilized to exclude Wal-Mart and other large retailers because these companies have dismal labor practices and wreak havoc on local businesses.<sup>6</sup>

Nevada voted to require its legislators to fund K–12 education before any other budget expenditure. Arkansas voted to put its lottery money into education. North Carolina chose to put money collected from fines into its public school system and is requiring a more equitable distribution of state funds among rich and poor school districts. Maine voters rejected a cap on their property taxes, being unwilling to invite the disastrous effects upon themselves that Proposition 13 has delivered upon California. Montana voters okayed medical marijuana. Colorado voted for a program to promote renewable energy. And Washington State voted to ban nuclear-waste dumping.<sup>7</sup>

Many townships in Pennsylvania, New Hampshire, and elsewhere have adopted ordinances asserting community rights to self-governance and banning corporations from dumping sewage sludge, bottling the community's water, and other unwanted corporate operations. Growing numbers of people in the United States and abroad are organizing to protect the climate. Many are mobilizing against genetically modified foods and in support of local organic agriculture.<sup>8</sup>

These and other changes are needed to bring us to a more equitable and democratic society. Here are some recommendations:

**Agriculture and Ecology.** Distribute to almost 2 million needy farmers much of the billions of federal dollars now handed out to rich agribusiness firms. Encourage organic farming and phase out pesticides, herbicides, chemical fertilizers, hormone-saturated meat products, and genetically modified crops. In 2007, researchers told a UN conference that a large-scale shift to organic agriculture could help fight world hunger while also helping the environment. Farmers who go back to traditional methods do not have to spend money on expensive chemicals and tend to grow more diverse and sustainable crops.<sup>9</sup>




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“And so, while the end-of-the-world scenario will be rife with unimaginable horrors, we believe that the pre-end period will be filled with unprecedented opportunities for profit.”

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Stop the agribusiness merger mania that now controls almost all of the world's food supply. Agribusiness conglomerates like Cargill and Continental should be broken up or, better yet, nationalized.

Engage in a concerted effort at conservation and ecological restoration, including water and waste recycling. Stop the development of ethanol and hydrogen cell "alternative" energies; they themselves are environmentally damaging in their production and use. Phase out dams and nuclear plants, and initiate a crash program to develop sustainable alternative energy sources. This is not impossible to do. Sweden has eliminated the use of nuclear power and may soon be completely doing away with fossil fuels, replacing them with wind, solar, thermal, and tidal energies.

Launch birth control and legal abortion programs across the globe in hope of getting control of the population explosion that promises to defeat any sustainable environmental program.

Build rapid mass-transit systems within and between cities for safe, economical transportation, and produce zero-emission vehicles to minimize the disastrous ecological effects of fossil fuels. Ford had electric cars as early as the 1920s. Stanford Ovshinsky, president of Energy Conversion Devices, built a newly developed electric car that had a long driving range on a battery that lasted a lifetime, used environmentally safe materials, was easily manufactured, with operational costs that were far less than a gas-driven car—all reasons why the oil and auto industries were not supportive of electric cars and had them recalled and destroyed in California.<sup>10</sup>

Meanwhile, around the world hundreds of millions of automobiles with internal combustion engines continue to produce enormous quantities of toxic pollution and greenhouse gases. The dangers of global warming are so immense, so compounding and fast acting that an all-out effort is needed to reverse the ecological apocalypse of flood, drought, and famine. *This is the single most urgent problem the world faces* (or refuses to face). Unless we move swiftly, changing direction 180 degrees, we will face a future so catastrophic that it defies description, and it may come much sooner than we think.

**Economic Reform.** Reintroduce a steep progressive income tax for rich individuals and corporations—without the many loopholes that still exist. Eliminate off-shore tax shelters and foreign tax credits for transnational corporations, thereby bringing in hundreds of billions in additional revenues. Put a cap on corporate tax write-offs for advertising, equipment, and CEO stock options and perks. Strengthen the estate tax instead of eliminating it. Give tax relief to working people and low-income employees.

Corporations should be reduced to smaller units with employee and community control panels to protect the public's interests. As in the nineteenth century, they should be prohibited from owning stock in other corporations, and granted charters for only limited times, such as twenty or thirty years, and for specific business purposes, charters that can be revoked by the government for cause. Company directors should be held criminally liable for corporate malfeasance and for violations of consumer, environmental, and occupational safety laws.

**Electoral System.** To curb the power of the moneyed interests and lobbyists, all candidates including minor-party ones should be provided with public

financing—as already is the case in Maine, Vermont, and for judgeships in North Carolina. In addition, a strict cap should be placed on campaign spending by all party organizations, candidates, and supporters. The various states should institute proportional representation so that every vote will count and major parties will no longer dominate the legislature with artificially inflated majorities. Also needed is a standard federal electoral law allowing uniform and easy ballot access for third parties and independents. We should abolish the Electoral College to avoid artificially inflated majorities that favor the two-party monopoly and undermine the popular vote. If the president were directly elected, every vote would count equally regardless of its location.

We need protection against attempts by local authorities to suppress or intimidate voters, as was done by Republican officials in several states during the stolen presidential elections of 2000 and 2006 (see Chapter 14). As of now, in each state elections are presided over by the secretaries of states who often are active party partisans, as was the case in Florida and Ohio. What we need is a federal nonpartisan commission of professional civil servants to preside over the electoral process to ensure that people are not being falsely challenged or arbitrarily removed from voter rolls. As an additional safeguard teams of foreign observers, perhaps from the United Nations, should observe and report on election proceedings and testify as to their fairness and honesty.

Also needed are more accessible polling and registration sites in low-income areas; and an election that is held on an entire weekend instead of a Tuesday so that persons who must commute far and work long hours will have sufficient opportunity to get to the polls. Most important, we need paper ballots whose results can be immediately and honestly recorded in place of the touch-screen machines that so easily lead to fraudulent counts.

The District of Columbia should be granted statehood. As of now its 607,000 citizens are denied genuine self-rule and full representation in Congress. They elect a mayor and city council, but Congress and the president retain the power to overrule all the city's laws and budgets. Washington, D.C., remains one of the nation's internal colonies.

**Employment Conditions.** Americans are working harder and longer for less, often with no job security. Many important vital services are needed, yet many people are unemployed. Job programs, more encompassing than the ones created during the New Deal, could employ people to reclaim the environment, build affordable housing and mass-transit systems, rebuild a crumbling infrastructure, and provide services for the aged and infirm and for the public in general.

People could be put to work producing goods and services in competition with the private market, creating more income and more buying power. The New Deal's WPA engaged in the production of goods, manufacturing clothes and mattresses for relief clients, surgical gowns for hospitals, and canned foods for the jobless poor. This kind of not-for-profit public production to meet human needs brings in revenues to the government both in the sales of the goods and in taxes on the incomes of the new jobs created. Eliminated from the picture is private profit for those who parasitically live off the labor of others—which explains their fierce hostility toward government attempts

at direct production. They denounce it as *socialism*—which is what it is in embryonic form.

**Fiscal Policy.** The national debt is a transfer payment from taxpayers to bondholders, from labor to capital, from have-nots and have-littles to have-it-alls. Government could end deficit spending by taxing the financial class from whom it now borrows. It must stop bribing the rich with investment subsidies and other guarantees, and redirect capital investments toward not-for-profit public goals. The U.S. Treasury should create and control its own money supply instead of allowing the Federal Reserve and its private bankers to pocket billions of dollars every year through its privatized monopolized money supply.

**Gender, Racial, and Criminal Justice.** End racial and gender discriminatory practices in all institutional settings. Vigorously enforce the law to protect abortion clinics from vigilante violence, women from male abuse, minorities and homosexuals from hate crimes, and children from incest rape and other forms of adult abuse. Release the hundreds of dissenters who are serving long prison terms on trumped-up charges and whose major offense is their outspoken criticism of the existing system. Release the tens of thousands who are enduring draconian prison sentences for relatively minor and nonviolent drug offenses.

**Health Care and Safety.** Allow all Americans to receive coverage similar to the Medicare now enjoyed by seniors, but including alternative health treatments. Funding might come from the general budget as in the single-payer plan used in Canada and elsewhere, providing comprehensive service to all. Under single-payer health care, the billions of dollars that are now pocketed by HMO investors and executives would be used for actual medical treatment. We would get better coverage and universal coverage for half of what we are paying now to the self-enriching insurance companies, HMOs, and private-profit hospitals.

Thousands of additional federal inspectors are needed for enforcement of occupational safety and consumer protection laws. “Where are we going to get the money to pay for all this?” one hears. The question is never asked in regard to the gargantuan defense budget or enormous corporate subsidies. As already noted, we can get the additional funds from a more progressive tax system and from major cuts in big-business subsidies and military spending.

**Labor Law.** Provide government protections to workers who now risk their jobs when trying to organize unions. Prohibit management’s use of permanent replacement scabs for striking workers. Penalize employers who refuse to negotiate a contract after union certification has been won. Repeal the restrictive “right to work” and “open shop” laws that undermine collective bargaining. Lift the minimum wage to a livable level. In a number of states, there are “living wage movements” that seek to deny contracts and public subsidies to companies that do not pay their workers a livable scale.

Repeal all “free trade” agreements; they place a country’s democratic sovereignty in the hands of nonelective, secretive, international tribunals that undermine local economies and diminish living standards throughout the world.

**Military Spending.** The Defense Department spending binge of the last two decades has created a crushing tax burden, and has transformed the United States from the world's biggest lender into the world's biggest spender and biggest debtor nation. We could save hundreds of billions of dollars each year by clamping down on the massive corruption, duplication, price gouging, and waste in military spending—without any risk to our national security. To save additional billions each year and cut down on the damage done to the environment, the United States should stop all nuclear tests, including underground ones, and wage a diplomatic offensive for a nuclear-free world.

With no loss to our “national security,” Washington also could save tens of billions of dollars if it stopped pursuing foreign interventions and dropped its costly and dangerous Star Wars antimissile missile program.<sup>11</sup>

The loss of jobs that will come with ridding ourselves of a war economy could be mitigated by embarking upon a massive conversion to a peacetime economy, putting the monies saved from the bloated military budget into human services and domestic needs enumerated earlier. The shift away from war spending would improve our quality of life and lead to a healthier stronger overall economy, while bringing serious losses to profiteering defense contractors.

**National Security State.** Prohibit covert actions by intelligence agencies against anticapitalist social movements at home and abroad. End U.S.-sponsored counterinsurgency wars against the poor of the world. Eliminate all foreign aid to regimes engaged in oppressing their own peoples. The billions of U.S. tax dollars that flow into the Swiss bank accounts of foreign autocrats and militarists could be much better spent on human services at home. Lift the trade sanctions imposed on Cuba and other countries that have dared to deviate from the free-market orthodoxy.

The Freedom of Information Act should be enforced instead of undermined by those up high who say they have nothing to hide, then try to hide almost everything they do.

**News Media.** The airwaves are the property of the American people. As part of their public-service licensing requirements, television and radio stations should be required to give—free of charge—public airtime to all political viewpoints, including dissident and radical ones. The media should be required to give equal time to all candidates, not just Democrats and Republicans. Free airtime each day for every political party during the month before election day, as was done in Nicaragua, helps level the playing field and greatly diminishes the need to raise large sums to *buy* airtime. In campaign debates, the candidates should be questioned by representatives from labor, peace, consumer, environmental, feminist, civil rights, and gay rights groups, instead of just inane media pundits who limit the universe of discourse so as not to give offense to their corporate overlords.

**Social Security and Taxation.** Reform Social Security in a progressive way by cutting 2 percent from the current 12.4 percent Social Security flat tax rate, and offset that lost revenue by eliminating the cap on how much income can be taxed. At present, earnings of more than \$97,000 are exempt from FICA withholding tax. This change would give an average working family modest tax relief and would help reverse the regressive ploy of raising

FICA payroll taxes for low- and middle-income people while reducing taxes for the wealthy.

Close many loopholes that allow rich individuals to get away with so much untaxed income. End federal and state tax giveaways to corporations. In most states the rich pay a smaller portion of their income in state and local taxes and the poor pay the highest. Raise the state income tax in all states in a strong progressive direction.

***Transportation and Infrastructure.*** Develop a nationwide high-speed rail system that could transport passengers and freight at far less cost with much greater speed, cutting back on gas-guzzling cars and trucks while saving thousands of lives and billions of gallons of fuel, and reducing greenhouse gas emissions by millions of tons. As of now the United States has the most backward railroad system of all industrial nations.

As with transportation, so with our entire infrastructure: government investment has been pivotal in developing the railroads, highways, and mass-communication systems. Now it is needed to refurbish water and sewage systems, bridges and tunnels, electric grids, national parks, and numerous other things. A national bank would be a great aid in funding such public work projects, which themselves would create many decent-paying jobs.<sup>12</sup>

## THE REALITY OF PUBLIC PRODUCTION

None of the measures listed above will prevail unless the structural problems of capitalism are themselves resolved. What is needed then is public ownership of the major means of production and public ownership of the moneyed power itself—in other words, some measure of *socialism*.

But can socialism work? Is it not just a dream in theory and a nightmare in practice? Can the government produce anything of worth? As mentioned in an earlier chapter, various private industries (defense, railroads, satellite communication, aeronautics, the Internet, and nuclear power, to name some) exist today only because the government funded the research and development and provided most of the risk capital. Market forces are not a necessary basis for scientific and technological development. The great achievements of numerous U.S. university and government laboratories during and after World War II were conducted under conditions of central federal planning and not-for-profit public funding. We already have some socialized services, and they work quite well when sufficiently funded. Our roads and some utilities are publicly owned, as are our bridges, ports, and airports. In some states so are liquor stores, which yearly generate hundreds of millions of dollars in state revenues.

There are credit unions and a few privately owned banks like the Community Bank of the Bay (Northern California) whose primary purpose is to make loans to low- and middle-income communities. We need public banks that can be capitalized with state funds and with labor union pensions that are now in private banks. The Bank of North Dakota is the only bank wholly owned by a state. In earlier times it helped farmers who were being taken advantage of by grain monopolies and private banks. Today, the Bank of North Dakota is an important source of credit for farmers, small businesses,

and local governments. (North Dakota is one of only two states that were not drowning in debt and deficits as of 2010.) Other states have considered creating state banks, but private banking interests have blocked enactment.

We should create a national bank with money issued directly by the Treasury Department to provide low-interest easy-term loans for people who want to start small businesses, go to school, or own a home—a national bank that is run on a nonprofit basis, the goal being not to plunder the public but to make credit available for those who have a productive need.

Often unnoticed is the “third sector” of the economy, consisting of more than 30,000 worker-run producer cooperatives and thousands of consumer cooperatives, credit unions, housing co-ops, and rural utility co-ops; along with scores of cooperative banks, cooperative insurance companies, and telecommunication and cable co-ops. Employees own a majority of the stock in at least 1,000 companies.<sup>13</sup> Construction trade unions have used pension funds to build low-cost housing and to start unionized, employee-owned contracting firms. The Organic Consumers Association, with a membership of 250,000 strong, works for the conversion of the nation’s agricultural system to organic farming and calls for a moratorium on genetically engineered crops.

There are also the examples of “lemon socialism,” in which governments in capitalist countries have taken over ailing private industries and nursed them back to health, testimony to the comparative capacities of private and public capital, socialism rescuing capitalism as usual. In France immediately after World War II, the government nationalized banks, railways, and natural resources in a successful attempt to speed up reconstruction. The French telephone, gas, and electric companies were also public monopolies. Public ownership in France brought such marvels as the high-speed TGV train, superior to trains provided by U.S. capitalism. The publicly owned railroads in France and Italy work much better than the privately owned ones in the United States (which work to the extent they do because of public subsidies).

The state and municipal universities and community colleges in the United States are public and therefore “socialist”—shocking news to some of the students who attend them—and some of them are among the very best institutions of higher learning in the country (although all of them are becoming less and less affordable because of tuition increases and hence less socialist).

Publicly owned utilities in this country are better managed than investor-owned ones; and because they do not have to produce huge salaries for their CEOs and big profits for stockholders, their rates are lower and they put millions of dollars in profits back into the public budget.

Then there is the British National Health Service, which costs 50 percent less than our private system yet guarantees more basic medical care. Even though a Tory government during the 1980s imposed budget stringency on British health care “in order to squeeze economies from the system at the expense of quality,” a majority of Britons still want to keep their socialized health service.<sup>14</sup>

All the industrialized Western European democracies provide free medical care, education, and human services for those in need, along with strong government regulations on corporations and financial institutions. Citizens of these

countries work fewer hours than do Americans and enjoy five- and six-week vacations. They also have far more generous benefits and sick-leave policies.<sup>15</sup>

Free marketeers in various countries do what they can to undermine public services by depriving them of funds and eventually privatizing them.<sup>16</sup> The privatization of postal services in New Zealand brought a tidy profit for investors, a rise in postal rates, wage and benefit cuts for postal workers, and a closing of more than a third of the country's post offices; in sum, poorer service at higher cost: capitalism replacing socialism. Likewise, the privatization of telephone and gas utilities in Great Britain resulted in dramatically higher management salaries, soaring rates, and inferior service. Rightist governments rush to privatize because public ownership *does* work, at least in regard to certain services. A growing and popular not-for-profit public sector is a threat to private investors.

Most socialists are not against personal-use private property, such as a home. And some are not even against small businesses in the service sector. Nor are most socialists against modest income differentials or special monetary rewards for persons who make outstanding contributions to society.

There is no guarantee that a socialized economy will always succeed. The state-owned economies of Eastern Europe and the former Soviet Union suffered ultimately fatal distortions in their development because of (a) the backlog of poverty and want in the societies they inherited; (b) years of capitalist encirclement, embargo, invasion, devastating wars, and costly arms buildup; (c) excessive bureaucratization and poor incentive systems; (d) lack of administrative initiative and technological innovation; and (e) a repressive political rule that allowed little critical expression and feedback. At the same time, it should be acknowledged that the former communist states transformed impoverished semi-feudal countries into relatively advanced societies. Whatever their mistakes and crimes, they achieved what capitalism cannot and has no intention of accomplishing: adequate food, housing, and clothing for all; economic security in old age; free medical care; free education at all levels; and a guaranteed income.

As the peoples in these former communist countries are now discovering, the "free market" means freedom mostly for those who have money and a drastic decline in living standards for most everyone else. With the advent of "free-market reforms" in the USSR and Eastern Europe, inflation diminished workers' real wages and pensions, and dissolved their savings. Health and education systems were privatized and then deteriorated. Unemployment, poverty, beggary, homelessness, crime, violence, suicide, mental depression, and prostitution skyrocketed. By 70 and 80 percent majorities, the people in these newly arrived free-market countries testify that life had been better under the Communists. The breakup of farm collectives and cooperatives and the reversion to private farming caused a 40 percent decline in agricultural productivity in countries like Hungary and East Germany—where collective farming actually had performed as well and often better than the heavily subsidized private farming in the West.<sup>17</sup>

The question of what kind of public ownership we should struggle for deserves more extensive treatment than can be given here. American socialism

cannot be modeled on the Soviet Union, China, Cuba, or other countries with different historical, economic, and cultural developments. But these countries ought to be examined so that we might learn from their accomplishments, problems, failures, and crimes. Our goal should be an egalitarian, communitarian, environmentally conscious, democratic socialism, with a variety of participatory and productive forms, offering both economic security and democracy.

What is needed to bring about fundamental change is widespread organizing, not only around particular issues but for a movement that can project both the desirability of an alternative system and the great necessity for democratic change, a movement ready to embrace new alternatives, including public ownership of the major corporations and worker control of production. With time and struggle, we might hope that people will become increasingly intolerant of the growing injustices of the reactionary and inequitable free-market system and will move toward a profoundly democratic solution. Perhaps then the day will come, as it came in social orders of the past, when those who seem invincible will be shaken from their pinnacles.

There is nothing sacred about the existing system. All economic and political institutions are contrivances that should serve the interests of the people. When they fail to do so, they should be replaced by something more responsive, more just, and more democratic. Marx said this, and so did Jefferson. It is a revolutionary doctrine, and very much an American one.

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