

DEEP DEMOCRACY

AND ALLIANCE ALERTS (page 25)

July/August 2001

Transforming the Corporation

By Ronnie Dugger

Transforming the large corporation to totally subordinate it to democracy is the fundamental long-run work of the Alliance for Democracy. The Alliance mission is first "to end the domination of our politics, our economics, the environment, our information and our culture by large corporations [and] to establish true economic and political democ-

ocracy...." Although transforming the corporation is only one of the Alliance's four national campaigns, it is also the only one that embodies the Alliance's unique and basic work. Now that the campaign finance reform legislation pending in Congress is dead from a mortal parliamentary spasm in the U.S. House on July 12, or somehow will be revived and perhaps amount to some limited reform later this year, the dark challenge of the giant corporation, hav-

ing been lowering in our minds, is at hand.

The Alliance began forming six years ago around an article of mine that was published in the *Nation* in August 1995 which opened: "We are ruled by Big Business and Big Government as its paid hireling, and we know it. Corporate money is wrecking popular government in the United States. The big corporations and the centimillionaires and billionaires have taken daily control of our work, our pay, our housing, our health, our pension funds, our bank and savings deposits, our public lands, our airwaves, our elections, and our very government. It's as if American democracy has been bombed." Has that been borne out? Alas, yes.

To make the Fortune 500 largest U.S. corporations this year, your little company had to produce revenues of at least \$3 billion. Together, these 500 companies generated \$7.2 trillion in sales, made \$444 billion in profits, and employed 24 million of us. ExxonMobil made \$18 billion last year, the most profit that has ever been made in a year by any corporation in history. In the past five years the CEO of Citigroup, this one man, has made more than \$700 million dollars in pre-tax profits on his stock options. In politics corporations generally outspent labor unions last year about 15 to 1. The top 200 corporations in the world had combined sales 18 times the combined annual income of the poorest fourth of the human race, 1.2 billion people.

On the other side, though, some progress has been made since the Alliance

Campaign Finance Reform—

Where Did It Disappear To?

The parliamentary snarl over procedure in the House of Representatives on July 12, which ended in a victory on the surface for advocates of campaign finance reform, will have killed it again for this year unless 218 members of the House sign a petition forcing the Shays-Meehan bill back to the floor. If they do, chances will strengthen that the substance of the Senate's McCain-Feingold bill will become law this year.

Doris Haddock—Granny D—was on the scene in Washington during the House uproar concerning the procedural hurdles which Speaker Hastert had thrown in the path of the Shays-Meehan backers. Before it became clear that neither that nor the alternative Republican bill would be debated this summer, she called on the sponsor of the latter to expostulate with him. She was relieved when the members killed Hastert's rule rather than put the Shays-Meehan contraption to the test of 14 separate votes, any one of which might have shaken it to pieces.

The Alliance's Clean Money action campaign is moving ahead with plans for an intensive educational effort on the much more basic clean-up of the system that voluntary public funding of elections would be. Randy Kehler, an AfD Clean Elections consultant, is completing his writing of an AfD pamphlet on the case for such legislation. An Alliance pamphlet concerning the actions of the Democracy Brigades in the Capitol Rotunda is also underway, along with a companion pamphlet containing excerpts of the Brigadiers' statements in various situations, and plans for more Brigade actions in the near future are being discussed.

Jim Ace, head of the AfD's Clean Elections work, has all but completed, along with others, an Anti-Bribery Action Kit which is to be provided to chapters (as well as to other organizations) that want one. The name given this pamphlet embodies a decision made several months ago by the Alliance working group that the time has come—though now, for a while, it has gone—to speak of bribery.

This is a joint issue of

DEEP DEMOCRACY
and
ALLIANCE ALERTS

Deep Democracy and *Alliance Alerts* are publications of The **Alliance for Democracy**, whose mission is to end the domination of our politics, our economics, the environment, and our culture by large corporations. The Alliance seeks to establish true economic and political democracy and to create a just society with a sustainable, equitable economy.

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This One's For You, Mom Put the Tobacco Pushers, Inc., in Prison

This is excerpted from "Crimes on Tobacco Road" in the Opinion section of the Los Angeles Times for Sunday, June 24, by John Balzar, one of its national correspondents. © Los Angeles Times 2001.

In Marine Corps boot camp, we could strive for only one pleasure. If only the day had gone well, if someone had not screwed up, if the drill instructor's wife had not nagged him that morning, if nobody had a spot of rust on his M-14 or a blemish on the polished brass of his belt-buckle. . . .

Fresh-scrubbed from the shower, smelling of Dial soap, standing at-ease in our shower shoes in rows along the pla-

toon street, our spirits rose as we anticipated the words.

"Arrrah, the SM-OK-ING lamp is lit." Man, did we ever smoke. We smoked our hearts out. Pavlov needed no dogs at this scene. . . .

Meanwhile, back in the laboratory—in the little shop of corporate horrors—we now know there were other men wholly devoted to our pleasure.

Sometimes in my dreams I can see their detached, cold-blooded eyes as they rush to please their bosses. People in lab coats, in the cause of their ideology—capitalism—deliberately jacking up the addictive substance in our tobacco. People who carried on even when their own evidence showed they were wrapping bullets in paper and killing us. Then lying about it, and spending millions egging us on with a smile. "I'd walk a mile for a Camel." "A silly millimeter longer."

I have struggled with cigarette smoking ever since. . . . For this, I'll accept my share of the responsibility, but I won't accept it all.

Friends, I think we're attacking the problem in the wrong way.

When Atty. Gen. John Ashcroft backs down from the federal government's billion-dollar damage suit against the tobacco industry, I am unmoved. Who cares? Suit or settlement—what will that accomplish anyway?

We know Ashcroft's leanings on this. He's against some drug peddlers and for others. So?

What catches my eye is a paragraph buried deep in the story noting that some tobacco companies "have expressed support for the federal regulation of tobacco, which analysts have said may be a basis for settling."

Excuse me, but who the hell are they to dictate the terms of settlement?

And excuse me, but how far will we get by having the federal government "regulate" our doom? . . .

SEE "MOM," page 20

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The Corporation

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began forming six years ago. A number of serious books have appeared reinterpreting the basic situation as corporate-dominated, and a number of substantial organizations have formed behind an analysis of this kind. Among the people, the makings of a nonviolent citizen revolt first burst on the scene in Seattle late in 1999, and since then demonstrations against global corporatization have continued all over the world. Most important of all, there has been a paradigm shift, in the last five years, from a prevailing characterization of the American civic situation as the struggles between the Republican and Democratic parties, to the prevailing interpretation now, that both major political parties and the United States itself are dominated by an oligarchy of the major corporations and the few very rich people behind them.

Replacing this oligarchy with deep and lasting democracy is protean work of at least six kinds: research, remedies, education, strategy, tactics, and action. The ubiquity and power of the giant corporation as the adversary of democracy, and the intimidating difference between, say, one crowd of 40 Alliance colleagues meeting in, say, the First Unitarian Church in North Andover, Massachusetts, and, say, world-girdling Monsanto or General Electric, or the World Economic Council assembled in Davos, Switzerland, or the World Trade Organization in Geneva, accounts for the reserve, hesitation, and caution with which we have approached the project. Since “the corporation” is a shorthand name for the now-ruling highly organized worldwide oligarchy of corporations, financial institutions, and billionaires, one could easily approach the challenge too narrowly, as just a problem of institutional re-jiggering. At the level of the paradigm—the level of the deepest truth—the subject is nothing less than what kind of society we live in and what kinds of societies we would prefer to live in.

We need not tarry long restating the fundamental analysis that guides the Alliance, for it—or, at the least, widespread distrust or dislike of major corpora-

tions—is now generally accepted. On Sept. 11, 2000, a *Business Week*/Harris Poll showed 3-to-1 support for the proposition that “business has gained too much power over too many aspects of American life.” Are prices fair relative to profits? No, 3-1. Are CEOs of big corporations paid too much? Yes, 73 percent. Are entertainment and popular culture “dominated by corporate money which seeks mass appeal over quality?” Yes, 82 percent. Do big corporations, do small business, have too much power or too little? Big corporations, too much, 74 percent, too little, 2 percent. Small business, too little, 78 percent, too much, 5 percent. *Business Week* reported: “It’s no longer a youth or hippie thing. Today, those angry at business come from all parts of US society.” And that was last September—in December the Republicans literally seized the presidency and are now enacting a series of nakedly pro-big-corporate, pro-big-rich changes that are even more brazen and corrupt than what had been happening to the country for the past 20 years. Though systemic change in America still depends on whether the people’s protests become a nonviolent revolt that coheres and achieves political power, the people of the country know what’s what.

OUR IMPORTANT DIFFERENCES

Most useful, at this point, might be a brief description of the important differences of opinion and focus about the giant corporation which have emerged in what we may call the populist anti-big-corporate community, differences of analysis, pitch, ideology, range, remedies, and visualized futures; for these are the grave issues which we of the Alliance are called upon to weigh and decide for ourselves, as our democratic part in forming the new thinking that, if

matched to power, will form the future. I shall state these differences as questions.

Is our goal corporate social responsibility, improved corporate behavior one company at a time, but otherwise going on pretty much as before, or is it systemic change, a fundamental removal of the corporation as “a person,” as a legitimate presence, from democratic decision-making, and the establishment of “deep democracy,” democracy extended to encompass and to govern economic as well as political life?

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Is our ideology” progressive-populist, with admixtures of the democratic socialist, the libertarian liberal, with a set of views on economics favoring small farms, small businesses, co-

ops, independent communities, all competitive human-scale economic enterprises, and nonviolently taking on gigantic corporations as the real enemies of competitive free enterprise; or is it “anti-capitalist,” ideological in the Marxist and neo-Marxist formulations, aimed for a century and a half at “destroying capitalism” and at violent revolution?

What corporations are we talking about? Only the public corporations that go to the public for investment, or any or all of the privately held corporations, some of them huge transnationals, but most of them the millions of small businesses which must compete to survive and from which most innovation comes? Are we talking about all corporations, large or small, or are we not introducing, into the ancient discourse on economics and democracy, the concept of the democratic control of size, the idea that beyond a certain bigness, (varying, it may be, with economies of scale sector by sector,) success of the gigantic corporation means and is destruction of competition and competitors and defeat for free and open society?

What do we want to DO with corporations? Is the idea to “abolish” all of them, or the large ones, or just the large public ones? If it’s to abolish the large

ones, what is the strategy concerning the entirely predictable big-corporate counterattack turning the working people against any movement, so proposing, as destroyers of their jobs? Or do we have in mind a new movement nonviolently attaining governing power and then, by means democratically achieved, instituting a system of statutory and tax rewards to make it rational for the profit-uber-alles corporate giants to convert themselves into entities devoted, by law and practice, to a reasonable profit and the common good?

Do we want to limit the size of corporations? If so, will the top size vary by sectors (again depending on socially-beneficial economies of scale), or might we prefer to set an absolute limit of, say, 250, or 500 employees for any one corporation? Since a large corporation which attains oligopolistic market power is a destroyer of competition, might we decide that where (for instance in situations in which we need centralized production to meet desperate mass economic needs) we cannot rationally limit the size of private economic activity enough to protect democracy from monopoly, we must and will invent some new way or ways of governing that production and the prices charged for it democratically and of democratically distributing the goods or services from it? Are we capable of inventing new democratic governing forms (or might they already exist in democratic socialist Scandinavia) for large productive endeavors, forms which we can be certain will not lead us back into the police states of fascism and communism which so hideously effaced the Twentieth Century?

If, as we are seeking to do in the case of the Union Oil Company of California, we persuade a state such as California to close a corporation as a repeat offender against law and the common good, how do we propose to preserve and continue the jobs and benefits of that corporation's workers and what do we propose to do with the corporation's assets? Once, when discussing the Alliance with the editorial board of the *Dallas Morning*

News, I was asked the latter part of that question and parried it, replying, "We believe in democracy, you see, so that depends on what the people decide democratically." Well, the time for the citizens to start deciding such questions is at hand. How does law determine who are the innocent stockholders of a miscreant corporation, and who the guilty ones?

Who, in addition to the workers and the not-guilty stockholders, are the other stakeholders in a corporation, and, *e r g o*, *a m o n g* whom else may the ownership of a miscreant corporation's assets, or elements of business, legitimately be redistributed?

What is the right or best or tactically the smartest geographical arena in which to go into public conflict with major corporations? The local and state arena, or the federal, or the international? If we grant each arena the case for its validities—the state and local for educational and movement-building reasons, the federal as logically the level at which to govern and redefine interstate corporations and commerce, the international as logically where to govern and redefine the transnational—is it not plausible, albeit appalling, that, speaking of the entire movement, all of these arenas must be used at the same time?

What are the best educational modes for proposing and debating systemic change to democratize commerce and the distribution of wealth? In the case, for example, of the Supreme Court's assignment of most of our personal constitutional rights to corporations, should we be drafting a model federal law abolishing corporate personhood, or a constitutional amendment so doing? Should we be drafting a model state corporate code (such a project is now under way among half a dozen persons), or an entirely new federal corporate code? Should we not be striving to interject, into current political controversy, the case for the ratification of the International Criminal Court and

the addition to its jurisdiction of transnational commerce? Such models and proposals are now largely educational in purpose since they cannot be put into effect or law without a sea-change in politics, but even so, important practical consequences follow from using one form or another.

Governmental penetration and spying on the growing clutch of populist and pro-deep-democracy organizations should be assumed on recent U.S. history—or even after a split second's thought concerning who now governs the country. The remedy for it is inherent in the commitment to nonviolence such as AfD and many organizations have made: not to do or intend to do anything violent and to do nothing illegal unless a decision is taken for openly-intended civil disobedience. But what might be done to better protect our organizations from corporate penetration, undermining, and takeover? Corporations control many of the major foundations, and it is a commonplace that corporate foundations have bought off a number of environmental organizations. Presumably something like that has happened in other areas. Unless all this that we are doing is just playing games, despite the distastefulness of this subject, key persons in each serious organization should be open-minded about conferring together to try to identify among themselves, without accusing, and to neutralize the machinations of, any corporate or Cointel-Pro-type government moles.

What do we mean by "democracy"? Have we ever had it in the United States? Do we even have it in our own organizations? Do we mean by it, domination by the majority, or governance by partnerships? Do we mean democracy by consensus, and if so, by what definition of consensus, and with what mechanism that might permit one or several people (who after all could be sent by corporations or the government) to paralyze the entire organization indefinitely?

In formulating policy concerning corporations for future governing, will we accept somebody's or some organization's theoretical fiat, the implication of some intellectual or some ideologue or some one organization that he or she or it knows best, and maybe can even predict the future, or will we patiently work

Lilliputians trying to take the measure of an elephant by feeling its foot, then its trunk, then—what's that open space?—if it falls, will it flatten us all?

through the egalitarian democratic processes which can enable us to produce our democratic answers.

If, as most of us in the Alliance have, we determine to change the system, to transform the corporation to get it totally out of democratic processes, then will we give the necessary thoughtful attention to the language we are using, to see to it that what we are saying cannot be mistaken for one-company-at-a-time, one-corporate-wrong-at-a-time ameliorism, but will clearly always mean and be understood to mean that “the issues” are not the issue, but that the system is the issue?

LILLIPUTIANS ON GE

Since Alliance people started meeting and conferring six years ago, we have been approaching the anti-big-corporate undertaking from many vantage points, Lilliputians trying to take the measure of an elephant by feeling its foot, then its trunk, then—what’s that open space?—if it falls will it flatten us all?

The national Alliance action group has taken form as members have volunteered to participate in it. The 40 or so members of it are printed on page 21 of this issue; if an Alliance member wishes to join or has done so but has been left out inadvertently, please contact me.

Many Alliance members have spent a weekend or two in company with 20 or so others at “rethinking the corporation” conferences sponsored by the Program on Law, Corporations, and Democracy (POCLAD), the analytical collective of a dozen or so persons led by Richard Grossman and Ward Morehouse. The Houston chapter of the Alliance became, in effect, a study group on transforming the corporation; the San Francisco and Minnesota chapters sponsored well-attended regional conferences on ending corporate personhood; the Port Arena, California, chapter persuaded its city council to ban corporate personhood within the town’s boundaries, and the Port Arena and Mendocino Coast chapters in California are making use of a ten-week course on the corporation that has been prepared by the Women’s International League for Peace and Freedom.

In Colorado at the 1999 Alliance convention, Gene Nichol, for eight years dean of the University of Colorado Law

School (now dean at the law school at the University of North Carolina), “threw in with us” on the project, as he said. The campaign began to attain operational maturity at that convention with presentations and discussions on what kinds of future societies we want and with detailed proposals from David Korten of Washington state, one of the leading thinkers in this new field, on what changes are needed to transform the corporation. Thinking among us on the subject advanced further during the convention in Davis last year when Dean Nichol presented us his Economic Bill of Rights and Professor Steve Russell of Texas urged the need to demand politically that the U.S. ratify the proposed International Criminal Court and that the court’s jurisdiction be extended to international commerce, if democracy is to attain control over transnational corporations.

Russell and a colleague, University of Texas criminologist Michael J. Gilbert, in a law-review paper published last year in the Netherlands, propose a sanctions regime for corporate criminals comparable to the sanctions regime imposed on natural persons for street crimes. The punishments they propose for corporations (“the corporate person”) convicted of crime include formal apologies to victims, community service, fines, victims’ compensation, suspension, debarment, receivership, and the death penalty by charter revocation.

There follows here a suggested perspective and work plan that is subject to deliberations of the national action group. This protean campaign seems to compose itself into about ten modes.

I suggest that members of the Alliance national action group on transforming the corporation hold regional meetings around the country (I am free to travel most of August) and follow this with a meeting of the national group later in the fall.

1

In my opinion specifically qualified persons, veterans of movement work, and invited interested other parties, perhaps 20 to 40 persons in all, should meet quarterly for long-weekend mutual-education and working sessions. Some subject ar-

reas which present themselves for these sessions are state and national corporate-political history, comparative national corporate systems, law and the corporation now, working people and the large corporation now, model remedial statutes, model remedial constitutional amendments, broader political and societal issues in the United States, comparative factors from nation to nation, relevant emerging international law, and the enveloping issue of overall democratic shape, which we might roughly characterize as decentralist localism or philosophical anarchism v. democratic confederal or federal world government. Also needed in these meetings will be the participation of forward-thinking leaders from the union and co-op movements and business, academics specializing in relevant academic fields, and young activists from the anti-corporate university-student organizations.

2

A person attending these meetings might be asked well in advance to produce a written work product, perhaps, for example, a historical focus, a study paper on some feature of corporate behavior, or a draft statute or constitutional amendment, or to help the group evaluate some such proposal already advanced. The campaign’s collective work product in view, I would suggest, is a set of transformational policies, a program, and a strategy and tactics for achieving economic justice and deep democracy by transforming the corporation (and, one cannot avoid adding, by such other societal transformations as are deemed necessary to achieve good societies), to be presented to the public and to ensuing Alliance conventions for debate and approval.

I posit, for the consideration of the Alliance, the principle that while the campaign working group will be conferring and collaborating with other groups on this issue, this is an Alliance for Democracy project with the aim of producing, by democratic AfD procedures, a set of outcomes on the subject which express and represent a democratically achieved Alliance position. Other organizations may be choosing to develop their own positions, and/or they may take up as

their own part or all of the Alliance outcomes, as on consideration or reconsideration the Alliance might adopt the decisions of other organizations.

When and if the political collapse of the American Republic, which was effected by George W. Bush and the Supreme Court on Dec. 12 last, is compounded by an economic collapse or a nonviolent civic revolt, if we hop to it now, many of us and many of our organizations will by then have democratically thought through this mess we are in and will be prepared to speak and act together toward the future.

3

In synchronization with the quarterly meetings, I suggest that the Alliance sponsor, with co-sponsors, two to four public forums or conferences a year on ending corporate domination, open to the public, some of them perhaps based in law schools, culminating in workshops and a plenary session on what to do. We might hope for participation and co-sponsorship by, for example, the Council of Canadians, POCLAD, United for a Fair Economy, the Rainforest Action Network, WILPF, 180, interested unions, such single-issue organizations as may come forward seeing that the gigantic corporation lies behind most of our social paralysis, and local economic-justice and neighborhood-development organizations.

4

I propose we consider shifting the AfD action model by adding, to the subjects or our attention in our direct actions (international financial institutions at Seattle and Washington and Quebec City, national political conventions at Philadelphia and Los Angeles, the Congress in the Capitol Rotunda), corporate headquarters and facilities, transnational banks, and media corporations' headquarters and local facilities—going directly to the locations of corporate, finance-capital, and corporate-media power to make our statements in direct action and, when we have so decided, in nonviolent civil disobedience.

5

As the Alliance resumes publication of *Deep Democracy* and is entering upon publishing a pamphlet series, the action campaign might well have in view the publication of signally important or suggestive papers and documents on transforming the corporation. The first of the pamphlets, "Corporism: The Systemic Disease That Destroys Civilization," by Kenneth Reiner, goes to the printer this month.

6

The campaign needs to open a research and projects website. Serious academic and legal research is beginning to materialize. CEO Observatory in Europe is doing work on a corporation-free UN (and much else). The University of Denver was convinced by Boise-Cascade to expunge from its websites anti-Boise Cascade research that the university had published in its own law journal. Corporate-focused research and information sites already exist on email and the web. The ongoing work of the AfD website might include a coordinated description of these, reading resources, the permanent posting of basic research, and keeping track of other organizations' ventures in this area. Most useful of all, a service AfD could offer the movement could be a website undertaking to keep track of all anti-big-corporate actions, lawsuits, boycotts, and other such actions all around the world. Perhaps we also need discussion and announcement list-servs.

7

Within the Alliance, some of us advocate that the thematic (though not of course exclusive) focus of the Alliance convention next year be transforming the corporation to establish deep democracy, with the convention called on to consider, debate, and make decisions on the policy issues here, with workshops on what to do in one's own communities, nationally, and internationally to carry out this democratizing mission.

8

Alliance chapters may wish to devise their own special activities and programs as part of this national action campaign.

For example:

Ralph Estes' Stakeholder Alliance (Estes@essential.org) has offered each Alliance chapter which requests it a working kit on how to research a corporation and standards to which it should be held accountable.

Alliance chapters might well be invited to consider developing, on a model being investigated by the Minneapolis chapter, "the Local Conspiracy," that is, a conspiracy to buy local goods and to not buy the products of big corporations. A local chapter might undertake by itself to define what is meant by "locally owned small business," to do an inventory of such businesses along with co-ops, family and community-supported farms, and other local human-scale enterprises, to solicit participants in the local conspiracy who might put decals so announcing in their storefront windows or inside their car windows or on their car bumpers, perhaps to develop a buy-local discount system for participants.

Chapters might consider undertaking a research project for their state on how the state was transformed from a citizen-based democracy into a corporate-dominated factor in the international corporate oligarchy. The Ohio Committee on Corporations, Law and Democracy has produced two model booklets which illustrate and exemplify this approach.

Local ordinances are being passed experimentally to regulate big corporations' activities in municipalities. The Port Arena model ordinance, passed by its city council, declares that corporations are not persons in its jurisdiction. This kind of local attention to large corporations in one's home area, which has developed pell-mell in the past two years, is now ripe for application by local chapters.

A chapter might select the corporation chartered in its state that it loves to rag for a corporate-revocation action. A complete outline of how to do this, and a lengthy legal brief against the Union Oil Company of California with more than 300 footnotes, can be had from the Alliance national office for \$10, reporting on the multiorganizational campaign to re-

voke the charter of Unocal.

Resources concerning these kinds of actions, and how to obtain the materials, are reported in an accompanying story on "Resources on the Big Corporation." A kit for the chapters on this entire action campaign is in planning stages, modeled on the one almost completed on public funding of elections.

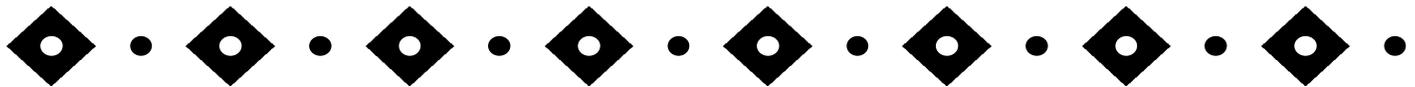
9

When the Alliance began in 1995 only the POCLAD collective was active on this subject in the United States. Now a variety of organizations have adopted the same or a consanguine focus. As individuals, in chapters, and nationally, members of the Alliance have been networking in various ways with many of

these organizations and they with us, and we are advancing as a model for the formation of a new people's movement in the U.S. the plan, now entitled "Equal Independent Allies for Communication, Education, and Action," which will be ready as an Alliance pamphlet in the fall. (See on page 21 a report on the three-year-long success of these principles as applied in San Antonio.) In substantial part because of the work of the International Forum on Globalization, CEO Observatory Europe, the Third World Network, and other organizations, the worldview that transnational corporations are taking over the governance of the human race now also prevails among important sectors of the populations in many countries.

10

There is the matter of funding this national action campaign. We have obtained about \$1,300 from sale of the paperback about Unocal, and proceeds from further sales of it are so dedicated. At the quarterly headwork meetings one item on the agenda, no doubt, will be finding donors or foundations to fund the ongoing work of the campaign—the costs of the quarterly work sessions and the forums, employing competent facilitation for online development, the formation of Economic Democracy Brigades to go into action in the public arena, and publications and onlining of educational materials embodying our groundbreaking thinking, discussions, arguments, and decisions.



Exploring Paradigms: A Path to Deep Democracy

A Dialogue Between Tom Condon and Jean Maryborn

Jean Maryborn, a Northeast regional representative to the AfD Council, helped start the Mass. Bay South Alliance last year. A long-time activist concerned with hunger and the Nuclear Freeze, and for eleven years a consultant on just peace for the United Church of Christ, she joined the Alliance thinking that here at last was a group addressing the root of those myriad problems, the giant corporations. Her sociologist friend Tom Condon said, "Whoa, Jean, the cause goes much deeper." Condon has long been digging into paradigms. His current projects include a critical deciphering of Stephen Hawking's cosmology and some playful workshop materials for the politically disenchanted. Exploring with him his theories about paradigm shifting, Jean described at last a guide to social change that she regards as potent, peaceable and possible. Dialogue is invited.--Ed.

A further prefatory note from Maryborn: The concept of paradigm is now on the table of the Alliance. Dave Lewit, co-chair of the AfD campaign on globalization and positive alternatives, came to

the Council meeting in Waltham last fall with a challenge: "Take a look at the system underlying corporate structure," he said, "give it some focus at the next convention." He handed out copies of a dynamite article by the late systems-thinker Donella Meadows in which she discusses nine points for leveraging change. Easiest, but least effective, she says, is to address the objective, factual level. Most effective and challenging is to look at the typically subconscious paradigm. I sent a copy of the article to my friend Tom Condon, who for years ran seminars on paradigms and media.

Maryborn: So, Tom, can you explain paradigms for us?

Condon: Well, "paradigm" refers to a "worldview," that is, a social construction. The concept first appeared in the early 60's when scientists grudgingly conceded there was no certain way to bridge the huge gulf between our minds and the external world. So, the entrenched belief that science can progress to true, objective knowledge is no longer

tenable. Instead, knowledge is regarded as thoroughly human, a fallible, evolving projection arising from a culture's system of archetypal beliefs about reality. Note the shift: from a linear, objective pursuit of universal truth to a circumspect review of the plurality of myths connecting us to the mysteries of the cosmos. This shift means democracy is our best means for achieving progressive social decisions!

An analogy from television's Star Trek may be helpful. Exploring the unknown, the Enterprise crew must rely upon long-range sensors to take readings on what lies ahead. These mediating sensors are highly selective because they are tuned by the limited technology and purposes of the crew. Failure to recognize these limits could be dangerous. Similarly, paradigms are our mediating maps, not the territory itself. And today, with business interests shaping our sensory array, democracy is in grave danger. This calls for a mental switch: from blind faith in the media to a critical diagnosis of their distorting, sanitizing biases, followed by a major overhaul.

Maryborn: You say these archetypal beliefs are deep and general. Is this why they're such a challenge, yet provide so much leverage for change?

Condon: Yes. Paradigms consist of three levels. Deepest is the system of general principles, a society's articles-of-faith. This level then governs the formation of the next higher level, adaptive institutions like politics and economy. Finally, these deeper levels shape the surface of society, the myriad pattern of facts, acts, and interacts. As Meadows said, it is easiest, yet least effective to address the facts/acts surface. (Which is what the media has us doing!) There are zillions of facts. To operate at the deepest level provides the greatest leverage since it generates, so "explains," the pattern underlying facts. It is a challenge because it requires a turn-of-mind, a paradigm-shift. Paradigm shifts are rare. They require: a) social recognition of a deep, value crisis, and b) invention of a better alternative. The American Revolution is a tidy example: alien power and taxes provoked a crisis, while hard work created an amazing covenant of mutual-determination and rebellion.

Maryborn: How many paradigms, or worldviews, are there?

Condon: I don't know. I'd guess each culture has its own. Paradigms, then, invite comparisons, a kind of ecumenical sharing and synthesis of creation myths. For instance, let's compare two American paradigms: corporate-mechanics and constitutional-democracy. If we look at their core beliefs, the two generate radically different social worlds. Following is a summary of the different "answers" these two provide to the four, deepest, mediating, cosmic riddles:

1. "Person" is defined, respectively, as: programmable object, or, creative subject.
2. "Social Organization" should be: a centralized hierarchy (win/lose chain of command), or a participatory assembly (win/win cooperation, creative history-making).
3. Society's "Prime Mover" is: technical-power (competition, profit maximizing), or symbolic spirit (the "heroic path," justice-seeking, reverence for

the "web of life").

4. Society relates to the "Ecosystem" as: its ordained master (control and domination of a corrupt nature), or self-conscious co-participant (seeking metaphors of sustainable, harmonious order).

Much of our history has been a struggle to balance these two paradigms. Today, with stateless corporations, they're se-

hope. As to restoring power, on paper the answer is simple. If citizens switched to the priority of democratic principles this would pretty much outlaw giant corporations, period. Their monopoly of media and copyright, their political influence which turns our governments into fiscal managers, and their depraved indifference to sovereign persons, local communities, ideal values, democracy, telling the truth, and the living mystery of the eco-

Two Paradigms		
<i>The Four Concepts</i>	<i>Corporate Mechanics</i>	<i>Constitutional Democracy</i>
The Person	Programmable Object	Creative Subject
Social Organization	Centralized Hierarchy	Participatory Assembly
Prime Mover	Technical Power	Symbolic Spirit
Society as to the Ecosystem	Its Ordained Master	Self-conscious Co-participant

verely out of balance, creating huge disruptions on the planetary surface: institutional ("privatization," or financial feudalism), and interactive (civic fear, distrust, and "rage"). So a key to a healthy domestic future is to restore democracy. As in our founders' situation, an alien, profiteering power is today creating a major crisis for self-governance.

Maryborn: You and Meadows say effectiveness lies deep. The Alliance seeks to restore citizens' sovereign voices, by reforming the electoral process, for example. This aim seems deep and general, yet the Alliance has not attracted broad popular support, I think because citizens feel powerless in the face of such complex problems. We need hope. I find it hopeful that the paradigm shift yields a complex and deep, yet single reframing, so—Aha!—the issues become more easily grasped. More all of a piece. Wouldn't your paradigm shift provide hope and restore our power?

Condon: Great questions! First, as to hope, you're thinking of individuals, while I look for a social system that gives

system, would all cease, period. But there are no great, one-stroke theories of social change. Society is not simple like a machine. Instead, it is as rich, varied, barely conscious, so capricious and unpredictable as we are, together. In reality, then, there are no straightforward answers.

Let's illustrate with a paradox that the concept of "alliance" (union of general interests) raises. I'd predict alliances are hard to form. Why? Because our consciousness is tethered inside specialization. Fragmented single-issues are viable; general interests are not! Thus, while there are hundreds of deep-democracy activist groups, each has its own special, surface project, like electoral reform, world seed stock, labor laws, civil or human rights, daycare and so on. Is it possible to forge an alliance of all these interests? On paper the answer is again a very simple "Yes! Go deep! Consciously switch paradigms! Discover the democratic principles underlying these special interests!" Sounds easy, but it ain't. But take heart! Facing this paradox puts us in

touch with much of human history. Look at our founders: bred under British monarchy, somehow they nevertheless created a democratic union.

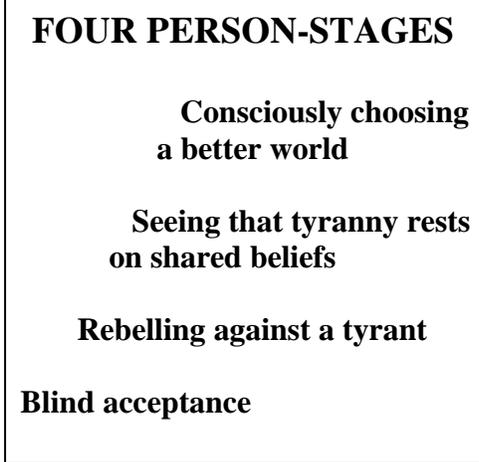
As to powerlessness, I wonder. I agree people want an effective voice. I also think people make do with what's available. Trouble is opportunities are growing scarce for us to practice normal citizenship. Folks now hang out in malls where the talk "naturally" dwells on consumerism, not citizenship. Thus, as the Alliance knows, restoring citizen sovereignty takes more than electoral financing reform. While

that's important, we need to go deeper. We need to look at institutional opportunities for participatory assemblies, on issues of deep political value, such as sustaining our planetary ecosystem. Elections are occasional, while citizen sovereignty is right there in the ordinary, everyday, interconnecting practices of social action.

Here, paradigm work might be an effective lever. Imagine a Citizen's Paradigm Lobby, informed by simple, generative principles, so in good position to clearly judge the deeper merit of all surface policies, domestic and global. So yes, deep-work provides fantastic leverage on surface facts/acts, but it is also a huge challenge to pre-critical consciousness.

Maryborn: Democracy has kept evolving, and we're determined it will continue to evolve, despite the corporate malfunction. But even though the Alliance addresses a broad range of topics and seeks pretty deep social change, you're saying we're working top-down and need to become more aware of the underlying principles we advance? For instance, we tend to get stuck in the old mindset, like unconscious tendencies towards hierarchy, and posing enemies. We assume individuals or corporations are the real problem, but more deeply it's the social system they're em-

bedded in. We still tend to operate from the old paradigm, because we breathed it in, like racism. All of us. Any clues on getting beyond "pre-critical consciousness"?



Condon: There's a great roadmap from Third World liberation theology. The women's movement used it some. It sees "authentic consciousness" arising in four, interactive, ascending stages: 1) Blind accep-

tance, 2) Rebelling against a tyrant, 3) Seeing that tyranny rests on shared beliefs, then, 4) Consciously choosing a "better" world. Over the years I have collected quite a number of these four stages—distinct labels, but similar principles. For instance, one academic feminist called them, in ascending order, Nothingness, Awakening, Insight, and New Nam-

ing. Carlos Castaneda's don Juan called them: Prey, Predator, Warrior, and Wise One. Omar Moore refers to them, and their underlying model, as: Patient (games of chance), Agent (puzzle-solving), Strategist (chess, bridge), and Referee (rule-makers). There are others, but the most important (for those concerned with democracy) was the late Jean Piaget, who is often referred to as a developmental psychologist. I have found these four person-stages very useful for diagnosing social organization. For instance, consider how Moore's four concepts apply to Sportsworld: Patients (spectators, wider community), Agents (on-field players), Strategists (coaches, announcers, developers, local politicians, etc.), and Referees (owners, those in corporate boxes, etc.) Believe it or not, Ralph Nader's F.A.N.S. [a campaign to defend the rights of sports fans] is organized around these four levels of social participation. I think the point is that every citizen is competent to play

"Referee," but our pyramid social habits limit them.

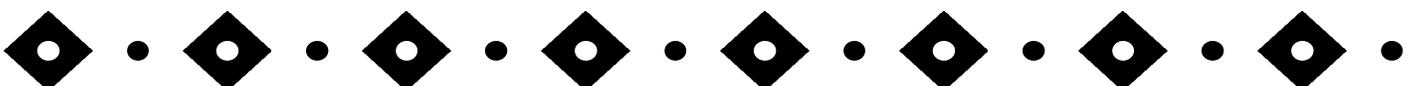
Let's recognize that all social actions are "votes" for one or another world: CITIZENSHIP or CONSUMERISM. Tiger Woods is a good role model. He learned martial discipline from father, Buddhist spirituality from mother. An ancient path! Conscious citizenship arises from daily practices disciplined by cosmic wisdom.

Now let's look at J.Q. Public, asking: Programmed object or Creative subject? Alienated or Activist? Pissed-off or Patriot? Consumer or Citizen? Boobus Americanus or Brilliant? Well, I think the answer is we are all of the above. How so? Under the prevailing mechanics, we have all internalized the first member of each pair. That's the surface "role" hierarchical power assigns us. Let's switch to go down to deep democracy. Here we must assume everyone has the native ability to play the second member of each pair. It's the deep, empowered role our Constitution invites us to play. If we accept this deeper role, we'll need to play it together. Thus, the choice is ours, but lord it ain't easy!

Maryborn: So, step by step, we can do it. Individual activists, working together for a world we'll want to pass on to our kids. For me there's a saving hope.

Condon: Yes, paradigm work is soul-satisfying, and accessible. You don't have to be highly educated or a social expert to do it. All you need is a small circle committed to creating a democratic "sweet-space" in order to explore the four principles. Once a circle "crosses the divide," nothing is more animating. The "spirit" of our founders calls us to this healing task: to place corporate games of consumer addiction, nefarious political influence, and financial feudalism on public trial.

Note: On the Minnesota AfD website, www.afd.minnesota.org, you can find a version of this article which includes more response from Maryborn plus Condon's analysis of the media's role, with a link to a dialogue board.



Outrages, Outrages

By Robert Cohen

Robert Cohen has been a citizen-activist, his fifth career, for the past five or six years. He says that in four previous careers he worked for the establishment. The first one, preceded by a stint as an electronic technician in the Navy and a Ph.D. in electrical engineering from Cornell, was as a physicist studying the ionosphere, using radio and radar techniques, with the National Bureau of Standards (now the National Institute of Standards and Technology), then at the National Oceanic and Atmospheric Administration. The second was as a program manager specializing in the area of ocean thermal-energy conversion in the headquarters of the federal solar energy program, located at the Department of Energy and two of its predecessor agencies. The third was serving as a senior program officer in the energy policy area at the National Academy of Sciences. Fourth, he was a vice president of a small start-up company, Industrial Honeycomb Structures, aimed at introducing innovative fiberglass-honeycomb structural systems into the marketplace. He has attended all four Alliance conventions, has been a leader in the Boulder chapter of the Alliance, and undertakes, with this story, to supervise the preparation of a more complete "Outrages, Outrages."--Ed.

Recently I began compiling a preliminary list of domestic and international political outrages that have emerged as manifestations of the corporate domination of our society. Most of these outrages make the Teapot Dome scandal look like peanuts! They are the injustices that are counter to our movement's quest for social justice, economic justice, planetary justice, and democracy. Here is my starting, partial list. It could be augmented, for example, by additional material in the foreign-policy area. Perhaps we can regard this as an Alliance work-in-progress. Please send me your proposed additions, corrections,

and any objections, so that we can try to come together with a composite list, perhaps for an Alliance pamphlet.

Failure of our political democracy

- *Santa Clara County v. Southern Pacific Railway*: The 1886 Supreme Court "corporate personhood" decision that enabled the extension of most of the Bill of Rights to corporations.
- *Buckley v. Valeo*: The 1976 Supreme Court decision that "Money is speech," which removed spending limits on campaigns and allowed corporations to contribute vast sums to political parties. [These two tragic and mistaken Supreme Court decisions led to the legalized monetary corruption of our political system. Campaign reform legislation is unlikely to fully succeed unless and until these decisions are reversed.]
- The two-party monopolization of presidential campaign debates.

Social and economic injustices

- The distortion and falsification of the true federal budget by adoption of the "Unified Budget," an accounting gimmick that ignores interest paid to, borrowing from, and cumulative debt owed to the federal trust funds, leading to erroneous claims of fictitious and exaggerated budget surpluses. In FY 2000 the true national debt *increased* by about \$22 billion, with the debt to the public *decreasing* by about \$223 billion and the debt to the trust funds *increasing* by about \$245 billion.
- The widening wealth and income gaps among Americans in our supposedly egalitarian, classless society; yet Congress has just enacted tax cuts strongly favoring the wealthy, including repeal of the gift and estate taxes.
- The poverty and malnutrition among some 20 percent of the U.S. population.

- The lack of a living wage for many American workers.

[The Minimum Wage Act of 1996 was enacted, on the surface, to increase the minimum wage of workers, but it also included an estimated \$21 billion in corporate tax breaks, a large portion of which went for Section 936 tax credits in Puerto Rico.]

- The lack of Universal Health Care—a basic human right included in the Universal Declaration of Human Rights, a right which is available in the other 26 industrial nations but not in the United States.

[According to a recent World Health Organization study *World Health Report 2000*, we in the U.S. spend a higher proportion of our gross domestic product on health care than does any other country, yet our performance in delivering health care is ranked 37th out of 191 nations. There is lack of health care for some 42 million uninsured people and inadequate health care protection for many millions of underinsured people. Millions more have health insurance, but find its cost an increasingly heavy financial burden.]

- The foisting of genetically engineered foods on Americans and on unwilling Europeans without adequate safety testing and without labeling.
- The inadequate testing and regulation of carcinogenic chemicals.
- The legislation repealing the ergonomic standards previously adopted by federal regulation to protect workers from injuries arising from the repetitive-stress syndrome.
- The "Educational-Industrial complex": Corporatization of our schools and universities through privatization and the introduction of advertising.
- The "Prison-Industrial complex" and the failed drug war.
- The "Military-Industrial complex" (President Dwight Eisenhower, farewell address, Jan. 17, 1961) and the resulting adoption of wasteful, redundant, and expensive weapons systems, such as the B-2 bomber, the V-22 Osprey helicopter, and missile defense systems, which mainly serve as bonanzas to the defense industry.
- The federal invasion of privacy rights through increasing curtailment of civil liberties by repression of First Amend-

ment rights, especially the freedom of assembly and free speech. Federal interference with family planning and the right to choose, both nationally and internationally. Surveillance of private communications through, for example, Project Echelon and Project Carnivore.

Favoritism toward corporations

- The federal bestowal of corporate welfare in the form of tax giveaways and tax breaks.
- The corporate mergers and acquisitions that are rapidly concentrating and enhancing corporate power, but are condoned and approved as a result of the weak enforcement and non-enforcement of federal anti-trust laws.
- The enactment of the Financial Institutions Act that allows mergers between banking, brokerage, and other financial organizations, thereby enabling tremendous concentrations of economic power and enhancing risks to savers and investors.
- The pending revision of the bankruptcy laws to greatly favor lending institutions, likely to cause, for example, forfeiture of houses even when bankruptcies result from involuntary indebtedness (arising, say, from medical bills, job losses, or divorce).

Favoritism toward the media

- The increasing concentration of ownership of the print and broadcast media, with a handful of corporations (such as GE, AOL-Time-Warner, and Disney) now owning about 80 percent of media outlets, leading to both corporate and self-censorship of journalists.
- The legislative provisions severely limiting micro-radio (low-power FM) licenses that was insinuated into the Omnibus Appropriation Act of December 2000.
- The Telecommunications Act of 1996, which included making an outright gift of the publicly-owned digital-TV spectrum to present TV license holders, rather than adding new licensees, charging substantial licensing fees to all users

of the public airwaves, and obligating all radio and TV licensees to provide free broadcast time to candidates for federal office. [Former Senator Robert Dole estimated the value of the digital-TV spectrum giveaway at \$70 billion.]

Trade, labor, environment, and global resources

- The global trade regime lacks constraints on the overexploitation and the irreversible depletion of finite global resources; indeed, it exacerbates those problems.
- The global trade regime ignores social, economic, and planetary justice.
- The earth and all life on earth are increasingly put at grave risk by the complete governmental inaction on mitigating emissions of the greenhouse gases that are the major causes of global warming.
- The forces of neocolonialism, both foreign and domestic, are exploiting labor, environment, and natural resources. Domestically, the murky status of undocumented workers allows them to be exploited by employers, and the U.S. cheap-labor pool is being inundated by

legislating immigration quotas that are multiples of historic levels. Since enactment of the Taft-Hartley Act half a century ago, federal anti-union policies of the past half-century have handcuffed those American workers who were organized and have blocked non-union workers from organizing. Simultaneously, federal administrations have relentlessly pushed for total globalization of the labor market.

- The gradual relinquishment of considerable U.S., state, and local sovereignty to the WTO and NAFTA, as a prelude to a push by subsequent federal officials for our complete submission to the will of these unelected, transnational bodies as adjudicated by their secret tribunals.
- The U.S. is suffering record and alarming annual U.S. trade deficits, now approaching \$400 billion a year. These deficits increased by \$100 billion (to \$336 billion) just in calendar year 2000.

This will do for starters. Send any corrections or proposed additions—or, indeed, objections—by e-mail or U.S. mail to Robert Cohen at r.cohen@ieec.org or 1410 Sunshine Canyon Dr., Boulder, CO 80302-9725.

One Person v. Eli Lilly & Co.

Jack Miller of the Indiana chapter of the Alliance, an accountant and also a member of the national AfD working group on transforming the corporation, has accomplished a model study of a major corporation in his home city of Indianapolis and won its publication in the April 26-May 3 issue of Nuvo, a lively and distinguished weekly paper of dissent in that city. "Help Wanted: Corporate Welfare and Eli Lilly & Co.," his report was entitled. We reprint it here with permission, slightly adapted. Miller used the web and the public library for books and other sources on pharmaceutical companies and some corporate-media sources, such as Time Magazine. His sources are available for inspection. "We were thinking," Miller says, "that this would be good to use with other chapters and members as an example to encourage them to research and expose

a local corporation." If there's an eligible large corporation in town, with work, any chapter, any member can do it. Jack says he'll help. You can reach him at jackandstef@earthlink.net or 317-872-3516.—Ed.

While services to ordinary citizens are being slashed in Indiana, the rich and powerful lobby for more corporate welfare, including economic incentives, infrastructure and tax breaks. The Indiana legislature is close to eliminating the inventory tax, which will take \$400 million from the treasury, but wealthy corporations press for and get more public handouts. The endless corporate quest for public dollars and benefits suggests it's time to examine the nature of corporations and what they cost society.

Corporate welfare depletes the federal

treasury by \$125 billion annually, according to a study published in *Time Magazine* in 1998.

Of the 100 largest world economies, 51 are corporations.

Sales of the top 200 global corporations are 27 percent of world economic activity, but they employ fewer than 1 percent of the world's workers.

In 1998, seven U.S. corporations paid less than zero in federal income taxes. Among the seven was the world's biggest corporation, General Motors.

Overall annual corporate income tax has fallen from \$343 billion in the 1950s to \$150 billion in 1995 (in GDP adjusted 1995 dollars). Personal income and wage taxes have risen steadily to make up the difference.

Worldwide, the U.S. ranks 11th in the proportion of federal revenue from individuals, but 70th in the proportion from corporate income taxes.

The history of corporate welfare can be traced back to our own Indianapolis. In 1936, Real Silk Hosiery was lured away from our city to the Deep South. Durant, Miss., floated a big bond issue, built a new factory, and leased it to Real Silk for \$5 a year; waived property taxes; built employee housing; and for two decades lavished corporate welfare on Real Silk. But in the mid 1950s, Real Silk closed all its factories, including the one in Durant, sold the equipment, and became an investment company.

Since then corporate welfare has become an American way of life. Tax laws, written by industry-sponsored legislators, actively promote this self-serving behavior.

The Case of Eli Lilly & Co.

How it works is well illustrated by the local drug giant Eli Lilly & Co., which, with the help of the mainstream media and 12 excellent public relations firms, portrays itself as a "good corporate citizen" working tirelessly for soci-

ety's improvement. The reality is that Eli Lilly, like all other huge corporations, works tirelessly for the improvement of its stock value. Let's examine some specifics of how corporations like Lilly act and what citizens can do about it.

Feigning a "Real Silk move," Lilly announced in 1999 that it was being lured to the South by fabulous incentives. State and local officials duly rose to the bait, cobbling together a \$216 million deal to keep this "corporate citizen" here. Lilly officials solemnly accepted the package. Soon Gov. Frank O'Bannon and Mayor Stephen Goldsmith were having photos taken with corporate officials in front of the huge red Lilly logo. O'Bannon stood at a podium, grinning broadly, and gushed, "It's a double, triple, quadruple pleasure" (to be handing 108 million public dollars to one of the richest corporations in the world). Even the normally icy Goldsmith rhapsodized about the millions the city would try to scrape together so Lilly could create "the equivalent of a Fortune 500 company locating in the city every two years for the next decade." Later, in a rare moment of candor, Lilly CEO Sid Taurel told reporters the real reason for accepting this generous public handout: it was in the best interest of the shareholders. But by this spring Lilly was back at the trough, importuning the city for another "tax break package."

So what's wrong with taxpayers helping a "good corporate citizen" create 7,500 new jobs? Let's examine that question carefully.

First, referring to a corporation as a "citizen" is a misnomer. Corporations are non-human, legal entities that exist only to maximize profits and protect investors. They are not citizens.

Second, corporations do not create jobs--a vibrant, healthy economy does. If businesses could "create jobs" the Great Depression would have lasted about 20 minutes--as long it took the likes of Lilly, GM and DuPont to print a few thousand "Help Wanted" signs. The 10 million new jobs of the 1990s occurred mostly in small and medium-sized companies. While Fortune 500

companies like Lilly were the main beneficiaries of corporate welfare during the 1990s, they were actually eliminating more jobs than they created. In 1993, Lilly "de-created" 2,000 jobs when market conditions dictated.

Third, incentives and corporate welfare are a waste of public dollars. As *Time* reported, "Capital ultimately ignores such incentives and seeks its highest reward as dictated by market forces—not political ones."

Fourth, with sales of \$1.24 billion every hour, Eli Lilly is hardly a "struggling" concern. Drug companies operate with an astounding 17 percent annual after-tax profit margin. That's over three times what other industries average. Major non-drug corporations average a 27 percent tax rate while drug companies pay 16 percent.

By claiming that they spend so much on research, drug companies have garnered the cushiest tax breaks in America, if not the world. The fact that these companies spend twice as much on advertising as on research is rarely mentioned. Also, a great deal of expensive research is done virtually free for the drug companies by the National Institutes of Health (NIH) using billions of public dollars. The drug company then has exclusive marketing rights and can and does charge as much as it pleases.

Furthermore, using the word "good" to describe Lilly is surely a stretch considering some not-so-ancient history: Lilly recently joined a lawsuit to limit access to AIDS drugs for millions of poor people in Africa even though the company produces no AIDS medicine.

An embarrassing 1996 *Wall Street Journal* story revealed that for more than 20 years Lilly recruited homeless alcoholics to test experimental drugs. Lilly paid these poor souls "the lowest per diem in the human guinea pig business," reported Robert Sherrill in the *Nation*. According to the *Wall Street Journal*, "Lilly's top executives felt that employing the homeless was a philanthropic act." One executive said the homeless drunks were driven to participate "by altruism . . . these individuals want to help society." According to the *Indianapolis Star*, Lilly has now shifted "some of its early drug testing on hu-

mans” to Singapore and Europe.

Lilly marketed the notorious drug Diethylstilbestrol (DES) in spite of inadequate testing. DES was used between 1940 and 1971 to prevent miscarriage, and was even found ineffective according to numerous studies. It was, however, found to be very effective in causing adenocarcinoma and other deadly forms of cancer in DES mothers and daughters. It was finally banned in 1971 after millions of women were exposed. DES was used to “fatten up” livestock until 1979.

Lilly vigorously marketed an ineffective arthritis drug, Oralflex, in spite of knowing it was responsible for deaths overseas. The resulting scandal and lawsuits moved Dr. Sydney Wolfe of Ralph Nader’s Public Citizen to state, “The people at this company [Lilly] ought to be put in jail.”

Corporate crime investigator Russell Mokhiber wrote in 1986 that “Lilly had built a record of recidivism unmatched in [one of the] most criminogenic industries in the United States.”

At their Clinton, Indiana, plant alone, Lilly releases 175 tons of recognized carcinogens into the environment every year.

Lilly produces Evista to treat osteoporosis. Evista has been found to induce ovarian cancer at one-third the recommended human dose in test animals.

Recombinant Bovine Growth Hormone (rBGH) is marketed by Lilly. This synthetic hormone increases milk production in cows. Recent studies indicate

a possible link to breast and gastrointestinal cancer.

Dealing with “Image Problems”

To deal with so many “image problems,” Lilly engages 12 different PR firms, including Burson-Marsteller (B-M). In the last decade, B-M was also hired to put a happy face on the murderous governments of Nigeria, Indonesia, and Kenya. What motivates public servants to be so generous to huge, wealthy, predatory companies?

Corporate PACs, executives and their families contribute generously to political campaigns. Corporations also offer high-paying jobs to former elected officials and government regulatory employees (FDA, EPA, etc.).

Corporations spend millions on lobbying. There are 24,000 corporate lobbyists in Washington, D.C. and more than 1,000 at the Indiana statehouse. These lobbyists often write laws “to help” overworked legislators.

Corporations frame the debate by lavishly funding “free market,” anti-tax, anti-environment, anti-regulatory think tanks that grind out pro-corporate propaganda 52 weeks a year. Lilly Endowment and the company itself fund right-wing tanks like American Enterprise, Heritage, and the Hudson Institute. Corporate contributions to these propaganda mills are, of course, tax-free.

Through their charitable foundations,

corporations like Lilly buy public good will with scholarships, parks, libraries, etc. Critics charge that if corporations like Lilly paid their fair share of taxes and renounced their \$125 billion in corporate welfare, the public sphere would flourish, and citizens could build their own parks and attend college free.

After That, the Deluge

Only a handful of corporations were chartered in the early years of our nation—and they were kept under a very tight rein. Since 1886, corporations have garnered more and more rights and benefits while shifting their costs to the public. Early corporations existed at the pleasure of the citizenry and if they chiseled or cheated their charters were revoked and their assets sold.

A first step in reclaiming our sovereignty is to have publicly financed elections so that elected officials are beholden to everyday people and not the corporations now funding their campaigns. With citizens controlling the political process, we can begin to address the many problems inherent in allowing corporate control of our state, nation and world. Until then, we’ll continue to be a “corporation nation” and our health, information, environment, and politics will be structured and defined by Wall Street and Madison Avenue.

After that—the deluge of democracy.

The Issue Is Joined

To give you an idea of the kind of thing that’s going on in Indianapolis to have provoked Jack Miller to write this story about Eli Lilly & Co., we excerpt from a news story by reporter Doug Sword in the *Indianapolis Star* (May 3, 2001):

“Eli Lilly & Co. won initial approval Wednesday for tax breaks for the second half of a \$1 billion expansion program started in 1999. . . .

“In all, Lilly has sought tax breaks on \$967 worth of projects. . . . The company will receive \$102 million in tax breaks on that \$1 billion commitment, along with \$112 million in incentives from the state. The company also promised to create 7,500 high-paying jobs by 2009 and already is halfway to that goal. . . .

“‘This is a good deal, no question about it,’ said Mayor Bart Peterson. ‘We want to make sure that they continue this massive development in Indianapolis, because they do have choices to do it elsewhere,’ Peterson said. In 1999, Lilly said it would have made its \$1 billion investment in North Carolina if not for Indiana’s incentive package.

“But Jack Miller, coordinator for the Indiana Alliance for Democracy, called Wednesday’s action ‘the latest move to the trough’ for Lilly. He argued against the Lilly package at a commission hearing two years ago. Miller’s complaint isn’t just about Lilly’s tax breaks, but about all deals that erode taxes from corporations.

“‘It’s pretty much the same [problem] I have with any of these transnational corporations that are filthy rich,’ he said.”

Tapping the Logic of Globalization To End Abject Poverty and Restore the Environment

By Jeff Gates

*Jeff Gates is president of the Shared Capitalism Institute, www.sharedcapitalism.org. Former counsel to the U.S. Senate Committee on Finance (1980-87), he has since advised 35 foreign governments. He is author of two recent books, *The Ownership Solution* (1998) and *Democracy at Risk* (2000), both from Perseus Books and available on-line or in bookstores for \$16 & \$20, respectively. © Jeff Gates 2001.*

Globalization's most unsavory companion is the fast-widening divide between rich and poor, not only within nations but also between rich nations and poor. The world's 200 wealthiest people doubled their net worth in the four years to 1999, to \$1,000 billion. Their combined personal assets now equal the combined annual income of the world's 2.5 billion poorest people. Meanwhile, 80 nations report incomes lower than a decade ago while those living in 60 countries have grown steadily poorer since 1980. In 1960, the income gap between the fifth of the world's people living in the richest nations and the fifth in the poorest nations was 30 to 1. By 1990 the gap had widened to 60 to 1. By 1998 it had grown to 74 to 1.

Poverty and illiteracy are the two key factors fueling a fast-spreading AIDS epidemic in Africa that has killed 17 million people to date, including 3.7 million children, and has left eleven million orphans, who are expected to increase to 50 million.

Three billion people presently live on \$2 or less per day; 1.2 billion of those make do on \$1 or less. With world population expanding 80 million each year, World Bank President Jim Wolfensohn cautions that, unless we address the "challenge of inclusion," three decades hence we may find ourselves with

five billion people living on \$2 or less per day. With two billion people now malnourished, including 55 million in developed countries, today's trends suggest that the human family could by then include 3.7 billion people who've been left out of globalization's promise of widening prosperity, including 100 million malnourished people living in the 30 richest nations.

Environmentally, the trends are equally alarming. New research discloses that sometime during the 1970s,

h u m a n -
k i n d

passed the point at which economic activity outpaced the regenerative capacity of the Earth. *Living Planet Report*

2000 (by the UN Environmental Program and the World Wildlife Fund) chronicles the biologically productive areas needed to grow the natural resources consumed and absorb the carbon dioxide emitted. By 1996 the area required was 30 percent larger than the area available, ensuring rapid depletion of nature's capital stock, the very basis of life. With less than 5 percent of the world's population, the U.S. generates 25 percent of the world's pollution. In all three ecosystems suffering the worst declines (forests, freshwater, and marine), the most severe damage has occurred in the southern temperate or tropical regions of the world. Thus, industrial nations located mainly in northern temperate zones are primarily responsible for the ongoing loss of natural capital elsewhere in the world, the most profound redistribution of wealth in re-

corded history.

Yet even with crucial natural systems in decline, the conventional wisdom continues to claim credit for record-breaking "prosperity" and a decade-long "expansion." At what cost? And for whom? Eighty-six percent of U.S. stock market gains between 1989 and 1997 flowed to the top 10 percent of American households; 42 percent to the most well-to-do 1 percent. The 400 wealthiest Americans own financial assets roughly equivalent to one-eighth

of the world's largest economy. Their personal wealth skyrocketed by an average \$940 million each from 1997 to 1999, a per capita daily increase averaging \$1,287,671, or \$225,962 per

In 1960, the income gap between the fifth of the world's people living in the richest nations and the fifth in the poorest nations was 30 to 1. By 1990 the gap had widened to 60 to 1. By 1998 it had grown to 74 to 1.

hour.

The International Panel on Climate Change, in their July 2001 report, confirm that relentlessly rising global temperatures—due primarily to hydrocarbon use in the world's 30 most highly developed economies—are poised to create catastrophic conditions worldwide. Agriculture, health, human settlements, water, animals—all will feel the impact on a planet that's warming faster than at any time in the past millennium. Throughout the 1,000 pages of predictions in the panel's 2,600 pages of detailed analysis, one theme remains constant: the poor of the world will be hardest hit.

We've long known that poverty intensifies ecological problems and that ecological strains worsen poverty. That's why, by all accounts, the best population policy is economic growth

that's equitably shared. That's also the best environmental policy, since we now know that economic disparities between nations play a key role. According to *GEO 2000*, a 1999 UN environmental report, "The continued poverty of the majority of the planet's inhabitants and excessive consumption by the minority are the two major causes of environmental degradation." The report reflects the assessment of 850 specialists and 30 environmental institutes.

A capital commons user tax

The UN calculates that \$35 billion per year is sufficient to address the six minimum conditions required to relieve abject poverty worldwide: safe drinking water, adequate sanitation, sufficient nutrition, primary health care, basic education, and family planning for all willing couples. That amount is about what the U.S. will spend this year maintaining the readiness of its nuclear weaponry—a dozen years after the fall of the Berlin Wall. All six of those essential needs could be financed with a nominal 3.5 percent levy on the average \$5 billion of financial wealth now held by the world's 200 most well-to-do individuals. This would be less than a typical value added tax. Three-quarters of those 200 people suffering from *influenza* live in the 30 richest nations; sixty live in the U.S.

Rightly viewed, that levy should be seen as a "capital commons user fee." Financial markets are a global commons, similar to a shared pasture in which everyone grazes their livestock. No one owns the pasture, yet everyone profits from its use. Globally, financial securities can only rightly be called "securities" because international law, backed by the force of cross-border treaty, underwrites the enforceability of property rights in financial securities—from which a remarkably small portion of humanity pockets the bulk of the benefits.

Those who own financial assets utilize this commons to realize real benefits. In addition to the risk-reducing opportunity to diversify, capital markets provide security-holders a ready opportunity to freely convert their financial property into cash. That commons-facilitated liquidity boosts the value of a traded security by roughly 35 percent when measured against an untraded security in a comparable firm. A 3.5 percent "user fee" would recoup for the commons just 10 percent of the financial value that's attributable *solely* to a feature the commons now provides free.

It's clear whose livestock the globalization of finance is fattening up. The issue is simple: should those who benefit be required by the commons to contribute to the upkeep of the commons? Earmarking proceeds for human needs would underwrite democracy worldwide by ensuring that globalization means something more than the right to choose poverty. For those most favored by the commons, a user fee would ensure they're faced with an obligation to do more than simply drink their fill and thirst for more.

And a Freeloader Levy

The IMF reports that at least \$4,500 billion is hidden away in 1.5 million tax-haven corporations worldwide, up from 200,000 just since 1989. Estimates of tax-haven holdings range as high as \$13,700 billion, confirming that for the corrupt, the criminal, and the well-connected, taxes are now optional. At least \$150 billion has fled the former Soviet Union since 1989, leaving one-third of the Russians scraping by on \$38 or less per month. Organized crime now grosses at least \$1,500 billion a year, rivaling transnational corporations as a global presence.

Best estimates put tax-haven holdings at roughly \$8,000 billion. An annual "freeloader levy" of 3.5 percent on those accounts would generate an additional

\$280 billion each year—165 times the UN's entire development budget, or 93 times its peacekeeping budget, now raised pass-your-hat style. That's also the bulk of the \$300 billion that environmental experts at Cambridge and Sheffield universities report is required to "save the planet."

Is collection feasible? Success depends on the mechanism and on a global political maturity that's long proven elusive. The requisite financial transparency could be evoked with a combination of generous whistle-blower rewards and offers of political asylum for cooperative residents of tax-haven countries who help divulge the needed information. Or the effort could be pursued by socially responsible entrepreneurs, funding those rewards with stock options, setting a new standard for social entrepreneurship. Progressive foundations could also help, leveraging the impact of their portfolios by funding rewards "in-kind" with stock from their portfolios.

What's at stake? Eighty percent of humanity lives in developing countries. Ninety-five percent of the next generation of children will be born to women living there. Current trends suggest that 70 percent of those women are likely to live on \$1 or less per day. Success in this effort may well determine whether the legacy of globalization is decency or domination. As UN Secretary General Kofi Annan argues: "If we cannot make globalization work for all, in the end it will work for none."

* * * * *

In addition to the sources cited in this essay, the facts in it came from *United Nations Human Development Report 1999* (New York: Oxford University Press, 1999) and *Forbes 400* (see www.forbes.com). Additional statistics are posted at www.sharedcapitalism.org.

It's clear whose livestock the globalization of finance is fattening up. The issue is simple: should those who benefit be required by the commons to contribute to the upkeep of the commons?

Hard Times

According to the *Sunday Times* of London, as of this spring Bill Gates is no longer the richest man in the world. Robson Walton, an owner of supermarket chains Wal-Mart and Asda, is worth \$65 billion, compared to Gates's \$54 billion.

The Members Forum

Conservative, Radical

I have evolved my term for my values as progressive populism. I believe in cooperatives, worker-owned and controlled enterprises, workplace democracy, survival of family farms and reining in agribiz. I like CSA's (community-supported agriculture), farmers' markets, and I have no problem with small business. In fact, I prefer buying my household needs in locally owned and operated stores, even if I pay more. I face a dichotomy in buying in local stores when all their products come from "Chiny" or Burma, where all the bastardized megacorporations have boomed off to for cheap regimented labor, when I can buy American-made products, but only in large non-local stores or from catalogs. I'm very much aware that many corporations, such as Wal-Mart's, and now I guess L.L. Bean, largely practice globaloney in their claims of "American-made." I still manage to buy my shoes from Mason's, which remain mainly American made. But this means my money goes off to this Midwestern enterprise rather than local stores which help support local schools and amenities by paying local taxes. I opt for American-made over local business support, I think justifiably.

I should stress I have no problem per se with imported products. I didn't, that is, until it resulted in American rust belts and deindustrialization. The vaunted American market can't buy the world's products if all the American consumers have been downsized, forced into major earnings givebacks, rendered unemployed, bankrupted by astronomical health care costs, and on and on.

Also, I believe in each area of the world producing what makes sense locally, especially in food self-sufficiency. This value of mine, though, is being undone by predatory megacorporate capitalism pushing small subsistence farmers off their holdings and replacing them with monoculture products for export. This is a destroyer of indigenous people and poor societies. All those small subsistence farmers pushed into massive city slums are no benefit to their countries or to the American consumer.

In a similar vein, wiping out local enterprises when foreign megacorporations come invading makes no sense whatever for countries such as India, Indonesia, etc. Oh, the corrupt oligarchical ruling elitist buddies of corporate America, such as the Marcoses, the Suhartos, and yes, those supposed "communist" partners in China, make out like bandits, enriching their family members and cronies. That's how so many developing countries ended up with those massive debts that Jubilee 2000 tried to deal with. The IMF, the World Bank, etc., were handmaidens to the impoverishment of these countries bled white by oligarchical regimes in cahoots with U.S. business-financial house interests. You can bet that when Chase Manhattan-type banks telemarket me, they get the bum's rush.

To finish this, let me say that Ralph Nader's ideas and val-

ues are pretty much mine. Ralph really isn't a radical, nor am I. In so many ways we retain and advocate core values that America used to believe in. I would bring to people's attention www.newrules.org, the website of Local Self Reliance, which I've been in touch with for quite some time. This website delves into many good old grassroots American values.

I practice what I preach by belonging to a local pre-order co-op where I buy a great deal of my household food, mostly organic. I also belong to a storefront co-op 30 miles away where I buy stuff that isn't bulk-type. I do buy from my local natural food store to augment my food and health products—this store is locally owned by a very conscientious family holding the same values that I do. I also buy at the local farmers' market and direct from the owner and operator of a nearby ecologically oriented orchard and organic vegetables, in season.

This does not mean that my values rule out government social safety nets for people in need. Shrub Bush's pushing of meeting welfare needs into the hands of churches would return us to the days of Dickens and early-20th-century America....

Like many others, I'm a blend of conservative and radical. Probably what I dislike about any system is arbitrary obtuse bureaucracy, whether governmental or private-sector. I believe in we, the people having the say and taking charge of our own destinies.

—Ken Humphrey
kumfrj@hotmail.com

Thinking, Thinking

What will we do with truly democratic government if and when we get it? What theory will guide us? Once we have control how will we craft policies that will address our myriad concerns—from poverty to environmental degradation to military repression?

Thirty years ago I probably would have argued for socialism vs. capitalism. At this point it is difficult for me to imagine any centralized power that can make effective and sustainable choices that are appropriate to local communities, economies, and ecosystems. Each community is unique. Solutions that work in one don't work in another.

Adam Smith provided a theoretical context for breaking down a system of feudal social relationships wherein your occupation and social status were decided at birth. Kings ruled by "divine" right. Peasants were property. Craftsman worked in guilds controlled by the crown. The idea that a peasant or a craftsman could change jobs, could allocate his (not her) resources where he personally could achieve the greatest return, was very radical in its historical context....

Socialist economies are fundamentally centralized: controlled by the state "for the benefit of everyone." I don't see any reason to trust concentrated governmental power more than I do concentrated economic power. The potential for and

likelihood of corruption is roughly equal to the concentration of power. Although there are certainly individuals with enough spiritual depth to resist corruption, I think it is beyond the capacity of an individual or a meretricious elite to wield governmental power in a way that addresses issues effectively and equitably in all their local and cultural permutations.

Market theory is fundamentally decentralized. Theoretically decisions made at the individual level, out of personal self-interest, drive the market, and decisions made at the production level, again out of self-interest, serve individual needs as well as or better than other producers or risk suffering economic extinction. In the mythical ideal world, with economic resources equitably distributed, it might actually work, for a while. But, it won't serve your needs if you don't have any money. More generally, it won't allocate resources to serve any social or ecological needs in which there are no profits: health care for the indigent, restoration of degraded ecosystems, familial stability, a liberal arts education, etc.

Although I appreciate Jim Hightower's use of the top-to-bottom dichotomy as an organizing tool, I find it helpful to use centralization vs. decentralization to analyze the potential for policy to support sustainable progressive reforms.

Neoliberal free trade ideology, a perversion of market theory, is enabling concentrated capital wielded by centralized corporate hierarchies to move freely around the world extracting profits by externalizing social and environmental costs. Locally owned and operated businesses can commit economic resources to productive activities which simultaneously benefit communities, workers, and the environment. We all (mostly) support these types of decentralized solutions....But, they won't survive if they can't compete with corporate product-pricing enabled by the kinds of predatory investment practices sanctioned by existing policy and trade agreements. We need to develop a suite of economic policy proposals that stem from a systemic analysis of a dynamic world that includes economic, social and ecological factors.

Smith himself stipulated, "The full cost of production must be born by the producer and included in the selling price." Many externalized costs of production are currently being absorbed by responsible businesses, local economies, communities, families, individuals, and the environment. How can we include the "full cost of production" in product pricing and thereby increase the competitiveness of the "solutions" I listed above?

Perhaps instead of taxing income, a generally positive outcome of productive activity, we need to look at taxing negative outcomes of such activity: pollution, resource depletion, plant closures, expatriated profits, etc., and using that income to develop and maintain social programs that build community capacity to support or develop locally-owned, socially and ecologically responsible, and economically competitive community coops, businesses, corporations, institutions. Small businesses that don't pollute, deplete resources, jeopardize community stability, or expatriate profits will then be at an economic advantage instead of a disadvantage.

In other words, maybe we need to use democratic (social) power to meet a minimum of social goals (health care, support for single parent families, and education come to mind), to guide economic resource allocation to minimize the need for state

mandated mitigations, to support policies that increase the distribution of economic power, and to protect decentralized local markets and allow them to function effectively.

I don't know if this is right wing or left wing thinking, and I gotta get back to work.

—John Rogers
lists@lostcoast.net

Stay Focused

Concerning the pro-democracy campaign for D.C. statehood, I'm opposed. We don't need another miniature state with two senators. Give it back to Maryland and Virginia.

I don't recall that the AfD took a position on D.C. It has nothing to do with corporate rule. The more unrelated issues AfD takes on, the more we antagonize the otherwise sympathetic. Stay focused.

—Robert Melsha, Washington, D.C.

Measurable Democracy

We have for 200 years talked about "democracy" without defining what we mean....The democracy amendment to documents signed in Quebec, and Bush's statement that we need to honor our democratic ideals, is our opportunity to demand measurable standards and a voice in creating and monitoring them. This should be a priority objective of the Alliance for Democracy....

Measurable standards for democracy need to be as concrete as earnings per share, net income, stock prices, prime rates, and other such things that grab headlines for capitalism.

—Bob Stubbs, Framingham Mass.
rstubbs123@aol.com

Back to Town Meetings

In meditating on progressive action in the immediate future, three things stand out to me: representative government is not working well, progressives are talking mainly to themselves in isolated organizations, and there is a need for forums where we seek to inspire the listless and challenge the reactionary.

The most useful thing to do is for all citizens to organize monthly town meetings and deliberate about local, national, and world issues. A good way to start is to ask organizations now holding meetings about monthly to meet simultaneously, using the first part for separate sessions and the second part for a plenary session attended by all. Organizations could take turns chairing.

I have decided that the only party I wish to be a member of is the entire electorate. (Perhaps this is Ralph Nader's position also, in that he hasn't joined the Green Party.) The Alliance for Democracy, the Green Party, and all other political and social organizations could consider themselves to be caucuses within the total electorate.

If town meetings find—as I expect they will—that a majority of the people are more progressive than government repre-

sentatives, they could ordain an alternative way to enact law. Distinguished Yale Law Professor Akhil Reed Amar has described in books and law journals how to do this by popular petitions and referendums....Many other strategies will be discussed at an international conference sponsored by the Initiative and Referendum Institute (Dane Waters, president) next spring.

If a movement like this is launched, I'll revive and expand the town meetings I inspired some years ago in our community center.

—Allan Matthews, Reston, Va.
amatthews@tidalwave.net

The World as Easter Island

If corporate control of our government and the world persists, we can rationally expect the ultimate destruction of our "advanced" civilizations by Mother Nature, which cannot be bought even with the billions and trillions of dollars at our leaders' command. The problems we refuse to recognize within our country cannot be addressed by our government as long as our citizens are in thrall to a corporate society. We citizens have been put into a deep ethical slumber by the functionally evil consumerist economy, with its dazzling technological attrac-

tions that fascinate us so and make us feel so superior, foisted upon us by our corporate masters. If we do not awake in time and take control of the country that once was ours, we will continue to head down the path of self-destruction and carry the rest of the world's peoples and cultures with us. Cockroaches, ants and various forms of underground insect life, in transmuted forms, will probably persist and multiply, so the earth will not be barren; just human civilization, and most above-ground life, will be gone. The world, as Easter Island.

—Kenneth Reiner, Long Beach, Calif.
kreiner@earthlink.net

Fan Letter Answered!

My wife and I sent Doris Haddock a birthday card and letter for her 91st birthday....A few days ago we received a letter from her. It was addressed to us in longhand....The dear lady had taken the time to write us a personal letter. Granny D has been a hero of mine since I learned of her out in the middle of Texas walking across the country for campaign finance reform. I am thrilled to have a letter from her.

—Richard Leamon, Potter Valley, Calif.
leamon@sonic.net

The Corporate Confederacy

Using weapons such as NAFTA and GATT, American multinational corporations have effectively seceded from the American union. Like its Southern predecessor, the new corporate confederacy is a rebellion against the United States and its Constitution, supported by disloyal politicians and driven by a compulsion for cheap labor. In fact, these corporations aren't loyal to any jurisdictions except their own creations. For example, corporations have filed more than a dozen cases under NAFTA's Chapter 11 investment provisions, which enable corporations to sue governments for infringements of their "investor rights." Since hearings are conducted in secret arbitration, information on cases is sketchy, but Michelle Swenarchuk of the *Multinational Monitor* has dug out some of the details.

Suits Against Canada

Ethyl Corporation of the United States sued the Canadian government for \$250 million and obtained, in 1998,

a settlement of \$13 million for the Canadian ban on the gasoline additive, MMT, a nerve toxin. The ban was reversed.

U.S.-based S.D. Myers, which handles transformers containing toxic PCBs, filed a claim for \$30 million for losses it claims to have incurred during a ban on the export of PCB wastes from Canada. An arbitration tribunal found that the ban did violate NAFTA laws regarding treatment of foreign investors, and it is now determining whether S.D. Myers suffered damages.

Sun Belt Water is suing Canada for British Columbia's refusal to let it export bulk water from BC.....After failing in a British Columbia court, the company is now using NAFTA to seek damages of "between" \$1 billion and \$10.5 billion. The case is an example of using NAFTA in an attempt to overrule a domestic court and to challenge actions of a sub-national government, such as a state or province.

In 1996, in yet another attempt to resolve timber wars, the Canadian and U.S. governments signed the Canada-U.S. Softwood Lumber Agreement which

establishes quotas for exports and requires producers to pay a levy if their exports exceed their quotas. The American company, Pope & Talbot, has challenged the agreement. The tribunal rejected P&T's claim that illegal expropriation had occurred, but continued hearings on claims relating to other aspects of the case.

United Parcel Service plans to sue Canada for \$100 million alleging that Canada favors its own public postal service, Canada Post, over UPS.

U.S.-based Ketcham Investments and Tysam Investments jointly own West Fraser Mills, a timber company. Ketcham and Tysam plan to file a claim that their timber quota under the U.S.-Canada Softwood Lumber Agreement was arbitrarily cut, denying them rights afforded Canadian companies. They are seeking \$10 million in damages.

Suits Against the United States

The Canada-based Loewen Group is

suing for compensation arising from alleged discrimination, denial of minimum standard of treatment, and expropriation, claiming that a \$500 million Mississippi state court verdict against it amounts to a breach of NAFTA. The verdict came in a suit brought against Loewen by a Mississippi company, O'Keefe, alleging fraudulent and other anti-competitive practices. Loewen eventually settled the claim for \$175 million. The company seeks to recover \$775 million alleging that the Mississippi decision against it was based on anti-Canadian bias. A WTO tribunal has agreed to hear the case.

Methanex announced that it will sue the U.S. government for \$970 million due to a California order to phase out use of the chemical MTBE, a methanol-based gas additive.

Mondev International, a Montreal-based real estate development firm, filed a claim against the U.S. government for \$16 million. The case arises from the refusal of the city of Boston to permit Mondev to expand a mall onto a vacant lot in the 1980s even though Mondev had a contract with the city. Mondev successfully sued the city and its redevelopment authority for \$16 million, but the decision was reversed on appeal due

to state law protecting the redevelopment authority from liability.

ADF, a Canadian fabricator of structural steel for complex structures, is suing the United States, seeking \$90 million in compensation. ADF entered into a contract with Shirley Contracting Corporation to provide materials for construction of a Virginia highway interchange. ADF sought to fabricate products in Canada, using U.S.-made steel. U.S. government authorities held that this arrangement ran afoul of a "Buy America" requirement.

Suits Against Mexico

Metalclad, a waste-disposal company, claims that the Mexican state of San Luis Potosi breached Chapter 11 of NAFTA by refusing permission for a waste disposal facility. The governor deemed the plant an environmental hazard to surrounding communities, and ordered it closed down on the basis of a geological audit. Metalclad sought compensation of some \$90 million for expropriation and for violations of national treatment, most favored nation treatment, and prohibitions on performance requirements of the NAFTA treaty. This

figure is larger than the combined annual income of every family in the county where Metalclad's facility is located. In August 2000 a WTO tribunal found that Mexico had breached the agreement and awarded Metalclad \$16.7 million, the amount it had spent in the matter. Metalclad proceeded to begin construction of the facility without having local approvals, claiming that it had assurances from the Mexican federal government.

The Adams case involves a dispute over title to and use of land on which U.S. investors had built vacation homes. A group of Mexican landowners won a claim in Mexican courts that the disputed land had been illegitimately taken from them by the Mexican government, which later authorized its use by the U.S. investors. The Mexican Supreme Court ordered the land returned to the landowners, and Mexican authorities did subsequently return the land, including the vacation homes on it. The U.S. investors are seeking \$75 million in compensation under Chapter 11.

Reprinted with permission from the *Multinational Monitor*. For its website, see www.essential.org/monitor.

At Last, the Light Dawns On the *Chicago Tribune*

W *e excerpt this from a story by R.C. Longworth in the Chicago Tribune for July 5, 2001:*

"An obscure clause in NAFTA is being used by corporations and investors to override local labor and environmental laws....

"So far, at least 20 U.S., Canadian, and Mexican corporations have seized on the chance to collect multimillion-dollar settlements from governments that thought they were only enforcing their own laws.

"Governments that try to ban chemicals suspected of causing cancer have been sued by the companies that make the chemicals. A chain of funeral homes that lost a jury trial in Mississippi sued the U.S. government for damages. UPS is alleging that the state-owned postal service in Canada is unfair competition....

"[Experts] worry that the court proceedings, held before special NAFTA tribunals, instead of traditional national courts, are too private and secretive....NAFTA tribunals are made up of two judges chosen by the warring parties, plus a

third judge agreed on by both or appointed by arbitration centers, usually the World Bank's International Center for the Settlement of Investment Disputes....

"The mere threat of a NAFTA suit, (environmentalists) say, will force governments to change environmental laws or stop enforcing them."

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ON PAGE 24.**

**JOIN THE ALLIANCE MEM-
BERSHIP FORM ON PAGE 24.**

Resources on the Giant Corporation

If you would like to start deepening your education on the corporate takeover of the human race, you might well begin with David Korten's two books, *When Corporations Rule the World* and *The Post-Corporate Society*. A graduate of Harvard Business School who worked in U.S. economic programs abroad for 15 years, Korten understands what the corporations are actually doing, and why, from their own point of view. He is a strongly principled champion of the people's movement and human-scale economic enterprise of all kinds, and he continues to give the unfolding crisis in world governance his full attention.

The pamphlet "Taking Care of Business," by Richard Grossman and Frank Adams, is a basic text of the populist anti-big-corporate movement and can be bought for \$4 from POCLAD, website <www.poclad.org>.

The Institute of Policy Studies has updated, through December 2000, its remarkably important study of the economic and political power of corpora-

tions, "Top 200: The Rise of Corporate Global Power," by Sarah Anderson and John Cavanagh. Institute for Policy Studies, 202-234-9382, website <www.ips-dc.org>.

An important resource on transnational corporations, especially those operating in the South, is the *Multinational Monitor*, whose past issues for almost 20 years back are available free online at <www.essential.org/monitor>. The Multinational Resource Center provides company histories free to activists in Southern countries and can be reached at P.O. Box 19405, Washington D.C. 20036, USA, or <mrc@essential.org>.

Sarah Thompson, a farmer in Lakeville, Minn., and a member of the Minnesota Alliance, has written "We Have a Choice: Let's Just Do It," a larger-form 104-page paperback with a long subtitle, "A Critique of the Western Worldview of Progress and the Social Structures It Supports and Why There Is Reason for Hope." Its unifying theme: "A relatively tiny class of extremely powerful people (the First World elite) are well on their

way to imposing their will over virtually all the other people on earth. By identifying capitalism with democracy, they have made the pursuit of private profit (primarily their own) a higher value than the needs and the will of ordinary people." Published as an educational project of AfD Minnesota, copies can be had from the AfD in Minneapolis at 651-221-0917, <info@afd-minnesota.org>.

"The Corporate Consensus: A Guide to the Institutions of Global Power," by George Draffan, updated through November 2000, is a 114-page illustrated larger-format paperback with footnotes and references. From the Blue Mountains Biodiversity Project, Fossil, Oregon, it is available for \$5, check payable to Public Information Network, P.O. Box 95316, Seattle WA 98145-2316.

Tony Clarke, chair of the International Forum on Globalization's committee on corporations, in collaboration with other members of the committee, has prepared "Dismantling Corporate Rule: Towards a New Form of Politics in an Age of Globalization. A Set of Working Instruments for Social Movements." Five chapters are given over, seriatim, to Defining, Dissecting, Denouncing, Disrupting, and Dismantling Corporate Rule. There are work and strategic planning charts and a resource list. Tony Clarke, care of the Council of Canadians, 613-233-2773, <coc@web.apc.org>.

"Democracy for Sale," a new report from the Ohio Committee on Corporations, Law, and Democracy, describes how Ohioans kept corporations out of politics—until the corporations got back in. The committee's earlier report, "Citizens Over Corporations," tracks the stealthy advance of corporate domination in Ohio through the state's history. For prices phone Greg Coleridge, 330-253-7151, or email him at <afscole@aol.com>.

Healing Politics: Citizen Policies and the Pursuit of Happiness, by Stephen Shafarman, is this Alliance activist's best research and thinking on what an abundant country this could be

"MOM" from page 2

Newspapers play this development on the business page. . . . I'd print this information with the crime news.

If it was my choice, the relevant number would not be the stock price, but the potential prison sentence for endangering humanity. Let the attorney general bargain with his pals to get them 30 years instead of life.

What I'm saying is that the civil courts are not the place to settle this kind of social issue. That lets them off too easy. If these suits brought justice, how come the tobacco companies are still making money? . . .

As far as I'm concerned, governments that profit from the profits of this long crime spree are co-conspirators. Restitution from these corporations is just splitting the lucre.

So what do we do?

As with other wanton acts that lead to death and injury, we make it a crime

to do things like this. We establish the perfectly sensible, everyday law that faceless corporations are not the responsible entities for endangering the public, but the men and women who run them are. When someone devises a product that kills us and then soups it up to make us want more, that person shouldn't worry about the ka-ching of expensive litigation insurance. He should worry about the ka-ching of a barred door closing on his miserable life. . . . Angry? You bet . . .

My mother sits at home today in Anacortes, Wash., and gasps for breath. She has for years. I watch her mouth sucking for life the way a fish does when the lake dries up. Once a vibrant woman, she reaches for oxygen by the clock now. She opens what is left of her lungs with sprays of harsh chemicals that have robbed her of her eyesight. She sobs because my sister must read my columns to her.

This one's for you, Mom.

for everyone if we enacted dramatic initiatives thought up by a long string of Americans from Thomas Paine to Richard Nixon. Shafarman was arrested in a Democracy Brigade in the Capitol Rotunda that was protesting campaign corruption, tried, and fined. His book is printed on demand, \$16, Xlibris Corp., <orders@xlibris.com>.

The U.S. branch of the Women's International League for Peace and Freedom has prepared a ten-week course entitled "Challenging Corporate Power, Asserting the People's Rights." Website <www.wilpf.org>.

How to seek to revoke the charter of a corporation is taught in the paperback book *Challenging Corporate Rule*, Robert Benson's guide showing how he did it against the Union Oil Company of California and containing his footnoted brief in the case. This can be obtained for \$10 from the national AfD office, with that total sum (minus our cost mailing it)

going to the transforming-the-corporation action group. A useful earlier document, "A Citizen's Guide to Corporate Charter Revocation Under State Law" (1996), prepared by Thomas Linzey of the Community Environmental Legal Defense Fund (CELDF) in Pennsylvania, can be obtained from CELDF at 717-530-0931, <tal@cvns.net>.

Linzey has also prepared a set of draft amendments to state corporate codes. In addition, he has created proposed local ordinances to limit and curb large corporations in localities and farming in various ways; these can be downloaded (from the Document Download Center) at website <www.environmentweb.org/celdf>. Paul Cienfuegos, of AfD and Democracy Unlimited, has prepared a briefly descriptive summary of new campaigns in the U.S. challenging corporate authority including many local challenges. <cienfuegos@igc.org>. Bob Benson, <heed@igc.org>, has a set of four

draft ordinances to protect localities' interests vis-à-vis large corporations.

"The Growing Divide: Inequality and the Roots of Economic Insecurity. A Trainers Guide," a larger-form paperback from United for a Fair Economy, is a vividly impressive survey of the gap between rich and poor and guidance on how to make presentations on the subject. It was produced late in 1998, but associated charts for presentations are updated through last spring. UFE, located in Boston, offers hands-on training sessions on this and other presentations (for example, "Fair Taxes for All") and public theater. There are some charges for materials. 617-423-2148, <stw@stw.org>.

We suggest you save or clip this resources list, as we will not be repeating it soon, rather using the space in future issues for additional books and reports.

—R.D.

Alliance Action Group on the Corporation

Any member of the national Alliance who wishes to work on any of our four national campaign action groups may join them. Three of them concern corporate-dominated globalization; public funding for clean elections; and single-payer national health insurance. Here are the 40 or so members to date of the fourth AfD action group, on transforming the corporation to totally subordinate it to democracy, with their home cities and e-mail addresses or, lacking the latter, their street addresses:

Cliff Arnebeck, Jr., atty., and Sibley Arnebeck, Columbus OH <arnebeck@aol.com>; Robert Benson, atty., Los Angeles CA <heed@igc.org>; Paul Cienfuegos, Arcata CA <cienfuegos@igc.org>; David Cobb, atty., Houston <cobweb@onramp.net>; Ed Davis, atty., 124 S. Allegheny St. #5, Bellefonte PA 16823; Judy Deutsch, Sudbury MA <revjd@aol.com>; Ted Dooley, atty., Minneapolis, MN <614grand@winternet.com>; Ronnie Dugger, Somerville MA <rdugger123@aol.com>; Ralph Estes, Washington, DC <estes@essential.org>; Dr. Lawrence Goodwyn, Durham NC <wyn@acpub.duke.edu>; Lou and Patricia Hammann, Orrtanna PA <lhammann@gettysburg.edu>; Dave Henson, <dhenon@oaec.org>; Dave Lewit, Boston <dlewit@igc.org>; Neil McLean, San Francisco, <neil@warmcove.com>; Jack Miller, Indianapolis IN <jackandstef@earthlink.net>; Lee Mintz, Boston <leedrake@earthlink.net>; Dean Gene Nichol, Chapel Hill NC <gnichol@email.unc.edu>; Donald Oliver,

Concord MA <oliuprdo@gse.harvard.edu>; Michael Paine, Boxboro MA <mpaine@tiac.net>; Jean Palmer, Lincoln MA <jeanpalmer@earthlink.net>; Bob Pearman, PO Box 281, Lincoln MA 01773; Bill Peltz, Albany NY <wipeltz@aol.com>; Warren Perry, Concord MA <wparlmass@hotmail.com>; Kenneth Reiner, Long Beach, CA <kreiner@earthlink.net>; Prof. Steve Russell, San Antonio TX <srussell@lonestar.jpol.utsa.edu>; Darlene Schanfald, Port Angeles WA <darlenes@Olympus.net>; Ellen Schwartz, Walnut Creek CA; Richard St.G. Sides, Marblehead MA <rstgsides@mediaone.net>; Karl G. Sorg, atty., Eugene OR <ksorg@efn.org>; Tom Stephens, atty., Warren MI <lebensbaum4@earthlink.net>; Bob Stubbs, Framingham MA <rstubbs123@aol.com>; Lois Voltner, 9 Wheelock Rd., Wayland MA; Annette M. Jacobsohn, 42 Red Barn Rd., Wayland MA 01778; Carl Whitman, 25 Alexander St., Framingham MA 01702; Garret Whitney, Concord MA <gw@world.std.com>; Jim Williams, Lexington MA, <jim_williams@lsrws.net>; and Kati Winchell, Lincoln MA <all@world.std.com>.

Advisor to the group: David Kortan, <dkorton@bainbridge.net>.

To join this group contact Ronnie Dugger at 781-894-9726 or rdugger123@aol.com.

A Montage of the Corporate System Now

We present a few gems from the serious media of recent months that illustrate how the corporate system works now in the United States, Inc. Clippings from our members are welcome along the lines of this theme in the future.

Our French Fried Hearts

"The fact that [the French fry] is cooked in fat makes it unhealthy....The average American now eats a staggering 30 pounds of French fries a year, up from four pounds when Ray Kroc [started specializing in them at McDonald's]....In 1990 McDonald's and the other major fast-food houses switched to [using] vegetable oil, [which contains] trans unsaturated fat....[A]n epidemiologist at Harvard...estimates that the consumption of trans fats in the U.S. probably causes about 30,000 premature deaths a year....

"McDonald's and Burger King and Wendy's have switched to a product, without disclosing its risks, that may cost human lives. What is the difference between this and the kind of thing over which consumers sue companies every day?"

—Malcolm Gladwell, "The Trouble with Fries," *New Yorker*, 3/5/01

Evolution on the Breeze

The *Wall Street Journal* now confirms the early contention of opponents of genetically-modified food that as it is widely planted, there is no way that food can be guaranteed not to contain genetically-modified organisms. "The problem, regulators and growers say," the *Journal* reported on April 5th, "is that some genetically modified crops...can cross-pollinate freely with regular crops, passing along their altered traits to the next generation....When a farmer purchases a bag of conventional corn seed....some of that corn may have been fertilized by pollen carried on the wind from a genetically modified field miles

away."

Vanity, Thy Name Is Viacom

On June 5 Simon & Schuster, owned by Viacom, whose CEO is Sumner Redstone, published *Passion to Win*, a book by Sumner Redstone. David Rosenthal, the publisher of the publisher who is directly supervising the project, is reported to have quipped (and well it might have been a quip), "You want to get it right or you'll be fired." Redstone said, as he is in a position to: "I would not have tolerated any interference with the content of the book."

—The facts were reported in the *Wall Street Journal*, 4/5/01

Workers of Seattle, Say Your Prayers

Boeing, the mainstay of Seattle's economy, announced that it is moving its corporate headquarters out of Seattle to some other city.

"Union leaders were furious at both the news and the five minutes' advance notice that Boeing gave them and the area's elected officials before the announcement....

"Some people suggested that one of the reasons behind the move was that Boeing would...increasingly move toward 'outsourcing' some of its work—that is, contracting to other companies instead of using its own, heavily unionized work force."

—*New York Times*, 3/22/01

Homeowners Rooked

"In 1998, the Federal Deposit Insurance Corp. required 161 banks to reimburse more than \$1 million to more than 30,000 consumers for violations of the federal Truth in Lending Act, according to the latest statistics. And last year, the Massachusetts Division of Banks required the reimbursement of \$738,000 to 778 consumers for Truth in Lending Act violations.

"...some mortgage auditors and consumer law attorneys estimate between

30 and 80 percent of mortgages have some kind of mistake—whether in interest-rate calculation, escrow amounts, or Truth in Lending Act violations. Mortgage lenders...say the error rate is minimal...."

—*Boston Globe*, 3/28/01

Moyers: "Big Money and Big Business"

"Big money and big business, corporations and commerce, are again the undisputed overlords of politics and government. The White House, the Congress and, increasingly, the judiciary reflect their interests. We appear to have a government run by remote control from the U.S. Chamber of Commerce, the National Association of Manufacturers, and the American Petroleum Institute....

"We live today under a regulatory system designed by the [chemical] industry itself. The truth is, if the public, media, independent scientists and government regulators had known what the industry knew about the health risks of its product—when the industry knew it—American laws and regulations governing chemical manufacturing would be far more protective of human health than they are today."

—Bill Moyers, "Journalism & Democracy," the *Nation*, 5/7/01

Safety 1st, Except for Teeth

Safety 1st and Cosco, makers of strollers, cribs, high chairs, toddler beds, and car chair seats, were fined \$1,750,000 by the Consumer Product Safety Commission for failing to report defects that led to 37 infant injuries and the deaths of two babies. Dorel Industries, the parent company, paid the fine. "In a statement, Dorel said both deaths were because of mistakes by consumers in assembling the cribs....

"Concerning another product, the commission said that Safety 1st had learned that children's teeth could be caught in the steering wheel of a baby

walker designed to look like a car. But it did not inform the commission until after five children had lost teeth."

—*New York Times*, 4/5/01

Inside the Cash Register

"Meet the \$100 million club, an elite group of at least 50 insiders of Nasdaq companies who collected immense fortunes. They each sold more than \$100 million of stock in their companies from October 1999 through the end of last year....In many cases, these insiders sold near the high points of stocks that have fallen 85 percent, 90 percent, even 99 percent from their peaks....The lush proceeds were mostly profit. Insiders at these Nasdaq companies typically didn't have to go out and buy stock at the market price like everybody else, because they were generously supplied with founders' stock-virtually free...."

—*Wall Street Journal*, 3/22/01

The People Care About Health

"Fifty-two percent [of Americans polled] say they'd rather have the government spend more on health care for the uninsured than see it cut their taxes. And only 10 percent favor reducing these health services in order to pay for a tax cut....The results vary by income. Percent favoring more on health than on tax cuts based on family income: less than \$25,000—67 percent, \$25-\$50,000—52 percent, \$50-\$100,000—49 percent, more than \$100,000—37 percent."

—<http://abcnews.com> (spring 2001)

\$275 There, but \$7,000 Here

Small manufacturers in places like India, South Korea and China [make and sell anti-AIDS lifesaving medicines] for a fraction of the brand-name price.

For example, while GlaxoSmithKline, the world's largest manufacturer of AIDS medicines, sells Combivir for about \$7,000 a year in the U.S., the active ingredients in the drug can be bought for about \$240 on this international generic market. Cipla Ltd., a manufacturer in Bombay, India, says it is offering a finished generic version of Combivir for just \$275.

The brand-name companies have responded by cutting prices in Africa and other poor nations....The big drug companies....said they must charge more... because they have many costs the copy-cat manufacturers do not have....

GlaxoSmithKline said in a recent report to investors that it spent 37.2 percent of its revenue on marketing and administrative costs last year, while it spent little more than a third of that amount—13.9 percent—on research. After manufacturing, raw materials and other costs, the company still had 27.8 percent of its revenue left as profit."

—*New York Times*, 4/24/01

The People Get "the Business"

"Who better to know how the business runs than those who have run the business?" said Jack Spencer of the Heritage Foundation, a conservative policy organization. Spencer was commenting on George W. Bush's appointment of James G. Roche, corporate vice-president with Northrop Grumman, which builds aircraft and electronics equipment, as Secretary of the Air Force; Gordon R. England, executive vice-president of General Dynamics, which makes submarines, destroyers, and other weapons, as Secretary of the Navy; and Thomas E. White, vice-chairman of Enron Energy Services, a division of the Enron Corporation, as Secretary of the Army.

—*New York Times*, 4/25/01

Problems of the Plutocracy

The new Secretary of the Treasury, Paul H. O'Neill, the former chief executive of Alcoa, who has been selling stocks and options in Alcoa that were worth \$100 million at the end of last year, has finally completed the process. Paul Rumsfeld, the new Secretary of Defense, whose fortune is somewhere between \$50 million and \$210 million, asked for an extension for his sale of his investments especially because they include "complex private investment partnerships" that are not listed on stock exchanges.

—Reported in the *New York Times*, 4/25/01

The Reaches of the Oligopoly

The General Dynamics Corporation said yesterday that it had agreed to buy Newport News Shipbuilding Inc. for \$2.1 billion in cash.

The deal...would not only give General Dynamics control over the manufacture and maintenance of all nuclear-powered military ships, analysts said, but it would also solidify its position in the construction of Navy destroyers, support ships and commercial oil tankers....

Newport News is the sole builder of aircraft carriers and has been for decades.

—*New York Times*, 4/26/01

Well, Then, Is It Blue Snapper?

"A sought-after warm-water fish in chronically short supply, red snapper has several less expensive cousins that look similar...and are, all too often, substituted for it....Turns out, only 5 of the 11 samples [of red snapper that we bought at stores around the U.S.] were actually red snapper....The two most expensive samples...were not the real thing."

—"America's Fish: Fair or Foul?"
Consumer Reports, 2/01

The Sacred Duty to—Money

"Do governments run countries anymore? Do presidents run governments? ...For the blink of a star, back there in the early nineties, something wonderful might have happened: ...a commitment to take on the world's real enemies: starvation, plague, poverty, ecological devastation, despotism, and colonialism by all its other names.

"But that wishful dream supposed that enlightened nations spoke as enlightened nations, not as the hired mouthpieces of multibillion-dollar multinational corporations that view the exploitation of the world's sick and dying as a sacred duty to their shareholders."

—"Big Pharma: In Place of Nations," by John LeCarre, discussing his most recent novel, *The Constant Gardener*, in the *Nation*, 4/9/01

—R.D.

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