It is one of the deep mysteries of American democracy: how did we, the people, allow a truly undemocratic institution—the modern corporation--to assert such powerful influence in all the arenas of self-governance: our schools, our courts, our law-making apparatus, our elections?

As M.I.T. professor Noam Chomsky has observed, the modern corporation is almost completely totalitarian.[1] There is nothing democratic about it. There are only two ways an ordinary citizen can relate to a modern corporation: you can rent yourself to it (hire on as an employee), or you can buy something from it (in your role as a consumer). Besides those two ways, the ordinary citizen has no handles for making serious contact with the modern global corporation.

The corporation, on the other hand, pretty much determines all the basics of modern life, just as the church did in the middle ages. Today small corporate elites determine what most of us will read (in newspapers, magazines and books); what we will see (in theaters and on TV); what subjects will become "public issues" permissible for discussion and debate; what ideas our children will absorb in the classroom (school boards may select texts and curricula, but usually only from among the choices offered by the pedagogical publishing corporations); what modes of transportation will be available to us; how our food and fiber will be grown, processed, and marketed; what consumer products will be made by what technologies using what raw materials and which manufacturing techniques; whether we will have widely-available, affordable health care, or whether we will have a health-care system like the present one; how work will be defined, organized, and compensated; how war will be waged (and, generally, against whom); what forms of energy will be available to us; how much toxic contamination will be present in our air, water, soil, and food; who will have enough money to run an election campaign and who will not.

Throughout the 19th century, most Americans thought of themselves as a self-governing people. We fought a revolution to cast off a monarchy, to govern ourselves. We published the Declaration of Independence, established the Articles of Confederation, and, later, the Constitution, to embody the principles and create the institutions of a self-governing people: the rule of law with no one above the law; free public schools where the people could gain the knowledge they needed to govern themselves; a system of courts where justice was blind; a public law-making apparatus staffed by public servants chosen in open elections, largely free of corruption. Now those institutions of self-governance have all been modified to suit the requirements of modern corporations, and self-governance is, for many, a faded remembrance.

However, there is much reason for optimism. Today people across the political spectrum have begun to realize that corporations have gained enormous, undue influence over government, that government is now largely serving the needs of corporations at the expense of ordinary people. In a recent report, the Cato Institute --a conservative think-tank in Washington, D.C. --noted that "federal aid to corporations" is "a major contributor to the budget crisis."[2] The Cato report said, "corporate pork is everywhere," estimating that federal aid to corporations has now reached $250 to $300 billion per year, though the report only itemizes $85 billion in annual corporate subsidies.

The Cato report makes the following points:

** In some cabinet agencies, such as the Department of Agriculture and the Department of Commerce, almost every spending program underwrites corporations;

** Through Sematcha --a program originally intended to bolster U.S. microchip producers against foreign competition --the Pentangon pours $100 million each year into the largest 14 chip makers like Intel and National Semiconductor, giving them a big advantage over 186 smaller U.S. chip makers;

** An estimated 40% of the $1.4 billion sugar price support program benefits the largest one percent of sugar farms. The 33 largest sugar cane plantations each receive more than $1 million annually. One family, the Fanjuls, who own several large sugar farms in the Florida Everglades, capture an estimated $60 million each year in artificial profits thanks to government price supports and import quotas, according to the Cato report.

** The Rural Electrification Administration (REA) was set up during the New Deal in the 1930s to extend electric lines to rural America because "the market" would not do it. But today $2 billion in low-cost REA loans goes to huge corporations like AllTel which had sales of $2.3 billion last year. Low-interest REA loans now subsidize ski resorts in Aspen, Colorado, five-star hotels in Hilton Head, South Carolina, and gambling casinos in Las Vegas, Nevada, according to the Cato report.

** Last year the U.S. Forest Service spent $140 million building roads for logging companies. Over the last 20 years, the Forest Service has built 340,000 miles of roads --more than eight times the length of the federal interstate highway system --all for the benefit of logging companies.

** In 1991, through the U.S. Department of Agriculture's Market Promotion Program, American taxpayers spent $2.9 million advertising Pillsbury pie crusts, $1.2 million boosting the international sales of American Legend mink coats; and $2.5 million extolling the virtues of Dole pineapples, nuts and prunes.

** Federal environmental cleanup and defense contractors have been milking the public for millions of dollars in entertainment, recreation and party expenses, according to Cato. Martin Marietta charged the Pentagon $263,000 for a Smokey Robinson concert, $20,000 for the purchase of golf balls, and $7,500 for a 1993 office Christmas party, according to the Cato report. Ecology and Environment, Inc., of Lancaster, N.Y., spent $243,000 of funds designated for environmental cleanup on "employee morale" and $37,000 on tennis lessons, bike races, golf tournaments, and other entertainment, according to the Cato report.

"Any serious attempt to balance the budget will require a strategy for getting businesses off the $80 billion annual dole," the Cato report concludes.

The Cato Institute report also points out that corporations make enormous, corrupting contributions to political candidates, in an effort to influence elections. For example, the Fanjul family --the sugar kings of Florida --contributed $350,000 to political campaigns in 1992. "All of that has a corrosive effect on the American free-enterprise system," the Cato report points out. Cato notes that Archer Daniels Midland (ADM) and its chief executive officer, Dwayne Andreas, have given senate majority leader (and presidential candidate) Bob Dole more than $150,000 over the years. In turn, ADM --an agribusiness giant in Decatur, Illinois --is the recipient of huge government subsidies.

It is not only elections that have been corrupted by corporate money. People in many states enjoy a democratic institution called the "initiative." --a democratic voting process by which citizens can pass laws if a majority approves. Corporations now routinely corrupt the initiative process, dumping serious cash into anti-environment campaigns. For example in 1992, citizens of Massachusetts sponsored a ballot initiative to reduce wasteful packaging and require packaging materials to be reusable or made of recycled or recyclable materials. Out-of-state corporations pumped $4.8 million into a Massachusetts packaging initiative: American Paper Institute of Washington, D.C., spent $854,564; Dow Chemical of Michigan spent $225,297; Occidental Petroleum of California spent
$223,660; Quantum Chemical of Ohio spent $220,000; Exxon Corp. of Texas spent $195,205; Union Carbide of Connecticut spent $175,326; Philip Morris of New York spent $175,000; Chevron Corp. of California spent $140,000; Mobil Chemical of Virginia spent $128,500; Eastman Kodak of New York spent $104,350. Of the $5.15 million total spent by corporations to defeat the Massachusetts packaging initiative, only 6% came from inside Massachusetts.[3]

Many of the worst-polluting corporations spend huge sums to corrupt our democratic institutions.[4] Exxon, for example, contributed $507,600 to influence federal elections in the 1993-1994 election cycle, and was assessed $5.3 billion for environmental damage in 1994; the corporations who brought you silicone breast implants (and agreed in 1994 to pay victims of this technology $4.1 billion) also spent $361,000 in 1994 to influence the outcome of elections; two giant accounting firms (Deloitte & Touche, and KPMG Peat Marwick) together were fined $498.5 million for failed audits of failed savings and loan associations; and together they spent $623,921 trying to influence the outcome of federal elections. DuPont in 1994 agreed to pay $214 million (without admitting liability) for selling a fungicide that harmed farmers' crops, and in that same year DuPont spent $192,708 trying to influence federal elections. And this is but the tip of a very big, very dirty--though completely legal--iceberg.

Across America, a burgeoning group of citizens of all political persuasions is now recognizing that our democratic institutions have been corrupted by corporations--and that corporations themselves are not accountable to anyone.

Increasingly, environmental activists are recognizing that, if they are ever to achieve their goals, they will need to join forces with other citizens seeking to put democratic controls on the corporate form. The first necessary step is to reform our election finance laws, to get the corrupting influence of private money out of our elections. WE NEED ELECTIONS ENTIRELY FINANCED BY PUBLIC FUNDS. From that fundamental reform, other democratic reforms will flow. We can do this, and we must.[5]

--Peter Montague


[5] An organization that can help you understand --and take action on--the campaign finance issue is the Center for Responsive Politics, 1320 19th Street, N.W., Washington, DC 20036; telephone (202) 857-0044.

Descriptor terms: democracy; self governance; public education; justice; courts; elections; campaign finance reform; corporations; corporate form; publishing; books; newspapers; magazines; radio; TV; health care delivery; labor; occupational safety and health; energy; transportation; agriculture; manufacturing; cato institute; sematech; corporate welfare; corporate subsidies; us government; federal; taxation; trade; free trade; intel; national semiconductor; farm subsidies; price support program; fanjul family; everglades; rural electrification administration; forest service; logging; market promotion program; usda; doc; pillsbury inc; american legend inc; dole inc; martin marietta; malfeasance; fraud; abuse; ecology and environment; archer daniels midland; initiative; ma; american paper institute; dow chemical; occidental petroleum; quantum chemical; exxon; union carbide; philip morris; chevron; mobil; eastman kodak; center for responsive politics; corruption;

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