

How Do Corporations Influence the World?

*Bad ideas flourish because they are in
the interest of powerful groups.*

—Paul Krugman

Our planet is becoming economically one. The battle between communism and capitalism that once divided the world is no longer a major issue in international relations. Global capitalism has had no serious rivals since the breakup of the Soviet Union and the introduction of a market economy in China. The trend toward economic globalization since the collapse of communism is now a unifying force in the world; it is providing the business infrastructure of the coming one world democracy.

In this post-Cold War era, economic ideology no longer plays a large role in determining world affairs. The big players in international politics today are transnational corporations that work in many countries around the globe. Many of these corporations have assets surpassing those of small nations.

But corporations have vastly different agendas from countries—they exist solely to make money; this must be their primary objective if they are to survive in global markets. There is nothing wrong with building corporate wealth, but the

unregulated search for maximum short-term profit is often at odds with what is good for the planet over the long term. The purpose of a corporation is to increase the value of its stock, while the sole purpose of government is to promote general welfare—two rather different goals in the scheme of things!

The problem is that while pursuing their private interests, some corporations behave in ways that can lead to widespread human suffering, even on a global scale. Corporations often promote wasteful consumerism. Many create products that are injurious to consumers, such as tobacco, or pursue policies that directly harm the environment or are unfair to labor. Most destructive of all are the corporations that have a stake in the war system—weapons manufacturing and other products and services that support militarism. Weapons manufacturers will need to retool to civilian manufacturing as a democratic world government is formed and the world's people come together to abolish war.

The military-industrial complex unduly influences international relations

Producing and selling arms both domestically and abroad is a highly profitable business. Of course, the US dominates the international arms market, supplying just under half of all arms exports in 2001, roughly 2.5 times more than the second (United Kingdom) and third (Russia) largest suppliers.¹

We are a long way from the abolition of war, and therefore defense spending is a necessary evil in a world that lacks enforceable global law. But today's aggressive sale of weapons actually fuels the global arms race; each dollar spent makes all of us less secure. The real beneficiaries are none other than the companies that make billions in profits. Defense spending amounts to a transfer of taxpayers' money to global

corporations with questionable benefit to the people paying the taxes. The defense industry is dependent on the war system, a system based on fear and the division of the world's people into so-called sovereign nations.

Some weapons systems are not only counterproductive, but egregiously wasteful. For example, the US is scheduled to spend over \$60 billion on a missile defense system between 2002 and 2009 that many mainstream experts say will not work and is not actually needed.² Amazingly, further development of nuclear weapons systems also continues in the US and other countries that already possess the ability to destroy their adversaries many times over.

No matter how much the US or any other country wastes on systems for defense, this spending can never buy peace—only an uneasy truce until the next war. Real peace comes from *goodwill based on faith in the rule of law*—not from building bigger and better powder kegs in an environment of anarchy.

Corporations keep the irrational war machine in place by constantly lobbying for contracts and laws that favor the production of new weapons. Weapons manufacturers have a vested interest in maintaining the war system as opposed to the more reliable security provided by a system of global law that would eliminate the need for weapons production in the first place.

Large corporations win friends and influence people—with money

The pursuit of their “special interests” by private corporations or individuals, which is their right by law, can also lead them to practices that tempt and eventually corrupt government officials. In some countries, the offenders are drug traffickers who are buying favors or dictators who are amassing

personal fortunes. In America, corporations are the main instruments in government corruption. A global government will unfortunately suffer from some degree of corruption and will require the vigilance of its citizens to minimize the influence of special interests over the global public interest.

Corporations can wield their influence on government in two key ways: by directly influencing government officials through lobbying and campaign contributions, and by manipulating how citizens vote through financial control of the mass media.

When corporations donate large sums of money to a presidential or congressional race, they obviously expect favors in return. Such behind-the-scenes manipulation, in combination with voter apathy and a weak media, has resulted in a government that is often for sale to the highest bidder. The largest corporations routinely engage in influence peddling with both political parties; this way, no matter which candidate wins in a given race, they maintain control. But citizens have the ability to win back control over government if they can find the political will to do so. The only thing more powerful than corporate bribery is public outrage in combination with competent, activist, grassroots leadership.

One recent example of outrageous corporate favoritism is the Bush administration's award of a huge contract to Halliburton Corporation for rebuilding Iraq. No other companies were given the chance to bid on this lucrative contract. Meanwhile, Vice President Dick Cheney, who was CEO of Halliburton just prior to coming to office, was receiving deferred compensation from the company of \$1 million annually at the time of the contract award.

Another case is the notorious energy bill brought before Congress in 2003. It is widely believed to have been written in

large part by the oil companies. The bill was developed in secret meetings with large corporations that were convened by an energy task force chaired by Vice President Cheney, who refused two federal judges' orders to release the minutes from those meetings. Cheney prevailed in the case in an appeal to the US Supreme Court.

Over the last ten years, US corporations have given out more than \$1 billion in so-called soft money contributions. This money was no doubt given to gain preferential treatment, with \$636 million going to Republicans and \$449 million to Democrats.³

What sorts of companies are the biggest contributors to the two mainstream parties? According to a survey conducted between 1997 and 1999, number one was Phillip Morris (over \$54 million), whose agenda was to make sure the government would continue to allow it to sell tobacco, which kills an estimated 400,000 Americans per year. Number two was Bell Atlantic, now Verizon (\$41.9 million), which was fighting antitrust actions because of its many mergers. Number three was ExxonMobil (\$34.1 million) whose key interest was to block global warming initiatives and allow drilling in places like the Alaskan Wildlife Refuge. Fourth was Ford Motor Company (\$29.5 million), which made a successful effort to hold back fuel regulations, thus allowing an increase in its sales of SUVs. Fifth was Boeing (\$26.6 million), which was awarded many Defense Department contracts over that period. And number six was General Motors (\$26.3 million), which also lobbied against global warming restrictions and fuel standard improvements. The list of favors goes on and on.⁴

Besides having direct influence over government, corporations also exercise indirect influence over the electorate due to their enormous media presence. The largest corporations

control the media through both their ownership stake and their advertising dollars. Numerous studies have demonstrated the media's immense influence over voting and buying behavior.

Over the last twenty years, new laws have led to unprecedented levels of concentration of the ownership of TV, radio, newspapers, magazines, and other media, including cross-ownership in large urban markets. Controversial legislation was proposed recently by the FCC to allow even greater media consolidation, but Congress uncharacteristically found the strength to reject it because of public outcry.

Freedom of the press in America belongs to those who own the press. If one owns a TV or radio station, there are few government restrictions on what can be broadcast. In the past, the FCC's Fairness Doctrine required presentation of opposing views on the airwaves. This wise policy and the rule requiring airtime dedicated to public service have been abolished.

The factor limiting the public's access to alternative points of view is the expense of starting up and then operating a company that is able to compete with billion dollar media giants who work in collusion with government. Gaining access to the media in order to spread an alternative message of a world ruled by law will require creativity and persistence by committed individuals and groups.

Mirroring their growing power in the United States, corporations are also gaining influence worldwide. As developing countries increasingly promote foreign investment, as governments remove restrictions on trade and capital flows through instruments like the World Bank and the WTO, the role of corporations in shaping our world becomes ever larger. If we allow corporations to cross national boundaries in search of profits without any restrictions, the consequences are

potentially lethal. But at the same time, the interdependence promoted by multinational corporations presents a unique opportunity for world peace.

Economic globalization cuts both ways

In this era of globalization, stock markets, currencies, and national economies are now interconnected as never before. The size and global reach of corporations has grown enormously in the last thirty years, and the trend is accelerating as giant competitors range the globe in search of profits and higher stock prices. The result has been wrenching changes, with manufacturing jobs migrating to countries with lower labor costs and farmers everywhere being forced to cope in competitive global markets. Many individuals, companies, and even whole countries or regions have been left behind; those with the weakest positions in the world economy have become subject to unregulated exploitation. With few restrictions coming from international institutions, the global environment has also suffered in the process. As this profit-driven trend toward globalization continues to sweep the planet, it is essential that there be a set of rules that levels the playing field between all competitors, standardizes environmental regulations, and ensures workers' rights throughout the world.

In response to the painful effects of globalization, activists around the world have mounted a significant protest movement against global corporations and the treaty organizations that purport to regulate them. These activists are a key constituency of the coming world democracy. As we have noted, this movement of progressive global activists came of age at a large and confrontational demonstration against a meeting of the WTO in 1999 in Seattle, Washington.

This broad citizens' movement is mistakenly thought to be "antiglobal." In reality, it opposes the one-sided policies of transnational corporations and the lack of democratic representation and transparency at organizations that set the rules of international trade (especially the WTO and the World Bank), rather than globalization itself.

In fact, many features of economic globalization have the potential to lead in the direction of world peace. The economic interdependence created by globalized markets makes war less likely. A multinational corporation that has factories and offices in many countries does not want to see those countries at war with each other, potentially destroying the company's property or the infrastructure it needs to bring its products to market. To most multinational corporations, the world is borderless and national frontiers are virtually meaningless—the world is one market.

On the other hand, it should be pointed out that one branch of the corporate world, the military-industrial complex, has a material interest in seeing that the world remains divided against itself.

But the main thrust of the evolution toward an interconnected, capitalistic economic system is progressive. If this system comes under the guidance of democratic global institutions, its dynamism could create a global society that is ripe for the further evolution of global law. But it is essential that corporations have strictly limited influence over the actual development of the global laws that regulate them.

Government needs to control what corporations do; corporations must not control any feature of what government does. Corporations and the capitalist system need regulation for the benefit of society. Individual governments need laws creating a separation of corporations and state. Just as religion

must be separated from government in order to have a free society, corporations must be separated from government in order to have an effective democracy. We need to move to a system that satisfies the needs of all, not just the greed of a few. Corporate power must be kept in check at all levels of government: local, national, and global. This is a difficult task, but a crucial one. Progress on this issue is critical if we are to build a peaceful, prosperous, and sustainable world.

As global government evolves, a few things are crucial: The global media must be vigilant and the democratic constituencies represented in the global legislature must be strong enough to keep corporations from having undue influence. At the moment, the deck is stacked very much in favor of transnational corporations. Progressives and people of goodwill must face this challenge, as we move from national to global government. We must do everything possible to ensure that world government serves the needs, not of profit-oriented corporations, but of humanity as a whole.

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.

—President Dwight D. Eisenhower