Corporate America

by James Dalrymple

In this essay I intend to challenge the statement by Robert L. McCan and William H. Peterson from “An Outline of the American Economy”(1991) using a number of films and texts to support my argument. To best structure my critique, I have synthesized the statement into four key ideas which will serve as thematic headings for this essay:

1) “[The American Economy] is constantly evolving out of the choices of citizens who play multiple, often overlapping roles as consumers, producers, investors and voters;
2) “Americans accept an important role for government to help create an environment with the widest possible opportunities for individual opportunity”;
3) “The federal government does play an important part in the marketplace … to prevent flagrant abuses [and] to dampen inflation”
4) “[The American economy] has been immensely successful.”

In addressing these four thematic areas I intend to demonstrate why I disagree with the statement. The texts I will use are: Emerson K. Hunt and Howard J. Sherman’s *Economics: An Introduction to Traditional and Radical Views* (Joanna Cotler Books, 1986), and Howard J. Sherman’s *Reinventing Marxism* (The Johns Hopkins University Press, 1995). The documentary films I will use are: *The Corporation* by Mark Achbar, Jennifer Abbott and Joel Baker (2005); *Capitalism and Other Kids' Stuff* from the Socialist Party of Great Britain; and *The Century of the Self* by Adam Curtis. For the sake of simplicity and brevity, I will refer only to the titles of these texts and films, not their respective authors and producers and publishers, except where necessary.

“The American Economy is constantly evolving out of the choices of citizens.”

Unemployment

In the first part of this essay I will be examining the ways in which US capitalism has undermined democracy and contest the notion that the American economy is somehow the expression of the vested interests of all its citizens. The crucial historical example which refutes this idea is The Great Depression, which followed the Wall Street Crash of “Black Thursday”, October 24, 1929. This event is simply described by Emerson K. Hunt and Howard J. Sherman in *Economics: An Introduction to Traditional and Radical Views*: “the New York stock market saw security values begin a downward spiral that was to destroy all faith in businesses. Their confidences undermined, businessmen cut back production and investment. This decreased national income and employment … Before the process came to an end, thousands of corporations had gone bankrupt, millions were unemployed.”

The causes of the Great Depression are hotly debated and too complex to list here, but most will agree that the problem originated in the free markets and that governments were unable to control the deepening of the crisis. What I aim to show here is not that free market capitalism is to blame for the Great Depression – which of course it may well have been – but that the idea that the American economy (or indeed most capitalist economies) is determined collectively by the “choices of citizens" is erroneous. The millions bankrupted or made unemployed by the crash had no little or control over their destiny, and this 'democratic' view of the economy belies their helplessness during the Great Depression and the pervasive pattern of boom and bust that has shaped the American economic landscape since that time. As Hunt and Sherman put it, "natural resources were still as plentiful as ever [during the Great Depression]. The nation still had as many factories, tools, and machines … Yet millions of workers and their families begged … Factories could have been opened and people put to work, but they were not because it was not profitable for businessmen to do this. And in a capitalist economy production decisions are based primarily on the criterion of profits, not on people's needs."

It was ultimately the Second World War that reversed the mass unemployment of the Great Depression, which lingered well into the 1930s. As Hunt and Sherman say, "when the various governments began to increase armament production, however, unemployment began to melt away … [and] during the war period the most pressing problem was a *shortage* of labor." Moreover, "our great boom did not begin until the onset of World War II, and … it's continuance since then has consistently been tied to military rather than to a purely civilian economic demand"[1]. As Hunt and Sherman illustrate, this blind spot concerning the key to US economic success, commonly held by the likes of Robert L. McCan and William H. Peterson, has led to a "an ahistorical … nonpolitical view of what the economy is an how it works."[2]

As Keynesian economics "became orthodoxy for both economists and the majority of politicians" after 1945 (*Economics*), the Passage of Employment Act of 1946 "legally obligated the government to use its taxing, borrowing, and spending powers to maintain full employment … the first time [it] ever acknowledged responsibility for employment." However, Hunt and Sherman argue, the U.S. government "is still not really committed to full employment for all people" as demonstrated by the boom and bust cycle of recession that has seen peaks of unemployment in 1981-82 and, indeed, now (at about 10%). John Maynard Keynes had proved that unemployment was effectively a by-product of capitalism but his ideas about how the government could off-set this by spending tax savings on socially useful projects such as "schools, hospitals, parks, and other public conveniences" (*Economics*) were not appropriated in the way he intended. Instead, government spending ushered in the creation of the "military-industrial complex," and the "post-World War II prosperity has not reduced the extremes of inequality in the United States … the wealthiest 1.6 percent of the population own over 80 percent of all corporate stock and virtually all state and local government bonds (*Economics*)."

Distribution of wealth

Another important factor ignored in Robert L. McCan and William H. Peterson's conception of the American economy is the stark facts – put forward by Hunt and Sherman – concerning the distribution of wealth in the country. If in 1981 "the wealthiest 5 percent of the American population received nearly 20 per cent of all income," and almost 32 million Americans lived beneath the official poverty line –

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1 Robert Heilbroner, *The Future as History* (New York: Harper & Rowe, 1960), p. 133

2 Sumner M. Rosen, 'Keynes Without Gadflies', in T. Roszak, ed., The Dissenting Academy (New York: Random House, Vintage Books, 1968), p.83

itself misleadingly low, as "most families that live on welfare are not even considered to be poor" (*Economics*) – then this surely contradicts the McCan-Peterson view of an economy evolving out of "the choices and decisions made by millions of citizens." This is not unlike saying that 32 million (and probably more) US citizens choose poverty, which surely they don't.

Furthermore, this imbalanced distribution of income is exacerbated by unfair "sales taxes, excise taxes, property taxes, and social security taxes, [which] all take a much larger percentage of a poor person's income than of the rich person's" (*Economics*). The "mixed economy" of McCan-Peterson, in which "the federal government does play an important part in the marketplace," would appear then to be biased heavily in favour of the rich: not quite the democratic vision they espouse. This is then worsened further by the fact that the rich have greater means to exploit tax loopholes to their advantage.

As shown in the film *Capitalism and Other Kids' Stuff*, this imbalance is reflected globally in the statistic "5% of the world population own 95% of the wealth." Worst still, this reality is legitimized by the fact that this same 5% make the rules which govern us. The filmmakers summarize what they see as the rules of capitalism – which run in total contrast to the McCan-Peterson view of the American economy – as this: the more money you have the more you can make, the less you have the less you can get; the poorer you are, the more expensive everything is; the poorer you are, the iller you'll be, the sooner you'll die, and the worse off your kids will be; the poorer you are the worse your education will be and the worse your job will be; the worse the pay, the harder the job; the higher the pay, the easier the job; if you're really rich you don't need to do any work at all; the poor pay for every mistake made by the rich; rich people start wars that poor people have to fight; most people get rich by inheriting; most poor people stay poor. The filmmakers ask the viewers whether this seems a cynical view of capitalism, and if not, whether it seems like a description of a fair world: the answer inevitably being no in both instances. Again, one would say this description of capitalistic economy is one that is incompatible with that of McCan-Peterson "constantly evolving out of the choices of citizens."

This imbalanced income distribution is echoed in an unjust concentration of wealth among monopolistic US corporations. In *Economics* Hunt and Sherman cite A. A. Berle, by no means a critic of capitalism (quite the opposite, in fact), who described in 1965 that "not only do 500 corporations control two-thirds of the non-farm economy, but within each of that 500 a still smaller group has the ultimate decision-making power. That is, I think, the highest concentration of economic power in recorded history … a concentration of power which makes the medieval feudal system look like a Sunday school party".[3] Again, this suggestion that our current economic structure is even less egalitarian than that in feudal times runs counter to the democratic view of the American economy proffered by Robert L. McCan and William H. Peterson, and is all the more potent coming from a champion of capitalism rather than a critic.

Vested interests

[3] A. A ; Berle, Jr., 'Economic Power and the Free Society,' in Andrew Hacker, ed., *The Corporation Take-Over* (Garden City, N.Y.: Doubleday, 1965), p. 97

We should also draw particular attention also to the inclusion of “investors” in McCan-Peterson’s democratic view of economy. Hunt and Sherman show that “with no single owner holding more than 1 or 2 percent of the stock and with no effective means of collusion, the owners were left with only the formal voting function when selecting the board of directors. Candidates for whom they could vote were selected by the existing board of directors. Thus the boards chose their own replacements and were essentially a self-perpetuating oligarchy” (*Economics*). This debunks the McCan-Peterson view that American citizens somehow have a democratic stake in their economy as “investors”, as they are unable to influence the corporations even, as it were, from the ‘inside’.

Even CEOs, argue the filmmakers behind *The Corporation*, have less control than we would imagine over the companies they are supposedly employed to direct. The film begs the question ‘who bears the moral responsibility for the actions of a corporation?’ in the light of the fact that the majority of people working for corporations are ostensibly nice people who apparently mean others no harm. The film gives the example of the oil company Shell and the strange paradox that exists within companies of its kind which on one hand can devote money to environmental projects at the behest of a compassionate regional CEO, but simultaneously be – in the case of Shell Nigeria, for instance – one of the world’s worst polluters, and one which colludes with foreign governments to brutally suppress environmental activism. It begs the question, if CEOs are not in control of corporations, then who is?

The answer may lie in the fact that corporate CEOs are obliged by law to make a profit for their shareholders. How can we guarantee the interests of citizens when corporations put the profit incentive before all others; when “there’s no such thing as enough” (*The Corporation*)? The film shows a multitude of views of the corporation from inside as well as outside the business world, and that vary on the definition of a corporation from “a group of individuals working together to serve a variety of objectives, the principle one of which is earning large, growing, sustained, legal returns for the people who own the business”, to “monsters trying to devour as much profit as possible at anyone’s expense.” Either way, the film (rightly, in my view) seems to suggest that the problem lies in the way corporations are structured, with CEOs obliged to shareholders, not in individuals themselves, which again runs counter to the McCan-Peterson view of the economy.

Public relations

The Corporation also gives the example of Pfizer’s community work such as improving security on local public transport. Whereas no-one can say that these acts are harmful in themselves, it shows how corporations can sometimes do good public deeds but entirely on their own terms, and that the public are not given the right to determine how this money is spent. Behind the scenes, say the filmmakers, such corporations spend money on lobbying the government for tax breaks which mean they don’t contribute fairly to the public purse spent by democratically elected officials. The film shows these deeds to be largely PR exercises which sweeten the perception of companies whose sole motive is greater profitability.

One should also pay attention to the role the corporations play in perpetuating myths about themselves, and not underestimate the money they invest in promoting their self-image. Here the government certainly “does play an important part in the marketplace,” but perhaps not in the way that Robert L. McCan and William H.

Peterson intended, but in the form of corporate propaganda: “the U.S. Information Agency (USIA), the official government agency charged with the worldwide propagandizing of the “American point of view” … operates on a grand scale. Its Voice of America broadcasts are heard around the world in scores of languages, and it publishes dozens of newspapers and magazines, maintains libraries, [and] shows motion pictures.” Here, as Hunt and Sherman argue, corporations get an enormous helping hand from the government in promoting their managerial ideology and personnel as “conscientious, paternalistic stewards of society’s welfare.” So, effectively, American citizens pay (through taxes) to have themselves convinced of the merits of the country’s corporate culture. But why, if these corporate are as “conscientious” and “paternalistic” as they say they are, do they need to convince their citizens of it.

At the same time, corporations do not settle with competing to supply consumer demand as their source of income, but go about the business of manufacturing need. As *The Corporation* shows, marketing has evolved into an insidious force that manipulates us into buying things we don’t really need or even want. Thus such marketing runs counter to the notion of ‘choice’ as expressed by Robert L. McCan and William H. Peterson. Instead, manipulation of thought for capitalistic gain has a long and interesting history in the U.S., as convincingly argued in the Adam Curtis documentary film *Century of the Self*. The film shows how Edward Bernays, the nephew of Sigmund Freud, adopted some of his uncle’s theories about the irrational unconscious mind and its potentially dangerous effect on group instinct.
Bernays, considered to be the father of public relations, believed that the psychology of the masses should and could be manipulated for the sake of political control but also to manufacture want for consumer products. He saw the potential for propaganda during peace time as well as war and was charged with the task of improving President Calvin Coolidge’s image before the 1924 election. Among his legacies to marketing are product placement, celebrity endorsement, scientists commissioned to promote the dubious value of products, and the idea of fashion as a means of self expression. The film argues convincingly that Bernays was a central figure in changing American citizens into consumers for whom satisfaction of material (and manufactured) want was a controlling impulse: if you keep sating people’s material desire they will be docile and the status quo can be maintained. Bernays did this, says Century of the Self, by linking objects to emotions related to self-perception. One example of this is Bernays’ marketing in the 1920s of Lucky Strike cigarettes to women, for whom smoking had been previously taboo. He did this by staging a PR stunt in which he was able to associate smoking with the suffragette movement, thus linking it in women’s minds with freedom and independence.

Century of the Self goes on to explore the ways in which the psychology of consumerism – in particular, satisfaction of the self – has gone on to shape society and politics. It shows how corporations developed methods borrowed from psychoanalysis to control perception to sell products, and also how the focus group, itself derived from psychology, contributed to political campaigning. The film argues that Bill Clinton secured a second term in office and ultimately ushered in a new form of politics by ditching any semblance of ideological belief for relatively trivial policy issues unearthed from focus groups with swing voters. According to the filmmakers, this was an important step in turning voting into a form of consumerism in an increasingly “me-first” society that had its origins in Bernays’ revolution of marketing and PR.

The filmmakers of *Capitalism and Other Kids' Stuff* make a similar observation about politicians squabbling over a narrow middle ground of policy issues that only offer piecemeal reform. To question capitalism itself, they argue, puts you outside the frame of reference of most modern political discourse. At the same time, “capitalist politicians make everything sound so incredibly complicated, so complicated that you need them to work it all out for you: *you have a vote every five years; that ought to be enough. What more do you want?*” The film is compelling in its simple way of showing how our range of ‘choice’ as a citizen is limited.

Corporate roots

As explained in the documentary film *The Corporation* the first US corporations were associations of people chartered by the state to perform a public project like bridge building, with clear stipulations concerning the length of the project and the capitalization involved: “a gift from the people to serve the public good.” As the US Civil War and the industrial age saw enormous growth in infrastructure, banking and manufacturing, the corporations steadily grew in size and started to look at ways to free themselves from some of the legal constraints initially imposed on them.

According to the film, the “colossal power of the corporations” today has its roots, ironically, in the 14th Amendment of 1868, which repealed laws depriving black people of liberty or property. The earliest corporations were able to benefit from this change by gaining the rights to property previously unique to whites, and enable them to be treated as people in the eyes of the law.

Thus this law passed to “protect newly freed slaves”, was grotesquely manipulated so that between 1890 and 1910 hundreds of cases were brought before the US supreme court, the vast majority of which proved to be corporations, not blacks, securing rights to liberty and property. Simultaneously, the film suggests, blacks were systematically denied equal rights to whites. Thus, under the law, corporations were not considered as groups of people but as a “legal person,” which could “buy and sell property, borrow money, sue and be sued.”

The film asks that if corporations are persons, what kind of persons are they, who are only concerned with the profit of their shareholders? If “corporations need to be seen as constructive members of society,” as one corporate CEO puts it, as well as purely addressing their own bottom-line profitability, why is the latter enshrined by law as a priority over all other competing concerns?

“Americans accept an important role for government to help create an environment with the widest possible opportunities for individual opportunity”

Inequality

As Hunt and Sherman point out, “the more reactionary argue that job discrimination merely reflects the innate inferiority of women and blacks. Few, if any, intellectuals embrace this position, but is apparently accepted by a large minority in the United States.” As we have already seen, the tacit acceptance of inequality in the U.S. makes a mockery of what Robert L. McCan and William H. Peterson call “the choices of citizens,” but we shall now turn our attention to this second idea that the government helps “create an environment with the widest possible opportunities for individual opportunity.”

Perhaps more important than all of the aforementioned challenges to the McCan-Peterson view of the economy is the issue of equal rights for blacks and women. It is impossible to discuss the idea of the economy as one “evolving out of the choices of citizens” if we don’t address the unequal status of these citizens, which McCan and Peterson don’t. Indeed what is surprising about the civil rights movement for example, is that new legislation introduced in 1957 and 1960 to extend voting rights to African Americans brought about a worsening of the economic situation for that part of the population: “Of what use was the vote if a black man or woman could not secure a job, or if he or she was paid a salary that kept the family in a condition of poverty and degradation? Whereas in 1950 the average salary earned by a black was 61 percent of that earned by a white, by 1962 it had fallen to 55 percent” (*Economics*).

Whatever the reasons for these greater rates of poverty and unemployment, they show that the African American vote was disempowering in economic terms, contrary to the McCan-Peterson view that the US government helps “help create an environment with the widest possible opportunities for individual opportunity.” It also suggests that giving blacks the vote was a somewhat empty political gesture that did not herald equal rights but rather a heightening of inequality. This belies the idea that the economy evolves out of the “choices” of citizens as “voters”, as McCan and Peterson imply.

Similarly, “by 1985 more than four out of every ten workers were women … yet they work in the poorest jobs … and are paid less than men even for the same job. The average full-time woman worker only makes 59 percent of what a full-time male worker is paid.” (*Economics*) Again, the idea that American citizens can shape their economy out of their free choice as “producers” is exposed as a fiction. Indeed according to most Marxist opinion, say Hunt and Sherman, “sexism performs a necessary function for capitalism,” where the low wages of blacks and women can make a significant difference to the capitalists’ profit margins. In the US, then, white men dominate the economic landscape in a way that makes a mockery of the view of an egalitarian economy.

Alienation

Furthermore, this McCan-Peterson model does not take into account the “boring and dangerous work that must be done” (*Economics*) and its by-product, “alienation.” “Apathy or destructiveness [and] psychic regressiveness,” are the result of a capitalistic managerial ideology that denies workers the right to “creativeness, curiosity, and independent thought.” This alienation, say Hunt and Sherman, leave “workers and consumers (and voters)” feeling “weak and insignificant compared to the colossal power of the corporations over working conditions, prices, and even government policy”. This final citation is probably the most explicit and compelling rejection of the McCan-Peterson view of the economy in *Economics*.

“The federal government does play an important part in the marketplace … to prevent flagrant abuses [and] to dampen inflation”

Collusion

One may ask what the US government does to prevent flagrant corporate abuse, particularly the kind of "creative accounting" culture that resulted in corporate scandals such as WorldCom and Enron, evoked in the opening segment of *The Corporation*. Indeed, as Hunt and Sherman show, the government often colludes with, rather than regulates, corporations in a way that is designed to enhance their profitability. By way of example, they cite the oil crisis in the 70s in which the government propagated the myth that Arab countries had formed a cartel in the form of OPEC (Organization of Petroleum Exporting Countries) which was "to blame for not extracting and exporting enough crude oil and for charging higher prices". (*Economics*)

In fact, the truth was far different: the oil companies had "purposely refrained from expanding their productive capacity as fast as demand was expanding and thereby had purposely created a situation in which at some point a shortage would become inevitable (and would be very profitable for them)." (*Economics*) Hunt and Sherman argue that the government was complicit in this deception of the American people and for the "gross social stupidity" of allowing "a few greedy individuals to engage in what is tantamount to blackmail simply because they have monopolized ownership of things."

In *The Corporation*, a former Goodyear CEO explains that governments lost control over corporations as they went global. The heads of corporations are referred to in the film as the "new high priests" of the all-encompassing capitalist system and that while politicians still have power, they do not have nearly the same power they did 50 years ago. Moreover, say the filmmakers, the governments and corporations are working with each other to privatize everything and dictate environmental policy. Why, the film asks, is industry involved in a making public policy decisions when they have not been democratically elected? Industry co-operation, it is argued in the film, is largely a cynical reaction to a marketplace more favourable to corporations professing an interest in sustainability and environmental responsibility. The incentive is profit, and the moment co-operation over emissions cuts (for example) becomes unprofitable, corporations will cease to co-operate.

At the time of its publication, in *Economics* Emerson K. Hunt and Howard J. Sherman argued that "the government is asking private corporations to act as the controllers of other private corporations" to combat pollution, even though many "critics are convinced that this corporate integration of polluters and controllers will never lead to any substantial improvement." This demonstrates the failure of the government to seriously fight corporate abuse, in this instance the degradation of the environment, and it seems little has changed today.

Inflation and debt

Hunt and Sherman also convincingly debunk the McCan-Peterson view that the government plays an important role in dampening inflation. "Massive military expenditures, financed in part through deficit spending, together with the steadily increasing debt levels of individuals, businesses, and government" mean that the "amount of debt as well as the money supply have increased much faster than any increases in productivity and output. The result has been prolonged chronic inflation." This inflation, which reached 18 percent per year in 1980, had the effect of taking away "80% of the workers' increased productivity" by higher prices, and any attempts to reduce it resulted in an “increased rate of unemployment.” In the same period, they show, the profits of the largest 500 corporations were sensational, showing that the capitalists profited from this inflation when most ordinary people on fixed incomes and pensions were suffering.

Hunt and Sherman also predicted the current ‘credit crunch’ crisis by arguing that a “world-wide superstructure of credit in which … solvency at any level depends on ever-increasing borrowing … [means] the possibility now exists for a chain reaction of default that could precipitate a crisis potentially worse than the depression of the 1930s.” Although few would claim the current crisis to be worse than the Great Depression, we are still reeling in its wake and yet to comprehend its full ramifications. Moreover, Hunt and Sherman demonstrate clearly the link between debt and inflation, and the fact that the U.S. government – far from dampening it – exacerbates inflation, simultaneously profiting capitalists and impoverishing its citizens.

Flagrant abuses

We should now turn our attention to the McCan-Peterson idea that the US government helps “prevent flagrant abuses.” As Hunt and Sherman show in *Economics*, “giant corporations are much larger than would be required for maximum productive efficiency;” citing examples in which these corporations proved anti-competitive and even anti-productive in the pursuit of “private profits and monopoly power” at the expense of “social welfare and social efficiency.” Furthermore, they highlight the impact of white collar business crime on the cost of U.S.-manufactured merchandise, which allegedly adds 15 percent to the retail price. In 1980, the “top 25 corporations at least one or more of the top executives had been convicted of a major crime connected to the conduct of the business corporation.” Many of these “corporate leaders and management”, Hunt and Sherman show, “receive either very light punishment or no punishment at all when they become involved in improprieties or illegalities.”

These instances of bribery and corruption seriously undermine the corporations’ self-image as “conscientious, paternalistic stewards of society’s welfare” and also show the ways in which money enables white collar criminals to evade punishment in a way that is entirely contrary to the egalitarian McCan-Peterson view of the economy. As *The Corporation* shows, thousands of major corporations have been given multi-million dollar fines for their misdemeanours but are mostly able to absorb these costs and still operate profitably, making a mockery of the laws sought to stop such illegalities. Therefore, breaking the law becomes “just a business decision.”

As the filmmakers of *The Corporation* assert in the film’s introduction, corporations are the “dominant institutions of our time,” occupying a place of pervasive power equal to that the church or monarchy in other periods. Yet the film shows how much of the US media euphemistically refers to corporations accused of misdemeanors as merely “bad apples;” anomalies in an otherwise successful system that requires no greater level of regulatory control. The film asserts that there are questions about the corporations’ “lack of public control” which are not being seriously asked by the media, as the term “bad apples” implies.

The Corporation’s most in-depth example of corporate irresponsibility is that of Monsanto, and their bovine growth hormone product ‘Posilac’, used on a quarter of all dairy herds in the US and approved as safe by the US Food and Drug Administration (FDA). The milk produced by these herds is drunk by a "large proportion of the American population," yet Monsanto had covered up their own research showing that the hormone caused the animals chronic inflammation of internal organs, reproductive problems, pain, suffering and distress.

Moreover, the hormone gave the cows mastitis, and bacteria from infected udders were entering into the milk supply. Furthermore, because the animals fell ill, they needed to be given antibiotics which would also enter into the milk, contributing – as argued in *The Corporation* – to the emergence of "antibiotic resistant bacteria and diseases" in humans which are consequently untreatable and often fatal.

The hormone was designed to induce greater milk production in the cows even though, according to the film, the US farm industry was already overproducing milk. Posilac was the subject of an investigation by 'The Investigators' a team of Fox television reporters who looked more closely at the initial research into Monsanto's product. However, Monsanto's lawyers scared Fox into pulling the show and trying to buy off the journalists in order to silence them. Finally, a heavily edited version of the show was broadcast, but the product remained on the US market despite having been banned in the UK and Canada. Monsanto's bullying tactics illustrate another way in which US citizen's 'choice' is compromised in undemocratic ways by major corporations, and how the FDA, the US government's regulatory body for such products, failed to stop this particular "flagrant abuse."

It appears a lose-lose situation for all except Monsanto, who also have the dubious honour of having produced the herbicide Agent Orange that was sprayed over Vietnam by the US army during the war, causing 50,000 birth defects and hundreds of thousands of incidents of cancer among civilians. As the film says, the US soldiers who had side-effects from contact with this product were able to sue the company, but not the Vietnamese people worst affected. Monsanto has settled out of court but "never admitted guilt."

Externalities

Monsanto might describe the health related problems associated with Posilac as "externalities," a term used by economists – as explained in *The Corporation* – for the cost incurred by a third party in a transaction between two parties. This is often used to describe the way in which the public tends to pay for corporations' impact on society such as job losses, industrial accidents and, perhaps most importantly, pollution. The film touches upon a number of examples of corporate "externalities," or wanton disregard for the environment which one commentator in the film describes succinctly: "It was more or less we had created a doom machine in our search for wealth and for prosperity."

The Corporation focuses on another important long-term 'externality' manifest in the petrochemical era which began in the 1940s. Oil molecules were manipulated to develop a wide range of new chemicals used in goods and notably pesticides, many of which were later revealed to have harmful side effects: "synthetic chemicals that have permeated our workplace, our consumer products, our air, our water, produce cancer, and also birth defects." Most industries have known about this and have attempted to trivialize these risks, the film shows, the consequence of which is that "we are now in the midst of a major cancer epidemic and industry is largely responsible." The fact that "one in every two men and one in every three women get cancer in their lifetimes," due to corporate irresponsibility, is perhaps the most "flagrant abuse" of all.

More frightening for the future is the fact that the US Supreme Court ruled that General Electric could patent a genetically modified microbe engineered to "eat up oil spills". Despite initial refusals from the patent office to allow the corporation to patent a living organism, anything alive can be now patented except a human being, with profound consequences for the future of medicine. The pharmaceutical companies are now in a race to identify the genes that cause diseases and patent them, thereby threatening to completely monopolize the market for potentially curative drugs.
Instances like those mentioned above reveal the insincerity or at least impotence of US government regulation to prevent "flagrant abuses" or halt the march of corporate monopolization of almost all life as we know it.

"The American economy has been immensely successful."

Boom and bust

In this final part, by way of conclusion, we shall reflect upon the notion of 'economic success' in the light of many of the things we have discussed. Indeed, can we call an economy 'successful' when race and sex inequality and low redistribution of wealth make the gulf between rich and poor ever wider? "Only 3.2 percent of the labor force was unemployed in 1929," (*Economics*) before the Great Depression, and subsequent returns to sound levels of employment have only been achieved by military expenditure that necessitates conflict and levels of borrowing that subsequently play a part in inflation which hit people of fixed income and minority groups hardest. "Since World War II there have been no major depressions in the United States, but there have been eight recessions," (*Economics*) a boom and bust cycle inherent to the form of capitalism currently adopted and one unfairly felt by the most vulnerable.

Imperialism

Furthermore, "under present institutional arrangements, most less developed countries either waste their surpluses of lose them to imperialistic capitalist countries [who have] a great deal of monopsonistic buying power (that is, there are many sellers and only a few collusive buyers), and thus can set the terms of trade in their own interest." (*Economics*) In the profitable extraction of valuable resources and raw materials from poor countries at cheap rates, America and other rich nations ensure the continued poverty of less developed nations. If we define "success" as efficient and systematic exploitation, then yes, the US economy is enormously successful. But if we try to add an ethical dimension to "success," which Robert L. McCan and William H. Peterson don't, then the opposite is true.

As illustrated in The Corporation, competition between so-called 'low cost' countries to provide cheap labor to U.S. manufacturers has the effect of driving wages in those countries down to the bare minimum needed to survive. Indeed, the film gives the shocking example of wages in Nike sweatshops, which are three tenths of one percent of the retail price of a pair of Nike shoes when calculating industrial output against staff wages.

In the film The National Labor Committee in Support of Human and Worker Rights – a non-profit, non-governmental organization founded to combat sweatshop labour and U.S. government policy in El Salvador and Central America – talks about the difficulty they had in talking to workers in these environments. Indeed, they meet women who were manufacturing items of clothing sold in Walmart with tags which promised to make a small donation to a Kathie-Lee Gifford endorsed charity for every purchase made. The irony was that these women, who earned next to nothing relative to the retail price of the clothes, were barely able to support their own families with the wages they received. This is a clear demonstration of one of the ways in which corporations claim to be acting in a socially responsible manner when in fact their sole motive is profit: the charitable donation ultimately helps sell the clothes and increases, rather than reduces, their profit margin.

The film also challenges the notion espoused by many, including some figures from the corporate world interviewed, that these sweatshop workers are glad for their opportunity to work and save themselves and their families from starvation. Most sweatshop owners react aggressively to any attempts to interview their employees who are paid the bare minimum needed to survive so that the US corporations can keep their production costs as low as possible. If anything, this enslaves the workers to a life whose productive output is measured as if that of a machine or, in the example of Nike given in the film, not by minutes but ten thousandths of a second – what The National Labor Committee call "the science of exploitation." As author Naomi Kline illustrates in the film, in competing with one another there is little beneficial 'trickle-down' effect of sweatshop employment in 'low-cost' countries, as the workers barely earn enough to afford three meals a day "let alone feed their local economy."

Moreover, the U.S. has been guilty of propping up the (often corrupt) governments of such nations with economic and military aid that helps ensure their business interests are protected. Hunt and Sherman give the examples here of Guatemala, Iran, Korea, Cuba, the Dominican Republic, Vietnam, Nicaragua, and El Salvador, where "threats from more progressive social and political movements" have been met with U.S. intervention "either clandestinely (through CIA sabotage and intrigue) or directly (through the use of military force)." (*Economics*) Thus the picture that emerges of the American economy is not simply one of 'success' but one dependent on a militarily-imposed imperialism.

Environment

Notwithstanding the alienation and impoverishment of its citizens and the imperial subjugation of developing nations, the cost of U.S. economic success can also be counted in the systematic degradation of the environment. "Corporate profit seeking is generally accompanied by very little concern for conservation of the maintenance of a clean, livable environment," argue Emerson K. Hunt and Howard J. Sherman. The "environment is treated like a garbage disposal," they say, because business firms do not have to pay for *all* the costs incurred in the production process. They pay for labor, raw materials, and capital used up in production … [but] little or nothing for the use of the land, air, and water for the disposal of waste products that are created in the process of production."

Success stories

In *Reinventing Marxism* (1995), Howard J. Sherman sums up some of the problems associated with, or indeed endemic to, capitalism: “high levels of violence and irrationality reflected in crime, suicide, and wife and child abuse; discrimination against women and minorities; intense poverty and immense wealth; exploitation of workers; large-scale unemployment; and environmental destruction”. No-one in their right minds would describe these phenomena as indicators of a nation’s success. It may also be useful to note that many of these criticisms of capitalism are ones which can be leveled in particular at the U.S., which has higher levels of violent crime, poverty and environmental destruction than its capitalist Western European counterparts.

In the same book, Sherman argues that “in every upswing of the capitalist business cycle many economists see only harmony and endless prosperity. They are then astounded to see – and this always happens – the economy go into a downspin. You could argue that Robert L. McCan and William H. Peterson would be guilty of “seeing only harmony” against the mass of available evidence to the contrary.

Poverty

At the same time, how can we call any economy successful, if we ignore the reality of poverty in other parts of the world? As the film *Capitalism and Other Kids' Stuff* illustrates, one of the effects of capitalism is our way of distancing ourselves from the ‘abstract’ realities of the world. If one billion people, a sixth of the world’s population, have no access to clean drinking water, the film asks, and five million children die every year as a consequence, what right do we have to trumpet the success of the US economy? The film is successful in exposing the gap between the image we have of ourselves in wealthier nations as caring, moral beings, and our ability to ignore the death of millions in less developed nations.

Capitalism and Other Kids' Stuff poses the question ‘why do famines exist?’ when the World Health Organization says that the technology exists to feed a world 12 times its size. We should be less ready to boast of our successes, the film argues, given we have the most advanced technological civilization in history and yet can’t tackle the big issues of environmental degradation and feeding the world.

Conclusion

In the light of compelling evidence provided by the texts and films we have looked at, the views proffered by Robert L. McCan and William H. Peterson would appear to be erroneous and mendacious. Whether one examines the racial, gender and income inequality, corporate irresponsibility, thought manipulation, or exploitation of labour in the developing world; a picture emerges in stark contrast to benevolent, democratic view of the US economy espoused in “An Outline of the American Economy.”