MYTH #10: When Corporations Prosper, Everyone Prospers

"For years I thought that what was good for our country was good for General Motors, and vice versa."
– Former General Motors CEO and American Secretary of Defence Charles Wilson[1]

"Liberty for business, liberty for prices, liberty for trade: one throws the people in prison so that business will remain free." – Eduardo Galeano[2]

Private Profit, Public Loss

Corporations come in a variety of shapes and sizes; in this section, I use the term 'corporation' to refer specifically to giant, for-profit companies that wield significant influence over governments. The products they sell may or may not be harmful *per se*, but the business practices in which they engage harm society. Most importantly, they exert far more power over political decisions than any private entity ever should. These huge corporations are multinational: they operate in different countries, take advantage of tax havens to avoid paying taxes, and use weak local laws governing labour and the environment to conduct their business as cheaply as possible.

While this discussion is mostly limited to companies that manufacture and sell products, it is important not to forget the role of financial institutions that utilize their significant lobbying power to defeat the development and implementation of regulations that would protect consumers from their more nefarious and destructive practices. The failure of the American government to regulate new types of financial institutions, which bank regulations did not cover because they technically were not banks, contributed to the worldwide financial crash of 2007-2008.[3]

Big buddy or big bully?

Many people see Coca-Cola, McDonalds, Walmart, General Electric, and other gigantic corporations as benign institutions that make life easier and more pleasant. After all, they provide the world with a wide array of desirable products at affordable prices. Many believe these corporations' declarations that they provide many good jobs and that their social responsibility departments make significant contributions to resolving or lessening local social and environmental problems. These people accept that monolithic companies are a major part of the modern global economy, and believe that the bigger and more powerful the corporations are in any given country, the stronger the citizens of that country will be. In short, these people believe the mainstream economic rhetoric that if businesses profit, so will their employees and society at large. The best way to help people, these corporate apologists argue, is for governments to help, or at least enable, corporate prosperity.

Many other people hold an opposing view. They argue that large corporations decrease rather than increase personal prosperity and freedom. They point out that the world's biggest corporations have more wealth and more power than do most countries; because of the power that this wealth brings, these companies can freely dictate the laws under which they are willing to operate, thereby undercutting democracy. These people protest when large corporations put small local shops out of business, noting that the process reduces rather than expands consumer choice and wreaks havoc on local economies. These people object to the billions of dollars that companies spend advertising products that harm human health. These people feel that the control of much of the market by a handful of giant companies serves to concentrate wealth in the hands of the few while fostering environmentally destructive processes. The best way to help people, these advocates argue, is for governments to protect them from corporations.

It may be tempting to take a view that falls somewhere between these two extremes, arguing that some corporations make important contributions to the economy while others produce dangerous products or engage in particularly destructive practices. For example, anti-tobacco advocates consider tobacco companies to be peculiarly evil, as they make enormous profits by producing a consumer product that, when used *as intended*, kills up to half of its long-term users. However, while they seek to reduce the ability of tobacco companies to influence national and international laws and policies, these advocates do not necessarily feel that all corporations need to be reined in. Other advocates highlight and attempt to counter the abuses carried out by petroleum companies, 'Big Food,' water companies lobbying for privatization, giant retail chains, the pharmaceutical industry, agrochemical companies, etc.[4]

However, while it is important to take on individual corporations or sectors that cause harm, it is equally important to keep in mind that many of the abuses of any individual corporation or sector are replicated across other corporations and sectors.[i] While the pharmaceutical, tobacco, arms, or chemical industries may seem to be particularly heinous, in fact all giant corporations have so much power that they can rewrite rules and laws to ensure their own ongoing economic success and their ability to influence policies and people.[5] It is critically important to move beyond accepting ubiquitous feel-good corporate advertising, beyond a belief that only exceptional corporations cause harm, to recognizing that it is impossible to

[i] Of course, it is difficult enough to win a battle with an individual company without attempting to take on the world of mega-corporations as a whole, but it helps to keep the bigger picture in mind.

improve wellbeing for all without reducing the power of giant corporations.

Profits or people?

By law, corporations are supposed to maximize the profits of their stockholders.[ii] The legal context for maximizing shareholder profitability dates to a 1919 court case in the United States in which shareholders (in this case the Dodge brothers) sued the Ford Motor Company when Henry Ford stopped paying them sizeable dividends on their stocks. During the trial, Ford testified that he believed that since the company made so much money it had an obligation to benefit the firm's workers (by paying decent wages) and customers (by lowering prices). The Dodge brothers countered that this amounted to 'improper altruism.' The court agreed, strongly rebuking Ford:

> A business corporation is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be employed for that end. The discretion of directors is to be exercised in the choice of means to attain that end, and does not extend to a change in the end itself, to the reduction of profits, or to the nondistribution of profits among stockholders in order to devote them to other purposes.

As such, the court ruled "it is not within the lawful powers of a board of directors to shape and conduct the affairs of a corporation for the merely incidental benefit of shareholders and for the primary purpose of benefiting others."[6] This ruling established a legal precedent that 'improper altruism' is not just inappropriate, but inherently illegal for corporations.

As unlikely as large modern corporations are to engage in 'improper altruism' towards their employees or communities, they do engage in tremendous generosity when it comes to paying out bonuses to their top executives. General Electric provided one executive with a retirement benefit that included a Manhattan apartment that had a rental value of $50,000 per month. Merrill Lynch funded a $1.2 million renovation of a single office (following a government bailout of the company). Mattel dished out $150,000 country club memberships. Pfizer provided a CEO with a pension worth more than $83 million.[7]

To both pay their shareholders and give their executives millions of dollars in

---

[ii] John Kenneth Galbraith has written repeatedly about the fact that it is unlikely that corporations maximize the profit of their shareholders; more likely, they maximize it for their executives. Shareholders know too little about the companies to meddle much in their management, and executives make use of their power to exact large bonuses. See, for example, Galbraith, *The New Industrial State* (Princeton, New Jersey: Princeton University Press, 2007).

bonuses, corporations must make a lot of money.[iii] Doing so often means cutting corners somewhere. A few obvious places to cut costs are in workers' salaries and benefit packages (as opposed to those for executives), environmental protections, and taxes. The more power one has in the economic system, the easier it is to make and sustain large profits, partly by avoiding such costs. This is a privilege for which corporations will happily pay: they strongly object to paying taxes or making workplace improvements but are happy to pay millions of dollars in campaign donations to ensure that politicians will vote against the imposition of future taxes or regulations.[iv] These corporations often pay their workers extremely low salaries but reward their executives for instituting policies of long hours and low pay.

It is not only workers who suffer from low salaries. All the benefits that American Walmart employees end up receiving from the government (such as food stamps, Medicaid, and rent assistance) to compensate for their low wages simply transfer the cost of better wages directly to American taxpayers. This transfer cost amounts to more than $2,000 per employee, or more than $420,000 per Walmart store with 200 employees.[8] According to Walmart, its 4,700 stores in the United States employ more than one million people.[9] At an average government compensation of over $2,000 per employee, American taxpayers are subsidizing Walmart's low wages to the tune of some $2.73 billion each year. This cost transfer system is described by billionaire Nick Hanauer as being "as morally repugnant as it is economically inefficient."[10] As Hanauer points out, the $27 billion in profits that Walmart makes every year means that it could easily pay each of its lowest-paid workers $10,000 more annually, which would raise them all out of poverty, saving taxpayers billions of dollars. And Walmart would still make $17 billion in profit.[v]

Walmart is one of the largest and wealthiest corporations in the world.[vi] *The owners of Walmart, the Waltons, take the concept of billionaire to entirely new heights. After all, a billionaire need only be worth one billion dollars to qualify. Just four members of the*

[iii] A small caveat: companies often pay sizeable bonuses to executives even when they are losing money.

[iv] Such donations also typically provide tax credits.

[v] In October 2014, Walmart announced that it would raise its salaries so that all workers would earn more than the minimum wage. It did not say, however, how much more.

[vi] Much has been written about Walmart. Palast mentions that Bangladeshi workers supplying products to Walmart are paid eighteen cents per hour while their helpers get fourteen cents to work an eighty-hour, seven-day week. The problem of poverty wages is not limited to factories selling to Walmart, of course, but Walmart has more resources than others to address a situation regularly discussed in the Bangladeshi newspapers (and then forgotten

Walton family (including Christy Walton, the richest woman in the world) were worth a combined $107.8 billion in 2012.[11]

Walmart's CEO, Mike Duke, received $23.15 million in compensation in 2012, or more than one thousand times the median Walmart worker's wages, making it the company with the highest employee-CEO pay discrepancy in the United States. Half of the company's workers earned less than $22,400 that year, which is below the American poverty level for a family of four.[12] *As the wages the company pays are so low, many of the workers receive food assistance from the government so they can survive.*[13] *The company is so big, hires so many people, and pays its employees so little, it actually drove down wages throughout the United States by more than two percent.*[14] *It is unclear why a corporation that earns billions of dollars a year cannot pay its workers a wage that would allow them to get by without government support, nor why the American government (that is, the public) should be expected to pay part of the wages for Walmart employees. The government should provide a safety net for those in need, but full-time workers at wealthy corporations should not require such assistance.*

The company argues that higher wages for its staff would mean higher prices for its products, which in turn would cause suffering to its customers. The argument is weak when we remember how profitable the company is. One study found that giant retailers like Walmart could easily pay a living wage simply by reducing (not eliminating) their profits. Even if they passed on all the cost of salary increases to their customers, prices would only go up by one percent; if they passed on only half the cost to customers, it would cost shoppers on average just $17.73 per year.[15]

Henry Ford, motivated in part by a desire to increase his customer numbers, famously paid his workers enough that they could afford to buy the products they made. Sam Walton appears to have adopted that vision in reverse: paying his employees so little that they cannot afford to shop anywhere but at his stores.

* * *

Another way to afford to pay generous packages to corporate executives is to convince governments to pay large subsidies. In the United States, corporate welfare has become an increasingly large component of the federal budget.

---

about until it occurs again). As this book was being edited, Bangladeshi garment workers had been rioting for increased minimum wages: rejecting the 'generous' offer of $43 a month, they are clamouring for $73, thus far without success. Following the collapse of a building containing several garment factories in Dhaka, in which more than one thousand people died, Walmart refused to join other companies seeking better safety conditions.

According to Congressional testimony, "In 1997 the Fortune 500 corporations recorded best-ever earnings of $325 billion, yet incredibly Uncle Sam doled out nearly $75 billion in taxpayer subsidies....There are roughly 125 such business subsidy programs in the federal budget of the United States, and they can be found in virtually every cabinet agency – including the Defense Department."[16]

Subsidies are often not explicit, making it difficult to identify – and counter – them. For instance, transportation is a major expense for individuals and for governments, and extremely profitable for those in the business of building roads or selling fuel or motorized vehicles. Besides building and maintaining roads, governments invest in fuel subsidies that benefit the users of private cars but do nothing for those who commute by foot and bicycle. They also subsidize parking, thereby vastly decreasing the amount of land that is available for other uses. Those government subsidies represent a subsidy to all the corporations that benefit from a focus on individual motorized transport. If instead governments concentrated on providing a well-operated public transit system and safe conditions for bicycles and pedestrians, they could build far narrower roads, which would cost less both to build and to maintain, and would allow significantly more land for productive use. Meanwhile, government expenses complement those made by individuals, who spend thousands of dollars to buy and operate a car or motorbike. For example, according to the Bangladesh Road Transport Authority there are 200,776 private cars and 324,714 motorcycles in Dhaka.[17] If each car costs on average $10,000 and each motorcycle $2,000, individuals invest about $2.7 billion in transport, not even counting operational expenses.

Seven of the top twenty companies on the Forbes list of the biggest corporations are transport-related: Exxon Mobil (#6), PetroChina (#10), Royal Dutch Shell (#11), Toyota Motor (#12), BP (#17), Chevron (#18), and Volkswagen (#19).[18] Petroleum companies, car manufacturers, and road builders all lobby governments to ensure that transport expenses sharply favour the car. This works great for the companies that benefit and for a few individuals, while the majority suffers.

It is difficult for many to imagine what it would be like to be the executive of a large corporation. It would mean knowing that you pay your workers ridiculously low wages and deny them basic benefits such as health care or pensions, while you – the executive – receive huge benefits. Corporate decision-makers live their lives secluded from those affected by their policies, a fact that helps to shield them from facing the consequences of their actions. When questioned, corporate representatives adeptly defend their practices: they argue that high salaries and bonuses are needed to attract and encourage good directors. They claim that environmental protections are silly, useless, and reduce productivity. They say that it is wrong to tax corporations, because higher taxes will mean job losses. And they defend those outrageously low wages on the basis that at least they provide jobs for the poor. Walmart, for instance, actually claims that "We believe we have an opportunity and a responsibility to make a difference on the big issues that matter to us all. Issues like preserving the environment, fighting hunger, empowering women and providing access to healthy, affordable food."[19] Nice words…but actions would be more meaningful.

Subsidies for corporations while employees struggle for subsistence

Countless corporations receive government subsidies in the name of creating worthwhile employment, even when the wages that the companies pay are not enough for their employees to afford a decent lifestyle. The subsidization of corporations, partly justified by job creation, is not limited to the United States. Many other countries allow companies to pay impossibly low wages while providing them with generous subsidies. For example, the garment industry has been a major source of employment in Bangladesh for many years. Workers receive low wages and work in substandard factories. When they protest for higher salaries and better working conditions, the government sends in the army and police, not to bolster the workers' complaints against the owners, but rather to put down the protests. According to *The New York Times*, "A recent study reported in a Bengali-language newspaper estimated that these subsidies and tax breaks exceeded tax revenues from the industry by roughly $17 million."[20] The article cites Badiul Alam Majumdar, secretary of the non-profit group Citizens for Good Governance, as saying that "The doors of the treasury are open for [the garment industry]…they extract all kinds of subsidies. They influence legislation. They influence the minimum wage. And because they are powerful, they can do, or undo, almost anything, with impunity." The power and influence of the company owners and their disregard for their workers has contributed to such events as the collapse of Rana Plaza, which housed several garment factories, in 2013. More than eleven hundred people died in that collapse.[21] Fires also regularly take lives in factories, as either the workers are locked inside to prevent theft or there are no operational fire escapes.

The truth is, in Bangladesh as in the United States, the point of corporate subsidies is to help the rich. Consider two sides of the garment worker equation. Garment manufacture is indeed important to the Bangladeshi economy: the ready-made garment sector accounts for an estimated $20 billion of Bangladesh's $120 billion GDP and for eighty percent of its export proceeds. It employs more than four million workers.[22] From the industry perspective, those low-paid workers are a key financial advantage. Speaking at a Post-Rana event, a garment factory representative quoted Professor Gus Papanek, President of the Boston Institute for Developing Economies, as stating that:

> Bangladesh has a unique opportunity in the next year and a half or two years because it has the possibility of taking over part of the world market that China is going to abandon .... It has become increasingly clear that China is no longer competitive in many of the goods that Bangladesh could supply. China's labor costs are rising, its pollution costs are increasing, its labor regulations are getting stricter… Bangladesh can compete in this market because it has some major assets and the greatest of which is the low-cost labor.[23]

Reading between the lines, the advantages that Bangladesh offers are not only a large labour force of women so desperate for work that they will accept horrid conditions and very low pay, but also the lack of concern about pollution (such as the dumping of dyes and other chemicals directly into water bodies adjoining factories) or regulations to ensure decent working conditions – just the sort of regulations that could have prevented the Rana Plaza and other disasters.

Workers view the situation differently than the owners. Kalpona Akter, a former garment worker and current labour organizer in Bangladesh, testified to the Senate Foreign Relations Committee in the United States about the working conditions experienced by garment workers. She mentioned how "U.S. and European brands and retailers …have flocked to the country to take advantage of rock-bottom wages. Bangladesh's garment workers are the lowest paid in the world, with an industry minimum wage of about $38 a month."[24] She described that, "Aside from long hours and low wages, apparel sector workers often work in factories with chronic safety problems. Since 2005, over 1,800 workers have died and thousands more were severely injured in garment factory fires and building collapses." She explained that workers have been trapped in fires: they heard the alarms but were locked inside by managers too concerned about meeting tough quotas to allow them to escape. A few of them survived after jumping from the second or third storey, only to face a lifetime of chronic pain and disability that leaves them unable to work. She told how workers were afraid to go to work after seeing the cracks in Rana Plaza but had to go because their employers had threatened that if they did not show up, they would lose a day or even a month's wages. They were also lied to about the safety conditions in the building.[vii] (When I first visited Bangladesh in 1994, I saw a poster demanding a weekly holiday for the garment workers. They do now get one day a week off, although they are expected

---

[vii] Meanwhile, the police repeatedly harass Kalpona Akter, and have arrested her in the past; one of the two union organizers with whom she regularly worked was murdered. The Bangladeshi government claims that Kalpona was never a garment worker.

to work ten to sixteen hour days the other six days and often end up working on their day off anyway.)[25]

Yes, the garment industry is important to the economy of Bangladesh. But it is not enough to say that a sector is important. Tobacco growing in Malawi is a major component of the economy of one of the poorest countries in the world. It would not be so important, and the country could be a lot richer, if the government invested in finding alternatives that are more remunerative to the farmers. In Bangladesh as well, the potential exists to create alternative employment possibilities and to push the government to support those alternatives. This would create new opportunities for young women otherwise drawn to garment factories. It is small-scale local industries, not big corporations, that need subsidies.

Corporations as taxpayers

While it seems reasonable to expect corporations to pay taxes, many avoid doing so to the greatest extent possible. The common, global practice of corporate tax evasion includes schemes that allow companies to look as if they earn less than they actually do, or to move their profit making – at least according to their financial books – to locations that charge lower tax rates. Companies can take advantage of 'free trade' agreements to set up phony companies in tax havens with which they pretend to trade. They can dramatically over-report the prices at which they buy goods and then just as dramatically under-report the prices at which they sell them – a practice known variously as transfer pricing manipulation, abusive transfer pricing, and transfer mispricing – and then claim various deductions that not only result in paying no taxes, but in actually receiving refunds from the government.[26] For example, company financial records show such outrageous exaggerations as purchases of $850-per-pound Chinese multivitamins, Czech plastic buckets priced at $973 each, a Pakistani $154 cotton dishtowel, and $4,896 Japanese tweezers. Sales, on the other hand, show dramatically low prices: multivitamins to Finland for sixty-one cents a pound, bus and truck tires sold to Britain at $11.74 each, colour video monitors sold to Pakistan at $21.90, missile and rocket launchers sold to Israel at $52.03, and prefabricated buildings sold to Trinidad at $1.20 a unit.[27]

While the American corporate tax rate is thirty-five percent of profits, almost two-thirds of the companies that operate in the country reported that they owed no taxes (made no profit) for the period 1996 through 2000, while over ninety percent of the big corporations reported owing taxes that amounted to less than five percent of their profits.[viii] The result in 2002 was that rather than collecting

[viii] Using techniques such as transfer mispricing, companies show that they are earning

$308 billion in corporate tax, the government received only about $136 billion, a difference of $172 billion.[28] It gets worse. A report on all Fortune 500 companies that were profitable every year during the period 2008 to 2012 found that the 288 companies investigated paid taxes of only nineteen percent of their profits while one-third of the companies paid less than ten percent. Thirty-nine percent of the companies paid no tax at all in at least one of the years covered by the study. Thus, in total, the companies received $364 billion in discounts (subsidies) from not paying full taxes.[29] Just one example: Apple Inc. keeps more than $100 billion offshore. The company spent more than $2 million on lobbying in 2012, which may help explain how it has legally avoided paying taxes on $74 billion in profits since 2009.[30]

Tax evasion and avoidance have increased in recent years. According to author and radio host Joshua Holland, in the United States "while the big corporations were becoming ever more profitable, the taxes they paid were plummeting – from one in four federal tax dollars in the 1950s to one in ten in the 2000s."[31]

Taxation issues occur at the local as well as the national level. Local governments are eager to attract industries to create jobs. One way they attract industry is by offering millions of dollars in tax breaks, including 'tax holidays.' The granting of such 'tax holidays' to attract companies is common practice throughout the world. Companies can and do play local governments off each other, by accepting huge handouts while at the same time threatening to relocate to a place that offers a better deal. It is corporations, not communities, which benefit when local governments compete with each other by offering attractive subsidies to lure companies to locate there. Jobs are obviously important, but workers do not benefit when the companies offer an inadequate wage. Too often, after receiving a tax holiday or other subsidy, companies still fire workers or relocate to a place offering an even better deal. Here too, the situation has been getting worse: while in 1957, American corporations paid forty-five percent of local property tax revenues, by 1987 they paid only sixteen percent.[32]

Another broken appliance, another computer upgrade

Another way in which corporate prosperity can hurt consumers is through planned obsolescence. In order to guarantee continuing sales, companies are designing the next generation product even while marketing the current one as vastly superior to the previous one, which itself was billed as a huge improvement

---

substantially less than they are, so a highly profitable company is able to pay taxes on only a very small percentage of its actual income.

over what had come before. (How many products contain the words 'new and improved' on the label, as if everything new is better than what it replaces?) As one commentator notes of Apple's planned six-month obsolescence strategy for the iPad,

> Aiming to achieve a revolutionary technical breakthrough several times a year is an impossible business plan. Fuelling a frenzy of public feeling at the same interval, however, is eminently possible. … the fact [is] that the best generator of technological profit margins in 2012 isn't features or value for money, but the very fact that there is another model out there which is newer and different.[33]

Planned obsolescence also refers to products designed in such a way that they will need replacement regularly. The accounting software Quicken, for example, contains some features such as online connectivity that are disabled after several years, forcing users to purchase regular upgrades.[34]

Manufacturers also create obsolescence by making products with cheap, flimsy materials so that they simply fall apart after a few years. Not only does the company sell more products this way, it lowers its production costs as well.[35] Light bulbs, for instance, could last twice as long as they do; but then where is the profit? According to the 2010 documentary "The Light Bulb Conspiracy," early incandescent light bulbs lasted more than 2,500 hours until a cartel shortened their lifespan to about 1,000 hours. According to the documentary, companies also deliberately shorten the lifespan of other consumer products such as computers, printers, and iPods.[36]

Even *Forbes,* which is usually dedicated to idolizing the rich, admits that planned obsolescence is a problem, at least for the consumer: "Products of all types – cars, incandescent bulbs, your iPad and iPhone – are designed with planned obsolescence in mind. The need or desire to replace products quickly and a shorter product life-cycle are a consistent drain on wealth."[37] That drain occurs not only in the products' selling price, but also in all the resources that go into producing, marketing, distributing, using, and disposing of them. Planned obsolescence is yet another aspect of corporate prosperity that we could comfortably do without.

Corporate control of the food supply benefits only the corporations

Around the world, hunger tends to have less to do with the quantity of food that is available and more to do with whether people can afford to purchase it. However, it does little good if food becomes cheaper only because the quality is poorer. Worse still if the universal act of eating delivers fewer economic benefits to farmers and more to transnational food companies. This happens when people replace fresh, minimally processed foods such as whole grains and fresh meat, fruits, and vegetables with fast food, junk food, and sugar-sweetened beverages that deliver few nutrients but are packed with sugar, salt, and fat…with the switch being subsidized by governments.[ix]

Alas, most of the profits made from selling food involve heavily processed items that happen to be the worst for health. Large-scale food processors and advertisers work together – too often successfully – to convince people to consume far more than they need and to eat unhealthy foods.[38] Rather than purchase whole potatoes to cook at home, most Americans now eat potatoes in the form of corporately-produced fast food French fries. In the United States, meat that was formerly raised on local ranches and small chicken farms now originates in Concentrated Animal Feeding Operations (CAFO). There is, in fact, corporate control over virtually the entire food supply chain, as a few supermarket chains that capture most food purchases have largely replaced small stores and farmers ' markets.

In other countries as well, a number of factors, including busy schedules and the increasing availability of heavily marketed processed foods, have led to unhealthy switches in eating that also take profits away from local producers and shift them to global corporations. As corporate control of the food supply has grown, the problems – and people's waistlines – have increased. The combination of inexpensive, low-quality food, a dependence on driving for transport, and excessive screen time has resulted in the growing international obesity epidemic. Sixty percent of the American population is overweight. Obesity costs Americans more than $215 billion each year in medical costs, disability, and reduced productivity, while allowing food sector corporations to rake in the profits.[39] The same issue now extends worldwide.

So too for beverages. The best beverage for health is water, but the producers of sugar-sweetened beverages attempt to persuade people to consume their products instead. For instance, recently the sugary sports drink Gatorade, which PepsiCo owns, added elements to a video game that it uses to promote itself. The game, featuring Jamaican Olympic medalist Usain Bolt, portrayed water as the enemy of athletic performance.[x] The addition of the water element to the game apparently

---

[ix] Subsidies for the production of corn mean that American farmers sell it for less than it costs to grow. As a result, corn is so cheap that it is used in virtually every single processed food in the United States, in the form of corn sweetener (high fructose corn syrup or HFCS), stabilizers, and so on. This is corporate agriculture policy at its most malignantly odd. Mono-cropping corn is good neither for farmers nor their land, but the corporate food processors love it. Food processors have vastly more power over politicians than small farmers and environmental advocates, and so the system remains, at least for the time being.

[x] The New York Attorney General has responded to complaints about the game.

came about due to concerns that athletic youth were choosing to drink (gasp) tap water to rehydrate.[40] Coca-Cola likewise organized a "Cap the Tap" program throughout the United States to reward restaurant waiters for turning an order for tap water into one for a Coca-Cola beverage.

The demise of small businesses, damage to community

By now, it should be no secret what happens when a big chain store comes to town. Local residents are often excited about the appearance of a new superstore offering discount prices for a large selection of items. It may take some time before people notice that the price of those big stores comes in the loss of local businesses that cannot afford to compete. A study of the effect of a Walmart store opening on one neighbourhood found that the opening resulted in a wave of closures of small businesses: near the store's location, between thirty-five and sixty percent of local stores closed. Jobs gained from the store opening were offset by the loss of jobs from local shops closing, and local sales tax revenues actually declined.[41] While local shops often make use of local products and invest more of their money locally, big box stores access their products outside of the community (indeed, often outside the country) and immediately transfer their profits out as well, resulting in net loss for the locale when small businesses are replaced by far larger ones.[42]

Other chain stores have similar impacts. The opening of a 7-Eleven convenience store, for instance, can spark protest from residents who know that the lower prices will cause the demise of local shops.[43] A visitor to Bangkok cannot help but notice that there is a 7-Eleven on almost every block, leaving little room for local shops that support the local economy. In the United States, just two stores – Home Depot and Lowe's – together account for about half of all home improvement sales; that does not leave much room for local shops.

How bad is the impact of big box stores?[44] Big stores engage in intensive advertising, squeeze their supply chains to get lower prices, and use 'loss leaders' to make profits and sink their competition. Big chains tend to pay lower wages than do locally-owned businesses. Posing as contributors to economic development, big box stores receive subsidies from local governments to open stores. Poor wages means that the employees of these large stores may not be able to afford to

---

Gatorade/PepsiCo has agreed not to discourage people from drinking water, and have paid $100,000 to Michelle Obama's campaign to promote non-branded water in New York State. http://civileats.com/2014/10/23/update-gatorades-war-on-water-dampened-by-ny-attorney-general/

purchase from small local shops that cannot externalize their costs the way big ones do. Sourcing goods from other countries means that there is little or no contribution to other aspects of the local economy.[45]

The benefits of small and local versus big chain shops are numerous; studies abound on the issue, at least in the United States.[46] For example, one study used data from the 2000 census to compare communities by concentration of small businesses and population health outcomes. They found that communities with more small businesses have less obesity, diabetes, and mortality, and greater 'collective efficacy,' which the authors define as the ability of residents to work together for the benefit of all.[47] Communities dominated by large corporations scored more poorly on all outcomes. In another study, researchers drew on statistics collected from counties across the United States to look at the effect of big businesses on civic participation; they found that where big firms dominate, people feel less connected and citizens participate less in voting and in local affairs and protests.[48] A further study comparing the level of social capital (the number and strength of relationships among people who live or work together) in communities with a Walmart against those without one were able to establish a link in the decline in civic participation in American communities directly to the presence of Walmart.[49]

The size of shops also affects the form of transport people use to visit them. People do not normally walk to big box stores; they are located too far from residential areas and people make too many purchases to carry home on foot. Small local shops are more easily accessible by – and indeed are more inviting to – those travelling by foot and bicycle. They do not require huge parking lots, thus freeing more space for other uses. In Europe, where people prefer fresh local food to the industrial food typically consumed in the United States, food shops tend to be small and specialized: people buy bread from the baker, meat from the butcher, and so on. In twenty-first century Paris, people still stroll home in the evening with a baguette under their arm; in many Asian cities, sidewalk vendors offer local foods. This is another area in which benefits to health and the environment, and maintenance of local culture, are good economics – but only if our accounting systems take into account all the additional costs of big box stores that are invisible on the price tags.

In many cities, independent businesses grow harder to find as small traditional shops, eateries, and vendors give way to larger chain stores and restaurants. In parts of Asia, officials have attempted to close down local markets and ban street vendors in order to force customers into supermarkets. It is all too common to see police on the streets of Hanoi and Dhaka chasing local itinerant vendors and – if they catch them – demanding a large bribe (fine) to return their goods. In many cases, it is also a game: the vendors may return immediately afterwards. Clearly someone powerful objects to their presence, presumably due to the competition they pose to established shops, but these street vendors are too popular to ban outright. Nor is police harassment of vendors limited to a couple of cities in Asia. Mohamed Bouazizi, a twenty-seven-year-old Tunisian street vendor, set himself on fire on 17 December 2010 to protest police harassment. His act reputedly set off a series of national protests that led to a revolution that ousted the country's president.[50] Ousting the chain stores that oust the local shops and vendors may prove far more difficult.

Corporations as people

In the United States, corporations can claim the rights of individuals; many other countries have similar laws. How did this come about?

Being human may not always seem to guarantee much by way of rights, but there are some legal guarantees that corporations had viewed with envy for many years, such as free speech, the right to vote, and privacy rights. In the 1800s, it was clear that corporations were *not* people, and laws in the United States specifically prohibited corporations from participating in the political process. It was illegal for corporations to lie about their products, and corporate accounts had to be open to the inspection of government regulators. According to bestselling author and talk show radio host Thom Hartmann, the government also had the right to inspect and investigate companies "when they caused pollution, harmed workers, or created hazards for human communities, even if in the early years that right was unevenly used."[51] The corporations did not appreciate this. Hartmann claims that the railroad companies – at the time among the largest American corporations – led a legal assault to gain 'corporate personhood,' arguing "that governments could not regulate their fees or activities, or tax them in differing ways, because governments can't interfere to such an extent in the lives of 'persons' and because different laws and taxes in different states and counties represented illegal discrimination against the persons of the railroads under the Fourteenth Amendment."[52]

Although the corporations lost their early lawsuits – including four cases in 1877 alone – in 1886, the Supreme Court ruled on an obscure taxation issue involving a railroad that, according to Hartmann, ultimately changed the legal identity of corporations. The court recorder was the former president of a small railroad; in his personal commentary of the case, he wrote "the Chief Justice had said that all the Justices agreed that corporations are persons." Although the note had no legal standing, and although the Supreme Court had not in fact made that decision, the court recorder's note, writes Hartmann, "was taken as precedent by generations of jurists (including the Supreme Court) who followed and apparently read the note but not the decision."[53]

Corporate personhood provided corporations with many new rights such as privacy and free speech.[xi] When activists attempt to ban some forms of advertising, such as ads for cigarettes or alcohol, they are told that the ban would violate the corporate right to free speech – a 'right' that corporations use to the fullest extent possible, not only to advertise their products, but also to promote and protect their image.

Activists, like corporations, also enjoy free speech, at least in some countries and under some circumstances; what they do not enjoy is access to the same budget for making their voices heard. For example, the European pharmaceutical industry spends more than forty million Euros each year to lobby politicians on such issues as discouraging the production of low-cost, generic alternatives to brand-name drugs. In contrast, NGOs spend less than one tenth of that sum to lobby governments on such pharmaceutical issues as access to low-cost generic medicines.[54] It is hard to compete when a single company can donate more than $11 million to a presidential campaign.[55] It is hard to compete when the American Supreme Court can strike down limits to corporate campaign donations.[56] If corporate contributions are not used to buy political influence, then corporate generosity is certainly breathtaking.

Corporations as good global citizens

If one believes the feel-good advertising of giant corporations – their beautiful depictions of the environment and of their many charitable actions to help the poor and sick – then one may well view corporations as good, caring, global citizens. The reality is far different. Corporations regularly engage in unsavoury activities, such as preventing workers from forming unions (sometimes violently) and sidestepping and lobbying against regulations meant to protect worker safety or to avoid environmental pollution and disasters. To redirect (misdirect) the public gaze, companies then advertise what wonderful corporate citizens they are.[xii]

[xi] As noted above, corporations have not been so keen to accept the responsibilities that go with those rights, such as to pay taxes.

[xii] One clue to the type of harm any corporation causes is a look at its feel-good ads. Those that pollute the environment show gorgeous scenes of pristine nature; those that harm health brag of their contributions to improve it, and so on. This involves not only distraction but buying off potential opponents. For example, Shell contributes to environmental

Undertaking a few projects labelled as corporate social responsibility (CSR) is, after all, much less expensive than actually changing the way that one does business. Nike, for instance, spends some $10 to $12 million each year on CSR. That sum, while large, is much less than the $210 million per year – or seventy-five cents per shoe – that it would cost Nike to give its employees decent working conditions.[57] In Bangladesh, British American Tobacco brags about its tree nursery and how many trees it plants. What it fails to mention is how many trees are cut down in the process of growing and curing tobacco, and how few of the seedlings it distributes actually survive to maturity. Reforestation does involve, after all, more than giving people seedlings to stick in the ground. Of course, the point is to embellish one's image, not to compensate for the damage one causes.

* * *

I met a young woman who was paid by Nike to 'empower' young women in Bangladesh to say no to early marriage. While I suspect that it is the parents, not the young women, who are pushing for those early marriages, it also seemed likely that the most effective way to empower young people is to pay them better so that they are less dependent on either their parents or their (potential) spouses.

* * *

Corporations do play a sizeable role in the economy. They provide people with many products, some beneficial, some harmful. They create jobs, but often at such low wages that workers remain impoverished. Due to their inordinate political spending on politics, they often decrease the power of individual citizens to engage in democratic processes.

Why the status quo persists

The influence that corporations exert on governments worldwide and the ability of large corporations to put smaller companies out of business are not new. Neither are attempts to rein in the corporations. In the United States, attempts to regulate corporations date at least to the 1700s, when Thomas Jefferson worked with James Madison to develop an (ultimately unsuccessful) eleventh Constitutional Amendment.[xiii] This amendment would have prevented corporations from

---

groups, British American Tobacco supports programs to prevent child labour, and so on. Those contributions can also have direct benefits: Playboy Foundation contributes to work on sexual dysfunction, to make abortions available, and to uphold the First Amendment (free speech, including for pornographers).

[xiii] People also sought to fight against monopolies in the late 1500s and 1600s in England, when the Crown was granting patents to individuals and companies that essentially gave them full monopoly rights over a whole host of enterprises and sectors. Of course, since the Crown was involved in creating these monopolies, opposition to them did not gain much traction.

becoming so large that they gained a monopoly and could easily crush smaller, local entrepreneurs. The amendment also would have prohibited corporations from giving money to politicians or trying to influence elections in other ways.[58] There were also early attempts to ensure that the corporations' charters would explicitly state that the purpose of the corporation was to serve the public good. After all, the American Revolution was fought not only against Britain but also against its personification in the British East India Company.[59] Nevertheless, these attempts failed.

* * *

Canadian Prime Minister Stephen Harper cancelled ecoENERGY, a small grants program that allowed homeowners to offset the cost of upgrading their insulation, of replacing an inefficient furnace, or of making other energy-saving renovations to their homes. The program had triggered more than $7.45 billion in local economic activity across the country, returning to the capital two dollars in new tax revenue for each dollar of funding.[60] *Why would governments act in such ridiculously irrational ways, such as cancelling a popular program that saves money? Is it because someone would benefit from its cancellation?*

* * *

It is not particularly surprising that many governments and individuals have not succeeded at reining in corporations. Not only is it extremely difficult to limit the size and influence of a giant whose power, after all, means that it has control over those who seek to do the reining in, it is also sometimes quite dangerous to attempt to do so. There have been many brave souls: community organizers and union leaders, journalists, religious leaders and even heads of state, whose attempts to shift the balance of power from corporations to the people have resulted in their facing arrest, torture, and even death.

* * *

A woman I knew in Bangladesh, Nasreen Huq, fought plans for an opencast coalmine that threatened the displacement of 40,000 to 100,000 people in the country's poorest district.[61] *She died when her driver lost control of her SUV, as his foot supposedly hit the accelerator rather than the brake and crushed her against a wall in a parking lot. I thought at the time that the accident sounded rather odd; I later heard that many consider it to have been an assassination.*

I also knew a young woman in Guatemala who died while traveling in a car with a local doctor who had dared to speak out for the rights of peasants. All four people in the vehicle were summarily shot. When I went to visit her mother, she described to me her daughter's wounds and told me that only military bullets could have left such marks. At the time, military repression of protesters was common; sometimes the army would murder all the men in a village. These cases never led to reprisal or punishment. Such *repression, alas, continues in Guatemala today in the form of right-wing death squads. The effects have been that people rarely discuss politics and passive acceptance of miserable circumstances is the norm. Too often the victims of the death squads are union organizers or people objecting to the power of multinational corporations.*[62]

* * *

There is a long list of national leaders targeted in overthrow or assassination attempts orchestrated by the American Central Intelligence Agency (CIA). Perhaps the most obvious corporate-sponsored government overthrow occurred in Guatemala in 1954. As the CIA admits, United Fruit (now Chiquita Brands International) objected to that small Central American country's democratically elected president, Jacobo Arbenz, because he took unused land away from the fruit company and gave it to landless peasants. At the instigation of United Fruit, the United States, via the CIA and then-ambassador John Peurifoy, supported and directed Guatemalan military leaders to overthrow Arbenz's government. Deceptive efforts that persuaded Guatemalan citizens and leaders that a major military force was moving towards the capital caused the government to fall with little resistance.[63] That was a long time ago, but democracy in Guatemala, alas, has still not recovered.

The overthrow of Arbenz is not an exception, although the corporate influence in such actions is not usually so obvious. Both Fidel Castro in Cuba and Hugo Chávez in Venezuela have been on the receiving end of vicious media attacks, as well as of hundreds of assassination attempts (in the case of Castro) and a rather absurd and short-lived coup attempt (in the case of Chávez). Cuba allows essentially no advertising, and for years people have been speculating about the amazing business possibilities that will open up when Fidel Castro dies.[64] The death of Hugo Chávez was greeted with delight from the business community, which saw in it an opportunity for corporations to regain the power they had lost during his pro-poor rule.[65]

The global movement to reduce the power of corporations is strong, but for any individual involved, whether a politician or an activist, being vocal can be life-threatening. For people living in relatively safe countries it is easy to forget that the repression and murder of protesters occurs regularly throughout the world. The popular media rarely reminds us about them. When it does, it puts the emphasis on something other than what the person was trying to achieve…again distracting the public from thinking about and acting on serious issues. While it is true that being a union organizer or populist leader does not promote one's personal longevity, many options exist for those who wish to rein in corporations – without endangering life or limb.

Towards a Better Way: Encouraging Small Local Businesses and Limiting the Power of Corporations

> "I sympathize, therefore, with those who would minimize, rather than with those who would maximize, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and above all, let finance be primarily national." – John Maynard Keynes[66]

* * *

Supporting small businesses and increasing employment

In the classic urban planning text *The Death and Life of Great American Cities,* Jane Jacobs writes of the role played by the local shopkeeper in New York City neighbourhoods: she is the person who is equally entrusted with keys and secrets.[67] There is a vast and essential difference between the cheery hollow "Have a nice day" greeting at big anonymous stores and the more personal friendly greeting (and all the other services and favours) of the known shop owner. Sometimes anonymity is preferable, but something is lost when that is the only option available, when the small and local have completely disappeared, and all main streets and urban neighbourhoods resemble each other with their collection of chain stores.

I once observed an elderly woman buying a bottle of wine at a small local store in the northeastern United States. She billed it to another woman's account, explaining that she was invited for dinner and her hostess had asked her to pick up the wine but not to pay for it. The shopkeeper, obviously knowing both women well, readily agreed.[xiv] In a small town in Switzerland, I once stayed at a hotel in which the owner rather casually mentioned, as I was going out on a Friday afternoon, that I should take my keys. When I looked at her quizzically, she explained that her family was going away for the weekend; I would need the keys to get in and out of the hotel. When I returned in the evening, sure enough the front door

---

[xiv] Such experiences are common in Asia. One day while living in Hanoi, I forgot my wallet and could not pay for my dessert (admittedly it only cost about thirty cents); the woman happily served me and let me pay later. On another occasion, I did not have small enough bills to pay for my transport; I finally paid the man a week later. In both cases, I was purchasing from a local vendor. Another time, a woman in a small shop offered to let me take an expensive roll of black and white film and pay her later, though she did not know me. I've also had a local shopkeeper in Sri Lanka lend me an umbrella when I got caught in the pouring rain.

was locked. The owners simply trusted that I, a stranger, would neither steal the silver nor disappear without paying my bill.

Of course, there are advantages to larger stores and malls. There are good reasons why shopping malls are often popular. They offer a wide variety of shops within close proximity. They provide a car-free environment (once one traverses the vast parking lot) in which people can move freely from store to store without fear of traffic. Malls also typically provide some open areas for sitting, resting, and socializing. However, they are not truly public spaces. They ban some people from entering and they ban certain activities. One cannot get up and make a speech or sing a song in a shopping mall without permission as one can, at least in much of the world, in a public square or on Main Street. Shopping malls are in fact highly regulated, artificial environments. They have their appeal, but they cannot replace the traditional downtown.

The benefits to the community of small, independent, and local stores are many. The smallness of the shop, the fact that the owner probably lives nearby, and the shop's ready access and connectedness to the street means that it is far more likely that the shopkeeper will know her neighbours, keep an eye out to ensure safety in the surrounding area, and lend her support to community events. She is also more likely to invest some of her profits in the local community and to make her purchases locally than are big store executives whose central office is thousands of miles away. As the Institute for Self Reliance writes about the owners of small businesses,

> Their personal and financial interests are tied to the community's well-being and, as a result, they are often active in various civic endeavors. While small business owners gain prestige and influence by contributing to community improvement, corporate managers garner status by advancing the company's interest, even at the expense of the community.[68]

Small local shops and informal (self-employed) sellers also are better at resisting the gravitational pull of money upwards. I witness this daily in Dhaka. A middle class person gives money to beggars and uses cycle rickshaws for transport; he also buys fruits, vegetables, snacks, and tea from a vendor on the street. A woman out walking stops at a small stand to buy a green coconut to drink. The vendors buy from each other. The beggars and rickshaw *wallah* eat local food sold on bicycle carts or at sidewalk stands. Some of those stands source their food from other small sellers, who in turn use bicycle carts to distribute their food. To the extent that Coca Cola, Nescafe, and other corporate products stay out of the picture, money is moving down the pyramid and circulating there to the benefit of the poor.

Independent business can also prove to be far better at providing service than large, bureaucratic ones. One spectacular example of the efficiency of self-employed workers is the delivery of home-cooked meals from homes to businesses in India. Dabba-wallahs travel to people's homes, collecting about 160,000 metal carriers (tiffins) and then delivering them to those people's workplaces. An article about them notes "Forbes awarded the humble dabba-wallahs a 6 Sigma performance rating, a rating used in quality assurance if the percentage of correctness is 99.9999999 or more. In other words, for each six million tiffins delivered, only one fails to arrive. This error rate means in effect that a tiffin goes astray only once every two months."[69] Another example of the effectiveness of the small and local is a chain of worker-owned bakeries in San Francisco: because none of the money they take in goes to support distant investors, the bakers make more than double the usual wage, and also receive health insurance, paid vacation, and a share of the bakery's profits.[70]

Rather than subsidize corporations in the hopes that they will hire people, governments can do it themselves. They can pay people to rebuild affected areas following a disaster, or to create, operate, maintain, and repair needed infrastructure, including for sewerage, water, and transport, or to build schools and health clinics. Where people are concerned about chemicals in food, they could have agricultural extensionists train people to grow food without chemicals. Many governments are already active in job creation. The National Rural Employment Guarantee Act in India guarantees a minimum of one hundred days of employment per year to the rural poor. A number of countries – including Argentina, China, Indonesia, and South Korea – are carrying out public works programs in order to reduce unemployment and increase needed infrastructure. According to the United Nations Development Program, successful poverty reduction in some East Asian countries was achieved through a partnership – or social contract – between the governments and local entrepreneurs. In this case, each assumed a portion of the risks and the rewards: "This contract was designed both to ensure [an] expansion of jobs in labour-intensive manufacturing as a means of absorbing unskilled labour and reducing poverty, and to effect a shift to more technologically demanding activities which were more likely to guarantee continued competitive advantage in the international markets and rising living standards in the future."[71] In other words, it brought together government resources and local ingenuity to benefit local communities.

The shift in the national accounting system that I talked about earlier in this book is especially important here. Governments must shift their focus from increasing the country's GDP to increasing the wellbeing of their citizens. In the case of garment workers in Bangladesh, local activists need to investigate the possibilities that could emerge if the government were, for instance, to establish a fund to help former garment workers and managers wanting to set up small, local factories run as cooperatives. Or, they could explore the potential of government support in other parts of the economy. For example, they might respond to concerns about chemicals in the food supply by helping small local producers grow organic fruits and vegetables for local sale.

Those concerned about the way that big stores harm economies and people's lives can work to achieve policies that ensure that large chain stores are not always allowed to replace traditional markets, small independent shops, and street vendors. Some cities have laws prohibiting big box stores and mega shopping malls within the city limits, at least in part because of their inordinate need for car parking. In Vietnam, the staff of the Canadian NGO HealthBridge played a role in a joint campaign that has been, to a large degree, successful at stopping government policy designed to destroy traditional markets and replace them with supermarkets. The new policy that is emerging involves preserving the markets and creating them in new areas of the city as well.[72]

Concerned activists can also push officials to stop subsidizing factory farms owned by wealthy individuals and large corporations. They can push local governments to offer contracts to local farmers with small plots to supply food for government institutions such as schools, hospitals, and other workplaces and to hire local people directly to prepare fresh food in those institutions, rather than buy prepared food from big corporations. They can push governments to buy other goods and services as locally as possible.[xv] Even if the cost were slightly higher, they would reap savings from a more prosperous citizenry. Internationally, they can fight the World Trade Organization's policies that make local contracts illegal by labelling them as 'preferential treatment' of local companies over transnational corporations. It should never be unlawful to support small producers over big corporations.

Taxing harmful products and services to discourage their production and use

There are many potential sources of funds for investment in basic needs and wellbeing. Taxes and surcharges on cars, petrol, and parking could raise funds to improve public transport. Why is the United States the only industrialized country that does not tax petrol heavily? Why do some countries continue to subsidize petrol rather than directly subsidizing bus fares? It makes little economic, and even less environmental, sense to continue to promote the use of the car as the sole

---

[xv] That is, they can unless they have signed a trade treaty that prohibits them from 'favouring' local over transnational businesses.

means of getting around, when less expensive, less polluting, and less restrictive options exist. The idea holds true for parking charges, which are more acceptable when used to maintain local sidewalks, bicycle lanes, and parks.

Various American cities are considering raising taxes on sugar-sweetened beverages. Such drinks contribute to ill health, including diabetes. Their production harms the environment, as does the disposal of the bottles in which they come. They represent wasted spending, as tap water is a less costly, healthier, and environmentally better alternative. In November 2014, Berkeley, California followed the example set by Mexico in raising taxes on sugar-sweetened beverages. Sales have declined already in Mexico because of the tax.[73] The Navajo Nation in the United States has raised its tax on food with little or no nutritional value.[74]

In a growing number of countries, a surtax added to tobacco, and sometimes to alcohol, products goes into a health promotion foundation. An important lesson from efforts to increase tobacco taxes is that they prove more popular when the money collected goes into a specific program for which the public can easily understand the benefits, rather than into general revenues. A similar type of approach could support work on other health issues that are both amenable to prevention-based approaches and caused by harmful products. Tax increases would be far more palatable if it were clear that savings or other benefits enjoyed by a wide range of people would offset the higher prices.

Funds to improve the quality of tap water, and water delivery in general, could come in part through a high tax on bottled water. In the United States, corporate advertising has convinced people that bottled water is safer than tap water, even though tap water is perfectly safe. Indeed, in many places, the bottled water *is no more than* tap water with a fancy bottle and label attached! Ever notice how nobody in movies and on TV these days drinks tap water, but characters often drink bottled water? Bottled water companies also frequently sponsor film festivals, including the Toronto and London film fests, as well as various sporting events.[75] As a result of all the advertising and promotion, three of four Americans drink bottled water, while one in five drink *only* bottled water.[76] In 2011, Americans spent $21.7 billion on bottled water.[77] That amount is more than a fourth of what the government spends on building, operating, and maintaining the infrastructure for water and wastewater.[78] Even in countries where the tap water is not safe, bottled water may be no better. Most bottled water is not tested for quality. Since the poor cannot usually afford bottled water anyway, taxing it can contribute in some small way to narrowing inequality, especially where the tax is used to improve the provision of safe water to the public.

Those working on behalf of the poor, or for a better environment, or for other social causes, spend a lot of time seeking funds from governments, foundations, and other sources. They tend to spend much less time on campaigns to convince governments to stop giving money to the rich and corporations by eliminating tax breaks. They are almost universally silent on the need to prohibit tax havens, such as offshore registration. They do not generally complain about the high proportion of the budget that goes to the military and to other harmful or useless sectors, while health, education, general welfare, and environmental protection are consistently given short shrift. With a few exceptions, such as a historic effort to raise taxes on tobacco and a growing movement to raise them on sugar-sweetened beverages, they are silent about the need and potential of raising taxes on various harmful products, such as fuel and the automobile, to help pay for the costs their consumption engenders. Any harm to the poor from such policies can easily be countered by subsidizing needed products that are not widely consumed by the rich, e.g. certain staple foods, public transportation, or public housing. People need to stop accepting budgetary shortfalls as inevitable. Activists should campaign to end government support to corporations, to reduce military spending, and to raise corporate taxes, while also campaigning for the resulting increased savings/revenues to be invested in programs to improve wellbeing.

Other ways to encourage the small and local

Various actions can support a move away from subsidizing large corporations and towards building local prosperity. Local currencies, such as those discussed in the Myth about economic growth, could generate local wealth and keep it in the community. Small local businesses can create their own insurance pools, rather than buying expensive policies from large, 'one-size-fits-all' companies. Loans made available through local credit unions and the creation of a directory of community services can encourage the establishment of local businesses, artisans, and professionals. Employees can chip in to a common loan fund from which their colleagues can then draw low- or no-interest loans.

People can convert unused land – including in their backyards – into community gardens, where others without access to soil can have a small gardening plot. Cooperatives of artisans, repair people, and other services can help keep work and profits in the community. Small food producers can create local markets.

Whatever action one takes, it is important to publicize the benefits of small, locally owned businesses that provide employment to local people, pay local taxes to maintain local infrastructure and social services, meet local social and environmental standards, participate in the community, and compete fairly with similar businesses.

It is also possible, at least to some extent, to change the nature of large corporations. Activists at Citizen Works in the United States (founded by Ralph Nader) are working to change the law in order to prohibit corporations from engaging in profit-making practices that harm human rights, public safety, the environment, the dignity of their employees, or the communities in which the corporation operates.[79] The first step is to challenge the premise that corporations must focus on returning high dividends to their shareholders. This has required new laws. According to CitizenWorks, For Benefit Corporations (or b-corps) are "a new class of corporation that are required to create a material positive impact on society and the environment and to meet higher standards of accountability and transparency."[80] By defining themselves as For Benefit Corporations, companies can put socially beneficial goals ahead of maximizing shareholder value. Maryland was the first American state to allow b-corps, which by law must provide public benefits such as 'preserving the environment' and 'improving human health.' When Maryland b-corps make decisions, they must consider not only shareholder or investor value, but also 'community and societal considerations' and 'the local and global environment.' According to the Business Alliance for Local Living Economies, three more American states (Vermont, New Jersey, and Virginia) have passed laws allowing b-corps, and several others have introduced similar legislation.[81] There is a long way to go, but times are changing.

Activists can make use of the power of the corporate logo. Since corporations are eager to defend their corporate image, attacks on the logo can prove effective in getting corporations to change their practices.

Another promising innovation is 'slow money,' which promotes investment in local farmers. Among its goals are the promotion of investments close to where the investor lives, encouragement of companies to give away half of their profits, and an increase in the organic matter in soil.[82]

We may never again see the milkman delivering glass bottles to people's doorstep. The soda fountain at the corner drugstore may have disappeared forever. But thriving local economies can re-emerge from the ashes, and the remaining vestiges of such a local economy, where it does continue, can be encouraged rather than deliberately extinguished.

Notes

[1] Testimony to the Senate Armed Services Committee on his proposed nomination for Secretary of Defence, 15 January 1953. See, for instance, the GM Heritage Center, https://history.gmheritagecenter.com/wiki/index.php/Wilson,_Charles_E
[2] "Open Letter to North American Christians," cited in Noam Chomsky and Edward S. Herman, *The Washington Connection and Third World Fascism* (Boston: South End Press, 1979).
[3] Paul Krugman, *The Return of Depression Economics and the Crisis of 2008* (New York, London: Penguin Books, 2008).
[4] Just a few examples: Marion Nestle, *Food Politics: How the Food Industry Influences Nutrition and Health* (Oakland: University of California Press, 2007); Eric Schlosser, *Fast Food Nation: The Dark Side of the All-American Meal* (New York: HarperCollins, 2002); Michael Pollan, *The Omnivore's Dilemma: A Natural History of Four Meals* (New York: Penguin Books, 2007); Allan Brandt, *The Cigarette Century* (New York: Basic Books, 2007); Tara Lohan, ed., *Water Consciousness* (San Francisco: Independent Media Institute, 2008); the Center for Science in the Public Interest on fast food (www.cspinet.org); and Barbara Kingsolver, *Animal Vegetable Miracle* (New York: HarperCollins, 2007).
[5] Some of the many writers to address these themes are Greg Palast, Noam Chomsky, Michael Moore, Molly Ivins, Naomi Klein, David Korten, and John Kenneth Galbraith.
[6] Stephen Bainbridge, "Case Law on the Fiduciary Duty of Directors to Maximize the Wealth of Corporate Shareholders," *Stephen Bainbridge's Journal of Law, Politics, and Culture*, 5 May 2012. www.professorbainbridge.com accessed 8 August 2014.
[7] Alistair Barr, "Golden Coffins, Golden Offices, Golden Retirement," *MarketWatch,* 13 May 2009.
[8] "Sneak Peeks at 'Wal-Mart: The High Cost of Low Price', *Alternet,* 26 October 2005. http://www.alternet.org/story/26976/sneak_peeks_at_%22wal-mart%3A_the_high_cost_of_low_price%22
[9] Walmart, "Our Story," www.corporate.walmart.com, accessed 28 April 2014.
[10] Nick Hanauer, "Why Capitalism has Nothing to do with Supply and Demand," *Making Sen$e*, 28 July 2014.
[11] Clare O'Connor, "Walmart's Billionaire Owners $1.6 Billion Richer As Big-Box Giant Takes On Banks," *Forbes*, 10 October 2012.
[12] Bonnie Kavoussi, "Walmart's CEO Paid 1,034 Times More than the Median Walmart Worker: PayScale," *The Huffington Post,* 20 March 2013.
[13] Greg Palast, *The Best Democracy Money Can Buy* (New York: Plume Printing/Penguin Books, 2003).
[14] "Measuring the Impact of Wal-Mart on the U.S. Economy," *Global Insight, Inc.*, 4 November 2005.
[15] Catherine Ruetschlin, "Retail's Hidden Potential: How Raising Wages Would Benefit Workers, the Industry and the Overall Economy," *Demos,* 19 November 2012.
[16] Stephen Moore, "The Future of Social Security for This Generation and the Next," Testimony to the Committee on the Budget, United States House of Representatives, 30 June 1999.
[17] Bangladesh Road Transport Authority, "Number of Registered Motor Vehicles in Dhaka

(Yearwise)." http://www.brta.gov.bd/images/files/statistics/stat_dhk_08-14.pdf
[18] Forbes, "The World's Biggest Public Companies," http://www.forbes.com/global2000/list accessed 8 August 2014.
[19] Walmart, "Global Responsibility," http://corporate.walmart.com/global-responsibility accessed 8 August 2014.
[20] Jim Yardley, "Garment Trade Wields Power in Bangladesh," *The New York Times*, 24 July 2013.
[21] Unusually, the collapse garnered several front-page articles in *The New York Times* and continues, at least to some degree. "One Year after Rana Plaza," *The New York Times*, 27 April 2014.
[22] Ifty Islam, "Post-Rana Roadmap," presentation at La Vita, Lakeshore Hotel, 30 April 2013.
[23] Islam, "Post-Rana Roadmap."
[24] Testimony of Kalpona Akter, Executive Director, Bangladesh Center for Worker Solidarity, Senate Foreign Relations Committee, Labor Issues in Bangladesh, Washington, DC, 6 June 2013.
[25] See, for instance, the website of the Bangladesh National Garments Workers Federation, http://www.nadir.org/nadir/initiativ/agp/s26/banglad/index.htm
[26] Tax Justice Network, "Transfer Pricing," http://www.taxjustice.net/topics/corporate-tax/transfer-pricing/ accessed 13 May 2014.
[27] Lucy Komisar, "Corporate Tax Evasion via Offshore Subsidiaries: A Primer," *Reclaim Democracy,* 9 April 2004.
[28] Komisar, "Corporate Tax Evasion."
[29] Citizens for Tax Justice, "The Sorry State of Corporate Taxes: What Fortune 500 Firms Pay (or Don't Pay) in the USA and What they Pay Abroad – 2008 to 2012," http://www.ctj.org/corporatetaxdodgers/sorrystateofcorptaxes.php accessed 15 March 2014.
[30] Mark Gongloff, "U.S. Companies Lobbying Furiously To Save Corporate Tax Loopholes: Study," *Huffington Post*, 18 June 2013.
[31] Joshua Holland, *The Fifteen Biggest Lies About the Economy and Everything Else the Right Doesn't Want You to Know About Taxes, Jobs, and Corporate America* (Hoboken, New Jersey: John Wiley & Sons, Inc., 2010).
[32] David C. Korten, *When Corporations Rule the World,* 2nd Edition (Bloomfield, Connecticut and San Francisco:: Kumarian and Berrett-Koehler, 2001).
[33] Tom Chatfield, "Apple's Fashionable Seduction," BBC *Life: Connected*, 26 October 2012.
[34] Luke Landes, "Resist Planned Obsolescence or Accept the Financial Consequences," *Forbes,* 6 November 2012.
[35] Landes, "Resist Planned Obsolescence."
[36] Daniel DiClerico, "The 'Light Bulb Conspiracy' Probes Planned Obsolescence," *Consumer Reports,* 27 October 2011.
[37] Landes, "Resist Planned Obsolescence."
[38] Pollan, *The Omnivore's Dilemma; Greg Critser, Fat Land: How Americans Became the Fattest People in the World* (Boston: First Mariner Books, 2004).
[39] Ross Hammond, "The Economic Costs of Obesity," *Brookings,* 14 September 2010.

www.brookings.edu
[40] Nancy Huehnergarth, "Water Is the Enemy, Gatorade Mobile Game Tells Youth," *Huffington Post blog,* 1 August 2014. http://www.huffingtonpost.com/nancy-huehnergarth/water-is-the-enemy_b_4557456.html
[41] Nate Berg, "Radiating Death: How Walmart Displaces Nearby Small Businesses," *The Atlantic* 14 September 2012.
[42] Jeff Milchen, "The Benefits of Buying Locally." *Reclaim Democracy*! http://reclaimdemocracy.org/local_business_benefits/ accessed 28 April 2014.
[43] Pasha Farmanara, "Small Shops Already Feeling the Crunch from 7-Eleven," *The Villager,* 14 November 2013.
[44] The Institute of Local Self Reliance (www.ilsr.org/key-studies-walmart-and-bigbox-retail/#6) has links to studies on the issue.
[45] Good Jobs First, "Harms of Big Box Retail," (http://www.goodjobsfirst.org/) accessed 28 April 2014.
[46] Stacy Mitchell, "Local Ownership Makes Communities Healthier, Wealthier and Wiser," http://www.ilsr.org/local-ownership-healthier-wealthier-wiser accessed 18 July 2012.
[47] Troy C. Blanchard, Charles Tolbert, and Carson Mencken, "The Health and Wealth of US Counties: How the Small Business Environment Impacts Alternative Measures of Development," *Cambridge Journal of Regions, Economy and Society* (2012), 5:149–162.
[48] Troy Blanchard and Todd L. Matthews, "The Configuration of Local Economic Power and Civic Participation in the Global Economy," Social Forces 84.4 (June 2006):2241-2257.
[49] Stephan J. Goetz and Anil Rupasingha, "Wal-Mart and Social Capital," *American Journal of Agricultural Economics* 88.5 (2006):1304-1310.
[50] Alexandra Hartmann, "Some Tunisians Still Waiting for Revolution, *Aljazeera,* 17 December 2013.
[51] Thom Hartmann, "To Restore Democracy: First Abolish Corporate Personhood," *Thom Hartmann Program,* 31 December 2001.
[52] Hartmann, "To Restore Democracy."
[53] Hartmann, "To Restore Democracy."
[54] "Big Pharma Spends Over €40 million per Year Lobbying in the EU, Dwarfing Public Health NGOs," *Corporate Europe Observatory*, 28 March 2012.
[55] Douglas A. McIntyre and Alexander E. M. Hess, "The Ten Companies Making the Biggest Political Donations," 24/7 Wall St, 2 July 2012.
[56] Dan Roberts, "Supreme Court Strikes Down Cap on Overall Campaign Contributions," *The Guardian*, 2 April 2014.
[57] "Ballinger Says CSR Is a Fraud That Undermines Worker Rights," 21 *Corporate Crime Reporter* 22, 24 May 2007. http://www.corporatecrimereporter.com/ballinger052407.htm
[58] Hartmann, "To Restore Democracy."
[59] DemocraticUnderground.com, "Thomas Jefferson's Failed 11th Amendment -- A Check on Corporate Power," http://www.democraticunderground.com/101636229 accessed 12 February 2013.
[60] Monte Paulsen, "How to Build Better Homes in Three Simple Steps," *Canadian Geographic,* June 2012.
[61] Jamie Doward and Mahtab Haider, "The Mystery Death, A Town in Uproar and a $1bn

UK Mines Deal," *The Observer*, 3 September 2006.
[62] See, among others, www.upsidedownworld.org and www.multinationalmonitor.org. The information is easy to find; simply search on the Internet for "Guatemala human rights death squads corporations" or some such combination.
[63] David M. Barrett, "Congress, the CIA, and Guatemala, 1954," Central Intelligence Library, https://www.cia.gov/library/center-for-the-study-of-intelligence/kent-csi/vol44no5/html/v44i5a03p.htm
[64] For example, Matthew Creamer, "How You'll Advertise in a Newly Capitalist Cuba," *AdAge*, 13 June 2011.
[65] One among many: Christopher Helman, "What Does Chavez's Death Mean for Venezuelan Oil Giant Pdvsa?" *Forbes,* 5 March 2013.
[66] Cited in Korten, *When Corporations Rule the World*.
[67] Jane Jacobs, *The Death and Life of Great American Cities* (New York: Random House and Vintage Books, 1961).
[68] Mitchell, "Local Ownership Makes Communities Healthier."
[69] Luke Harding, "A Bombay Lunchbox," *The Guardian*, 24 June 2002.
[70] Shaila Dewan, "Who Needs a Boss?" *New York Times Magazine*, 25 March 2014.
[71] UNDP Department of Economic and Social Affairs, *Rethinking Poverty: Report on the World Social Situation 2010* (New York: UNDP, 2009).
[72] If you want to read the story about this action, see Issue 2 of the NCD and Poverty Research Network Newsletter (April 2014), available on the website: www.healthbridge.ca
[73] Mike Esterl, "Berkeley Voters Approve Tax on Sugary Drinks," *The Wall Street Journal,* 5 November 2014.
[74] Felicia Fonseca, "Navajo Nation President Approves Junk-Food Tax," *Santa Fe New Mexican*, 21 November 2014.
[75] "Water Marketers Haven't Bottled Up Spending," *IEG Sponsorship Report*, 12 January 2009.
[76] Kelle Louaillier, "Thinking Outside the Bottle" in Tara Lohan, ed., *Water Consciousness* (San Francisco: Independent Media Institute, 2008).
[77] Charles Fishman, "U.S. Bottled Water Sales Are Booming (Again) Despite Opposition," *National Geographic NewsWatch*, 17 May 2012.
[78] The total spent on maintenance of infrastructure was $84 billion in 2005, according to the American Water Works Association:
http://www.awwa.org/legislation-regulation/issues/infrastructure-financing.aspx accessed 6 September 2013.
[79] See www.citizenworks.org
[80] See http://www.bcorporation.net
[81] "Benefit corporations are producing shareholder value and have a positive impact on society and the environment." Business Alliance for Local Living Economies, 10 May 2011. The states that are considering them are California, Colorado, Hawaii, Michigan, New York, North Carolina, and Pennsylvania.
https://bealocalist.org/benefit-corporations-are-producing-shareholder-value-and-have-positive-impact-society-and-environment
[82] Slow Money, https://slowmoney.org/ accessed 7 September 2014.