

Confronting the Corporation

Corporation Nation: How Corporations are Taking Over Our Lives and What We Can Do About It
By Charles Derber
New York: St. Martins Press, 1998
374 pages; \$24.95

The Post-Corporate World: Life After Capitalism
By David Korten
San Francisco: Berrett-Koehler and
West Hartford, Connecticut: Kumarian Press, 1999
318 pages; \$27.95

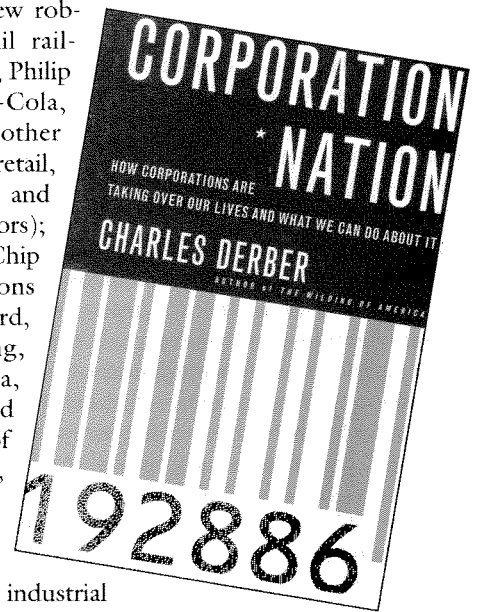
CORPORATION NATION IS AND IS NOT a book in the old-time populist tradition.

In its incisive and slashing critique of corporate dominance of the U.S. and world economy, politics and society, it is self-consciously animated by nineteenth century populist sensibilities.

Three dominant tendencies characterize the present era, Charles Derber argues. The first is the rise of giant corporate empires as companies merge, enter joint ventures and align themselves in integrated businesses. The second is the shrinkage of the federal government and its diminishing role as a source of countervailing power to business — and its concomitantly expanding role as an advocate for corporations. The third trend is the erosion of labor unions.

In this climate, corporate power has rapidly consolidated into a few hundred dominant global companies with, Derber argues, an executive committee of 30 companies that effectively run the United States. He groups the top 30 into four categories of economic power: the robber barons of the information highway (Microsoft, Intel, IBM, AT&T, Time

Warner and a few other giants in the computer, telecommunications and media sectors); the superbanks and leaders of finance capitalism (among them Citigroup, Goldman Sachs, Fidelity); the new robber baron retail railways (Wal-Mart, Philip Morris, Coca-Cola, Merck and other leaders in the retail, food and drug, and health care sectors); and the Blue Chip Robber Barons (GE, Exxon, Ford, GM, Boeing, Shell, Toyota, Siemens and other goliaths of the automotive, aerospace, airline, energy, electronics, steel and other industrial sectors).



Derber elaborates the many ways that “corporations are taking over our lives,” as his subtitle says, but focuses especially on the rise of job insecurity. With workers throughout the economy fearing layoffs, even in profitable companies, what Derber calls the anxious class is rapidly growing in numbers. The rise of the “virtual corporation,” mass layoffs, the increase in temporary workers, contracting out — whether by buildings contracting out janitorial work, or Nike using subcontractors to manufacture its shoes and athletic wear — are all intertwined processes feeding the growth

of the anxious class.

Justifying the shift to contract work is a cramped legal and political sociological school of thought known as contractarianism. Workers and employers have no special bond, this school suggests — they relate through a contract that is no more connecting than the contract agreed at the time of sale of a bar of soap.

“Corporate virtual reality is more than just opportunism,” Derber explains. “It systematically shifts risks borne by the New Deal social corporation to contract workers, who now bear all the brunt of business cycles and shifting markets.” It transfers income and wealth from workers to management and shareholders, and it “frees the corporation to disregard its legal and social responsibilities to employees, established through 50 years of struggle by workers, unions and legislative reformers.”

Corporation Nation aims at more than critique. It seeks to outline solutions to the problems it documents. But it is here that Derber abandons the soul of populism, which he says tends “to confuse a critique of corporate ascendancy with an all-out assault on business as a social enterprise.”

He proposes instead a “positive populism” that seeks not only to rein in corporate misbehavior but also emphasizes the protection of the health of the business enterprise.

Here some of his impulses are at tension with one another. For example, on the one hand he suggests the need for meaningful controls on capital mobility; but on the other hand he wants to craft global financial regulations that will

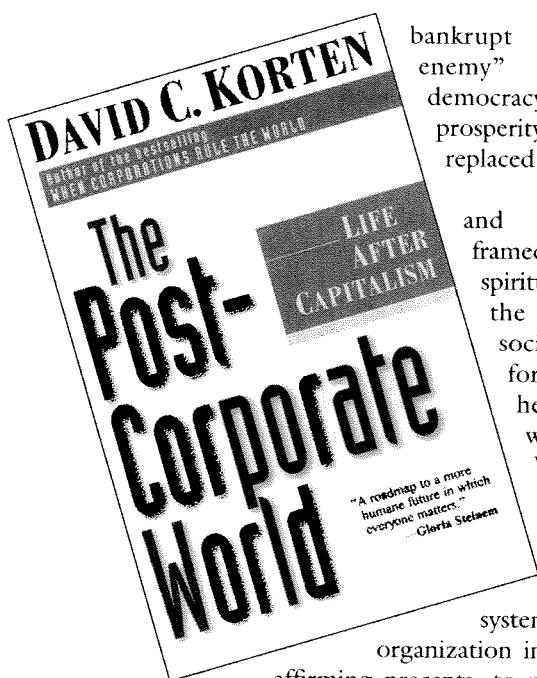
enhance investor predictability. Many *Multinational Monitor* readers may also find cause to object to Derber’s promotion of labor-management cooperation — as modeled on GM’s Saturn, where he strangely says that “managers become partners rather than bosses, and the plant operates more like a Quaker meeting than like a military command system.”

Perhaps more important than Derber’s specific recommendations is his call to meld disparate social movements — labor, environmentalism, the “third sector” (nonprofit and social service organizations) and populist multiculturalism (race, gender, ethnic and sexual orientation-based organizations) — into a populist struggle for democracy. Combined each of these sectors should be able to pool strengths and overcome weaknesses, and mount a serious effort “to achieve their founding goals: the return of basic rights from corporations to the citizens to whom they rightly belong.”

ALTHOUGH IT ENDS with many similar “what-can-you-do-now” recommendations (e.g., join an advocacy group, use consumer power to support socially responsible businesses), *The Post-Corporate World* proposes a very different conceptual approach than *Corporation Nation*, and it suggests the need for a more profound challenge to corporate power.

In his follow-up to the highly successful *When Corporations Rule the World*, David Korten argues that corporate capitalism is morally, environmentally and economically





bankrupt (“the mortal enemy” of “markets, democracy and universal prosperity”) and must be replaced.

His critique and proposals are framed by the use of a spiritual metaphor of the economy and society as a life form. Relying heavily on the work of Mae-Wan Ho and other biologists, Korten strives to imagine a

system of economic organization in line with life-

affirming precepts, to replace what he describes as a current system in which the dominant metaphor is a lifeless machine. Life is matter that chooses, Korten says, and he implores readers to choose to work for an economic reorganization.

Irrespective of whether readers find this metaphoric frame compelling, readers of *Multinational Monitor* are likely to be interested in Korten’s elaboration of the critique in *When Corporations Rule the World* and his suggestions for overarching principles and guideposts for a sustainable economy.

Based on principles derived from “life’s wisdom,” Korten suggests “design elements” for a post-corporate world. He is not proposing a blueprint for a future society, but trying to envision what features would define a sustainable future. His design elements include: human-scale self-organization (i.e., small production facilities controlled by local workers and community members); village and neighborhood clusters; town and regional centers (with the idea that economic transactions should occur in the smallest, most geographically compact area possible — with each village, say, growing much of its own food, but computer chips manufactured in regional centers); renewable energy self-reliance; closed-cycle materials use; regional environmental balance; mindful livelihoods (with workers producing goods for which there is real need, and work a source of fulfillment); inter-regional electronic communication; and wild spaces.

A believer in decentralization, Korten

does not reject the use of markets, but he does reject corporate-dominated capitalist markets. Instead, he calls for “mindful markets” in which costs are internalized by sellers and buyers; information is freely and fully disclosed; diversity, self-reliance and local production and trade are favored; and government guards the condition for proper market functioning without being overrun by private interests.

The Post-Corporate World is, again, intended as a visionary book. These principles and guideposts should not be dismissed as utopian; rather they should be evaluated and critiqued on the basis of whether they are sensible, sufficient, realistic in their context and so on. Do they set out the right direction for the economy to move in order to become sustainable?

Korten does also pick up some of the strands from *When Corporations Rule the World* to argue for an overarching six-point reform plan to address unsustainable structures and practices in the existing world. He calls for restoring political democracy (through campaign finance reform and other means); ending the legal fiction of corporate personhood; establishing an international agreement regulating corporations and finance (by which he means a complete replacement of the World Trade Organization and similar international arrangements); eliminating corporate welfare; making financial speculation unprofitable; and advancing economic democracy (through policies that promote the growth of worker-owned and community-controlled businesses). ■

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