

United States

Corporatisation: an internal clash of civilisations

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Thirty years after drafting the US Declaration of Independence, Thomas Jefferson warned of the dangers posed by the corporation, writing of the need to "crush in its birth the aristocracy of our moneyed corporations, which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country." Today, instead, the aristocracy of the corporation has grown to full maturity, wielding power over the state and its laws in the service of corporate aims.

Hurricane Katrina destroyed as yet uncounted lives, communities, and ecosystems. The hurricane also destroyed popular visions of the US state, sweeping away the last vestiges of federal paternalism, revealing the costs of corporatisation in its wake. Years of budget cuts, cronyism, and corporatisation rendered the Federal Emergency Management Agency (FEMA) incompetent to manage this greatest of national emergencies. Now, after the flooding of the Gulf coast, the words of prominent corporate ideologue Grover Norquist are widely perceived to carry a still more sinister tone: "My goal is to cut government in half in twenty-five years; to get it down to the size where we can drown it in the bathtub" (quoted by Dreyfuss, 2001). In the aftermath of Katrina, the world has seen Norquist's vision of the United States of America made real.

Were the radical democratic impulse of the American Revolution still driving US politics, it would be difficult to imagine corporatisation of the kind witnessed today (Raphael, 2002). But that impulse has weakened, and the relationship between *the people* and the corporation has reversed. Thanks to a series of controversial US Supreme Court decisions, corporations have usurped the legal claim to personhood, while remaining free of the accom-

panying moral obligations or physical limitations of natural persons (Nace, 2003). Within the framework of US constitutional law, in which personhood conveys fundamental protections against state action, the dubious doctrine of corporate personhood has allowed corporations to gain constitutional insulation from democratic control of corporate investment in key activities, including electioneering, lobbying, advertising, resource extraction, and manufacturing. Indeed, they have undermined the integrity of the commonwealth itself – that which we inherit and should pass on intact to posterity – as notions of public trust and fiduciary responsibility are sacrificed in service of the rights of corporate persons. Contemporary corporatisation, therefore, is a product of a long-mounting counterrevolution in US law. It also conflicts with common, fundamental beliefs about the purposes and practice of democracy in the United States.

When it comes to describing the process of state transfer of public goods and services to private corporate interests, *corporatisation* is a more accurate term than *privatisation* (for a detailed analysis of the meanings of corporatisation see McDonald and Ruiters in this volume). In such transfers, corporations, not private individuals, are the direct beneficiaries. One would be hard-

pressed today to identify a public service or function in the United States free from the pressures of this trend. Clear examples of core public concerns subject to corporatisation include disaster management, public education, public procurement, corrections, housing, health and welfare, energy policy, water rights, and law enforcement, among others. These examples are detailed further herein.

The Washington Consensus in the United States

As the Washington Consensus emerged in the 1980s, American neo-conservatives joined with neo-liberals in pursuing domestic corporatisation under the guise of global free trade. As stated by former WTO director Renato Ruggiero, “*We are no longer writing the rules of interaction among separate national economies. We are writing the constitution of a single global economy*” (quoted by UNCTAD, 1996). Competing ideologies and divergent viewpoints were to be rendered irrelevant with unfettered corporate expansion and cultural homogenisation, ushering in a new era of political stability and economic prosperity.

The market as solvent could only ease the way for corporate rule, ironically, with state intervention. Transnational agreements such as the North American Free Trade Agreement (NAFTA) and the Free Trade Area of the Americas (FTAA) could not adequately serve expanding corporate interests without first shifting power away from existing democratic institutions. US taxpayers may contribute billions of dollars every year to the Bretton Woods institutions – the International Monetary Fund (IMF), the World Bank, and the World Trade Organisation – yet that does not mean that US citizens can exercise the right to attend their meetings, submit public comment, receive basic information, or otherwise hold these subsidised institutions democratically accountable (POCLAD, 1999).

Implementation of the Washington Consensus introduced a domestic-global dialectic to US policy making. The structural adjustment, cost recovery, and austerity measures long imposed by the WTO, World Bank, and IMF throughout the Global South are now finding domestic application in the United States, as ever more core public functions face corporatisation. At the same time, corporatisation packages refined locally are being exported and applied elsewhere, often as part of the ‘technical expertise’ provided by US-based consultants.

This process is most apparent in the entourage of corporate reconstruction and development contractors that has been unleashed on post-invasion Iraq to create a global free market showcase for the Middle East (USLAW, 2003).

If history has ended (Fukuyama, 1992), it has been stopped at remarkable cost to the average US citizen. The Pentagon consumes a lion’s share of the federal budget, including an estimated USD 5.6 billion per month for operations in Iraq. The war in Iraq has become the most expensive military effort in the last sixty years (Bennis et al, 2005). These military outlays have in turn put pressure on federal spending in other areas, resulting in a major shift of the public welfare burden to states, counties, and municipalities. Given such unprecedented financial shortfalls, local and state officials face pressure to corporatise key public services.

In the meantime, corporations have managed to reduce their tax share to an all-time low, shifting financial responsibility for the government subsidies they now enjoy onto the backs of individual consumers, home owners, and working people. Between 2000 and 2003 corporate payments to the IRS plummeted by 36 percent (a loss of USD 75 billion) and now make up only 7.4 percent of total federal tax revenues. A similar trend is found at the state level. Additionally, corporations have reaped the benefits of new tax loopholes and write-offs (worth more than USD 60 billion), involving capital gains, equipment depreciation, overseas operations, research incentives, and export subsidies implemented via President Bush’s recent reforms (Friedman, 2003). As a result, and contrary to their rhetoric, US corporations enjoy a lower than average tax burden in comparison to that in other Organisation of Economic Cooperation and Development (OECD) countries (Heady, 2002).

Corporations have succeeded in reducing and, in many cases, eliminating government regulation, public oversight rules, and other democratically imposed constraints on corporate activities so as to approach a lowest common denominator level competitive with conditions now existing in the Global South. Transnational agreements such as NAFTA have defined such regulatory impediments as illegal ‘non-tariff barriers to trade’ empowering corporations to attack everything from community ‘right to know’ legislation, to governmental zoning authority, investment rules, health standards, and environmental regulations. At the same time, a new wave of federal and state pre-emption legislation has blocked



community-based efforts to use municipal government to address the negative effects of corporatisation. In sum, the federal and state governments have eviscerated their own regulatory authority while at the same time quelling local governmental salutary action.

Global corporatisation. Expansive imperialism. Downward cost and tax shifting. Deregulation and pre-emption. These are the four elements fuelling implementation of the Washington Consensus in the United States. To fully understand the depth and scope of corporate-driven structural adjustment here, however, one must examine its impact on diverse public sectors. Here we provide short surveys of the corporatisation of disaster management, public education, public procurement, and corrections, as well as snapshots of the corporatisation of the military, law enforcement, agriculture, welfare, health, and housing, energy policy, and water rights.

The corporatisation of public services

Disaster management

In order to help lift the US out of the Great Depression, Congress created the Reconstruction Finance Corporation to provide low interest federal loans for victims of earthquakes and other natural disasters. For decades this function continued within the Department of Housing and Urban Development (HUD) through the Federal Disaster Assistance Program, while other disaster response capacity was borne by other agencies, such as the Army Corps of Engineers obligation to deal with flood control prevention. In 1979, President Carter issued an executive order to merge all such disaster prevention and mitigation efforts into one Federal Emergency Management Agency (FEMA).

After the events of 11 September 2001, Congress folded FEMA into the newly created Department of Homeland Security (DHS) and over half of its USD 6.6 billion budget in 2002 was reallocated towards 'counter-terrorism' activities. Meanwhile, basic Army Corps of Engineers work in the form of levee maintenance, pumping stations, and channel dredging, collapsed after a 44 percent cut in the budget for the lower Mississippi River District (Elliston, 2004). All to free up financing for the invasion and occupation of Iraq.

As revealed in the aftermath of Hurricane Katrina, federal neglect and reckless corporate outsourcing made this disaster much more than an 'Act of God.' The political opportunism and racist bias of government disaster

mechanisms is also painfully obvious. Whereas FEMA responded with relative alacrity (2.5 million evacuated) and great generosity (more than USD 2 billion) for hurricane victims in Florida during a presidential election year, the largely African American population of New Orleans was abandoned by DHS and FEMA until popular outcry forced the White House to take action (O'Matz and Kestin, 2005).

Vice President Dick Cheney's former employer, the Halliburton corporation, which has already received half of the more than USD 25 billion in Pentagon contracts for post-war Iraq reconstruction, is poised to also profit from the Katrina disaster. Meanwhile, FEMA has sub-contracted housing for evacuees to the Carnival Cruise Line, while corporate Blackwater mercenaries patrolled the streets. On 9 September 2005, President Bush issued an executive order exempting corporate contractors receiving government funding in the hurricane ravaged region from prevailing wage laws; similar exemptions in the environmental arena are in the works. Plans are under way to sell off other critical public functions, such as the National Weather Service, to corporate contractors. And the incredible cost of post-Katrina rebuilding, estimated by the White House at USD 200 billion, is now being used to justify calls for further cuts in public spending – thus reinforcing the very neo-liberal austerity approach that contributed to the disaster in the first place.

Public education

Education enrolment is mandatory in the US for all children until they reach the age of 16. Local property taxes, augmented by state and federal support, provide the bulk of financing for public primary and secondary schools. The creation and expansion of the US system of public education has paralleled the development of the nation; Thomas Paine and Thomas Jefferson were among the country's first prominent advocates of the right to an education.

It is fair to say that in practice in the US today, education is no longer a right but a privilege. The United States is now home to more shopping malls than high schools, and the distinction between the two is dwindling as cash-starved schools welcome corporate advertisers into their cafeterias, classrooms, and gymnasiums. Meanwhile, state governments are struggling to find the up to USD 5.3 billion required to implement the standardised testing requirements of the 'No Child Left Behind' legisla-

tion. (It is noteworthy that just four corporations – CTB/McGraw Hill, Harcourt-Brace, Riverside, and Pearson – control the entire standardised testing industry). Over one million students nationwide now attend private, corporate, charter schools at taxpayer expense. In Milwaukee, an early test subject for education corporatisation, there were 115 such charter schools in 2005, with more than 14,000 pupils accounting for USD 83 million in taxpayer subsidies, an average of USD 5,943 per year per student (Borsuk and Carr, 2005).

The situation at institutions of higher learning is comparable. Unprecedented tuition hikes in conjunction with significant financial aid cutbacks have forced many lower income students to abandon any dream of college or university. Tuition rates nearly tripled in real dollars over the past three decades. In 2004 alone, the cost of post-secondary tuition climbed 11 percent nationally, reaching an average of USD 20,000 per year at private colleges and USD 5,000 at public ones. Student indebtedness has followed, with student loans mushrooming 137 percent over the last decade, with half of all undergraduates leaving school carrying an average debt load of USD 20,000 (Toppo, 2005).

No invisible hand produced these seismic shifts in education financing and management. Education corporations and corporate ideologues are behind the changes. The National Association of Manufacturers and its state affiliates are the main proponents of tuition hikes, financial aid cuts, and cuts in direct public funding. Meanwhile, the Bradley Foundation, with an endowment approaching one billion dollars, and infamous for its financing of the publication of the racist book *The Bell Curve* (Murray and Herrnstein, 1996), has invested heavily in the pro-corporatisation activities of advocacy groups such as the National Association of Scholars. Increasingly, as school and university administrators face crisis after crisis, budget cycle after budget cycle, many of them are becoming advocates of corporatisation in the forms of voucher programmes, charter schools and universities, and partial corporatisations involving discrete departments and programmes (White, 2000).

Public spending and procurement

Contrary to popular wisdom, the largest player in the US economy is not found among the *Fortune 500* companies. Instead, it is the federal government. In most state and local economies the public payroll remains the number one source of employment and livelihood. Given that 37

percent of government employees are unionised, these jobs usually offer superior wages, better benefits, and greater job security. When government jobs stop going to government employees – for example, when a welfare agency opts to hire a telephone answering subcontractor based in Bangalore, India – those localised economic benefits disappear. Subcontracting of public work, combined with mass layoffs of public employees, is having a major, and as yet unmitigated, impact on communities across the United States.

Local and state governments often exercise economic power in implementing socially and environmentally responsible procurement policies, and by establishing living wage, union neutrality, and minority-ownership contracting requirements. The use of such criteria to direct public dollars to promote the public welfare is increasingly at risk. In an age of corporate global trade agreements, such criteria may constitute a ‘non-tariff barrier’ and are subject to challenge. For example, in the 1990s the State of Massachusetts faced a legal challenge of its policy directing state agencies to not purchase goods or services from corporations that profit from business with the Burmese dictatorship. The US Supreme Court ruled that the federal government’s commitments under the WTO’s Government Procurement Agreement (GPA), preempted ‘discriminatory’ procurement decisions by state and local governments based upon how and where a product or service is made (Weisbrot, 2000).

The corrections system

The origins of the contemporary US prison industrial complex reside in the early nineteenth century with the first penal sweatshops and chain gangs. By the mid twentieth century, public protest had significantly reduced the use of prison labour, yet this practice has recently returned with a vengeance with the outsourcing of corrections operations to private corporations (Goldberg and Evans, 1998). The top two corporate jailers in the US are the GEO Group (formerly Wackenhut) and Corrections Corporation of America (CCA). Since 2000, the number of federal inmates in corporate prisons has tripled to 24,000, while in some states such as New Mexico, over 40 percent of inmates are now held in corporate prisons (Crary, 2005).

Over two million people are currently incarcerated in the United States. Between the war on drugs, war on terror, mandatory sentencing, *three strikes you’re out*, and other *lock-them-up* policies, the prison population is



growing at five percent per year. The 2004 revisions of the PATRIOT Act mandated 40,000 new jail beds for the next round of immigrant, largely African, Asian, and Latin American, detainees. The inherently racist nature of the criminal justice system means that a disproportionate percentage of those behind bars are people of colour (Parenti, 1999). For example, the incarceration rate for African-Americans in the US in 2001 (4,848 per 100,000) was five times that of Blacks in South Africa under apartheid (Wagner, 2003).

Prisoners, like slaves, are a comparatively cheap captive labour force. In 1979, Congress sanctioned the state-based reintroduction of prison labour with their creation of the Prison Industry Enhancement (PIE) programme. In the ensuing quarter century, many states turned over these publicly-subsidised prison industries to corporate subcontractors. These days, one finds sub-minimum wage, non-union prisoners doing everything from bagging coffee for Starbucks to making plane reservations for TWA (Parenti, 2000).

The military

Reflecting on their experience under British occupation during the Revolutionary War, Americans demonstrated their distrust of standing armies by locating primary peacetime responsibility for national defence in the states and their militias. Thus, it was not until the early twentieth century, and the pre-Cold War years in particular, that national defence became the exclusive job of the federal government, and that the regularised, taxpayer-funded US military came into being. With the passing of the Cold War, corporations have increasingly made inroads into the conduct of US military operations.

Today, at least thirty-five private military corporations are on the Pentagon payroll. They include such names as Kellogg, Brown & Root (a subsidiary of Halliburton), Blackwater Security, Logicon (a subsidiary of Northrop Grumman), and Military Professional Resources Inc. (MPRI). Some estimates put the number of private security agents operating in Iraq at 15,000-20,000, receiving up to USD 1,000 per day for their services in taxpayer money (Singer, 2004). Many of these hired guns for national security do not even come from the US, but are recruited as far afield as Chile, Philippines, South Africa, Congo, Nepal, and Fiji. Mercenaries are not covered by the Geneva Convention, are immune to Congressional oversight, and the conditions of their limited term employment are considered

proprietary information (Lumpe, 2002; Wayne, 2002). These are all convenient factors when Pentagon officials want to deny involvement or responsibility, such as when DynCorp is caught running prostitution rings in Bosnia, or Aviation Development Corp. targets a planeload of Peruvian missionaries (Vest, 2001).

Law enforcement

There are over 14,000 different policing entities in the US today, representing a vast pool of public employees hired at taxpayers' expense to maintain law and order. The post-September 11 era has presented the private security industry with heretofore unparalleled opportunities to capitalise on the subcontracting of domestic policing functions to corporations. In March of 2003, the federal government folded the US Transportation Security Administration (TSA), together with its USD 5 billion annual budget, into the Department of Homeland Security (DHS). This transfer provided corporate subcontractors with a ripe opportunity for profiteering. For instance, a consortium of Unisys, IBM and Dyncorps won a seven year TSA contract worth up to USD 1 billion to interface passenger screening devices with law enforcement databases (Wakeman, 2002).

In another arena, corporations are making 'gifts' to cash-strapped police departments in bids to leverage their protective services. For example, in June 2003 Target donated thirty surveillance cameras to the Minneapolis Police Department to better monitor a ten block 'safe zone' downtown that included their corporate headquarters (Clements, 2003). In so-called 'mass private properties' (shopping malls, colleges, gated communities), security firms are also gaining police powers of arrest, search, and seizure by the courts often at taxpayer expense but without comparable democratic oversight. Finally, quasi-public jurisdictions, such as Business Improvement Districts (BID) will often hire private non-union security ('Downtown Ambassadors') at taxpayer expense with local police as backup. Today, there are over 1 million 'rent-a-cops' in the US, generating more than USD 12 billion per year in corporate revenues (Hall, 2003).

Food and agriculture

When Upton Sinclair published his shocking expose of the Chicago meatpacking industry, *The Jungle*, at the turn of the twentieth century he expected popular pressure to usher in new rules for working conditions (Sinclair,

1981). Instead, consumer outrage led to a flurry of federal food safety legislation, starting with the 1906 Food and Drug Act and leading to the creation of the Food and Drug Administration (FDA) as part of the New Deal in 1938, now within the US Department of Health and Human Services. Other government oversight of food/farm activities, though, remained under control of more corporate-friendly agencies such as the US Department of Agriculture (USDA).

More recent deregulation, though, has brought the US food supply back to the nineteenth century with serious consequences for both family farmers and consumers. Reagan's Streamlined Inspection System for Cattle (SIS-C) programme triggered food poisoning disasters such as the Jack in the Box E. coli outbreak in 1993, leaving four children dead and 700 others hospitalised (Schlosser, 2002). In 1996 the Clinton administration introduced the Hazardous Analysis Critical Control Point (HACCP) programme to further deregulate the meat industry. As a result of HACCP, meat industry inspections are now done in-house by packing plant employees, with minimal oversight provided by a dwindling national pool of 7,600 public inspectors (Public Citizen, 2002). The current Mad Cow crisis and ongoing cover-up in the US can similarly be laid at the doorstep of bipartisan deregulation and industry takeover of food safety (Rampton and Stauber, 2004). Parallel efforts to corporatise other food security monitoring functions – such as grain inspection – are also under way. At the same time, agribusiness corporations have asserted their court-created Fourth Amendment rights against unreasonable search and seizure to limit the ability of environmental, health, and safety inspectors to investigate from conditions on factory farms and in processing plants (Linzey, 2004).

Welfare, housing and health

In 1996 President Clinton implemented sweeping welfare reform legislation. The legislation disproportionately impacted single mothers, the mentally ill and physically disabled, and people of colour. State governments followed suit with their own welfare reform programmes. For instance, under Wisconsin's pioneering W-2 reform, the corporations now administering the welfare programme are allowed to retain any taxpayer funds they do not disburse. As a result, since 1997 there has been a 90 percent drop in the number of welfare recipients while welfare industry executives pull in six-figure pay

cheques. Today, 63 cents of every tax dollar spent on welfare is funnelled to administration, as opposed to 37 cents towards actual welfare services (Mulligan-Hansel and Fendt, 2002).

In the arena of public housing, Katrina stirred the debate. The hurricane and its aftermath destroyed or damaged roughly 300,000 homes. According to the National Low Income Housing Coalition around 70 percent of these were occupied by low-income families (NLIHC, 2005). The federal government's response was to buy up trailer parks to accommodate the homeless, far away from potential work. Hopes for a long-term solution for the newly displaced poor are low, considering the horror stories resulting from previous relief operations. The so-called 'FEMA-City', built in Florida for those left homeless in 2004 by Hurricane Charley, is still in place with over 1,500 people living in 500 trailers. Even without storms, the US already was suffering a major housing shortage brought on by the disproportionate rise in the cost of rent as against increases in income for the poor. Nearly a third of all US households spend more than a third of their income on housing, and one in eight spend more than half (JCHS, 2005).

Katrina also revealed the shortcomings of Medicaid, the ailing federal health care system for the poor. The direct effects of Katrina on public health will be acute, considering the expected rise on unemployment and poverty in the Gulf states. Before the storm, Medicaid was expected to consume 2.6 percent of the 2005 US gross domestic product. Approximately 52 million people were covered by the federal programme, in a country where the average family policy costs more than USD 10,000 (*The Economist*, 2005). Before Katrina, however, the US Congress had already proposed to cut the programme by USD 10 billion by 2010. In this context, corporatisation advocates, such as the Heritage Foundation and Cato Institute, promote more competition between corporate medical providers as a 'solution' for the crisis of Medicaid.

Energy and water

In 1935, Congress passed the Public Utility Holding Company Act (PUHCA), creating geographically limited electricity monopolies under public control. Congress' purpose was to prevent the formation of nationwide electricity conglomerates. In the aftermath of the New Deal era, corporate proponents of utility deregulation began to argue that consumers would enjoy lower prices, better



service and more choices in a deregulated marketplace. In the past two decades, sixteen states and the District of Columbia have enacted sweeping deregulation legislation. The consequences of deregulation have already proven catastrophic in state like California, where taxpayers lost over USD 10 billion in the initial sale of public utilities to corporate investors, and then suffered rolling blackouts and doubled electricity rates as the Enron and other corporations manipulated regional energy markets (McLean and Elkind, 2003).

As a basic human need, water has for the last century been provided as a public service at taxpayer expense. Thus, US water law has generally (though hardly uniformly) been concerned with guaranteeing individual access to water, protecting all users against unreasonable use by others, and with government safeguarding of ground and surface waters as a matter of its public trust obligations. The advent of the World Trade Organisation poses a direct challenge to US water regimes. WTO rules make it illegal to restrict the bulk export of public water for private profit. The implications of these rules are significant. In the US, private bottled water costs up to 10,000 times as much as public tap water – even if it comes from the same original source – and is exempt from government regulations so long as it is not sold across state lines. Today, bottled water ranks second in sales among commercial beverages in the US, with sales exceeding USD 22 billion annually. The industry is dominated by transnational food corporations such as Nestlé, Danone, Coca Cola, and Pepsi. In 2003, the three global water supply giants – Suez, Vivendi, and RWE-Thames – announced that they were targeting 70 percent of the existing municipal water systems in the US for corporate takeover (Clarke, 2005).

From regulation to democratisation

The corporatisation agenda is gaining ground rapidly in the face of only limited, and parochial, popular resistance. In the few regions of the United States where labour unions, student movements, and popular organisations remain politically strong, corporatisation has stalled (as is the case with Social Security). Most of the country, and most social sectors, however, have proven vulnerable to the agenda's programme of funding cuts, cost-shifting, deregulation, preemption and subcontracting. This continuing success of the corporate sector, therefore, has forced progressives to seriously rethink not only their

social movement strategies and tactics, but also their theories of social change and of government. This rethinking has begun to produce a shift in interest from the regulatory state, and toward democratisation.

The past twenty years hardly represent the first period in US history in which corporations succeeded in gaining and cannibalising state power, or in which progressives have been forced to respond. The 'Robber Baron' capitalists of the late nineteenth century secured new constitutional protections for corporate 'persons', federal supremacy over economic policy, state support for corporate paramilitaries, a sweeping criminalisation of the labour movement, and the 'Lochner Era' court's imposition of *laissez faire* economics to strike down government regulations. Wielding state power, the Robber Barons made out like the bandits they were.

Public revulsion, and the resulting 'Progressive Era' and derivative 'New Deal' and 'Great Society' reforms followed. These generally took one of four forms. First, direct federal economic intervention via stock market regulation, labour laws, environmental and consumer protections, as well as direct political regulation of elections, the political parties and their primaries. Second, the creation of a wide social safety net encompassing, among other things, social security, the minimum wage, unemployment compensation, general assistance, child welfare benefits, health care assistance, and student grants and loans. Third, the introduction of greater transparency and culpability to government functions via the creation of public comment and open records laws, citizen participation and oversight committees, conflict of interest and fiduciary responsibility requirements, and the revitalisation of the 'public trust doctrine' imposing ecological protection responsibilities on the state as steward of the public's common natural heritage. Fourth, democratisation of government in the form of women's suffrage, lowering the voting age, direct election of US Senators, abolition of the poll tax and other racist voting barriers, passage of 'home rule' state constitutional provisions locating limited sovereignty in municipalities, and the establishment of citizen initiative and referendum processes.

Of the major types of progressive reforms, the first three have fallen prey to corporatisation. Fears regarding 'regulatory agency capture' by regulated entities proved well-founded. Corporate ideologues succeeded in weakening, and then colonising, much of the social safety net. Subcontracting removed public decision making from

public oversight. In this age of corporatisation, regulatory and bureaucratic approaches to government have succumbed to corporate power. The approach remaining as a progressive alternative is democratisation.

Twenty-first century democratisation is taking a variety of forms, including efforts to assert municipal sovereignty, democratise public institutions, abolish corporate personhood, redefine the commons, and expand voting rights.

The new municipalism and other democratic trends

With the state and federal governments largely invested in corporatisation, the municipality has become the locus of the most fertile public sector work. A new municipalism is emerging, and characterised by attempts to expand municipal sovereignty, democratise municipal governance, and strengthen the role of municipalities in opposing corporatisation (Bookchin and Biehl, 1997). Municipalities across the country are increasingly taking responsibility for public concerns abandoned by the federal and state governments, and passing local minimum wage laws, employment and housing regulations, bans of the use of pesticides and genetically modified organisms, and establishing public cable, wireless internet, and energy services. Meanwhile, citizens are working to democratise the machinery of municipal government itself by importing practices such as participatory budgeting, made known by the example of Porto Alegre, and by reforming municipal elections to enfranchise resident aliens, implement preferential voting, ban corporate contributions, and establish public financing of campaigns. Finally, the municipality has become a significant force in national and international contests over corporate power, as hundreds of US cities have approved, by city council vote or by citizen plebiscite, measures resisting the mandates of the World Trade Organisation and PATRIOT Act, opposing the occupation of Iraq, and ruling corporations not to be persons for the purposes of municipal law.

Americans are working to democratise other social sectors as well. A full-throated media democracy movement has succeeded in resisting the most aggressive efforts to corporatise public broadcasting, and has seeded tens of thousands of new independent online and print publications, radio stations, and community cable and wireless services (Media Reform, 2005). A nascent campus democracy movement is under way, with secondary and post-secondary students, faculty, staff, and

community members joining forces to campaign for the abolition of tuition, democratisation of campus governance, and strengthened social responsibility policies (White, 2000). The labour movement, striving to pull itself out of a long institutional decline, is experimenting with long-forgotten practices like minority unionism and community unionism, and moving away from dependency on the New Deal-era labour relations regulatory framework (Morris, 2005). A new voting rights movement is emerging that seeks a thorough democratisation of US elections, as described in the 'Voter Bill of Rights' (Liberty Tree, 2005).

Constitutional change is back on the table, most significantly with the proposed 'Seventh Generation Amendment', which redefines and widens civic standing to consider the interests of those beyond present human society, including other species, future human generations, and the earth itself. The ecologist Aldo Leopold described this as the 'land ethic' (Leopold, 1949) and among indigenous peoples it is known as the 'Seventh Generation Principle.' Native American activist and former Green Party Vice-Presidential candidate, Winona LaDuke, is among the leading voices advocating that the Seventh Generation Principle be incorporated into the US constitution: "*The right of citizens of the United States to use and enjoy air, water, sunlight and other renewable resources determined by the Congress to be common property shall not be impaired, nor shall such use impair their availability for the use of future generations*" (LaDuke, 1999). Other proposed constitutional changes that fundamentally challenge corporatisation include the Green Party's call to abolish corporate personhood, the Labor Party's proposed amendment guaranteeing a Living Wage, and Congressperson Jesse Jackson Jr.'s proposed Voting Rights Amendment, which would, among other things, raise the voting rights of individual voters above the supposed first amendment associational rights of the political parties.

Democratisation efforts are also assuming an alternative, rather than oppositional or state-transformational, form. Dubbed 'participatory economics' (Albert and Hahnel, 1990; Albert, 2003), these include community-based living wage campaigns, fair trade networks, community land trusts, local currency efforts, timeshare banks, creative commons and freeware, and a major increase in the organisation of worker collectives and consumer cooperatives. These projects seek to re-localise economic activity and reclaim essential productive



resources (for example land or labour) from the control of distant commodity markets, instead returning them to the hands of local people. Far from being marginal, these initiatives are now breaking into the US mainstream. For instance, there are now over 1,500 land trusts in the US, protecting in excess of 9.3 million acres (Land Trust Alliance, 2004). Ithaca Hours, a community currency started in central New York state in 1991, now involves over 400 businesses and even offers affordable healthcare to participants. The fair trade sector in the US is growing rapidly. For instance, the US fair trade coffee market has tripled since 2000 and was worth over USD 208 million by 2003 (Boudreau, 2004). And so-called Independent Business Alliances (IBAs) are forming in cities across the country, as small businesses and cooperatives unite to promote 'buy local' campaigns and to prevent 'Big Box' retailers from dominating local economies.

Given the political momentum of corporatisation in the United States today, it is unrealistic to hope for the effective return of the progressive regulatory and welfare state. Furthermore, should that state return, there is little reason to think that in this age of transnational consolidation it would prove any more secure against corporatisation.

Democratisation offers relatively more hope, yet it also faces serious obstacles. Efforts to build public power

at the municipal level are encountering difficulties as state legislatures, the courts, and Congress work to lower the ceiling on local power by weakening municipal home rule and pre-empting local minimum wage, elections reform, public health, municipal cable, and other reforms. Downward cost shifting has left cities short on funds with which to experiment. Democratisation movements in education, media, labour, and elections face a court system committed to the creeds that corporations are persons, money is speech, and labour is property. American constitutional reform is notoriously difficult, slow, and unresponsive. And economic alternatives have proven susceptible to corruption as they grow more profitable, and to co-optation as the corporate giants go after fair trade and organic market share. The democratisation road remains open, yet it is laden with conflict.

At the moment, corporatisation appears destined to continue unchecked in the United States. To the extent that progressives retain their nostalgic allegiances to the bureaucratic solutions of bygone progressive eras, it seems likely that little social progress will be had. Yet as more progressives commit to aggressive democratisation campaigns, social conflict with corporatisation looks inevitable. In this event, perhaps Jefferson's wish for the crushing of the 'aristocracy of the moneyed corporations' may, finally, come to pass.

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