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What is American Corporatism?

By: Robert Locke

FrontPageMagazine.com | Friday, September 13, 2002



We are probably heading into some economic heavy weather which will spur needed debate on what's right and wrong with our economy. This will require our being clear about what kind of economy we really have. I have mentioned before that we increasingly live not in a capitalist society but in a corporatist one, and I would like to flesh out this notion.

What is corporatism? In a (somewhat inaccurate) phrase, socialism for the bourgeois. It has the outward form of capitalism in that it preserves private ownership and private management, but with a crucial difference: as under socialism, *government guarantees the flow of material goods*, which under true capitalism it does not. In classical capitalism, what has been called the "night-watchman" state, government's role in the economy is simply to prevent force or fraud from disrupting the autonomous operation of the free market. The market is trusted to provide. Under corporatism, it is not, instead being systematically manipulated to deliver goods to political constituencies. This now includes basically everyone from the economic elite to ordinary consumers.

Unlike socialism, corporatism understands that direct government ownership of the means of production does not work, except in the limiting case of infrastructure.¹ But it does not represent a half-way condition between capitalism and socialism. This is what the West European nations, with their mixed economies in which government owned whole industries, tried to create until Thatcherism. Corporatism blends socialism and capitalism not by giving each control of different parts of the economy, but by combining socialism's promise of a government-guaranteed flow of material goods with capitalism's private ownership and management.

What makes corporatism so politically irresistible is that it is attractive not just to the mass electorate, but to the economic elite as well. Big business, whatever its casuists at the Wall Street Journal editorial page may pretend, likes big government, except when big government gets greedy and tries to renegotiate the division of spoils. Although big business was an historic adversary of the introduction of the corporatist state, it eventually found common ground with it. The first thing big business has in common with big government is managerialism. The technocratic manager, who deals in impersonal mass aggregates, organizes through bureaucracy, and rules through expertise without assuming personal responsibility, is common to both. The second thing big business likes about big government is that it has a competitive advantage over small business in doing business with it and negotiating favors. Big government, in turn, likes big business because it is manageable; it does what it is told. It is much easier to impose affirmative action or racial sensitivity training on AT&T than on 50,000 corner stores. This is why big business has become a key enforcer of political correctness. The final thing big business likes about big government is that, unlike small government, it is powerful enough to socialize costs in exchange for a share of the profits.

The key historical moments in the development of American corporatism can be easily traced. It got its start from the realization, during the Progressive period around 1900, that the night-watchman state was too weak to make the large corporate actors of the economy play fair. The crucial premise that enters here is that the capitalist economy cannot be trusted to be self-regulating, as it previously had been. This collapse of trust was also implicit in the 1913 creation of the Federal Reserve system. What the Great Depression did was destroy a second kind of trust: that the economy would reliably deliver material goods without government intervention. With these two different kinds of trust gone, corporatism becomes not only worthwhile, but necessary. Crucially, it becomes *psychologically* necessary, independently of whether government can deliver on its promises, because people instinctively turn to government as their protector.

Anyone who is serious about getting rid of corporatism must explain how they are going to restore these two kinds of trust or persuade people to live without them. In particular, it is almost certainly

useless, as verified by the fact that government has grown under every postwar Republican administration, to try to nibble away at big government without renegotiating the social contract that underlies it. If we don't have a plan to renegotiate this social contract, we must face the fact that the electorate will demand that it be respected. Newt Gingrich, who thought that the failure of Clinton's health plan signified the electorate's rejection of "socialism," learned this the hard way.

Clearly, the New Deal was the biggest jump forward into corporatism, though this was not fully understood at the time. Many people, both pro and con, misunderstood it as a move towards socialism.² As is well known, Roosevelt was an empiricist, not a systematic thinker, and many elements of the New Deal that were tried, such as the notorious National Recovery Administration, were rightly discarded. But the fundamental proposition, that government should take responsibility for ensuring the flow of material goods to the people, was rapidly embraced by the American people, which continues to embrace it today whether it admits it or not. When people demand that the government "do something" about a falling stock market, they are playing at capitalism while practicing corporatism.

The fundamental essence of corporatism is not technocratic but moral: what does government have the *responsibility* to do? What do people have the *right* to demand be done for them?

The economic Left likes corporatism for three reasons:

1. It satisfies its lust for power.
2. It makes possible attempts to redistribute income.
3. It enables them to practice #2 while remaining personally affluent.

The economic Right likes corporatism for three different reasons:

1. It enables them to realize capitalist profits while unloading some of the costs and risks onto the state.
2. The ability to intertwine government and business enables them to shape government policy to their liking.
3. They believe the corporatist state can deliver social peace and minimize costly disruptions.

This process has been described as "socializing the losses, privatizing the profits" by its leftist critics, who also call parts of it corporate welfare. What they don't get is that in a society which grants the fundamental premise that government should take care of everybody, government will, and big business is part of "everybody." Most economic arguments today are not between a socialistic ideal and a capitalistic one, as many seem to believe, but are arguments within the corporatist consensus. This consensus is incapable of gelling into a unitary consensus because it is supported by the two sides for different reasons. There is also no public, coherent ideology of corporatism because almost no-one is willing to admit they believe in it.

Let's look at some specific examples of corporatism:

1. The Export-Import Bank. This government agency helps finance exports of American products. The aim, laudable enough, is to create jobs in the US. But there is still the problem that doing this requires the government to consume capital, which might have created more jobs, (or just more wealth) if it had been allocated elsewhere. So this is classic corporatism: government allocating capital to private industry on the basis of political favoritism.

2. Agricultural price-supports. Contrary to myth, most of the money goes to agribusiness, not small farmers.

3. Industrial bailouts, like the recent one of the airlines. People do not trust the market to provide the airline service they think they "need." The truth is this country has more carriers than the market can support and a few should be allowed to die. No-one who really believes in free-market economics accepts the argument that jobs can be saved in the long run in this fashion.

4. Corporate bankruptcy law. This law assigns an artificial value, not supported by economics, to keeping dying companies alive, rather than letting the carcasses of competition's losers nourish the winners. It is responsible, for example, for preventing a needed cull of the airline business by letting Continental Airlines pass through its protections not once but twice.

5. Tariffs, quotas, and other trade restrictions. These transfer wealth from consumers to produc-

ers in the affected industries, whatever their other possible merits.

6. Affirmative action is generally viewed as a social-policy question rather than an economic-policy one, but it fits neatly into the corporatist model: government forces private industry to distribute jobs to a favored political constituency. If people really believed in markets, they would realize that irrational discrimination imposes a cost on employers, who therefore already have an incentive not to engage in it.

7. Fannie Mae, the government agency which raises money for mortgage loans in the private capital markets. This agency has deliberately been spinning out loans to sub-par borrowers who are doomed to default on them. It has become a major prop holding up real-estate prices, and is thus a key culprit in the ongoing mortgage bubble. Conservatives accept it on the grounds that home ownership makes people more conservative. But this may not be true forever if private ownership of housing becomes a public entitlement. This is part of an ongoing phenomenon that corporatism helps to drive: the erosion of the determination of political preferences by the ownership of property.³

8. Sallie Mae, the government agency which supervises student loans. The government has a system of directly-financed public universities, but it has also in effect annexed private universities. Cleverly, it uses a relatively small amount of public money to package the flow of a much larger amount of private capital to tuition. The principal problem with this is that it has become a subsidy machine for the spiraling cost of higher education. There is also the problem that any institution receiving federal funds becomes susceptible to regulations that otherwise wouldn't be legal. Bribes-if-you-do are a much less disruptive means of manipulating behavior than sanctions-if-you-don't, and corporatism hates disruption and loves business as usual.⁴ One way to interpret corporatism is as a systematic way for government to distribute bribes for submission to its authority.

9. In local government, corporatism is principally a matter of real estate. Let's take New York as an example, just because I know it best and the pattern is clearest here, though similar dynamics work in other locales to a greater or lesser degree. Basically, real estate development here has become so over-regulated and over-taxed that it is virtually impossible to do profitably without government help. Government is aware that it has strangled development, but still wants it to occur because voters want jobs, campaign contributors want their projects, and projects create patronage opportunities for politicians. Therefore, government selectively lifts the burden of taxation and regulation on certain projects to push them into the black. It does this with tax abatements, loan guarantees, zoning changes, condemnations, outright subsidies, tax-exempt bond issues, exemption from regulations, and selective public infrastructure investments. As a result, only projects with political support can happen, and every skyscraper is a monument to the political deals that enabled it to get built. The result is capitalist in the sense of being privately owned, but it is not a free market. Government is expected by developers to keep a steady flow of profits going (while keeping politically-unconnected competitors out of the game.) It is expected by construction unions to keep a steady flow of construction jobs. It is expected by the public to deliver shiny new skyscrapers full of jobs.

10. In science and technology, corporatism principally takes the form of federal government financing of research expenditures whose value is difficult for the private sector to capture on its own. Government pays for universities to provide industry with the raw feedstock of new discoveries that can be commercialized. State governments have entered this game on a lesser scale. Tax credits for research and development may also be interpreted as a public subsidy.

11. In the capital markets, the quintessential corporatist institution is the Federal Reserve Bank. Legally, it is not technically a government agency at all but a cartel of private banks. Prior to 1913, the maintenance of a viable capital market in the U.S. was not a government responsibility.⁵ From the 30's to the 70's, the Fed tried to institute the grand corporatist project of Keynesianism, but abandoned it when inflation proved it unworkable. Nevertheless, the responsibilities of the Fed have tended to grow as people expect it, for example, to bail out a falling stock market with cheap credit, as I have mentioned before.

12. Bankers are quite well aware that they can make speculative loans to financially weak nations

and count on being bailed out by the government if anything goes wrong. Naturally, this creates a moral hazard, not to mention a misallocation of capital. But given that the Left wants to see capital allocated to the Third World, the Right wants banks to be profitable, and the public fears a crash, the bankers can always count on a bailout.

One can see how corporatism is likely to expand in the future. The privatization of Social Security is off for now, but remains inevitable, simply because there is no sustainable way to provide for a future income stream other than saving money now. But the stock market decline of the past few years has destroyed public trust that this market will always provide a reliable store of value, meaning that people will inevitably turn to government to *make it* provide one. What form this will take, cannot be predicted, but any privatization of Social Security will be accompanied by some governmental mechanism to stabilize investments. At best, this may mean diversification requirements. At worst, it may mean some horrible politicization of the capital markets.

The concept of corporatism provides a good way to analyze the failure of HillaryCare. With its attempt to involve private insurance companies, this plan clearly made a (clumsy) attempt to conform to the corporatist model. It was supported by big companies like GM, which saw it as a way to offload its huge health-care costs. Fundamentally, I think it would have worked if it hadn't been such an arrogant, secretive, heavy-handed, all-at-once undertaking. We are gradually getting the corporatist equivalent of socialized medicine in this country anyway. Corporatized medicine will mean nominally private health plans for the employed that are so heavily regulated in what they can charge and what they must provide that they might as well be run by government. It will mean requirements for all businesses to give their employees health coverage (something big business will love because it will destroy a lot of their small-business competitors.) It will mean regulation of drug prices, which will eventually make drug companies wards of the state. Lastly, Medicare and Medicaid will expand, with the help of state plans, to cover whomever is left, with a tacit subsidy to emergency rooms to cover the last dregs.

As I said, all these can be viewed as ways in which the corporatist state buys people's cooperation. But one cannot play this game without becoming susceptible to it, so that people buy the state's cooperation, too. Naturally, this produces the partly-valid complaint that we have a government for sale to the highest bidder. But in a society where people, institutions, and social groups are politically for sale to the highest bidder, what else could one possibly expect?

Both Right and Left like corporatism in practice and are very cozy with it. But they are also ambivalent about it in theory, because it contradicts many of their cherished ideological beliefs.⁶ At the level of ideological self-characterization, neither side has fully grasped what corporatism is nor can quite bring itself to admit that it endorses it. Thus in its utterances, the intellectual Left is still reflexively anti-corporate and the Right anti-government. Part of the twisted genius of Bill Clinton was that he came closer to admitting we live in a corporatist society than any previous president. Bush, who made his personal fortune off a public-private deal concerning a stadium, is just as good at playing the game in practice, but on the ideological plane he mistakenly thinks that what the corporatist synthesis takes from socialism is "compassion." Hence his painfully sincere efforts to be politically correct and nice about everybody, since he intuitively grasps that Americans will not accept the rhetoric of pure capitalism.

Realizing that our society is corporatist is the key to undoing many conservative misunderstandings. For example, we tend to be puzzled when the rich support the Left, which under classical capitalism they generally didn't. But in a society where government takes care of business, they often have a lot to gain from big government. Not to mention the fact that whole classes of the wealthy, i.e. lawyers, doctors, lobbyists, environmental consultants, defense contractors and others, make their money either helping people deal with government or are indirectly funded by government. Ownership of property used to make people conservative because they intuitively grasped that the means of the conservation of property were bound up with the means of the conservation of everything else: religious orthodoxy to social mores to cultural tradition to the Constitution. But now that corporatism has

co-opted threats to property ownership, they don't feel the need for these things anymore.

I consider it highly unlikely that corporatism can be overthrown, though objectionable parts of it can certainly be fought. I will discuss what it means to be conservative in a corporatist environment in a future article. The key thing for us to understand is that many of our assumptions about what furthers our cause and what doesn't were derived under the conditions of a more capitalist society and increasingly no longer hold.

¹ This is not to say that government is necessarily the most efficient owner of infrastructure; I am well aware of the arguments for private toll roads and investor-owned utilities. It's just that, compared with the state-owned steel mills and supermarkets of pre-Thatcher Europe or the Soviet Union, they are not obvious failures. The quality, cost and productivity of publicly-owned utilities compares acceptably to privately-owned ones. And privatization of natural monopolies has problems of its own, as we saw in the California electricity crisis, even if these problems are caused by politics and do not refute the free-market ideal itself.

² The final irony of corporatism is that it represents the triumph of the one 20th-Century ideology that is considered so utterly discredited that most educated people don't even bother to learn what it believed about economics: fascism. The exact means by which the end was carried out were very different in Mussolini's Italy, Franco's Spain, Hitler's Germany, or Tojo's Japan, and the manner was occluded by a lot of violence caused by other things, but the fundamental dynamic is the same as here: government assumed responsibility for guaranteeing the flow of material goods by private means after public confidence in the market's ability to do this collapsed. The fascists did it to avert communism. We did it for less desperate reasons, but the idea is similar. (The German and Japanese Nazis were not fascists, strictly speaking, but the core of their economics, separate from their use of plunder, was similar. See my article on what the Nazis were really about.)

³ See my review of *BoBos in Paradise*. The Republican share of the rich vote is declining.

⁴ The political class loves corporatism because it enables them to establish themselves in stable, profitable brokerage-relationships in which they manage the exchange of favors between government and the public in exchange for political support. This is a much easier way to stay in office than focusing their efforts on contentious issues and the public's fickle opinions about them.

⁵ This responsibility devolved in practice onto the Morgan Bank on Wall Street, which organized ad-hoc groups of banks to stabilize markets and enforce standards when needed. See the fascinating account in Ron Chernow's *The House of Morgan*.

⁶ The recently faddish book *Empire* is an attempt to understand global corporatism from a neo-Marxist point of view. Although rich in hit-or-miss insights, its Marxist assumptions prevent it from getting it right. Marxists have been observing the emergence of corporatism, and desperately trying to update Marxism to accommodate it, for a long time now, the most philosophically interesting attempt being that of Jürgen Habermas in *Legitimation Crisis*. Such attempts can only be accurate insofar as they pass out of Marxism entirely.

Rethinking History: Were the Nazis Really Nationalists?

By: Robert Locke

FrontPageMagazine.com | Tuesday, August 28, 2001

IT IS AN OPEN SECRET among people who realize the importance of ideology that the great hidden issue being debated in America today is nationalism vs. globalism. This debate has a logical (or illogical) core and a penumbra of emotional associations. Attacks on nationalism as an ideal are made not only in the form of actual assertions of principle, but in the form of ugly archetypes that are used to manipulate opinion. The advantage of an archetype is that it carries an emotional, and thus persuasive, charge without actually asserting facts or principles that would be subject to counter-argument. Balkan nationalism has been used in recent years, but the tacit bogeyman is



always the same: the Nazis. Therefore it is fair to ask whether the Nazis were really nationalists. It is very arguable that they were not. Having a correct analysis of what they really were is essential to us because the ideological settlement that emerged from WWII is the foundation of our present political order, a fact that remains despite the end of the Cold War.

Any analysis of an historical ideology must look at two things: first, what does the ideology claim in theory, and second, what do its believers actually do in practice? By the first criterion, the Nazis were clearly not nationalists. Their professed ideal was not German nationhood but the Aryan Master Race (whatever that is). Hitler did not take Germany seriously as a nation qua nation, but merely as a vehicle for his racial fantasy. He explicitly says in *Mein Kampf* that the nation is just a vehicle for the fulfillment of the destiny of the race. It is an arbitrary historical accident that can be discarded at any time if it fails to serve that purpose. The Bolsheviks said the same things about the USSR as a vehicle of class struggle. The Left today seems to feel the same way about America as an arbitrary vehicle for realizing liberalism that can be disposed of when its highest form, globalism, is secure. Worse, the “capitalism is everything” faction of the Right likewise views America as merely a vehicle for imposing free markets on the world. Thus nationhood is a moderating ideal that restrains the extremes of ideology.

The Nazis did several things that clearly show that when forced to choose between Germany and the Aryan race, they set a higher value on the latter. Hitler could never bring himself, for example, to rule Scandinavia, for which he felt an unrequited racial affection, with the iron fist that was applied to other conquered territories. His admiration for Britain’s imperial racial ascendancy and his belief that Anglo-Saxons were Aryans led him to seek friendship with Britain up to the point of quite possibly costing him the war at Dunkirk. He intended to eventually incorporate, under conditions of full citizenship, those sections of the Low Countries that he felt were racially suitable, though these people were not Germans.



Hitler also held Germany and its culture in contempt in a number of ways, unlike an authentic nationalist like Churchill, who genuinely loved the Britishness of Britain and at most made fun of its foibles. He despised Germans’ Christianity, their bourgeoisness, their intellectualism, their cultural refinement, and their traditional sexual values which interfered with his racial stud farms. He openly complained about the defects of Germany in these areas in the table talk that has come down to us. In the context of German history, Bismarck, who sought to weld a nation out of a culture divided into squabbling principalities, was a nationalist. He took the idea of a German nation seriously, and did what it took to create one. Hitler was something else entirely.

The fact that Germany was to Hitler merely a means to an end, worthless in itself, was shown by his odd behavior, unique in the annals of modern warfare, when it was clear that Germany would lose. He gave the order, aborted by Albert Speer, that the nation essentially be burned to the ground. His openly stated justification, beyond the military excuse of presenting scorched earth to the enemy, was that Germany had been found weaker than the Slav enemy and deserved to perish on grounds of the Nazi doctrine of survival of the fitter nation. It is inconceivable to imagine a French, Polish or Japanese patriot, to name three militarily-overrun nations famed for their authentic nationalism, doing such a thing. These nations are what nationalism looks like, because they take their nationhood, its concrete content, its well being, and its survival seriously. Hitler isn’t, because he didn’t. It is worth pointing out that the conservative nationalist aristocrats who tried to assassinate him seem to have considered him a traitor; I would agree.

More surprisingly, it is even questionable whether Hitler was a real racist. There is for a start the fact that his “Aryan” race, though all Aryans are white, doesn’t coincide with the observable biological fact of the white race or any coherent subdivision thereof. Blond-and-blue Poles, Jews and Russians, whose racial credentials wouldn’t have been questioned for a second in the Jim Crow South or Apartheid South Africa, were lumped with Africans as “slave races.” (I gloss over the fact that in Nazi

mythology, the Jew is not technically a slave race but inhabits the unique category of the culture-destroying race or negative ubermensch.) This was, of course, because they occupied territory the Nazis wished to invade. Nazi doctrine also expressed doubts about the oddest people: the French, for example, were supposedly “mongrelized” and racially inferior to the Dutch, who counted as Aryan, but were not so inferior as to deserve extermination, only conquest. And the two European nations in whom the casual eye (not to mention the history of African slave importation into Sicily and the anti-Moorish Reconquista) detects the greatest deviation from the Aryan ideal? Hitler took Italy for his ally and gave military and ideological aid to Spain.

Then of course there is the alliance with Japan, in which the Nazis supported a yellow power against the French, British and Dutch empires in the far East, two of which nations had admittedly impeccable Aryan credentials in the Nazis’ eyes. Not to mention the United States, a racially-mixed power (albeit with a racial ascendancy admired by Hitler) but surely more Aryan than the Japanese. Hitler destroyed the British and French empires, the two most extensive exercises in white colonial ascendancy then existing. So the Nazis were at best wildly hypocritical in their professions of racism. It would be more accurate to describe them not as white supremacists but as supremacists of a pseudo-race cobbled together out of ethnic, national, linguistic and geographic characteristics. Japanese “Yamato” ideology worked in a similar way, and Japan to this day professes a racial purity that the variety of features on the Tokyo subway belies.

One must remember that white supremacism was in Hitler’s day respectable and to some extent constituted an attempt to assimilate Nazi goals to those of the established powers. At that time, the British and French empires were still functioning and America was practicing Jim Crow segregation. The Nazis had every reason to pretend to be doing the same even if they were doing so at best in a highly equivocal way.

So what did the Nazis really believe in, if not the nationalism and racism that is the received explanation of the liberal historical consensus? It is arguable that what they really believed in is war. Primed by the Marxist ideal of progress only through struggle, brutalized to madness by the trenches of WWI, warped by a lumpen Darwinism, they made it their highest end. Seen from this perspective, Hitler’s three puzzling decisions that cost him WWII have a twisted but comprehensible consistency. He let the British escape at Dunkirk so they could fight another day. He insisted on subjugating the Ukraine rather than taking it as an ally against the USSR because he intrinsically preferred social relations based on domination. And he declared war on the US because he wanted world war *Gotterdammerung* as an end in itself.



Phonies in Paradise

By: Robert Locke

FrontPageMagazine.com | Monday, March 19, 2001

A Review of David Brooks’ *Bobos in Paradise: The New Upper Class and How They Got There*.

EVERY POSTWAR American decade has produced its quintessential work of social criticism. The 50’s had William Whyte’s *The Organization Man*, the 60’s Marshall MacLuhan’s *Understanding Media*, the 70’s Christopher Lasch’s *The Culture of Narcissism*, the 80’s Allan Bloom’s *The Closing of the American Mind*, and the 90’s Camille Paglia’s *Sex, Art & American Culture*. The book for the current decade is here: David Brooks’ *Bobos In Paradise: The New Upper Class And How They Got There*. He calls his book comic sociology to disguise how profound it is and pads it with upbeat conclusions the rest of it does not license. This is probably good for his future social life, as in fact his book is a merciless intellectual truck-bombing of the culture of the current American elite.

Bobos, or bourgeois bohemians, are, to put it bluntly, the new establishment. Bill Clinton is a bobo. So is anyone else who has the income and power that only fat old men in oil paintings used to have, but

who also has the mores, personal tastes, and culture of a 60's radical college student. This is easy to laugh at, but it is not a superficial phenomenon. Brooks has put his finger on the central weirdness of our current ruling class: they have blithely combined the power and wealth of the old establishment with the cultural and intellectual trappings of its supposed mortal enemy, the counterculture. The two camps that have seemed to be warring for America's soul since the 60's have not just reached a *détente*, they have merged. This is, of course, exactly what you get when you send your best and brightest to universities where bohemian ideals are taught and then release them into a world where the realities of material life inexorably impel them into moneyed positions. As the author puts it,

“This is an elite that has been raised to oppose elites. They are affluent yet opposed to materialism. They may spend their lives selling yet worry about selling out. They are by instinct anti-establishmentarian yet somehow sense they have become a new establishment.”

Brooks describes in great detail the bobo lifestyle, which one can visualize most easily by thinking of its characteristic locales: Greenwich Village, NY; Berkeley, CA; Boulder, CO; Cambridge, MA; Georgetown, DC; Austin, TX; Portland, OR; Seattle, WA; Santa Fe, NM; Ann Arbor, MI; Madison, WI; Athens, GA; Wilmington, NC; Missoula, MT; Burlington, VT; Princeton, NJ, South Beach, FL. This is the world of cappuccino and Volvos, Sierra Club memberships and private schools. Bobos love to live in places that have artiness as their mythical identity but seven-figure real estate prices as their reality. Brooks calls these latte towns or neighborhoods.

The essence of the bobo lifestyle is being rich while pretending you're not. Bobos love luxury as much as anyone else with five senses, but because they have been educated in a leftist critique of it, they would suffer damage to their self-image if they openly and honestly imbibed it. Therefore their lives are a peculiar dance, whose subtle application of abstract rules to everyday life would boggle the mind of an ultra-Orthodox Jew, in which they seek to indulge luxury in ways that somehow, according to the bobo code, don't count.

They employ a number of strategies to this end. For example, the cult of the Absurdly Expensive Ordinary Object, in which the bobo pays \$75 for a gardening trowel or \$3.50 for a cup of coffee. The first item escapes the stigma of yuppie materialism, which bobos despise, because gardening is a) environmentalist and b) manual labor, and the second because it is only a cup of coffee, after all, and therefore cannot possibly constitute a luxury. Another strategy can be called the Magical Power of Progressive Association: anything, however luxurious, that is somehow associated with progressive politics is thereby purified of the despised taint of consumerism. Thus the fattiest ice-cream on the market, Ben & Jerry's, survives this usual bobo no-no (they are usually health nuts who eat whole-grain bread) by donating a portion of its profits to approved leftist causes. There is also the Magical Power of Primitive Cultures and other magical powers associated with sports, art, wilderness, tools, and other things. Tools are especially valuable because they enable bobos to play at manual labor and thereby deny their class status. None of this comes cheap. As the author says, “A person who follows these precepts can dispose of up to \$4-\$5 million annually in a manner that demonstrates how little he or she cares about material things.”

Bobos extend this pseudo-modesty to their social relationships. They talk about the nannies and servants they frequently have as if they are close personal friends and it is merely an odd quirk that these servants have to commute two hours each way from the slums of L.A. to the bobo's house near the beach. Because they love to appropriate peasant clothing like clogs and the Latin American poncho, they are the first ruling class in history to aspire to dress like its servants. But of course bobos would never dream of dressing like the real American working class, in polyester pantsuits, designer jeans, and big hair, because then they would run the risk of resembling a lower social class that they could actually be mistaken for. They only posture at belonging to proletariats that are sufficiently foreign or archaic that no one could make this error. Similarly, they love to decorate with old farm implements and industrial artifacts, but would never dream of doing their office to look like a real contemporary working-class environment like the inside of a McDonalds.

Anyone who has noticed the way American leftism runs on sentimental fantasies about the poor will

find this pattern familiar. The bobo style can be described as the concepts of liberalism, aestheticized into pretty visual images.

When bobos run corporations, as they increasingly do, they do so in an “anti-hierarchical” manner with respect to everything but the actual salaries. Salaries are not supposed to be the point of work anyway, since we are all creative visionaries now, not wage slaves. This is of course the perfect way to stop employees from asking difficult questions about whether all this anti-hierarchy translates into their paychecks. Bobo corporate boardrooms look like garages and nobody wears a tie or has a fixed desk. Commercials for the company’s products have alternative-rock soundtracks. Prosaic items like shampoo are sold as tools for achieving new-age spirituality. And, as Brooks notes of that quintessential bobo company Ben & Jerry’s, “Ice cream companies now possess their own foreign-policy doctrines.”

Note that what bobos really despise is not consumerism as an actual way of life, the way people who genuinely renounce it like nuns, the Amish or the U.S. Marines do, but consumerism in the abstract, which offends their exquisitely refined ideological sensibilities. Bobos have ideological sensibilities as subtle as wine-tasters. They have been educated in an elaborate leftist critique of how money makes you its possession, not the other way round, and commodifies you, et cetera et cetera, and have responded by mastering the art of faking one way culturally to feel good about themselves while living the other way in the real world. If a \$500 sweater is made in Tibet, a place that represents purity and anti-consumerism, then this anti-consumerism in the ideological significance of the thing neatly cancels out the materialism of buying it, and the bobo is home free. One almost imagines an enterprising shaman could make a living running around in a 4-wheel drive vehicle (the bobo standard in flat suburban areas) blessing their household establishments like a Shinto priest in Japan blessing a new automobile assembly line. The problem, of course, is that this would make the whole thing explicit, and this rank cultural con game could never survive the light of day.



In fact, one wonders if bobos will survive the publication of this book. One genuinely feels sorry for them on some level, for they are clearly enjoying their party and it is obviously going to end. How many preppies were there ten years after *The Preppy Handbook* came out in 1980? They were laughed out of existence. This is not the kind of social phenomenon that can survive exposure. At a thousand cocktail parties and backyard barbecues, this book will give people the ammunition to destroy the cultural credibility of the new liberal elite. This is an enormous irony, given that they of course got into power by making the old establishment look “square” and therefore ridiculous and unbelievable as the arbiters of our national life. Never underestimate the social and political consequences of cultural delegitimation. They didn’t, though they are probably about to be hoisted by their own petard. But, for the moment, bobos hold this crucial power.

Some good red-blooded American folk who have never had to deal with these characters may doubt their existence or at least their numbers, but the fact is that 95% of what they see on TV, in movies, in magazines, or in books was put there by bobos. So was 95% of what their children are taught in college. And bobos have all sorts of intermediate and related forms of great influence: idly open the American Institute of Architects Guide to Washington and you will find the Capitol Hill neighborhood described as “the haunt of that unique Washington creature, the bohemian bureaucrat.” Who knew? Bobos are exceptionally influential on consumer society because of their large discretionary income. Entire mail-order houses like J. Crew, and chain stores, like Restoration Hardware, have been floated on bobo dollars. Things also filter down to the rest of us, like Starbucks Coffee, that are bobo in origin. With middle-American stores like Target now carrying products by avant-garde European designers, this influence is clearly still on the rise.

One thing this book will convince anyone of is that the old saw of anthropologists is right: all societies have rigid social codes of totem and taboo, and if a certain society appears otherwise, you just haven’t figured out the code yet. Bobos like, above all things, to think of themselves as tolerant and



yet,

“For one reason or another the following people and institutions fall outside the ranks of Bobo respectability: Donald Trump, Pat Robertson, Louis Farrakhan, Bob Guccione, Wayne Newton, Nancy Reagan, Adnan Khashoggi, Jesse Helms, Jerry Springer, Mike Tyson, Rush Limbaugh, Phillip Morris, developers, loggers, Hallmark greeting cards, the National Rifle Association, Hooters.”

So where did bobos come from? Brooks makes an historical point that conservatives would do well to grasp about the causes of the student revolt of the 60's, from which they of course did come and which conservatives frequently treat as an inexplicable social explosion. He

shows that between about 1955 and 1965, the elite universities of this country went from admitting students on the basis of membership in the old genteel social elite to admitting them on the basis of brains and SAT scores. Naturally, these new students looked at the existing establishment and saw that it wasn't a meritocracy, so they bitterly turned on it. The fact that it was this very establishment that had set up the new meritocracy did not engender gratitude, or even mild skepticism about whether it could really be as evil as they thought. Other things that went out the window: self-control, moderation, civility, etc, were attacked because they were part of the old elite's way of doing things.

Brooks points out that now that the new elite is secure, many of these things, like civility, are making a comeback. And why not? Civility is conservative because it limits how vigorously one can attack the status quo, and the bobos would very much like to conserve what they now have. If this implies that they are now the fuddy-duddies, then so what? Logical consistency is not a bohemian virtue. A cruel point Brooks makes in the course of giving historical depth to his analysis is that just about everything that bohemians think they invented in a flash of genius in the 60's is in fact very old. He writes of the 1830's,

“The more you read about the Parisian bohemians, the more you realize that they thought of everything. For the next 150 years rebels, intellectuals, and hippies could do little more than repeat their original rebellions.”

Free love, artiness, strange clothes, hatred of authority, drugs, love of primitive cultures, hatred of the middle class? It was all there years ago among the artistes. So not only are bobos hypocrites, they are unoriginal. They are a set of recycled cliches, a regularly recurring social type. Naturally, this will not go down well with bobos, who love to believe they invented themselves and their cultur at some point in the glorious 1960's, of course, in contrast to us poor square masses.

Bobo ideals have failed in another way, too. Bobos are a large part of what David Frum has called the new mass upper class. Some people will be sufficiently stuck in out-of-date stereotypes to suppose that this must make them Republicans. Not so. Brooks neatly comments that Republicans got 75% of the rich vote in 1980, but only 56% in 1996, a clear sign of the bohemianization of the bourgeoisie. Voting, of course, is an activity that feels significant but has no consequences at the individual level, and is therefore the perfect opportunity for the classic bobo move of faking left while earning right. This should serve as a warning to those Republican strategists who dream of creating a base for the party by creating a class of individual investors through the privatization of Social Security. The richer bobos and those under their cultural influence get, the more need they have to compensate their guilt by voting left.

Bobos love the idea of racial equality (though of course not too many blacks in their own kids' private schools) because it enables them to endorse a recognizable kind of equality while not making any economic concessions. A few rich black faces in the boardroom legitimate the wealth of everyone else there. The key bobo style of rule is co-optation. Boboism is thus the perfect cultural costume for the emerging ideological compromise of the global elite: veer wildly to the left on all non-economic

issues so that you can veer wildly to the right on economic ones. Pay off the leftist opposition in areas you don't care about in order to clean up at the till. Since official figures show economic inequality increasing in this country during the years that bobos have been rising to power, one must compliment them on the success of their strategy. And the rampant xenomania of bobo culture is of course the ideal way to make globalism seem not just normal, but downright tasteful.

What if the bobos fell on their faces one day? The ultimate beauty of their anti-establishment credentials is that they enable them to claim that society's problems aren't really their fault, because they're not in charge. Some guy in a suit is, of course. Or "the free market," truly the most sublime device ever invented for absolving elites of responsibility. In a peaceful and prosperous country, this may not matter, but we will find out what these people are made of in the next real crisis. It is not enough for us to examine our culture from the point of view of how it functions under easy conditions.

Evading the charge of having real power takes work. Brooks observes that "today in the bobo establishment, the best kind of money to have is incidental money. It's the kind of money you just happen to earn while you are pursuing your creative vision." That is to say, it's nicest to have money without trying too hard to earn it, and if you can't manage that, pretend. This is an odd reversion to the anti-commercial ethos of the old world that took British industry, for example, to its pre-Thatcher grave. The perverse thing is that those dear old literal-minded Brits actually took this seriously and paid the price for it. Our crowd, one hopes for the sake of our economy, will remain utter hypocrites about it. We'll be in real trouble if they ever make the classic mistake of cynical elites and start believing their own propaganda.

But for now, they are safely and profitably dishonest. Naturally, this means that bobos, who loudly prize gritty authenticity over insincere polish, are the biggest phonies in American history. The old bourgeois elite never denied for a second, by its behavior or its self-characterization, that it was the elite. J.P. Morgan never would have dreamed of pretending to be in essence a bohemian creative visionary in a black turtleneck who just lucked into a fortune. (There certainly were bohemians around in his day, like Walt Whitman or Henry David Thoreau.) J.P. Morgan told the truth about who and what he was the minute he put on his top hat every morning. Unlike bobo disciples of the counterculture, he was authentic. I suspect this is a possibility Jean-Paul Sartre, or even Holden Caulfield, never dreamed of in a million years: that the bourgeois might turn out to be the authentic one, and the bohemian rebels the phonies.

Lately many have characterized this administration as socialist, or having strong socialist leanings. I differ with this characterization. This is not to say Mr. Obama believes in free-markets by any means. On the contrary, he has done and said much that demonstrates his fundamental misunderstanding and hostility towards the truly free market. But a closer, honest examination of his policies and actions in office reveals that, much like the previous administration, he is very much a corporatist. This in many ways can be more insidious and worse than being an outright socialist.

Socialism is a system where the government directly owns and manages businesses. Corporatism is a system where businesses are nominally in private hands, but are in fact controlled by the government. In a corporatist state, government officials often act in collusion with their favored business interests to design policies that give those interests a monopoly position, to the detriment of both competitors and consumers.

A careful examination of the policies pursued by the Obama administration and his allies in Congress shows that their agenda is corporatist. For example, the health care bill that recently passed does not establish a Canadian-style government-run single-payer health care system. Instead, it relies on mandates forcing every American to purchase private health insurance or pay a fine. It also includes subsidies for low-income Americans and government-run health care "exchanges." Contrary to the claims of the proponents of the health care bill, large insurance and pharmaceutical companies were enthusiastic supporters of many provisions of this legislation because they knew in the end their bottom lines would be enriched by Obamacare.

Similarly, Obama's "cap-and-trade" legislation provides subsidies and special privileges to large

businesses that engage in “carbon trading.” This is why large corporations, such as General Electric support cap-and-trade.

To call the President a corporatist is not to soft-pedal criticism of his administration. It is merely a more accurate description of the President’s agenda.

When he is called a socialist, the President and his defenders can easily deflect that charge by pointing out that the historical meaning of socialism is government ownership of industry; under the President’s policies, industry remains in nominally private hands. Using the more accurate term – corporatism – forces the President to defend his policies that increase government control of private industries and expand de facto subsidies to big businesses. This also promotes the understanding that though the current system may not be pure socialism, neither is it free-market since government controls the private sector through taxes, regulations, and subsidies, and has done so for decades.

Using precise terms can prevent future statisticians from successfully blaming the inevitable failure of their programs on the remnants of the free market that are still allowed to exist. We must not allow the disastrous results of corporatism to be ascribed incorrectly to free market capitalism or used as a justification for more government expansion. Most importantly, we must learn what freedom really is and educate others on how infringements on our economic liberties caused our economic woes in the first place. Government is the problem; it cannot be the solution.

Forget AIG for a moment. Forget Freddie and Fannie, Merrill Lynch, Bear Stearns, and Lehman Brothers. Imagine a company much bigger. Imagine a company that at the end of this year will have spent \$400 billion more than it has taken in. Worse, imagine that the company’s accounting is so bad, the \$400 billion doesn’t even begin to cover the whole of this company’s liabilities.

In fact, the company deliberately chooses to use what’s known as “cash accounting” rather than the more accurate accrual accounting. Cash accounting looks at how much cash the company has on hand, regardless of future liabilities. It’s like saying if you have \$75 dollars in your checking account right now, you’re \$75 in the black, never mind that you’ve deferred your car payment, quit your job, and have a rent check due at the end of the month.

The company also practices dirty accounting tricks like “forward funding,” “advance funding,” and “delayed obligations,” deceptive tricks that hide its precipitous finances from auditors and its investors.

This company routinely borrows from its workers’ pension plan to pay off its debt. Its accountants then claim that because the company owes the borrowed money to its own pensioners and not to outside creditors, the resulting hole in the pension plan doesn’t really count as a liability. Sometimes, the company’s executives neglect to pass a budget at all. When that happens, they keep the company running with “emergency expenditures,” which its accountants don’t consider real expenditures for records-keeping purposes, even though they’re paid with real money.

By now, you’ve probably guessed where I’m headed. I’m not really talking about any private company. I’m talking about your federal government. If any private corporation employed the same accounting tricks Congress and the White House use to hide the government’s massive debt and financial liabilities, its board and executive officers would all be in prison. In the government, it’s common practice. And that’s not even considering the funding of our two ongoing wars, which somehow emanates from outside the normal budget process.

If the government were required to abide by the same accounting standards as private industry, its debt would be in the trillions, not billions. Last May, Dallas Fed President Richard Fisher said that the government’s unfunded liability for Social Security and Medicare alone comes to a staggering \$99.2 trillion, or \$330,000 for every man, woman, and child in the United States. It’s an impossible figure.

So when congressional leaders and presidential candidates Sen. Barack Obama (D-Ill.) and Sen. John McCain (R-Ariz.) call for more government oversight of our struggling financial institutions, go ahead and laugh. You know you want to. The idea that the private sector would be in better shape today if only we demanded more oversight from our politicians is preposterous. Our politicians wouldn’t recognize “fiscal responsibility” if it spat in their ears.

Wall Street moguls may be “greedy,” as both John McCain and Barack Obama have described them, but at least there are real consequences when their greed becomes excessive. They go out of business.

Except, that is, when the government bails them out. Thus far, in addition to being on the hook for the federal government’s own massive debt, taxpayers are also putting up \$85 billion to back insurance giant AIG and up to \$100 billion each to back Freddie Mac and Fannie Mae, and we’re funding the Bear Stearns backstop. Congress is also expected to approve at least \$25 billion in corporate welfare for the big three automakers. You can probably expect more handouts down the road. All of this has some analysts now questioning the U.S. government’s bond rating, and worse, wondering whether the government itself may soon collapse under the weight of its own debt.

When you, Joe Citizen, spend frivolously and default on your loans, the bank takes your house. When the government spends your tax dollars frivolously, it simply cooks the books to cover its excesses. When the books are left in ashes, the government just takes more of your money, or it prints more money, leaving the money it hasn’t already taken from you devalued. Over the last few weeks, we’ve learned that you now face the prospect of an additional indignity: When your neighbor’s bank spends frivolously and defaults on its loans, the government’s going to take your money then too, to keep the bank in business.

Many commenters have blamed all of this on capitalism. This isn’t capitalism. It’s a peculiar kind of corporatist socialism, where good risks and the resulting profits remain private, but bad risks and the resulting losses are passed on to taxpayers. There’s nothing free-market about it.

Neither Barack Obama nor John McCain, nor either party’s leadership in Congress, has proposed a reasonable plan to deal with the government’s unfunded Social Security and Medicare liabilities. In fact, all have proposed expensive new government programs that can’t possibly be funded over the long term. All seem both oblivious to the federal government’s impending financial peril and intent on making it worse.

Perversely, all are then simultaneously demanding that they be given greater control over the private sector—because, they gallingly explain, corporations have shown that they can’t be left alone to behave in a manner that’s fiscally responsible.

Governments have been screwing over taxpayers for about as long as there have been governments and taxpayers. Capitalism, on the other hand, is a fairly recent development, and has spurred an explosion of wealth and the greatest standard of living in human history. What’s happening now isn’t capitalism, but capitalism is certainly taking the brunt of the blame.

Unfortunately, the end result may be that our politicians make capitalism more accountable to them—the same people who have shown that when it comes to the government’s finances, they’re accountable to no one.

The Problem of Corporatism

Chris Hayes has a great essay in *The Nation* that distills the free-floating left-wing anxiety about the Obama-era marriage of Big Business and Big Government, and tries to figure out what progressives ought to do about it. One answer he rejects is the possibility of a left-right alliance against crony capitalism:

In the wake of the healthcare sausage-making, writers from Tim Carney on the right (author of the provocative *Obamanomics*) and Glenn Greenwald on the left have attacked the bill as the latest incarnation of corporatism, a system they see as the true enemy. There is even some talk among activists of a grand left-right populist coalition coming together to depose the entrenched interests that hold sway in Washington. Jane Hamsher of *Firedoglake* touted her work with libertarians to oppose Ben Bernanke, more AIG bailouts and the Senate healthcare bill (“What we agree on: both parties are working against the interests of the public, the only difference is in the messaging”); David McKalip, the tea-party doctor who got into trouble for forwarding an image of Obama with a bone through his nose, wrote an open letter to the netroots proposing that they join him in fighting the “real enemy,” the “unholy corporate/government cabal that will control your healthcare.”

I don't think that coalition is going to emerge in any meaningful form. The right's anger is born largely of identity-based alienation, a fear of socialism (whatever that means nowadays) and an age-old Bircher suspicion that "they" are trying to screw "us." Even in its most sophisticated forms, such as in Carney's Obamanomics, the basic right-wing argument against corporatism embraces a kind of fatalism about government that assumes it will always devolve into a rat's nest of rent seekers and cronies and therefore should be kept as small as possible.

But the progressive critics hold that we can and should do better ...

You can read on for his prescription. On the right-left point, for I think he's basically right about the difficulties inherent in any actual netroots-Tea Party coalition. What I *would* like to see, though, is a world where the left learns some things from the right, and vice versa, about how to approach the problem of corporatism. A Nation-reading lefty needn't accept that big government is always corrupt government, for instance, to recognize the possible advantages of legislative incrementalism (because the bigger and more "comprehensive" a bill becomes, the more opportunities for rent-seeking it affords) and the virtues, in some cases at least, of pursuing state-by-state reforms rather than nationalizing every major issue. And a Tea Partying conservative needn't give up on the goal of limited government to recognize that if you don't care about how the government we *do* have gets run, corporate interests will come rushing in to run it for you.

These insights aren't likely to be the basis for some grand bipartisan agenda that could unite ideologues on both sides in perfect policymaking harmony. But I think that they have the potential to produce better legislative outcomes no matter which side holds the reins of power.

Is Barack Obama a socialist? Not really. Is George W. Bush a free marketer? Not hardly. In fact, right now they both seem to be pursuing policies that are neither socialist nor laissez-faire but rather corporatist.

The Bush administration has spent close to a trillion dollars to keep the managers of big companies in the driver's seat. Instead of a free-market policy of letting the market determine winners and losers, the administration says Bear Stearns, AIG, Citigroup and other big Wall Street firms are "too big to fail." They can take dramatic risks and the taxpayers will cover them.

For the first time, the government is supporting mortgages and consumer borrowing — up to \$800 billion worth. As critics complain that banks have lured consumers into mountains of unaffordable debt, the government is seeking to shore up credit cards, auto loans and other consumer debt.

Timothy Geithner, president of the New York Federal Reserve Bank, has been a key player in these bailouts. He is Obama's choice to be Treasury secretary. Obama himself wants to extend the government's new programs to support specific companies, including the major car manufacturers, bailing them out at a cost that would begin at \$25 billion.

In all these cases the government is seeking to support existing businesses. That isn't laissez-faire. It isn't what free-market advocates support. But it is what Bush is doing and Obama wants to continue.

Corporatism has a history in American economic policy, but it has generally been advanced as a guiding philosophy only in other countries. Corporatism was seen as an alternative to both the egalitarianism of the French Revolution and the laissez-faire economics of Adam Smith, with the state working closely with the different elements of society, especially labor and business.

As the Nobel laureate Edmund Phelps wrote: "The fundamental corporatist idea was to retain the private income, private wealth and private ownership of firms that (were) so central to capitalism (and found in avant-garde examples of market socialism too) but to remove the brain of capitalism — to curtail and to modify the mechanism of experiments and discoveries undertaken by unorganized entrepreneurs and financiers on which capitalism relied. . . . Corporatism sought to interpose the interests of the whole society in a range of decisions affecting the directions taken in the business sector."

The real choice Americans face is whether we want a free market or a corporate state.

We've always had some elements of the corporate state in America — subsidies, tariffs, monopoly privileges, regulatory cartels — but we've prospered because of the freewheeling entrepreneurship and creative destruction that characterizes most of our economy.

In a few short months, the Bush administration has turned the focus of our economy to corporatism. Every day brings another story about businessmen seeking their profits in Washington, not the marketplace:

- Life insurance companies are seeking to buy savings and loan institutions in order to qualify for a piece of the \$700 billion bailout fund.

- Realtors and homebuilders are asking for mortgage subsidies, tax credits and interest-rate “buydowns” to stimulate demand for their product.

- Recently “the health insurance industry said” — a pretty corporatist phrase right there — that it would support regulations requiring insurers to accept all customers, regardless of illness or disability, as long as Congress would require every American to buy insurance.

- After Congress turned down a bailout for the car companies, the firms are asking the Bush administration to fund them on its own authority.

Meanwhile, Obama advisers are saying that if the federal government invests billions of dollars in businesses, it should get some influence on company policies regarding foreclosures, lending, executive compensation, environmental effects and product lines.

So politicians would be making important corporate decisions, which means less attention to meeting consumer demands and more emphasis on satisfying outside interest groups.

Some bailout advocates want to go even further.

Jonathan Cohn of the New Republic suggests that the federal government use its new power over the auto companies to fire a General Motors vice chairman who has expressed skepticism about the catastrophic effects of global warming, and congressional Democrats wanted to forbid the firms from filing lawsuits against state environmental regulations.

That’s corporatism for you: Big, established corporations get taxpayers’ money as long as any dissenting scientific or political opinions are suppressed.

Socialism is dead even in Moscow and Beijing.

The real choice Americans face is whether we want a free market or a corporate state.

Corporatism and Socialism in America

by Anthony Gregory, Posted February 23, 2005

Principled advocacy of the free market requires an understanding of the differences between genuine free enterprise and “state capitalism.” Although the Left frequently exaggerates and overemphasizes the evils of corporate America, proponents of the free market often find themselves in the awkward position of defending the status quo of state capitalism, which is in fact a common adversary of the free marketer and the anti-corporate leftist, even if the latter misdiagnoses the problem and proposes the wrong solutions.

Indeed, corporatism, implemented by the state — whether through direct handouts, corporate bailouts, eminent domain, licensing laws, antitrust regulations, or environmental edicts — inflicts great harm on the modern American economy. Although leftists often misunderstand the fundamental problem plaguing the economy, they at least recognize its symptoms.

Conservatives and many libertarians, on the other hand, frequently dismiss many ills such as poverty as fabricated by the left-liberal imagination, when in fact it does a disservice to the cause of liberty and free markets to defend the current system and ignore very real and serious problems, which are often caused by government intervention in the economy. We should recognize that state corporatism is a form of socialism, and it is nearly inevitable in a mixed economy that the introduction of more socialism will cartelize industry and consolidate wealth in the hands of the few.

Leftists usually understand how wartime provides politically connected corporations with high profits and cushy contracts. What is more often neglected is that the history of the American domestic welfare and regulatory state also corresponds closely to the rise of corporatism. It is no coincidence.

Corporatism versus liberty in the 19th century

Throughout the 19th century, the two major political traditions in America offered authentically dif-

ferent views on the proper roles of government. The classical liberals, typified by Thomas Jefferson early on, had their political outlet in the Democratic Party, which, for the most part, stood on the side of limited, constitutional government and individual rights. Those who believed in a strong central government, typified early on by Alexander Hamilton, found their political home first in the Federalist Party, then in the Whig Party, and then in the Republican Party, the last of which openly embraced the doctrine of big government throughout the 19th century.

For about a hundred years the Jeffersonian tradition was mostly associated with the cause of the common man, whereas big government was often associated with monopoly privileges and big business. Hamilton and his philosophical progeny fought perennially for central banking, high tariffs, and subsidies to corporations to build “internal improvements.” Hamilton’s first major successor, Henry Clay, called this governmental corporate program the “American System.”

By the end of the 19th century, the so-called robber barons came to dominate much of the industry in oil and railroads. Misunderstood by nearly everyone, they were neither demons on earth nor flawless gods. They certainly were not a homogeneous group nor were they champions of pure laissez-faire capitalism. Most notably, the federal government empowered the railroad tycoons with eminent domain, forcibly taking privately owned land and giving it to the railroad companies. That was not the free market at work.

The Progressive Era

The Left has often hailed the Progressive Era as a time when, for the first time, Hamiltonian means — big government — were used to achieve Jeffersonian ends — the dignity and respect of the common man. In fact, the Progressive Era was a time in which both corporatism and socialism received major steroid injections.

Corporate interests pushed through the most significant Progressive-Era government reforms in order to guarantee profits, which they had been losing to smaller businesses that had emerged in the relatively free market of the early 20th century. Gabriel Kolko’s groundbreaking book best advances this thesis of how the government expanded to accommodate, rather than curb, the interests of big business. Though a New Leftist, Kolko shows how political capitalists in every industry — from meatpacking to coal, from railroads to insurance — embraced the expanding regulatory state for their own gain — to push competitors out of the market and give government legitimacy to their companies.

Kolko shows how, in spite of the conventional history that characterizes the Progressive Party’s nomination of Teddy Roosevelt in 1912 as a response to the backwards laissez-faire William Howard Taft administration, in reality the party was favored by large businesses with whom Teddy Roosevelt had strong ties and whom Taft had alienated by failing to accommodate and empower through the regulatory state.

Perhaps no government reform has been more misconstrued as anti-business populism than the Federal Reserve, which was sold to the American people in 1913 as an agency to regulate greedy and irresponsible bankers. As Kolko and many others have shown, the Federal Reserve established a banking oligopoly, guaranteed bailouts for the big bankers, created new barriers to entry for smaller bankers, and was in fact designed by people representing some of the most powerful banking interests in the world, including the National City Bank of New York; Kuhn, Loeb & Company; J.P Morgan Company; and the First National Bank of New York.

The New Deal

Both Franklin Roosevelt’s admirers and his detractors often think of his New Deal legacy as generally socialistic. Like the Progressive Era, the New Deal is widely misunderstood: it did indeed attack the free market, but often did so at the behest of corporate interests.

Such interests were largely behind the emergence of the National Recovery Administration, which exemplified FDR’s economic central planning. Far from being a purely egalitarian agency, the NRA was largely modeled after the policies of Mussolini, who had yet to be considered an enemy by most Americans, but rather was still seen as an inspiration by many. As John Flynn explained in his book,

[Mussolini] organized each trade or industrial group or professional group into a state-supervised trade association. He called it a corporative. These corporatives operated under state supervision and could plan production, quality, prices, distribution, labor standards, etc. The NRA provided that in America each industry should be organized into a federally supervised trade association. It was not called a corporative. It was called a Code Authority. But it was essentially the same thing. These code authorities could regulate production, quantities, qualities, prices, distribution methods, etc., under the supervision of the NRA. This was fascism. The anti-trust laws forbade such organizations. Roosevelt had denounced Hoover for not enforcing these laws sufficiently. Now he suspended them and compelled men to combine.

Though the NRA intended to guarantee profits through mergers and price controls — forbidding smaller business from competing by offering better prices — big business, big labor, and most other initial supporters turned against the NRA when it became universally recognized as a complete failure. In 1935 the Supreme Court found it unconstitutional. Aside from the NRA, other New Deal measures epitomized naked corporatism. The Agricultural Adjustment Administration cartelized the farming industry, and Roosevelt's farm subsidies and price supports have to this day helped to solidify a corporate stronghold in American agriculture.

Corporatism and socialism in today's America

In more recent years, corporate interests have often cheered on big government programs, often the same ones championed by those who consider themselves anti-corporate. In the late 1990s, the now-defunct Enron was one of the largest lobbying influences behind the international Kyoto Treaty, which would have forced the world to comply with a ghastly web of new regulations and would have meant large energy contracts for Enron, had the company not gone bankrupt. The antitrust breakup of Microsoft was a de facto giveaway to competitors such as Netscape. (One of the complaints about Microsoft was that it intended merging with AOL, a company with which Netscape has since joined forces.)

Bush's farm subsidies are direct welfare for the biggest agricultural corporations, and his protectionist trade policies are indirect welfare for politically favored businesses. His recent expansion of Medicare has been both the greatest augmentation of the American welfare state in decades and a giveaway to large pharmaceutical corporations. If universal health care ever comes to America, the corporations are likely to stay intact but will no longer have to satisfy customers, only the politicians.

To convince the anti-corporate skeptic of the benefits of the free market, it is crucial to defend the legitimate systems of profit and private property, but it is also vitally important to make clear that America doesn't have a free-market economy, and indeed many of the ills associated with free markets are actually the result of state capitalism — or socialist corporatism. That the expansion of government regulations, often done in the name of combating corporate excesses, is frequently supported most enthusiastically by corporate interests makes it all the easier to explain economic liberty to those who have become disenchanted with the current system and misattribute the problems to the free market.

Historical Corporatism

In the last half of the 19th century people of the working class in Europe were beginning to show interest in the ideas of socialism and syndicalism. Some members of the intelligentsia, particularly the Catholic intelligentsia, decided to formulate an alternative to socialism which would emphasize social justice without the radical solution of the abolition of private property. The result was called . The name had nothing to do with the notion of a business except that both words are derived from the Latin word for body, .

The basic idea of corporatism is that the society and economy of a country should be organized into major interest groups (sometimes called) and representatives of those interest groups settle any problems through negotiation and joint agreement. In contrast to a market economy which operates through competition a corporate economic works through collective bargaining. The American president

Lyndon Johnson had a favorite phrase that reflected the spirit of corporatism. He would gather the parties to some dispute and say, "Let us reason together."

Under corporatism the labor force and management in an industry belong to an industrial organization. The representatives of labor and management settle wage issues through collective negotiation. While this was the theory in practice the corporatist states were largely ruled according to the dictates of the supreme leader.

One early and important theorist of corporatism was Adam Müller, an advisor to Prince Metternich in what is now eastern Germany and Austria. Müller propounded his views as an antidote to the twin dangers of the egalitarianism of the French Revolution and the economics of Adam Smith. In Germany and elsewhere there was a distinct aversion among rulers to allow markets to function without direction or control by the state. The general culture heritage of Europe from the medieval era was opposed to individual self-interest and the free operation of markets. Markets and private property were acceptable only as long as social regulation took precedence over such sinfull motivations as greed.

Coupled with the anti-market sentiments of the medieval culture there was the notion that the rulers of the state had a vital role in promoting . Thus corporatism was formulated as a system that emphasized the postive role of the state in guaranteeing social justice and suppressing the moral and social chaos of the population pursuing their own individual self-interests. And above all else, as a political economic philosophy corporatism was flexible. It could tolerate private enterprise within limits and justify major projects of the state. Corporatism has sometimes been labeled as a or a , a synthesis of capitalism and socialism, but it is in fact a separate, distinctive political economic system.

Although rulers have probably operated according to the principles of corporatism from time immemorial it was only in the early twentieth century that regimes began to identify themselves as corporatist. The table below gives some of those explicitly corporatist regimes.

Corporatist Regimes of the Early Twentieth Century

System Name	Country	Period	Leader
National Corporatism	Italy	1922-1945	Benito Mussolini
Country, Religion, Monarchy	Spain	1923-1930	Miguel Primo de Rivera
National Socialism	Germany	1933-1945	Adolph Hitler
National Syndicalism	Spain	1936-1973	Francisco Franco
New State	Portugal	1932-1968	Antonio Salazar
New State	Brazil	1933-1945	Getulio Vargas
New Deal	United States	1933-1945	Franklin Roosevelt
Third Hellenic Civilization	Greece	1936-1941	Ioannis Metaxas
Justice Party	Argentina	1943-1955	Juan Peron

In the above table several of the regimes were brutal, totalitarian dictatorships, usually labeled , but not all the regimes that had a corporatist foundation were fascist. In particular, the Roosevelt New Deal despite its many faults could not be described as fascist. But definitely the New Deal was corporatist. The architect for the initial New Deal program was General Hugh Johnson. Johnson had been the administrator of the military mobilization program for the U.S. under Woodrow Wilson during World War I. It was felt that he did a good job of managing the economy during that period and that is why he was given major responsibility for formulating an economic program to deal with the severe problems of the Depression. But between the end of World War I and 1933 Hugh Johnson had become an admirer of Mussolini's National Corporatist system in Italy and he drew upon the Italian experience in formulating the New Deal. It should be noted that many elements of the early New Deal were later declared unconstitutional and abandoned, but some elements such as the National Labor Relations Act which promoted unionization of the American labor force are still in effect. One part of the New Deal was the development of the Tennessee River Valley under the public corporation called the Tennessee Valley Authority (TVA). Some of the New Dealer saw TVA as more than a public power enterprise. They hoped to make TVA a model for the creation of regional political units which would re-

place state governments. Their goal was not realized. The model for TVA was the river development schemes carried out in Spain in the 1920's under the government of Miguel Primo de Rivera. Jose Antonio Primo de Rivera, the son of Miguel Primo de Rivera, was the founder of Franco's National Syndicalism.

Corporatist regime typically promote large governmental projects such as TVA on the basis that they are too large to be funded by private enterprise. In Brazil the Vargas regime created many public enterprises such as in iron and steel production which it felt were needed but private enterprise declined to create. It also created an organized labor movement that came to control those public enterprises and turned them into overstaffed, inefficient drains on the public budget.

Although the above locates the origin of corporatism in 19th century France its roots can be traced much further back in time. Sylvia Ann Hewlett in her book, says,

Corporatism is based on a body of ideas that can be traced through Aristotle, Roman law, medieval social and legal structures, and into contemporary Catholic social philosophy. These ideas are based on the premise that man's nature can only be fulfilled within a political community.

.....

The central core of the corporatist vision is thus not the individual but the political community whose perfection allows the individual members to fulfill themselves and find happiness.

.....

The state in the corporatist tradition is thus clearly interventionist and powerful.

Corporatism is collectivist; it is a different version of collectivism than socialism but it is definitely collectivist. It places some importance on the fact that private property is not nationalized, but the control through regulation is just as real. It is nationalization without being nationalization.

Although is not a familiar concept to the general public, most of the economies of the world are corporatist in nature. The categories of socialist and pure market economy are virtually empty. There are only corporatist economies of various flavors.

These flavors of corporatism include the social democratic regimes of Europe and the Americas, but also the East Asian and Islamic fundamentalist regimes such as Taiwan, Singapore and Iran. The Islamic socialist states such as Syria, Libya and Algeria are more corporatist than socialist, as was Iraq under Saddam Hussain. The formerly communist regimes such as Russia and China are now clearly corporatist in economic philosophy although not in name.

War As a Corporation

At least 33 corporations have vested interests, through contracts gained, in supporting the U.S. Army's Human Terrain System (HTS) in particular, and in the development of "human terrain" capabilities across various branches of the Army apart from HTS (see for example: "**The Pentagon's "Other" Human Terrain System?**"). Most of the newspaper coverage of HTS has focused almost exclusively on the role of BAE Systems, and the claimed "nationalization" of HTS¹ (turning HTS employees into government workers, specifically labeled "intelligence analysts") has *not* meant either the decline or disappearance of private contracting. Recruitment, training, and the design and equipping of technology used by HTS, and other human terrain branches in the Army, are all in the hands of private contractors. Several HTS employees have been, or continue to be, also employees of these corporations. There is considerable overlap and movement of senior personnel between several of these corporations and HTS in particular. Some of these individuals know each other from past work conducted for some of these private contractors.

Any suggestion that HTS is *not* about supporting war, and *separate* from the military-industrial complex and corporate war-profiteering, is at the very least naïve or disingenuous. As soon as corporations become such a significant part of the picture, arguments about "saving lives," "peace keeping," and "cultural sensitivity" become, at the very best, secondary concerns. The main concern for any corporation is the accumulation of capital. The main concern for any war corporatist is the accumulation of capital derived from engagement in warfare – the main drive is to maintain the war that produces the contracts that generate revenue and growth. HTS is thus very much part of the neoliberal

economy of warfare, and academics are recruited – regardless of whatever they *believe* were the reasons for their recruitment – in order to support imperial warfare and thus to expand the profits of empire. Indeed, it would seem that several of the more outspoken HTS recruits from academia have been extremely naïve in their representations of the nature and purpose of their work – either naïve, or consciously duplicitous and cynical.

It should also be noted that several of these corporations (Lincoln) have been found to have roles in planting propaganda in foreign newspapers, which later fed back into U.S. domestic media coverage of foreign wars, and have performed roles in domestic spying (BAE Systems, Science Applications International Corporation [SAIC], MZM Inc.) and building domestic “counterterrorism” and “homeland security” capabilities (ManTech, and others). What is thus also being constructed, with the aid of HTS as pretext and justification, is the further development of repressive technologies aimed at the U.S. public. This is part of the blowback of empire against democracy at home.

HTS spokespersons have stressed that HTS does not do “intelligence” work, and nor do they support better targeted killing. With respect to the intelligence issue, usually we are faced with conflicting definitions of “intelligence” and some human terrain proponents do in fact speak of “ethnographic intelligence” and “cultural intelligence.”² The point is that some of these companies are in fact primarily interested in intelligence work, according to their own terms. Booz Allen Hamilton explicitly seeks people who have extensive experience in the U.S. “intelligence community,” to train HTS recruits. The Walsingham Group is simultaneously engaged in “Human Factors & Human Social Cultural Behavioral Programs” and “Intelligence, CI/HUMINT, SOF & Irregular Warfare Support”, mixing interests with a Special Ops background, and support for Homeland Security. HTS contractors certainly have a “dark side” that the promotional propaganda for the human terrain doctrine obscures. Some are explicit that their technology, such as Ascend’s Tactical Ground Reporting device, is intended to “increase combat effectiveness.” One of the contractors, CACI, was at the heart of the Abu Ghraib torture scandal. In Iraq, the Wexford Group, now owned by CACI, was directly involved in supporting the targeted killing of people suspected of laying IEDs, supporting what were called “small kill teams” (note also HTS’ origins in the Joint Improvised Explosive Device Defense Organization, JIEDDO). SCIA has also developed maps explicitly for the purpose of pinpointing the presence of “insurgents” or “bad guys” based on recorded behavior patterns.

Some of the companies also seem perfectly innocuous, lacking a profile or mission that is primarily military or intelligence-oriented. Some also lack more than very superficial websites that do little beyond providing a generic commercial image, a name, and maybe contact information – with nothing indicated about clients or contracts, or even who are the main officers of the company. Not all of the companies are American – at least one, MTC Technologies, is a Canadian company. Another of the companies is owned by American Indians.

Especially interesting are the several cases of clear overlaps between the companies’ personnel and consultants. For example, one will find overlaps between Georgia Tech, Aptima, and Mitre, in the figure of Eduardo Salas. Kari Kelton of Aptima also served HTS.³ HTS’ Steve Rotkoff is also tied to McNeil Technologies. Strong links tie Glevum Associates, the Lincoln Group, and HTS, to the extent that their senior personnel seem to be triplicated across all three: HTS’ Milan Sturgis, at the heart of a sexual harassment scandal,⁴ works as a consultant for Glevum; Alicia Boyd and Laurie Adler, both formerly with Lincoln, moved into HTS, and now Adler has moved into Glevum. Daniel Wolfe, IT Director for HTS is closely tied to both Glevum and USI. Charlie King worked for both HTS and Wexford – CACI.⁵ We also learn that STI, a contractor for HTS, was owned by Blackwater, the mercenary corporation now called Xe. In addition, HTS’ Audrey Roberts, who we know from her glowing sales articles about HTS in the *Journal of International Peace Operations*, has also served as a Research Associate for the International Peace Operations Association (IPOA) and Assistant Editor of its journal (JIPO) — the point being that IPOA is an association of private military corporations, including the likes of Blackwater.

And remember: THE UNITED STATES OF AMERICA (all capital letters) having its seat of power in the ten-mile square area known as Washington, D. C., is, itself, a (bankrupt) corpora-

tion which is sanctioned by the royal family of Great Britain, and run by a criminal element who call themselves, “politicians,” who write and pass laws making it “legal” to plunder the public treasury for one purpose only: to enrich themselves and their corporate henchmen at the expense of Americans.

**The Oil Monarchs: George W. Bush and his Royal Kin Oversee and Protect BP
A Report From 2003 Should Set The Record Straight
By Christopher Bollyn - American Free Press**

While President George W. Bush is portrayed in the mass media as the chief architect of the plan to conquer Iraq, his family’s intimate connection with those oil-rich European royals who also support him is seldom discussed.

On a daily basis the mainstream media presents expert opinions as to who is behind the military campaign against Iraq and why. Lately there has been a flurry of editorials seeking to debunk the notion that the major British and American oil companies are behind the planned conquest of Iraq and its rich oil fields. What is never discussed, however, is the kinship between President George W. Bush and the European royals who support the U.S.-led campaign against Iraq.

There are basically two schools of thought among those who do not accept the official reasoning for war against Iraq. The first is that the conquest of Iraq’s oil resources is an agenda being pushed by the major oil companies and their agents in the British and U.S. governments. The second is that Israel and its supporters, seeking to further the Zionist agenda, are the true architects behind the war of aggression being planned against the most populous Arab state.

While these two theories are usually presented as being mutually exclusive, the secret networks that exist between the government leaders in the United States and Britain, “Big Oil” and Israel indicate they are connected and appear to be part of a master plan.

The huge anti-war protests of Feb. 15 clearly demonstrated that a significant majority, estimated to be 80 percent, of the people in Europe are strongly opposed to war in Iraq. The largest protests were seen in those nations that have allied themselves with the U.S. war policy on Iraq: namely Britain, Spain, and Italy.

With so many Europeans opposed to war, the question being asked is: “Who is supporting the Bush policy, and why?”

“Blair Petroleum”

Tony Blair, the British prime minister, is Bush’s staunchest and most visible ally in the campaign against Iraq. Blair has long taken an aggressive position on Iraq and says it was the first thing he discussed with the new president after Bush was declared winner of the flawed election of 2000.

While Blair’s intimate relationship with the Anglo-American oil giant British Petroleum (BP) should be a matter of discussion in the context of his war policy against Iraq, it is seldom mentioned in the main steam British press.

Blair’s “New Labor” policies are now more closely connected to both Big Oil, particularly BP, and Israel, than they are with the British working class. The close links between BP, which was originally known as the Anglo-Persian Oil Co. having been founded to exploit Iranian oil reserves, and Blair’s politics have led to the company being dubbed “Blair Petroleum.”

During his first term, Blair appointed then chairman of BP, Lord Simon, to be trade minister in May 1997. A controversy surfaced when it emerged that Simon still owned a considerable shareholding in the company.

BP’s current chief executive Lord John Browne, whose mother was an “Auschwitz survivor,” is also said to be “close to the prime minister.” Blair added a peerage to Browne’s knighthood after he helped end fuel protests in Britain.

Anji Hunter, Blair’s former secretary and close friend, was said to “be among New Labor friends” when she left government to take the position as director of communications at BP in November 2001. Hunter went to school with Blair and has worked with him continuously since 1986.

“There is a bit of a revolving door,” says Norman Baker, a Liberal Democrat member of parliament who has looked into the ties between BP and the Blair government. The connections are probably more extensive than with any other UK company, Baker said.

One of Blair’s closest allies is Lord Michael Levy. Levy serves as one of the most important fundraisers for the Labor Party and Blair’s unofficial envoy to the Middle East, according to Red Star Research of London, which investigates the ties of Blair’s New Labor to Big Oil - and Israel.

Levy reportedly met Blair at a dinner party in 1994 held by Gideon Meir, a senior Israeli diplomat, and became his tennis partner. Levy was put in charge of donations to the ‘private trust,’ which funded Blair’s office before the 1997 election (which reached more than \$10 million), and is now the chief fundraiser for the ‘high value’ donors account at the Labor Party. He is reported to have raised \$18 million for the ‘high value’ fund before the 1997 election, and became known as ‘Mr. Cashpoint’, according to Red Star Research.

King George

While President Bush’s war policy is strongly opposed by the leaders of Europe’s largest republics, Germany, France, and Russia, he is supported by those nations where royal families are still in power, or close to it: Britain, Spain, The Netherlands, and Bulgaria. What the U.S. mainstream media fails to mention is that he is actually related to the royal families of those European states where his policy on Iraq is supported.

As the media reported during the election of 2000, Bush is closely related to every European monarch on and off the throne and has kinship with every member of Britain’s royal family, the House of Windsor.

British Petroleum (BP) is an asset of the royal family.

Saxe-Coburg Gotha is the true name of Britain’s royal family, but the name was changed to conceal their German ancestry during the First World War.

Bush has more ties to European royalty than any other president to date, having “blue blood” from both his paternal and maternal lines. His mother, Barbara Pierce Bush, is related to European royalty through the Pierce family, which also produced the fourteenth U.S. president, Franklin Pierce (1853-1857).

Harold Brooks-Baker of London’s Burke Peerage says Bush’s royal connections are startling. “Bush is closely related to every European monarch both on and off the throne,” Baker told American Free Press.

“They are cousins.” Baker said when asked about the relationship between Bush and the Bulgarian prime minister, Simeon Saxe-Coburg Gotha, who visited the White House on Feb. 25. Gotha is the former King of Bulgaria who was returned to power after decades spent in exile.

About the apparent close relationship between Bush and the Spanish king, Juan Carlos, Baker said: “They know they are related.” Asked why the media fails to report these family ties, Brooks-Baker said, “The American public does not know who these kings are. Not one person in a thousand has any idea who these people are.”

“Mr. Gore and Mr. Bush have an unusually large number of royal and noble descents,” Baker said during the election campaign of 2000. “In point of fact, never in the history of the United States have two presidential candidates been as well endowed with royal alliances.”

There has always been a significant “royalty factor” in those who aspired to the White House, with Presidents George Washington, Thomas Jefferson, Franklin and Theodore Roosevelt and Ronald Reagan, among some 30 other presidents, all boasting blue blood links.

Asked if the support of the European royals for Bush’s war policy could be attributed to the fact that these families are heavily invested in the leading oil companies, Brooks-Baker said, “That’s an interesting question. Indeed, Royal Dutch Shell petroleum made Queen Beatrix of Holland one of the richest women in the world. She owns more land in New York and the United States than any other foreigner.”

Queen Beatrix, the matriarch of the secretive Bilderberg group, is like Queen Elisabeth of Britain

and is not allowed to play a public role in political matters. Behind the scenes, however, these monarchs continue to exercise political influence.

Asked if he thought that kinship with the European royals was the reason for their support of Bush's war policy, Brooks-Baker said: "I don't think there is any question about it. These people are obsessed with supporting relations. It has a great deal to do with it. They all work together as one family."

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Last updated 07/03/2003

Touchy subject of royal links with Nazi Germany

London Evening Standard | January 13, 2005

Linked by blood but twice divided by war, the royal family's relationship with Germany, its people and its troubled history has long been a sensitive one. The photograph of Prince Harry wearing a swastika has echoes of one particularly disturbing incident involving the family, one which seared itself into the British collective memory - that of the Duke and Duchess of Windsor meeting Adolf Hitler in 1937.

The ex-King Edward VIII and his wife were known sympathisers of the Nazis and their policies, a feeling shared by a large number of British aristocrats who admired the way Hitler was dealing with the Communists.

The Nazis regarded the duke, who had abdicated over his affair with divorced American Wallis Simpson, as a potential ally and a possible head of state for a subjugated Britain.

But his flirting with Hitler's regime threatened to undermine years of work by the royal family to distance themselves from their German roots.

The modern royal family was founded in 1840 when Queen Victoria married Albert of Saxe-Coburg, a Germany duchy, creating The House of Saxe-Coburg-Gotha. Such was the ill-feeling towards all things German during the First World War that in 1917 Victoria's grandson King George V - an honorary Field Marshal in the German army - thought it prudent to renounce the German name and titles and adopt that of Windsor.

It was a masterful PR exercise, replacing the Teutonic surname with that of a quintessentially home counties town.

His son Edward VIII once declared: "There is not one drop of blood in my veins that is not German." Both he and George VI were bilingual in German and English.

Throughout the Twenties and Thirties, the royals were steadfastly opposed to conflict with their ancestral fatherland. Indeed George V's wife Queen Mary always maintained that Britain had "backed the wrong horse" in 1914.

His son's meeting with Hitler threatened irrevocably to undermine the royal family's support among their subjects.

It took the Queen Mother's steadfastness in the face of German bombs and her visit to the East End during the Blitz to restore public faith in the family.

The Windsors' links with Germany remained a touchy subject however. There was embarrassment in the Eighties when Princess Michael of Kent's father, Baron Gunther von Reibnitz, was exposed as a former Nazi party member and SS officer.

Less well known is the fact that one of Prince Philip's sisters, Sophie, was married to Christopher of Hesse-Cassel, an SS colonel who named his eldest son Karl Adolf in Hitler's honour. Indeed, all four of Philip's sisters married high-ranking Germans.

The prospect of the former Nazis and Nazi sympathisers attending his wedding to the Queen meant he was allowed to invite only two guests.

The idea that President Barack Obama is a socialist is popular among many conservatives; all of us have seen automobiles sporting the bumper sticker reading, *Don't Blame Me; I Didn't Vote For the Socialist* — obviously referring to Obama. Not so fast, says, of all people, Ron Paul (R-Texas).

Addressing the Southern Republican Leadership Conference during its third day, Dr. Paul told the audience, “The question has been raised about whether or not our president is a socialist... I am sure there are some people here who believe it. But in the technical sense, in the economic definition of a what a socialist is, no, he’s not a socialist.”

Dr. Paul continued, “He’s a corporatist. And unfortunately we have corporatists inside the Republican party and that means you take care of corporations and corporations take over and run the country.”

What he means, and whether or not he is right, depends on what we mean by socialism and what by corporatism. In its classical usages (*classical* here meaning within classical Marxist usage and its derivatives) *socialism* means: an economic system that is abolishing or has abolished the private ownership of the means of production in favor of public (i.e., state) ownership, with all wealth shared.

In this classical sense, Obama is clearly not a socialist. Nothing he has done, not even in the recent healthcare bill, seems aimed at abolishing private ownership of the means of production.

Much of what he has done since taking office, however, has vastly increased *government control* over the means of production — e.g., when he personally demands that a CEO step down (think General Motors). Is this what we mean by *corporatism*? Ron Paul described the healthcare bill as containing many corporatist provisions: “We see [corporatism] in the financial institutions, we see it in the military-industrial complex. And now we see it in the medical-industrial complex.”

Corporatism is often seen as monopolistic capitalism in which business and governmental elites partner with each other. This isn’t too far from the mark. Business elites possess what we might call the power of the purse — they have the money. Governmental elites possess what we might call the power of the sword — they write the rules. We might debate which one, if either, is truly dominant since both scratch each other’s backs and benefit handsomely from having thwarted both genuine marketplace competition and a truly open political and electoral process.

Corporatism hardly began with the current administration, of course, or its predecessor. In an article published in 2002, which deserves far more attention than it has ever received, commentator Robert Locke outlined the basic ideas behind corporatism and traced some of its history and influence.

According to Locke, corporatism “has the outward form of capitalism in that it preserves private ownership and private management, but with a crucial difference: as under socialism, *government guarantees the flow of material goods*, which under true capitalism it does not.” (Emphasis in original.) Corporatism does not really trust the marketplace to provide. It manipulates the marketplace “to deliver goods to political constituencies [which now include] basically everyone from economic elites to ordinary consumers.”

What has made corporatism so tempting is thus not hard to see. Locke explains further:

Big business, whatever its casuists at the *Wall Street Journal* editorial page may pretend, likes big government, except when big government gets greedy and tries to renegotiate the division of spoils. Although big business was an historic adversary of the introduction of the corporatist state, it eventually found common ground with it. The first thing big business has in common with big government is managerialism. The technocratic manager, who deals in impersonal mass aggregates, organizes through bureaucracy, and rules through expertise without assuming personal responsibility, is common to both. The second thing big business likes about big government is that it has a competitive advantage over small business in doing business with it and negotiating favors. Big government, in turn, likes big business because it is manageable; it does what it is told. It is much easier to impose affirmative action or racial sensitivity training on AT&T than on 50,000 corner stores. This is why big business has become a key enforcer of political correctness.

Locke traces the history of corporatism to the idea that the marketplace is not really self-regulating,

since the “big boys” will not “play fair”; hence economic activity requires outside management, be it through regulation, subsidy, or control over the monetary system. The first major corporatist enterprise of the 20th century was none other than the Federal Reserve, a private corporation that is embedded within the federal government — as its own literature states, “independent within the government.”

Then, in the 1930s, the (Fed-caused) Great Depression further eroded confidence in the marketplace to deliver material goods without government intervention. That period gave us Social Security and Medicare: the beginnings of the intergeneration redistribution of wealth we have been stuck with ever since. As political constituencies both large and small have grown, the corporatist edifice has grown along with them, often with the full support of the mainstream voting public both liberal and conservative.

The Left likes corporatism for three reasons, says Locke: (1) it satisfies government’s (i.e., politicians’) lust for power; (2) its machinery makes redistribution of wealth to favored constituencies possible; and (3) it enables politicians to accomplish this while remaining personally affluent.

The Right likes corporatism for three different reasons, says Locke: (1) big business can achieve enormous profits, capitalist-style, while unloading some of the cost and risk onto government; (2) the merger of business and government enables those at the helm of big business to influence government in ways favorable to themselves (e.g., thwarting true competition, which big business has seen as a nuisance since John D. Rockefeller, Sr. was heard to pronounce competition a “sin”); and (3) this merger seems able to minimize or dissipate whatever social unrest its policies create in the masses.

Locke provides several examples of corporatist endeavors besides the Federal Reserve. Some are even more obvious in today’s post-bailout climate: Fannie Mae, Freddie Mac, the insurance industry generally (especially evident given Obama/Pelosi-care!), real estate, federal financing of scientific research, agricultural price-supports, and many others; we would probably want to add to our list so-called “free trade” agreements (e.g., NAFTA, CAFTA, etc.).

The point to all this is that if we going to criticize the Obama administration’s economic policies, we need to be sure we have its economics right — and if we are paying attention, we see far more *continuity* with past administrations than we do *change*. There have been no fundamental changes, despite candidate-Obama’s mantra about “change you can believe in.” (For this reason, many on the Left have grown as uneasy with this administration as any Tea Partier, even if for different reasons.)

Isn’t corporatism just a form of fascism? Yes and no. The most famous quote attributed to Italy’s Mussolini (the quote appears to be apocryphal) is that “fascism should more properly be called corporatism because it is the merger of state and corporate power.” Under fascism, unlike socialism, government did not assume ownership over corporations but controlled them, allowing nominal ownership. I would submit that if there is a difference, it is that in the English-speaking world more of a partnership between the two has emerged, and over a longer period of time — perhaps born of the quiet realization that many in the upper echelons of the corporate domain are as interested in power as any statist authoritarian has ever been, and that the two can achieve far more working together than they can separately. Working separately will, in fact, ensure that the two will butt heads more often than not.

Corporatism may be thought of as “soft fascism,” which is oligarchic but not totalitarian. Part of its genius has been to win acceptance from the voting public through (1) having created a mass and organizing it into groups, or political constituencies; (2) delivering goods to those constituencies; (3) all the while creating a sense of security for them if they play ball; and (4) (although the idea calls for a separate article) corporatism has sponsored “public schools,” further encouraging its acceptance through consistent ratcheting down of education not just about our founding principles but absent clear thinking about economics and even personal finance, while ratcheting up the current mixture of pop culture and job skills training (e.g., school-to-work, no-child-left-behind, etc.). The vast majority of teenagers educated this way will not question the system; the few who do can be safely marginalized.

Ron Paul has been the one Republican operating clearly outside the corporatist mindset. This might

help explain why he and his supporters have been marginalized within the Republican Party, the mainstream of which serves corporatist interests. There are probably Democrats who are not corporatists. Dennis Kucinich might be an example.

All of which brings us to the question: If corporatism really is the best name for the economic system currently throttling America, can it be fought — and perhaps undermined? Of course, we have to identify it first. Most people have never heard the term. Then we might argue that corporatism is, in the long run, unsustainable: Social Security and Medicare, those two 1930s corporatist standbys, are both technically broke and on the federal equivalent of life support. As Baby Boomers retire, the situation will grow progressively worse! It was not without reason that Keynes said, “In the long run, we are all dead.” Corporatism incorporates Keynesian economics and encourages massive spending by both government and consumers as the key to rising prosperity without looking far into the future. When people will not spend, generally because they cannot spend, there is an incentive to get money into their pockets; otherwise the economy falls into crisis. Spending money one does not have creates debt. The temptation is to monetize government debt. The result is the slow erosion of our dollars’ purchasing power. The dollar in fact has lost 10 percent of its value in just the past year. Massive and still-growing indebtedness has the potential to be our downfall and the downfall of corporatism.

These considerations are all imminently rational, but the corporatist edifice we now live under has been built up under such a long period of time — several generations, in fact — that dismantling it all at once would precipitate chaos. Moreover, the public is now accustomed to it. They fear the loss of their safety nets, and might argue reasonably that they spent their lives paying into Social Security and are now entitled to benefit from it. Healthcare costs are indeed astronomical; moreover, without Medicare (or some type of government aid), they would be priced beyond the reach of many elderly people. These are the main reasons Social Security and Medicare are politically untouchable, and that any politician proposing to abolish them would be rejected immediately by the majority of voters except for libertarians.

This issue is much larger than Obama. One way or another, he’ll be gone in a few years. The problems will remain, and would have worsened even if McCain had been elected in 2008. How do we “turn back the clock”? Can we?

Robert Locke offers these troubling thoughts:

With these two different kinds of trust [in the self-regulating nature of the marketplace, and its ability to deliver material goods] gone, corporatism becomes not only worthwhile, but necessary. Crucially, it becomes *psychologically* necessary, independently of whether government can deliver on its promises, because people instinctively turn to government as their protector.

Anyone who is serious about getting rid of corporatism must explain how they are going to restore these two kinds of trust or persuade people to live without them. In particular, it is almost certainly useless, as verified by the fact that government has grown under every postwar Republican administration, to try to nibble away at big government without renegotiating the social contract that underlies it. If we don’t have a plan to renegotiate this social contract, we must face the fact that the electorate will demand that it be respected.

Michael A. Rizzotti

Of all the enemies to public liberty war is, perhaps, the most to be dreaded because it comprises and develops the germ of every other. War is the parent of armies; from these proceed debts and taxes. And armies, and debts, and taxes are the known instruments for bringing the many under the domination of the few.

James Madison

Many articles have been written about the growing similarities between the rise of Italian fascism corporatismo and the current US ideological swing to the right. We propose some additional observations about the prevailing corporatist ideology and its hold on Washington DC. Noting some continental differences between the political exaltation of Italian politics and the white Anglo corporatist claim

to a global Imperium.

The word fascism comes from the Italian *fascio* meaning bundle. Mussolini was attracted to this ancient Roman symbol of the fasces representing strength and authority. It was meant to symbolize the different regions of Italy bound together to create a stronger country. The slogan “united we stand” fills similar political aspirations.

In order to understand fascism one has to keep in mind that Italy has been a country only since 1861, following what is known as *il Risorgimento*. Prior to the unification, Italy had been ruled by a dominant Church in Rome, by kingdoms and powerful city states and finally by foreign powers. Today Italy is made up of 20 regions, some of which are divided into two or more provinces. Each of these regions have their own dialect and distinct foods. They have little in common except Italian as an official language. Which was imposed to the whole country by banning the teaching of dialects in schools which were under Church control. These dialects could very well be considered languages as they are incomprehensible to the inhabitants of other regions. Friuly, where I come from, is proud of its language and is part of a region with strong separatist inclinations. Friulani for instance, don't understand a word of Sicilian and vice versa. You could say that Italy was, and still is, a cauldron of multiculturalism. This agglomeration of regional rivalries prompted Mussolini to remark: “It is not difficult to rule Italy, it is useless.”

Mussolini was born in 1883 in Predappio in the northern region of Emilia-Romagna, famous for its Ferraris, Maseratis, parmegiano and prosciutto. He was a turbulent student but got good grades. His father was a socialist and early on in his life his son was too. In 1902 Mussolini emigrated to Switzerland in order to escape his military service. Not an uncommon trait among our more bellicose leaders. Benito later came back to Italy and dabbled in journalism and eventually founded a newspaper, *Il Popolo d'Italia* The Italian People. In 1917 he was called up for military service and was wounded in a grenade accident during a training exercise. The incident allowed him return to editing his newspaper and avoid the service.

Mussolini made his early mark in the world of politics mostly by fighting anarchists and communists. He eventually became prime minister with the help of King Victor Emmanuel III. The King was fearful that if he did not choose the fascist leader, Italy which was prone to regional discord, would end up in a civil war. Mussolini was quickly able to consolidate his power by exploiting fears of division in an environment of postwar depression and a general feeling of anxiety among the middle-class.

Prior to Italy's move to corporatism, the country had been a liberal democracy. Mussolini's claim to be a compassionate leader helped him get the backing of the Liberals in parliament. With their support Mussolini introduced strict censorship laws and changed the rules of elections in 1925 and 1926. His victory helped him assume dictatorial powers and proceeded to discredit all his political adversaries. With the support of his corporatist allies he skillfully used his control over the press to create the myth of *Il Duce* The Leader. A godlike image of a man who didn't need any sleep and who was always right. A hero who never made or admitted to a mistake and could solve any problems for his country. *Il Duce* demanded total loyalty from his subjects and any resistance was dealt with his fascist militia called the Brownshirts. He eventually succeeded in securing complete power. However, under his regime his government became too centralized, incompetent and corrupt.

In 1929 Mussolini signed a concordat with the Vatican that recognized the sovereignty of Vatican City. In return the Church also recognized Italy as a State. The name Benito, meaning “blessed”, is an appropriate depiction of a mutual anointment by the Church and State. *Il Duce* then promoted the idea of a New Roman Empire that made him increasingly popular. However, dreams of a grand empire did not extend farther than the bombing of Corfu, the invasion of Albania and later Ethiopia.

In June 1940 Mussolini declared war on Britain and France. He attacked Greece in October and as a result lost a great portion of Albania. Undeterred, he declared war on the Soviet Union in June 1941. Shortly after in December, he declared war on the United States. An act that would eventually seal his downfall. Meanwhile, the US was fostering a deal with the mafia allowing the 1943 invasion of Sicily by an Anglo-American coalition to be met without resistance. *Il Duce* might have forgotten that in 1866

Palermo revolted against Italy. And to this day they do not consider themselves Italian but Sicilian.

Common Signs

Among the noteworthy similarity between pre-war Italy and the US today is the subsidizing of big business by the government. Most of it at the expense of small business and the poor. As a point of reference, Mussolini consistently demanded wage reductions from labor. The one-time socialist also abolished the inheritance tax, a measure that resulted in further subsidizing of the wealthy by the poor. Eventually wages and living standards for the average Italian dropped sharply.

Mussolini allowed huge amount of money to be spent on public works and toward the heavy industry and a growing “military industrial complex”. However, Mussolini who at the onset privatized a great number of state owned assets, later began reverting these policies and demanded strict centralized control over the country’s industries.

Likewise, laws enacted by Congress in the past two decades have been substantially more valuable to big business. The gradual erosion of antitrust legislation resulted in corporate mergers and consolidation. Ironically it took a Democratic President Bill Clinton to repeal federal antitrust laws that had been in place since the Great Depression.

A similar cartelization process that made fascism possible in Italy was sealed in the US in 1988. Executive Order 12631–Working Group on Financial Markets (WGFM) also known as the Plunge Protection Team (PPT) decreed by President Reagan set a blueprint for the merger between the Security and Exchange Commission and the Commodity Futures Trading Commission or their “designees” with the FED and the Secretary of the Treasury or their “designees”. The decree allied corporate and political elites into a single controlling body with covert powers over key financial and futures markets. Irrevocably altering the healthy separation between Wall Street and Washington and making the coronation of US corporate kingdoms inevitable.

Since the Executive Order, the US has seen a transfer of savings from the majority of the population into the stock market, to excessive consumption and an unhealthy accumulation of debt. Leaving people chasing bubble after bubble in an illusive quest of wealth. This erosion of savings was compounded by relentless tax cuts in favor of the rich. With the nefarious effect that the bulk of the country’s economy was diverted in the hands of a small group of majority shareholders, fund managers and CEO’s.

John Perkins, the author of “Confessions of an Economic Hit Man”, reveals some startling statistics:

Of the 100 largest economies in the world, 51 are corporations; of those, 47 are U.S.-based

The overall share of federal taxes paid by U.S. corporations is now less than 10 percent, down from 21 percent in 2001 and over 50 percent during World War II; one-third of America’s largest and most profitable corporations paid zero taxes or actually received credits in at least one of the last three years (according to Forbes magazine).

Back in 1980 the average American chief executive earned 40 times as much as the average manufacturing employee. For the top tier of American CEOs, the ratio is now 475:1 and would be vastly greater if assets, in addition to income, were taken into account. By way of comparison, the ratio in Britain is 24:1, in France 15:1, in Sweden 13:1.

Pre-Civil War slaves received room and board; wages paid by the sweatshops that today serve many U.S. industries will not cover the most basic needs.

In the beginning of the US Republic, only men who owned property could vote. Today the rulers of the “ownership society” determine the outcome of an election. The process of cartelization and concentration of power is such that both parties are subservient to a corporatist agenda. And even if the majority of Congressmen and women are honest people, and we believe they are, only a minority of controlled swing votes can determine the outcome of important legislation favorable to special interests or big business.

Bundled Inc.

In the US, the corporation is considered a legal person. And all corporations have a similar legal structure and abide by the same accounting rules and practices. Corporations may sell or produce different things but in respect to their legal structure, they are one similar legal entity person. The

agglomeration of different mega-corporations is depicted here as a bundle and represents one incorporated body. Subverting and denigrating by its unabated and malignant growth the essence of the human person.

As noted, this legal person is not a human person. Although they have the same rights as a regular person their responsibilities toward society or nature can be bypassed through lobbying. Civil duties could be deferred indefinitely by putting their enormous financial resources into endless litigation or by declaring bankruptcy and morphing into another corporate entity.

It should be stressed that the corporation plays an essential part in our human economic development and is beneficial to society as a whole. However, we make a distinction here between the good corporation and a malignant corporatism. When the corporation becomes bloated through mergers and acquisitions and eliminates competition and diversity with the help of derivatives, then it becomes counter evolutionary. When these bundle-corporations align themselves together with the government and the war industry, they can become a malignant threat to civilization.

Since the Reagan years the process of cartelization of big business has been steady and relentless. The US citizen is losing more and more of his rights and is now relegated to a gentile consumer. The President has become but a disposable mask of the incorporated body. His role relegated to the perception management of desinformocracy and the false advertising of democracy.

One must remember that US corporatism is also subsidized by a powerful US arms industry used to expand its corporatist agenda. Yet the bulk of the military expenditure are paid for by taxes levied on the ordinary citizen. And so are the casualties of war. History reveals that the economic survival of an empire rests on the ability to tax other nations not its own people.

Furthermore, the great leaps of technology made over the centuries are now being used to enforce a regressive corporate tribalism. One of the most overlooked consequences of the process of cartelization is the induction of a corporate feudalism. These new corporate kingdoms represent a devolution of human governance. They reinstate tribalism at the expense of universal principles of human rights developed during a long and arduous road to implement democracy.

Consequently, corporatism is defined as a political agenda to organize society in the image of the “corporation” in order to override the sovereignty of the citizen: all for the benefit of the majority shareholder. Minimizing the autonomy of nations and creating in the process a corporate feudalism.

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We owe the term corporatism to an Italian philosopher named Giovanni Gentile who defined it as the “the merger of state and corporate power”. In retrospect the fascist era can be summarized as an alliance of corporate interests represented by the Church in Rome, the aristocracy who had shifted its wealth from feudal to corporate share holding, a rising and powerful group of industrial entrepreneurs (heavy machinery and armaments) and the anointing of a charismatic leader, in this case a socialist, chosen to unify and consolidate the geographical boundaries of the state in order to control and delineate an economic market for the benefit of the corporatist body. Once in power Mussolini rebelled against the ruling powers that anointed him. This led to the unraveling of the fascist power scheme and the liberation, or the invasion depending on who you ask, by the US.

My father who was briefly in the Italian forces during the war still has fond memories of *Il Duce*, because he explains: “He instilled discipline in Italians”. He omits to add that he also instigated Italy’s collapse. Mussolini however, did leave one lasting legacy: Italian trains to this day run on time.

An Italian proverb was created after Mussolini’s death and it goes like this: “Those who are always right and never admit to being wrong will end up hanging upside down in piazza Loreto”

By Steven Malanga

In 1970, General Motors was the largest and most profitable company in America. Today, of course, GM is neither. Instead, in 2009 America’s largest company is Wal-Mart, which was still only a regional, privately-held retailer in 1970. Wal-Mart’s rapid rise is not unique, however. Among the 100 largest firms today, a number—including FedEx, Microsoft, Cisco, and Home Depot—didn’t even exist in

1970. So profoundly has the landscape changed that 80 percent of the Fortune 100 companies today are different from 1970.

All of this is the result of an entrepreneurial revolution spurred by everything from intensifying international competition starting in the late 1950s, to the lowering of confiscatory tax rates starting in the 1960s, to a series of technological revolutions that gathered momentum in the 1970s, to the taming of inflation in the early 1980s. During that time the corporate team player, the quintessential organizational man, slowly gave way to the dazzling but disruptive entrepreneur whose innovations rapidly reshaped the economy—and the ranks of corporate America—several times over.

But we are entering quite a different age right now, one in which the President of the United States and his hand-selected industrial overseers fire the chief executive of General Motors and chart the company's next moves in order to preserve it. Conservative critics of the president have said that the government's GM strategy is one of many examples of an America drifting toward socialism. But President Obama is not a socialist. If his agenda harks back to anything, it is to corporatism, the notion that elite groups of individuals molded together into committees or public-private boards can guide society and coordinate the economy from the top down and manage change by evolution, not revolution. It is a turn-of-the 20th century philosophy, updated for the dawn of the 21st century, which positions itself as an antidote to the kind of messy capitalism that has transformed the Fortune 500 and every corner of our economy in the last half century. To do so corporatism seeks to substitute the wisdom of the few for the hundreds of millions of individual actions and transactions of the many that set the direction of the economy from the bottom up.

Corporatism periodically re-emerges precisely because it is an appealing political formulation, seeking as it does to present a middle-of-the-road alternative to socialism on the one hand, and capitalism on the other. It was the search for just such a third way that prompted Pope Leo XIII to outline the notion of corporatism in his 1891 encyclical, *Rerum Novarum* (Of New Things). Leo confronted a world in transition, like ours, in which technological advances had created an industrial revolution that was reshaping society, setting off mass migrations and creating wealth and pockets of new urban poverty at the same time. The Catholic Church worried about the rise of socialism—an ideology that rejected religion and preached seizing private property (a particularly distasteful notion to Europe's biggest property owner) in response to the industrial revolution. But the Church was also distrustful of capitalism, with its overtones of survival of the fittest. That the most successful capitalist countries of the time were overwhelmingly Protestant didn't reassure Leo XIII either. His corporatism was not rule by capitalists, but rather enlightened guidance from medieval-style guilds and associations or other such collaborative bodies.

Variations on Leo's ideas soon became a common part of the political discourse. We see hints of corporatism in America's Progressive Reform movement of early 20th century America, with its notion that the country could be governed by an enlightened, technocratic, nonpartisan elite, which culminated in the presidential election of Woodrow Wilson—a political scientist who specialized in the study of public administration.

But a version of corporatism also emerged in the 1920s in Fascist Italy, where Mussolini conceived of syndicates in numerous industries composed of labor leaders and businessmen helping direct the Italian economy in the service of Fascism. Hitler's solution was more thorough, to eliminate those organizations and associations within Germany that opposed him and to smother individualism by instituting a corporatist regime of forcible coordination among trade unions and business groups.

As chilling as these authoritarian versions of corporatism sound today, in the 1930s they found admirers in the U.S., where the ravages of the Great Depression provoked public longing for a safer, more thoroughly planned economy without as much resistance and debate from recalcitrant business leaders or opposition party members who opposed the New Deal. Even today one occasionally hears a longing for a benign version of this elaborately planned economic world in phrases like "getting the trains running on time," or in a recent column in the *New York Times* which suggested that Hitler's wartime buildup amounted to a successful government stimulus in Depression-era Germany.

Today, some American conservatives will argue that we never put aside the corporatism of the U.S. during the New Deal. They can point to any number of initiatives, from Lyndon Johnson's Great Society to Richard Nixon's wage and price controls, as evidence of continued drift. Progressives, by contrast, will argue that America has been governed over that same time by a corporatist regime of big business conspiring with government against the middle and lower classes so that only the rich benefit.

The facts belie both versions. If corporations have been running our economy for their own purposes, or in tandem with big government, they haven't been doing an awfully good job of protecting their interests, considering how quickly U.S. firms rise and fall and how the Fortune 500 turns over. And if only the rich are getting richer someone needs to tell Bill Gates, a kid from a middle class background with no college degree, or Warren Buffett, who grew up working in his grandfather's grocery store, that they need to return the billions they've somehow acquired to the Rockefellers, the Astors, the Vanderbilts and other once-rich families whose fortunes have long been in decline.

Still, great economic dislocations bring out the corporatist, which is why we now have a government board overseeing General Motors, and the Treasury Department has issued the first car warranty program in its history. It's why some banks were pressured to accept bailout money they didn't need and have been pressured not to return it to get out from under federal micromanagement. And it's why the federal stimulus package contains such chestnuts as money to build out our broadband infrastructure, which comes with all sorts of strings attached by the Federal Communications Commission, because we somehow can't rely on our phone, cable or internet companies to provide customers with the bandwidth they demand in networks that will suit our economy.

Corporatism is especially attractive to politicians, public intellectuals who serve as policy makers, and Nobel Laureates because it is ultimately a world managed by the few, the elect, through the state. If we are told enough times that nothing, even technological innovation, is possible anymore without significant contributions and directions from the state, maybe we'll eventually come to believe it, although the inventors of the printing press, the steam engine, the light bulb, the telephone, and internal combustion engine and other game-changing technologies might wonder how they accomplished what they did without government.

Corporatism is not about regulating capitalism better as markets evolve. It is several steps beyond. It is instead about those who believe in "the beauty of pushing a button to solve problems," as the economist Paul Krugman recently described his attraction to the social sciences. Some people worry about what happens when the regulators take charge of our economy. But the real concern is what happens when the button pushers take charge, for the button pushers are the corporatists.

Corporatism

by Jonathan Taplin

Dissident Voice

June 3, 2003

"The first stage of fascism should more appropriately be called Corporatism because it is a merger of State and corporate power"

—Benito Mussolini (1883-1945), Fascist Dictator of Italy

The decision by the FCC this morning to remove the last restrictions on Big Media to the control of the Public Airwaves is but one more sign that we are entering the Age of Corporatism, a world where the interests of the Fortune 500 and the Bush Administration have merged perfectly. One can observe Assistant Secretary of the Interior Stephen Griles working tirelessly to make sure his former clients in the Coal Industry have unfettered access to Federal Lands for mining (as outlined on "Now with Bill Moyers" last Friday) or you watch Michael Powell make sure that the Broadcasters who paid for his luxurious travel arrangements for the past three years, get unfettered access to the the public airwaves . All of these moves take "The Commons" which is owned by all of us and move it into the hands of a few wealthy companies who pay little or nothing for resources from which they make millions.

When Halliburton and Bechtel make billions out of reconstructing Iraq we all pay for the 200,000

troops that provide their security, but only the dividend coupon clippers who own Halliburton stock get the massive profits coming out of the enterprise. Forty years ago in his farewell speech, President Eisenhower warned:

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced corporate power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes.

We now face a situation that far surpasses the “misplaced corporate power” that Ike predicted. Spurred on by the excuse of perpetual war, the Arms industry prospers while teachers and policeman are laid off by strapped states. The Corporatists move a Patriot Act II under which if you attend a legal protest sponsored by an organization the government has listed as “terrorist,” you may be deported and your citizenship revoked, without trial or recourse. The Corporatists have cut off funding for the crucial agencies that monitor water pollution or enforce Superfund sites.

The reason the FCC decision this morning was so tragic is that an enlightened public that understood that THEIR airwaves and THEIR public lands were being given away for the benefit of the few might ask for redress from their government. But they never hear about these issues. As recently as last week the Pew Center found the 74% of the public was unaware of the FCC's impending decision. But in the rare case when a public figure does speak out, the other part of Mussolini's Corporatism shows it's power. Whether it's the brownshirts at Rockford College, storming the stage while New York Times Reporter Chris Hedges tried to deliver a commencement address slightly critical of our Iraq policy, or it's the Amen Choir of Limbaugh, Hannity, Savage and O'Reilly ripping into Tim Robbins, The Dixie Chicks, Tom Daschle, Howard Dean or their target of the day; the military-media-industrial complex will make sure the Corporatist line is triumphant.

There is one silver lining in this cloud. The battle has been joined. We have to believe that the first step to fighting an evil is to name it. We are fighting Corporatism. There is no turning back.

Jonathan Taplin is a television and film producer whose work (including *The Last Waltz*, *To Die For*, *The Prize* and *Cadillac Desert*) has been nominated for the Oscar, Golden Globe, and Emmy Awards. He is a member of the Academy Of Motion Picture Arts and Sciences and sits on the advisory board of the Democracy Collaborative at the University of Maryland. He is a contributor to Bear Flag.org (www.bearflag.org)