

# Introduction

**F**ive hundred years from now, our society may likely be seen as one where corporate behemoths became the most powerful entities. Politically, economically, culturally, and in almost every aspect of daily life, large corporations have gained immense influence over us. Before the cradle and even after the grave, and for almost everything in between, we depend on corporations as never before. How we are governed, what we consume, how we care for our health, our nutrition, what we know or believe, how we manage our finances, how we communicate or transport ourselves, and how we deal with each other and with nature, are now subject to the priorities and interests of large corporations.

At the same time, the state seems more incapable of providing fair governance and justice, securing the public's well-being, and managing its fiscal resources. The welfare of future generations seems seriously compromised, for the short-term benefit of a very small but also very powerful segment of society. Massive bailouts for the most powerful corporations, along with tax breaks and loopholes, guarantees, subsidies, giveaways, and numerous forms of corporate welfare, drain the state's coffers while some of the most fundamental needs of the population are ignored. At the same time, the vast accumulation of debt incurred by the state to pay for corporate well-being seems unsustainable, and is likely setting the stage for major future crises. Credit downgrades promise greater fiscal stress over the long term, and will likely require substantial cuts in services and benefits for the vast majority of the population. Meanwhile, a lack of public trust in the state has become a hallmark of our time, as inequalities and social injustice deepen while corporate wealth sets historical records.

Critical discourse on this difficult reality remains muted. Voices of dissent are few, and all too often fail to take into account the larger panorama of social distress. The real causes of distress also seem impossible, or at least very difficult, to grasp by the vast majority of the public. Many people's identification with

the interests of corporations seems unwavering, even when it damages their own individual or family well-being. Censorship—self-imposed or tacitly induced by circumstance and vested interests—has become part of our reality, as incisive critiques garner indifference or a deaf reception, even by those most negatively affected by the status quo. The educational system seems incapable of addressing the long-term problems facing us, as conformity or expediency trump critical depth and action. Academia and academics, meanwhile, have joined the status quo, with apologies—if not support—becoming the accepted attitude among those who set agendas.

American business schools and economics departments have become inspirational beacons for expanding corporate control, while critical perspectives on corporate power are tacitly censored. Critical views on corporate capitalism today seem as far removed from business and economics curricula as bald eagles are from deep ocean life. Tacit discrimination against those who raise critical or radical arguments on corporate power is all too customary, as higher education becomes another target for corporate control. Such discrimination has now penetrated most fields in the social sciences, turning them into apologists for the status quo—aided by reductionist approaches that prevent consideration of the larger social panorama. Perhaps this can explain why academic publishing on corporations seems almost exclusively targeted at making corporate power stronger, more efficient, or more exploitive. The vast number of how-to books published every year with these objectives—and publishers' unwillingness to fit critical work on corporate capitalism in their programs—is testimony of how much academia has become subservient to the corporate domain.

The media, for their part, now largely owned—or controlled—by corporate power have increasingly turned away from critical perspectives, becoming cheerleaders of corporate hegemony—and of almost any action that leads to greater corporate “competitiveness,” no matter the cost. Voices critical of corporate power are all too frequently branded as enemies of “freedom” and of “free” markets, when in fact what is at stake is not freedom but rather the expanding social, political, and economic control by a privileged few over the rest of society—along with deepening social injustice, greater inequality, and the destruction of fair governance. Trivia and disguised pro-corporate propaganda rule the established channels of news and information, while the most egregious social injustices of our time go unnoticed. Reporting on corporate crimes and abuses, in particular, revolves around technicalities and minutia and seldom takes into account the broader panorama of corporate hegemony over society—or the corruption of the political system that it entails.

Politicians have largely become servants of corporate power—most of all, the oligopolies—while politics has turned into a game targeting money. Almost any political candidate can be made to seem appropriate, if large amounts of corporate money are available to fuel propaganda spins and image engineering. Politicians exclude the public from democratic decision making, as they conduct their dealings behind closed doors—all too often on the basis of their own personal interest and that of their corporate patrons. The lack of any national political referenda on the most important issues of our time—such as corporate power and corruption, bailouts, inequality, taxes, wars—attests to the lack of democratic consultation in our governance. Politicians thus disrespect us and our rights, and then tax us to pay for the abuses and crimes of corporate power. Think tanks funded by vast amounts of corporate money “orient” politicians on the “right” policies to pursue—which are typically those favored by corporate interests—their views enjoying wide diffusion in the corporate-owned media that now control almost every bit of information we receive, directly or indirectly.

How successful the tacit censorship of critical perspectives has been can be seen in the dearth of awareness among the public. Showered with corporate propaganda and advertising, exhorted to consume more and incur greater debt, mined for personal data, and prompted to elect politicians who either perpetuate the status quo or expand corporate power, the public seems to have lost sight of its own interest. Many therefore identify themselves with corporate power, especially the oligopolies, even when doing so counters their own welfare. Many vote for politicians with agendas that harm their interest as a class, or individually as members of society. Among those who object to our current reality there seems to be a general lack of understanding of the larger social panorama, and of the overwhelming influence of corporate power in it—most of all, the oligopolies. Apathy or resignation—or despair—seem to pervade the attitudes of many among the young, with abuse (of self or others) becoming a frequent outlet. Antisocial attitudes, existential emptiness and fragility, and destructive behavior seem to characterize the lives of much of the population. These features, coupled with the individual treadmill of economic insecurity, underemployment, stagnant wages, debt, and downward mobility, seem to make everyone too busy to understand the larger panorama of distress.

Meanwhile, Wall Street finance has turned almost every aspect of life and nature with a probabilistic dimension into a betting proposition. A casino culture has emerged, with paper profits taking a primordial place in the minds and motivation of many—a social phenomenon that reflects how deeply finance has been severed from production. A few financial

oligopolies now control the vast majority of transactions—directly or indirectly—generating immense wealth, power, and political influence for the very small elite associated with them. So large and important have the financial oligopolies become that they pose a “systemic risk” to the entire American economy, and also the world’s, when some of their bets go wrong. Their sheer size, market power, and links around the globe required bailouts of unprecedented magnitude by the state in the most recent crisis—an egregious instance of corporate welfare that will likely be repeated. A state subservient to the financial oligopolies means that, following the bailouts, the political will was absent to pursue little more than cosmetic measures—intended primarily to refloat the status quo—likely guaranteeing that the next crisis may be worse than the last one.

The disengagement of finance from production has helped increase the frequency of financial crises in recent decades. This phenomenon has been accompanied by a split of reproduction from commodification within production—largely due to the overwhelming importance of intangibles in both manufacturing and services production. Evidence of this second disengagement is all around, in the importance of societal networks for intangibles—networks that are external to, and largely out of the control of, the corporate domain. Although new technology sectors are most impacted, this phenomenon now affects practically all industrial and service sectors. The split of reproduction from commodification has thus complicated production greatly in the context of advanced capitalism—making the casino culture more appealing, and contributing further to the disengagement of finance from production. These two disengagements—within processes fundamental to capitalism—augur more crises as the twenty-first century advances, with negative consequences for the vast majority of the population. The two disengagements have oligopolistic corporate power at their core—in finance and in the rest of the economy—and are likely to make the state’s dysfunction more visible, if not also more intractable.

The hegemony of oligopolistic corporate power in our society is largely responsible for another phenomenon—one that is typically ignored by mainstream economists and policymakers. This is long-term stagnation, defined as slow growth, due to the overaccumulation of capital—a problem created by excessive oligopolistic power and control. Such control goes beyond tacit price fixing, and involves fencing in entire sectors by establishing entry barriers, acquiring new or potential competitors, merging with other oligopolies and large companies, or imposing standards that keep potential entrants out. As a result, oligopolistic profits set historical records and vast amounts of capital accumulate that find limited investment

possibilities. High monetary liquidity by central banks, most of all the Federal Reserve, has also compounded the overaccumulation dynamic. Thus, capital overaccumulation has become endemic to advanced capitalism. The result is long-term stagnation, involving very slow growth that fosters long-term underemployment and limits aggregate demand. This problem affects consumers greatly over the long term, reducing or limiting the purchasing power of the vast majority of the population—while pricing becomes ever more subject to oligopolistic control.

Associated with the oligopolies and their hegemony is the emergence of an extremely wealthy and politically powerful elite. This privileged, very small, but very powerful elite can be considered a new form of oligarchy, given its reach into almost every aspect of society and its vast influence over politics and the state. Unlike the conventional oligarchies, however, it is fragmented, dynamic, and often exhibits contradictory interests within its ranks. It also tends to be rootless, multifaceted, and difficult to define. By far the richest element within this privileged group derives its wealth and power from Wall Street and the financial oligopolies. Some of the more powerful members of the new oligarchy also derive their wealth from the technology oligopolies that emerged in recent decades. Whether in finance, technology, or any other sector, they exercise their influence over politics and the state through immense amounts of money contributed to political organizations, campaigns, and the lobbying apparatus. It is therefore almost impossible today for any politician to be elected to major office without their money and support—campaign rhetoric and propaganda spins notwithstanding.

This book seeks to raise our awareness of oligopolistic corporate power and the fundamental role it plays in the crisis of the state in contemporary advanced capitalism. Its systemic outlook—and the vast number of examples and references—provide a broad, multidisciplinary perspective on what is possibly the most difficult social phenomenon of our time. A phenomenon that is bound to affect the trajectory of entire societies over the twenty-first century, and that raises serious questions about the legitimacy of the state. A phenomenon that negates core notions of fairness, as safeguarding the interests of a privileged few becomes the main priority of the state. *It is a central premise of this book that any consideration of this phenomenon must take into account the need for social justice and fairness as a fundamental objective of public governance.* That premise must serve as a guiding principle if the state is to serve the interests of the people. To the extent that corporate power and its influence over the state negate this premise, governance becomes dysfunctional and illegitimate.

Today, the United States provides the prime example of oligopolistic hegemony over society. Nonetheless, the discussions in this book also apply in varying degrees to the case of other advanced capitalist nations. Western Europe and Japan have long been participants in the trajectory toward oligopolistic hegemony. Within specific nations in Western Europe, oligopolistic power is already very important and seems likely to strengthen, as internal and cross-border consolidations increase. National governments, meanwhile, seem incapable of stopping this trend—as the international rules of trade and state intervention are rewritten to favor oligopolistic expansion. The projection of oligopolistic power over the entire planet already seems attainable within a relatively short time, as almost every nation finds itself enlisted to support oligopolistic priorities in one way or another. The contents of this book may serve as a warning to less developed countries, for which the situation in advanced capitalist nations is often presented as a model of what they should become—or, alternatively, the nations they should become more dependent on—if they are to advance their well-being. Needless to say, the model of “development” presented to the less developed countries is one fundamentally ruled by oligopolistic corporations—all of which tend to be based in advanced capitalist nations.

The elaboration of this book faced considerable difficulties since its beginnings. Among them was the hostility of fellow academics and their unwillingness to acknowledge a phenomenon that is all around—and that manifests itself through numerous social pathologies in our daily existence. Veiled forms of prejudice and thinly disguised personal attacks also became evident at times, with ideological and in some cases also ethnic undertones, as the contents of this work made it clear that an apologetic perspective was not part of its agenda. It may be difficult for those not in academia today to understand how difficult exposing social injustice has become, in an environment where many administrators and faculty have embraced corporate values as their own. Through the attitudes and behavior of such individuals, it became obvious that works that adopt the kind of critical perspective this book provides can only deserve indifference, at best, but more commonly disdain and rejection. So much have corporate values and practices been taken to heart (and minds) in American academia, that any critical contradiction of those cherished values evokes much the same attitude one could expect from corporate executives. The latter, knowing all too well what they do, are in fact often more candid and forthcoming than their academic counterparts.

Most sincerely, this book is dedicated to all authors who have faced similar difficulties in their work, for exposing injustice and for refusing to

become apologists for the status quo. Few people seem to understand the high personal cost of rejection and intellectual discrimination that we must endure from those who support or take up apologetic positions toward the status quo. Many have lost their careers or been crippled financially and intellectually by such discrimination. Many more stand to be crippled, unless this form of injustice is exposed and made known to all who care to listen, or who can maintain an open mind in the midst of the confusion that characterizes our time. To my spouse, I owe special gratitude for her support and patience, especially during times when it seemed nearly impossible to continue or make any progress. Her advice and fortitude, despite her longstanding illness and its effects on her well-being, deserve to be noted here. She, more than anyone else, knows the tribulations that writing this work entailed and the kind of discouragement that had to be overcome to complete it.

Many scholars have contributed insights over the years, and as the contents of this book developed. They are far too numerous to name here, but they all know that I remain deeply grateful for their time and consideration. To Dr. Michael Rinella, my editor at the State University of New York Press, I owe special gratitude for his efforts to have this work reviewed fairly and constructively, for his understanding of what I tried to accomplish, and for his counsel to improve it. To the anonymous reviewers of this work I must express my deep appreciation for their toil in reading and criticizing its contents. This book has benefited substantially from their views, and I wholeheartedly sought to address their concerns in the revisions. The efforts of the editorial and production staff at the State University of New York Press, and especially Senior Production Editor Ryan Morris, are also much appreciated. I am very grateful for their consideration and their dedication to the details of publishing and production. To all the readers of this work, I hope that its contents can help make all of us better and wiser human beings as we face the challenges of our time.