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HISTORY > An Attack on Classical Liberalism

The courts accorded corporations the rights of persons. That's a very sharp attack on classical liberalism in which rights are inherent in people, people of flesh and blood. Not corporate entities like states or something like that. In fact it's kind of, this grew out of a kind of a new Hegelian concepts of the right of, the rights of organic entities over individuals.

Actually it had three major outgrowths in the 20th century. One is fascism, another is bolshevism and other is corporatism. They're rather similar in their character and the reasoning behind them.

THE NATURE OF THE CORPORATION > More Rights Than People

By now about close to half the stock is owned by about 1% of the population. And the bottom 80% of the population hold about 4% of the stock.

And it's always, and the corporations are inter-linked. Like a bank will own a big piece of one corporation. I mean it's a massive system of highly concentrated power given the rights of immortal persons but without the responsibility of persons. And the courts then proceeded to take another step and that is to identify the corporation more and more closely with the management. So instead of the people, the association of people which by then was a joke anyway because of the concentration. But instead of the association of people being the corporation it was the management that was the corporation, and the directors.

Actually that's very similar to what happened in other tyrannical systems of the 20th century. So if you look at the history of bolshevism, for example, this was part of the critique of bolshevism very early by left winged Marxists like Rosa Luxembourg and even Trotsky before he bought into the system, predicted that the Bolshevik system was going to going to transfer power from the working class to the party to the central committee. And then to the maximal leader. Which is indeed exactly what happened then, and in fact very quickly.

And the corporate system is going in the same path. So the corporation was identified in the law created by the courts mostly. With the top leadership they become immortal persons. In the modern period the last, the period that's very misleadingly called globalization, the last 20 years or so, corporations even get rights far beyond those of people.

So for example if General Motors operates in Mexico they're supposed to have what's called National Treatment. They have to be treated like a Mexican person.

On the other hand if a Mexican person of flesh and blood comes to New York and says I'd like to be treated like everyone else he'd be lucky if he gets out alive.

THE NATURE OF THE CORPORATION > 80/20 Rules; Private Tyranny; Strategic Alliances

I mean every corporation knows, in fact there's a rule, there's a law, a rule taught in the business schools called the 80/20 rule. Which is that 20% of your customers give you 80% of your profits. And if you can figure out a way to get rid of the other 80% you're better off. By now there are ways to do that. One of the advantages, one of the effects of high tech is you can monitor your, the people who purchase very closely. And you can adjust services in such a way that it's only the high spenders who get any services.

And you call the telephone company to ask a question. And they instantly know are you a high spender, or a low spender. High spender usually means business. If you're a high spender you get a lot of, treated very nicely and so on. If you're a low spender they essentially want to get rid of you. So you get put on lists and then they lose your call and so on.

And that's very carefully calculated. I mean this was a big study in Business Week about it but it's perfectly natural. These are, because remember these are amoral institutions. In fact they are private tyrannies which are amoral and required to be amoral. They move towards, they want to avoid monopoly because then they get public service requirements. But they want to be very limited. So just a few of them which can have what are called strategic alliances. They can effectively act together.

HISTORY > The End Of Freedom

When these systems did begin to take shape a century ago they were very sharply condemned by conservatives. It's a breed of people that doesn't exist anymore but they did at that time. A conservative meant classical liberal. They were condemned as a kind of a reversion to feudalism, or even as a form of communism which was not unreasonable. By communism you mean Bolshevism, yeah it was rather similar in conception.

And the same by their advocates like say progressives like Woodrow Wilson who was a big proponent corporatization never the less pointed out correctly that this is the end of freedom. It's the end of private enterprise. It's the end of freedom, it's a new America in which people will not be working for themselves but will be servants of corporate entities

THE NATURE OF THE CORPORATION > Flaws In The System

Suppose a bank lends money it cares about one thing, its own profits. Now there's a property called systemic risk. The risk that if you, if the market say crashes somewhere it's going to be contagious. And there is that phenomena. It's monstrous in fact. But the investor doesn't think of it, can't. You know you think about your own risk. You cannot think about the cost to others. Of the fact that contagion may destroy a system. That's not part of your calculations. That's another externality.

So the system is sort of built to magnify extremely dangerous properties. And this happens all over the place. I mean what are called the externalities are just, dominate life. Well those are things, properties that are inherent in this minimally competitive, tyrannical systems. And yeah they are flaws if your values happen to say you'd like a different world.

HISTORY > Gain Wealth Forgetting All But Self

You go back to say the mid 19th century. There was a very lively independent working class press run by young women from the farms called Factory Girls. Artisans from the town, you know, shoe makers, Irish immigrants and so on. And it's interesting reading. I mean they very bitterly condemned what they called, 150 years ago, the new spirit of the age. Gain wealth forgetting all but self. That's the doctrine of the modern system.

And they recognized it, they condemned it. It was the new spirit of the age then. They said it was totally dehumanizing. They did not want to be the kind of people who would gain wealth forgetting all but self. Namely what they're taught to be. And by now a huge indoctrination system tries to force them to be. They regarded it as degrading, destructive of culture of independence of freedom. They described themselves as being the subjects of a monarchical, or feudal system losing their rights as Americans.

LABOUR > Labour Market Flexibility

One of the features of contemporary economic systems is what's called imposing flexibility in labour markets. That's considered a wonderful thing. Labour markets are supposed to be flexible. It's a fancy way of saying you don't know when you go to sleep at night whether you have a job tomorrow morning. And that contributes to efficiency. Anybody who's taken an economics course understands that you get more efficiency if people have no security. They don't know what's going to happen to them tomorrow. And then you can move them around, it's just

like a tool.

So if you can get labour market flexibility then you get a kind of efficiency. But of course at a cost. For example one of the costs is mental illness. The International Labour Organization just did a study in which they found that the incidents of mental illness among workers has increased very sharply. Which they attribute plausibly to working in, workers insecurity.

On the other hand you can look at this as a game. So like when Allan Greenspan at the Federal Reserve tells Congress about what a wonderful economy he's running now he attributes a good part of it to what he calls growing worker insecurity because then people can't ask for, they're afraid to ask for better wages, or more benefits. And profits go up and inflation stays down and you get a fairy tale economy except for the population but they're tools. They're tools of production and units of consumption. So they're doing their job if that's what they do.

STRATEGIES FOR CHANGE > The Responsibility Of Activists

Corporations are indeed imposing codes of responsibility which conceivably have a certain effect. But if to the extent that they do it's because they're under constant pressure. Pressure is eliminated the codes go.

In fact there's a lot of fraud involved. There was just a major case that even hit the newspapers. I think it was the textile and sneaker manufacturers that kind of thing. Clothing corporations did have a code and they hired a big accounting firm, Price Waterhouse, to monitor their overseas factories. And big surprise Price Waterhouse put out a glowing report about how wonderful they are. But they made a mistake. They allowed a young person to come along, Dara O'Rourke who's actually a former student of mine. But he's now a professor at MIT.

He was a specialist in environmental issues, labour issues in particular in Asia where they were working. So they allowed him to tail along. And he did a very close detailed analysis of what was actually going on in the factories they looked at, and the things that Price Waterhouse wasn't investigating. Like for example do workers have the right to associate? They didn't ask about that but he did. And all sorts of other things.

And he published, put together a very critical paper which to their credit the New York Times had a pretty good story about their labour reporter. Well that's what you'd expect. They're going to be monitored by systems like Price Waterhouse which are basically inside the system. If they allow outside monitoring you're going to find something else. If they allowed the workers themselves to speak you'd get a totally different picture.

And it's the, the activists in the rich countries who have some clout. Now they have a responsibility to make sure that these codes are implemented, but a deeper responsibility to eliminate the slave system itself. So that the people

instituting the codes have no right to do it. Just like a slave, you could impose codes of responsibility on slave owners. And if you force them, threaten to take away the institution unless they act responsibly toward their slaves you might get them to do it. Which is perhaps an improvement but not wonderful.

THE NATURE OF THE CORPORATION > Morality; Indoctrination; Structure of Institutions

Our nature, the nature of humans allows all kinds of behaviour. I mean every one of us under some circumstances could be a gas chamber attendant and a saint. Depends on all sorts of things.

These things are not written in your genes. And the people are, have a fundamental moral nature. I don't doubt that like if you see a starving child and you can steal food from him and there's no policeman around very few people would do it. If they would do it they're really pathological. I mean there's some pathological extremes. But ordinarily, people wouldn't behave like that.

They do behave like that on a massive scale, massive scale. But they're unaware of it and there's a huge indoctrination system designed to make them unaware of it. And even to make them think that the starving child is stealing from them so we're the victims. That's what propaganda and regimentation are all about. And it sort of works and it erodes the moral character. It prevents you from looking at what you yourself are doing, or what your leaders are doing. And worry about somebody else. You see that all the time.

... So the people can be very moral. But they're acting within institutional structures, constructed systems in which only certain options are easy to pursue. Others are very hard to pursue.

SELLING THE COMMONS > Patenting Life

The corporations that are getting the patents on life forms and genes are for the most part, are heavily publicly subsidized. A huge public subsidy for research and development and so on. So what you get is the public is paying for the monopolization of the technology of the future. And even for interfering with growth. And is also paying to be propagandized since they do a ton of advertising.

When you get to genes and life forms it's particularly extreme. Because you're going right, the genes, you don't know what the genes are for but you think maybe they'll be used for some things, some day. And I'll own them so I'm going to own genes or I'm going to own somebody's blood or something like that.

Furthermore on top of all of this it's sheer robbery. I mean when they patent life

forms they are using the knowledge, and expertise, that's been gained over thousands of years by experimentation, and research, and achievements of what we call indigenous societies that don't have our form of ownership control.

This is mostly work done by women. I mean that have been transmitted from mother to daughter over forever. Techniques of breeding, what should be grown where, what's useful for this purpose and so on. A big pharmaceutical company comes in and just steals all that they don't pay anything for it. And since there's no technical ownership in the western sense you don't have to pay people for the fact that for thousands of years they've been developing these things and figuring out what to do and so on.

You just steal it from them. Then you make a minor modification of it and you patent the modification. And then they have to buy it back from you because your market power is so extreme that they're going to have to go to you for seeds or whatever. So it's a combination of extraordinary robbery. I mean profound immorality. And undermining of, probably undermining of economic growth. It's quite apart from the whole moral question of the right to own life forms. Which again that's a value question but it looks to me kind of outlandish.