

Subject: Corporate controlled state

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A MESSAGE FROM ERNIE CRIST

I was quoted correctly by the NORTH SHORE OUTLOOK in pointing to the dangers of a corporate controlled state in which governments are nothing more than executive extensions of global corporations.

This trend is potentially fraught with disastrous consequences to the public interest and, ultimately, democracy itself. It requires the organized defence of democratic institutions and hard won rights at every junction of social, economic and cultural effort as well as the ENVIRONMENT. This is as crucial as it is difficult since the "Corporation", more often than not, is also controlling the media.

What is termed State Monopoly Capitalism was the predominant phase in the evolution of the capitalist mode of production at the time of the publication of the "New Industrial State" by Sir John Kenneth Galbraith. This was 35 years ago. Under this scenario the State, is an extension of the executive branch of the corporation. It uses both the State, it's resources and exigencies to promote its interests at home and abroad. It subjugates all aspects of national life for its objectives. Aided by the immense growth and concentration of capital in its hands, under this scenario, US corporations expanded their influence to global dominance. The US became not only the dominant economic participant but also its undisputed policeman. While competing with other economic blocks, such as Japan and Europe, US hegemony was strong enough to accommodate competition within its sphere of influence and still maintain virtual dominance while increasing its wealth.

The power was and continues to be sufficiently strong to lasso junior and subject partners such as Canada into Afghanistan and Iraq. The other side of the equation is that the inherent contradictions between competing economic power blocks, on one hand, and the resistance to US control, on the other hand, are becoming sharper. To overcome the danger to its dominance, the US projected its military presence into the Middle East and Central Asia. According to Zbigniew Brzezinsky's "The Grand Chess Board" the US must control this region to maintain its hegemony which, under the Bush administration, has led to risky US military adventures. This, in turn, is not only sharpening the contradictions between competing economic blocks within the US dominated world reluctant to become involved, it also brings the US into direct conflict with the rising aspirations of the people of the region and the world at large, not to mention an entirely new player, namely China and others.

As a result, the position of US dominated global capitalism has become considerably more complicated. The recent and rapid economic rise of China, strengthened by new economic allies including India, with its billion plus population, and backed by Russia's military know-how is a new factor which now threatens to upset the whole edifice of the US controlled globe.

Unlike Europe and Japan, China, while being a co-player in global trade partnership, is, at the same time, also an open challenger of the hegemony status which the US continues to claim. What we see is the very development which the US was hoping to avoid. In the international arena, it is a development which is the direct result of the inability, of the US, despite its wealth, to liberate the world from poverty and hunger as well as environmental degradation. The US is seen by growing numbers of people as the supporter of the world's most corrupt governments at the expense of the world's poor. Without US support many

a ruthless dictatorship would have been ended by the people a long time ago. Who does not remember Allende, who not Mossadeque and Alvarez or Lumumba for example. The US is seen as the defender of an economic system and a culture bereft of any moral credibility, a system where the rich are getting richer and the poor poorer. This is not very appealing to the hungry and impoverished people of the world including Islam, steeped in expressed religious tradition of justice and morality.

At the same time the competition for the world's resources is growing not only between the existing competing economic power blocks but also between the US and the new players who need a larger share of the world's resources but which the US is clearly unwilling to share except under it's terms. Not only is the struggle for spheres of economic influence and markets within the existing US controlled world threatening to break up but growing is also the friction between the US and China and it's allies. It is prompting the US into an increasing confrontational posture. This scenario is the very ingredient which gave rise to Wars in the past which the world hoped to avoid.

This development was predicted, in social science theory and will continue to grow. It constitutes the final stage of what essentially is a moribund system which, unless checked, is moving towards fascism at home and war abroad.

In analysing the State Monopoly Capitalism of 35 years ago I referred to Sir John Kenneth Galbraith's "The New Industrial State". Sir John is one of the most influential economists of the 20th century. He, among others, was foreign policy advisor to American presidents, including John F. Kennedy, and Ambassador to India etc. His analysis of the corporate controlled State is mandatory reading for any person wishing to understand the interconnection between the corporation, the state and its citizens. All major points in his work are still valid.

The correct quote from his Sir John's book dealing with the subject, including the evolution of the market economy from the traditional mode of capitalist production to State Monopoly Capitalism I have referred to already is as follows.

"In particular there was Marx" states Galbraith. "In the middle of the last century he brought the subject of power into economic discussion with a vehemence which the world has not yet quite ceased to find alarming. The notion of a system of competitive and hence passive business firms he dismissed as an exercise in vulgar apologetics".

In that phase "Production is dominated by those who control and supply capital, who usurp and monopolize all advantages of this process of transformation.....They dominate society and set its moral tone. They also control the State which becomes an executive committee serving the interest of the capitalist class".

"In the classical tradition" he continues "there was eventually a measure of agreement with Marx. The notion of competitive market receded; it survives today in formal economic theory but with no serious claim of practical relevance. Only professional defenders of the free enterprise system, members of a lowly paid craft, still argue for the rule of competition, this being the test their clients are best calculated to fail".

"There is general agreement that market power, which large absolute and relative size gives to the giant corporation, is the basis not only of economic power but also of considerable political and social power. In the assumption that power belongs as a matter of course to capital, all economists are Marxian".

When I wrote a critique of the NEW INDUSTRIAL STATE at the time of publication it was assumed that the concentration of capital and the destructive competition between giant corporations would continue. This prediction based on scientific analysis was translated into a

circumstance whereby the STATE is more than ever their instrument. It would set the stage for the elimination of opposition by any means including future and violent confrontations in the global arena. However, within that framework, the new stage in the rapid development of capitalism is of more than casual interest.

What is fundamentally new at this stage is that it has given rise to a new economic and political super power i.e. China. The sheer size of this country combined with its unwillingness to submit to US hegemony has led to the division of the world into competing blocks and wars in the past. The interests of these giant competing trading blocks occur throughout the globe and are bound to clash. While they are co-operating in the traditional sense they are also competing in the traditional sense. They include not only China but also Europe and possibly even Japan. Will it be possible for the US to maintain control, such as it is? As its own position becomes weaker in the global community this is a question open to speculation. But whether it will or not, the stage is set for confrontations which, in the past, have led to wars. In the classical sense and similar to phenomena apparent under the State Monopoly Stage of Capitalism they are a testimony of an essentially moribund system beset by irreconcilable contradictions.


By way of example, in the US model we are watching the struggle for strategic control in the name of spreading democracy abroad while that same democracy is being denied in an ever increasing measure to its own subjects at home. In the City of New York more than 50% of the black population is unemployed. In Canada, somewhat less than a junior partner of the US, we are watching the steady decline of the standard of living of working people and the threat of losing hard won gains in the social and cultural areas. We see the steady increase in violence, including gratuitous violence for the benefit of corporate advertisers, and we see the growing threat to the environment by corporations as a result of corporate inflicted damage while the State is unable and unwilling to protect its citizens. We see more and more homeless people in the streets of our cities and the growing threat to our young people from the use of drugs.

We are watching a struggle for dominance in Central Asia which the US State intends to win but is sure to lose. The matter is complicated by the national liberation movement of which so called terrorism is a mere manifestation. In the meantime Canada, needless to say, is somewhat less than a junior partner in this scenario and is taken for granted to the point of being treated with contempt. The recent announcement by the US ambassador, while in Canada, stating that the US WILL DEVELOP Canada's oil reserves, speaks volumes. He did so at a time when the US announced that it has no intention of abiding by the NAFTA Agreement on Softwood Lumber. At the same time Canada today, while being a net exporter of Oil, the Canadian consumer is paying more than the consumer in the US which is a net importer of Oil. In Cuba the price of a gallon of gasoline is \$ 2.25 in Canada it is close to \$ 5 per gallon.

The announcement by the US Ambassador to Canada produced hardly a murmur from the corporate controlled press in Canada which is evidence, if it is still needed, just to what extent Canada is now bereft of its national independence, pride and heritage.

The magic word is "struggle" - the choice is still the same - be free or be a slave. As always, this is a difficult choice but one that is not to be avoided. Indeed it is a test for survival and, believe it or not, it starts at the civic level.

Ernie Crist

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