

# Combating Corporate Control

## Protecting education, media, legislation, and health care

By Martin Donohoe  
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**C**orporations have become the predominant force in business over the last century. Designed to grow, profit, and augment the wealth of their shareholders, corporations have exercised increasing influence over public education, the media, legislation, and public policy relevant to human health and well-being.

There are almost 6 million corporations worldwide; only 25 percent of these are non-profits. Ninety percent of transnational corporations are headquartered in the Northern Hemisphere, one indicator of the global divide between the wealthy North and the poor South. Today 500 companies control 70 percent of world trade. Fifty-three of the world's one hundred largest economies are private corporations; forty-seven are countries. To illustrate, Wal-Mart is larger than Israel and Greece, and AT&T is larger than Malaysia and Ireland.



The last few decades have been marked by increasing corporate consolidation and mergers. Consequences of these and other corporate activities include inflation, rising unemployment, the rise of the "permatemp," and the expatriation of jobs to overseas factories that often lack adequate occupational health and safety and environmental

standards. In the U.S., there has been a dramatic decline in labor union membership, in part a consequence of corporate organized harassment of union organizers. During former President George W. Bush's tenure in office, critical government services were outsourced to private industry, including military duties to private mercenaries. As of now, more than half of federal jobs have been outsourced to private companies.

Worldwide there are 27 million enslaved laborers and over 250 million child laborers. In many parts of the world, including the U.S., a minimum wage does not correspond to a living wage—i.e., the income needed to meet basic needs of housing, food, clothing, transportation, and child care. One-quarter of current U.S. jobs pay less than a poverty-level income. While workers struggle to get by, executive pay has grown increasingly exorbitant, especially in the U.S., where chief executive officer (CEO) salaries are up 500 percent since 1980. The average CEO makes 350-400 times the salary of the average U.S. worker (versus 41 times in 1960). In Mexico the ratio is 45:1, in Britain 25:1, and in Japan 10:1. Clearly, astronomical CEO pay is not a prerequisite for innovation or profitability.

Over 40 of the poorest countries in Africa, Latin America, and Asia owe a total of almost \$300 billion in foreign debt. These countries spend more each year repaying this debt than on education and health care for their citizens. To help countries pay off this debt, corporate-friendly international bodies (such as the World Trade Organization, World Bank, and International Monetary Fund) encourage the privatization of social resources and export-oriented development at the expense of the production of food and other necessities for local consumption. Wages fall; government spending on food, fuel, and farming subsidies are reduced; social services are cut; and countries strip and sell their natural resources, contributing to deforestation and pollution. The Multilateral Agreement on Investment and trade agreements such as the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA) reinforce such policies. U.S. foreign aid accounts for only 0.9 percent of our gross domestic product, primarily benefits U.S. corporations, and has little ameliorating effect on developing world poverty.

## *Corporate Taxes and Crime*

**C**orporate taxes are at their lowest level since World War II. Nearly one-third of all large U.S. corporations pay no annual taxes. Reasons for inadequate corporate taxation include corporate tax breaks and loopholes, corporate welfare, underpayment, outright cheating, and sheltering capital in offshore tax havens.

The U.S. news media, at least prior to the recent financial meltdown, has generally focused on street ("blue collar") crime, rather than corporate ("white collar") crime. However, each year in America, while we lose \$3.8 billion to burglary and robbery, we lose hundreds of billions of dollars to corporate crime, including health care fraud, auto repair fraud, and securities fraud. The savings and loan fraud of the 1980s and 1990s cost between \$300 billion and \$500 billion; the current economic crisis

involves fraud and malfeasance which will cost taxpayers trillions of dollars.



*I know I've suckered him before, but this kid never seems to get enough.*

Corporate crime is common due to the incentives involved, and the meager fines are often just considered a cost of doing business. Corporate crime is under-prosecuted and prosecutors under-funded. Incredibly, up to three-fifths of all companies settling corporate crime cases illegally deduct some or all of their settlements on their tax returns.

Corporations have also made legal redress of their crimes increasingly difficult through strategic lawsuits against private parties

(SLAPP lawsuits), which are designed to harass groups promoting social justice and environmental sustainability by depleting their resources, keeping them on the defensive, and scaring them away from proactive attempts to fight corporate malfeasance. Likewise, so-called "tort reform" has limited access to the courts for those damaged by corporate products and practices.

## ***Corporate Involvement in Education***

**P**ublic education in the U.S. is in disarray. U.S. schools are ranked lowest among Western nations and suffer from inadequate funding and decaying infrastructure. The national high school graduation rate has stagnated at 65-70 percent for decades and college tuition costs continue to rise, making a college education beyond the means of most young people outside of the upper-middle and upper classes.

The depth and breadth of scientific ignorance in the United States is staggering. The lack of understanding also limits Americans' ability to realize the importance of public health and environmental science, two areas which directly impact our longevity and

well-being. The following are just a few examples which illustrate a poor understanding of basic science.

- As part of a science project, a junior high school student circulated a petition among his classmates asking them if they would sign to ban the chemical dihydrogen monoxide. Reasons the student gave for such a ban included the fact that this chemical is a major component in acid rain; can cause severe burns in its gaseous state; can kill you if accidentally inhaled; and has been found in tumors of terminal cancer patients. A large majority of his colleagues elected to sign the petition to ban this ubiquitous substance, commonly known as water.
- Twenty percent of Americans do not know that the earth revolves around the sun.
- One-half of U.S. citizens do not believe in evolution and do believe that humans and dinosaurs coexisted.
- Eleven percent of U.S. teens are unable to locate the United States on a map. Twenty-nine percent cannot find the Pacific Ocean and 58 percent cannot locate Japan.

Many schools are unable to find (or afford) quality science teachers, especially in health and in environmental science. Sensing an opportunity to mold the malleable minds of young people, corporations offer their own pre-packaged curricula, designed to portray their industries and products as eco-friendly. For instance, International Paper's sponsored environmental education materials contain statements such as: "Clear-cutting promotes the growth of trees that require full sunlight and allows efficient site preparation for the next crop." Exxon's "Energy Cube" tells students that "gasoline is simply solar power hidden in decayed matter" and that "offshore drilling creates reefs for fish." The American Nuclear Society's "Activities with the Atoms Family" and Dow's "Chemipalooza" fill students' minds with the unquestioned benefits of nuclear power and industrial chemicals.

Colleges, universities, and professional schools have also been corrupted through the growing corporatization of academia, manifested by increasing private commercial funding of university research and secrecy/gag clauses which pre-empt publication of important findings which might cast an unfavorable light on a company's product or drug. Professional organizations are susceptible to becoming mouthpieces for corporate agendas. For example, the American Association of Petroleum Geologists' 2005 Notable Achievement in Journalism prize was awarded to Michael Crichton for his book, *State of Fear*, which denies the existence of global warming.



relevance of scientific data, the media will find those few "scientists" (who are often on the payroll of corporations) willing to publicly contradict information relevant to major health risks, such as the role of environmental tobacco smoke in causing heart disease and cancer and the role of saturated fatty acids in promoting obesity, diabetes, and heart disease. For example, an important study published in *Science* magazine in 2004 showed how non-scientists might easily be confused about climate change. The study's authors noted that of 928 articles published in peer-reviewed scientific journals between 1993 and 2003, none were in doubt as to the existence or cause of global warming. During the same time period, of 636 articles in the 4 most popular U.S. daily newspapers (the *New York Times*, the *Washington Post*, the *Los Angeles Times*, and the *Wall Street Journal*), 53 percent expressed doubt as to the existence and/or primary cause of global warming.

## ***Corporations' Effects on Democracy and U.S. International Policy***

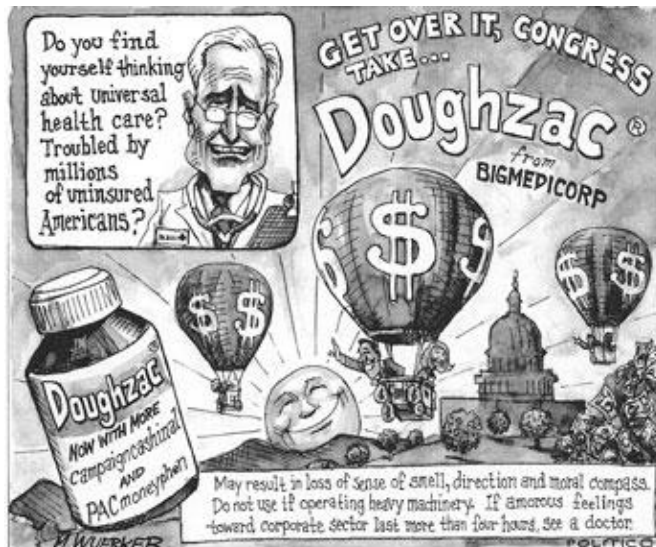
**T**o complement their miseducation of the public and to drive their agendas, corporations employ thousands of full-time lobbyists. Between 1998 and 2007, the pharmaceutical industry spent \$1.3 billion on lobbying, more than any other industry. In 2006, business lobbying groups spent just under \$2.5 billion. For comparison, all single issue ideological groups combined (e.g., pro-choice, anti-abortion, feminist and consumer organizations, senior citizens, etc.) spent just \$76 million. Such corporate influence leads to large taxpayer subsidies to polluting industries. For instance, nuclear power receives \$10.5 billion per year in subsidies, coal \$8 billion per year, and oil and gas \$550 million per year. Estimates of returns on investments in lobbying range from \$28 to \$100 for every dollar spent.

Because of the tremendous influence of corporations, the U.S. government has isolated itself from much of the international community by failing to sign and/or ratify a number of treaties relevant to human rights, social justice, and public health. These include the Kyoto Protocol on Climate Change; the International Covenant on Economic, Social, and Cultural Rights; the Comprehensive Nuclear Test Ban Treaty; the Convention on the Prohibition of Anti-Personnel Land Mines; the Convention on the Rights of the Child; the Convention on the Elimination of Discrimination against Women; the Stockholm Convention on Persistent Organic Pollutants; the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes; and the Cartagena Protocol on Biosafety. In addition, U.S. foreign and trade policies, often exerted through international financial institutions and global trade agreements, remain at odds with the promotion of public health and social justice.

## *Corporate Influence on Public Health*

In the U.S., for-profit health care delivery systems are widely cited for higher death rates, lower quality of care, and higher administrative costs. For-profit pharmaceutical corporations are criticized for spending more on marketing than on research and development, and for egregious profits consequent to high drug prices. The enormously profitable pharmaceutical industry exerts substantial influence on providers' prescribing patterns through control of continuing medical education, "seeding" (phony research) trials, statistical manipulation of data sets to produce results favorable to a company's drug, selective publication, and gifts (bribes) to practitioners. Pharmaceutical companies, through the Pharmaceutical Research and Manufacturers' Association (Pharma), effectively lobbied and threatened trade sanctions against developing countries in order to prevent production and importation of much cheaper, generic versions of life-saving anti-AIDS drugs.

For many years, health insurers have cherry-picked low risk patients, while creating barriers to coverage for sicker individuals (such as pre-existing condition exclusions and outright denials of coverage). This has shifted the costlier care of higher risk patients onto state and federal governments (through the Medicaid and Medicare programs). Meanwhile, for-profit companies have sprung up to sponsor luxury care consortiums for the super-rich.



The U.S. attempted to undermine the World Health Organization's Global Tobacco Treaty through Bush administration appointees with strong ties to the tobacco industry, including Deputy Chief of Staff Karl Rove, a former lobbyist and strategist for Phillip Morris (PM); White House liaison to the business community Kirk Blalock, a former PM public relations official; Charles Black, informal advisor to George Bush during the 2000 campaign and a former PM lobbyist; Daniel Troy, former FDA

chief counsel, who represented the industry when it sued the FDA over tobacco ad regulation; and Health and Human Services Secretary Tommy Thompson, who rejected his own advisory panel's recommendation to increase the federal tobacco tax and who had received \$72,000 in campaign contributions from PM executives as

governor of Wisconsin. The original U.S. negotiator, Dr. Thomas Novotny, resigned after the Bush administration pressured him to lobby for the deletion of 10 of 11 provisions from the treaty, as outlined in a PM memo. (Fortunately the Treaty has mostly retained its initial form. The U.S. has signed, but not yet ratified, it.)

General Electric Medical Systems, a subsidiary of General Electric (GE), recently signed an exclusive technology transfer agreement with NY-Presbyterian Hospital, one of the largest academic health-care institutions in the U.S. GE's activities include production of plastics (including toxic bisphenol A), military hardware, and nuclear power plants. GE has investments in for-profit prison enterprises, operates coal-burning power plants, and runs the Patient Channel, an advertising vehicle for drug companies (shown in hospital rooms throughout the country) which has been criticized for manipulative marketing practices.

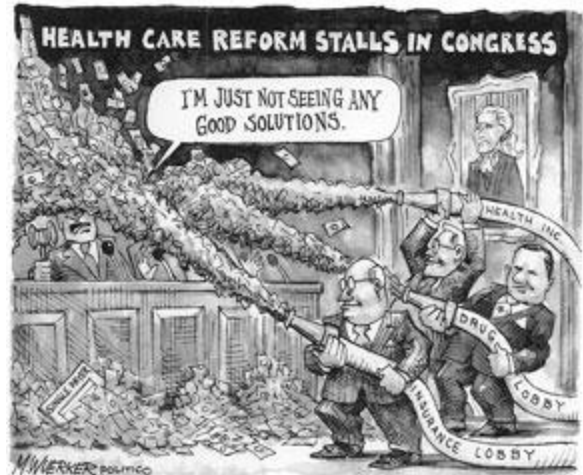
GE has conducted unethical human subject experiments, involving testicular irradiation of prisoners, from the 1940s to 1960s; intentionally-released excessive radiation from its Hanford, Washington nuclear reactor in the 1980s, which may have contributed to increased thyroid cancer risk in "downwinders"; and is currently America's largest corporate polluter, responsible for 75 Superfund sites nationwide. Between 1947 and 1977, two of GE's capacitor manufacturing plants dumped 1.3 million pounds of polychlorinated biphenyls (PCBs) into the Hudson River, turning 200 miles of the river into a Superfund site. PCBs are probable human carcinogens with adverse effects on the liver, kidney, nervous system, and reproductive organs.

GE has tremendous influence on U.S. environmental, energy, and health policy. GE spent millions to avoid cleaning up the Hudson River and to weaken or eliminate the Superfund Law. In 2008, it spent over \$19 million on lobbying. Many members of its board of directors have government ties.

GE eliminated 150,000 jobs over the last 15 years, while receiving billions in federal contracts and millions in state and local subsidies. It is one of the nation's top outsourcers of jobs. GE continues to under-fund its employee pension plan, despite very generous compensation packages for its executives, and continues to shift health care costs onto workers, despite growing profits. GE has been cited by Human Rights Watch for "systematic workers' rights violations" in the U.S. and abroad, by the Occupational Safety and Health Administration for numerous workplace violations, and repeatedly by the Project on Government Oversight for defrauding U.S. taxpayers.



The agreement with NY Presbyterian Hospital provides GE with financial incentives to promote high technology purchases; prohibits the hospital from purchasing more effective equipment from other companies; and augments the trend in academic medical centers toward the promotion and use of pricey, high technology care at the expense of preventive care and public health measures. The greatest irony about the agreement, however, is that patients with developmental anomalies and cancers caused by GE's pollution will be diagnosed with GE scanners and treated with GE-manufactured therapeutic devices, increasing GE's bottom line.



The American Council on Science and Health, a corporate front group has exercised unduly excessive influence through the mainstream media. Its staff members, including its medical/executive director (who was convicted of Medicaid fraud), have appeared on national TV and in major newspapers criticizing public and environmental health advocates while disseminating misinformation regarding global warming: the adverse neurological effects of lead exposure; the endocrine-disrupting effects of PCBs; the effects of agricultural antibiotics on food-borne, antibiotic-resistant human infections; the health risks of trans fatty acids; the health consequences of exposure to dioxins and pesticides; and the health risks posed by diesel exhaust fumes, arsenic in drinking water, and phthalates in medical devices and children's toys. Its methods have included ad hominem attacks and threats of litigation against respected scientists.

For-profit companies such as Corrections Corporation of America, GEO Group (formerly Wackenhut), and Correctional Medical Services have become increasingly involved in the for-profit incarceration business. Many have been accused of running substandard prisons. Other companies with investments in for-profit prisons include Westinghouse, AT&T, Sprint, MCI, Smith Barney, American Express, Merrill Lynch, Shearson-Lehman, Allstate, and GE.

Forty percent of prison health care in 34 states is provided by for-profit companies. This care is often substandard. For example, Correctional Medical Systems (the largest and least expensive provider) has been the subject of numerous lawsuits and investigations for poor care, negligence, patient dumping, and opaque accounting of taxpayer dollars. Prison Health Services was cited by New York state for negligence and unnecessary prisoner deaths, and is the subject of over 1,000 lawsuits.

The medical technologies industry has successfully promoted a variety of unproven and potentially harmful imaging modalities, such as screening whole-body computed tomography (CT) scans. These costly studies expose asymptomatic, fearful, and credulous victims to significant amounts of unnecessary, cancer-causing radiation, as well as invasive follow-up tests with their attendant risks.

In 2002, corporate agribusiness conducted a successful campaign against Oregon's Proposition 27, which would have required labeling of genetically-modified (GM) foods. The bill was soundly defeated, 70 percent to 30 percent, despite public opinion polls showing 85-95 percent of the population in favor of such labeling. Proponents of the bill were outspent \$5.5 million to \$200,000, with most of the opposition funding coming from agribusiness giants headquartered outside Oregon. Opponents hid behind "advocacy groups" with scientific-sounding names, and spread deliberate misinformation regarding the financial ramifications of the bill.

Big agriculture has also lobbied aggressively for pre-emptive anti-labeling laws relevant to GM crops and recombinant bovine growth hormone (rBGH) in milk. Monsanto, Dupont, Novartis Seeds, Aventis Crop-Science, and Bayer CropScience actively support the spread of GM crops to the developing world, at the expense of less risky, more productive forms of farming. They have deliberately kept GM seeds from non-corporate academic researchers, limiting their ability to conduct studies relevant to the health and environmental consequences of the spread of GM crops. Corporate agribusiness also has been at the forefront of promoting agriculture bills which provide generous subsidies to large, polluting industrial farms.

**T**o fight the influence by corporations will require activity on a number of fronts, including:

- Fair, truly representative elections, with publicly-financed campaigns, open debates, free air time for candidates, and consideration of proportional representation, instant runoff voting, cumulative voting, and range (rating) voting. By the same token, given low U.S. voter turnout relative to other democracies, and the especially low turnout among the poor and racial minorities, it is incumbent upon those most affected by poverty to exercise their right to full suffrage.
- Increased funding of public education, combined with independent scientific review of school curricula, prohibitions on the use of sponsored curricula, and the establishment of safeguards regarding corporate involvement in academic research in order to improve the quality and veracity of public education. Education through college should be free to anyone who qualifies for

admission.

- Enactment of a single-payer national health plan, providing comprehensive preventive, physical, and mental health care.
- Reconfiguration of the tax system to decrease taxes on work and savings, while increasing taxes on destructive activities such as carbon emissions and toxic waste generation.
- The passage of living wage laws, and increased protection for unions to improve the status of workers.
- Diversion of excessive (and wasteful) military spending toward social programs.
- The passage of laws relevant to corporate activities based on the precautionary principle which include financial analyses that incorporate the costs of activities on human health and the environment.
- Dramatically increased enforcement budgets for combating corporate crime.
- Subjecting convicted corporate criminals to large fines, which cannot simply be written off as "a cost of doing business," as well as serious jail time.
- Individual lifestyle modifications (such as decreasing consumption and supporting local, sustainable producers), community service, activism, letter writing campaigns, direct protests, whistle-blowing, and boycotts are all effective ways for citizens to hold corporations accountable. Joining activist organizations, directly lobbying legislators, and running for office are other effective approaches.
- Higher standards of independent journalism and the support of alternative media.

In addition, medical and public health education will need to change if we are to achieve better health care. Patient and physician dissatisfaction with our current fragmented health-care system is growing. Many medical students and residents display increasingly cynical attitudes as their training progresses and educators have expressed concern about the adequacy of students' humanistic and moral development. Interest in primary care among medical students has also been declining. Tending to physical symptoms often overshadows health professionals' attention to the psychological, economic, social, and cultural factors that prompt many clinic visits and cause as much functional impairment as physical complaints.

Increasing numbers of physicians from all fields have stopped seeing patients with certain types of insurance, complain of fatigue and burnout, and feel that medicine has lost its soul. Some doctors are even leaving the profession. The proportion of physicians providing charity care has declined over the last decade, while most academic medical centers have opened luxury care clinics for the wealthy.

The schism between schools of public health and medical schools that dates back to the early 20th century—with medical schools becoming more focused on biochemical mechanisms of disease and drug therapies than on societal issues—has yet to be healed. Furthermore, the lack of collaboration between nursing schools and medical schools has created an environment not conducive to collaborative learning. This makes post-training collaborative practice, which is critical to solving population-level health problems, more challenging. Medical education provides little in the way of public health training, despite the Institute of Medicine's recommendation that one-quarter to one-half of medical students earn the equivalent of a Masters of Public Health degree.

Medical ethics currently overemphasizes dilemmas involving expensive technologies (e.g., gene therapy, cloning, face transplants), while underemphasizing the psychological, cultural, socioeconomic, occupational, and environmental contributors to health and disease. This is in part due to the availability of funding for ethics projects relevant to high technology interventions, but also due to the perceived intractability of public health problems and fear of criticizing corporate structures and agreements commonly found in academic medical centers. While major ethics organizations are increasingly confronting issues relevant to social justice, their response has been inadequate, and many ethicists risk their funding and/or their jobs if they speak out too forcefully.

Medical workers and other scientists should better use the media to confront abuses of science by corporations and governments and to better educate the public regarding the pernicious effects of corporations on public health. Institutional ethics committees should more thoroughly evaluate university financial agreements with private companies and oppose those which infringe on academic freedom or which align the university with organizations whose activities harm the very patients they are serving.

Finally, it is time for us to question the appropriateness of the profit motive in medical research. A generous and publicly-funded research agenda focused on the critical needs of the suffering (as opposed to an industry-driven agenda focused on profitable procedures and me-too drugs designed primarily for diseases of the developed world) is possible, given the right combination of social and political will. Lifting the veil of secrecy surrounding medical research would foster cooperation between scientists and speed the development and dissemination of new, reasonably-priced treatments,

bringing social and economic benefits greatly exceeding the public's investment. Such a system would be rational, open, and egalitarian, all positive qualities which a just health care system should embody.

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