**CHAPTER 5**

##### Networks of Power

*Behind the ostensible government sits enthroned an invisible government owing no allegiance and acknowledging no responsibility to the people. To destroy this invisible government, to befoul the unholy alliance between corrupt business and corrupt politics is the first task of the statesmanship of the day.*

*--*Theodore Roosevelt, April 19, 1906

This chapter examines the topic of power. Power is a phenomenon that is invisible to the naked eye, and one that is more deeply surrounded by taboos than was the topic of sex in Victorian days. We focus on the movers and shakers, the concentrations of power, from which flow decisions that contribute greatly to global violence. The lens of power is not the only one that frames our reality. There is also a reality that is captured in the daily lives of [[1]](#endnote-1)people finding joy and meaning, often under circumstances of war, displacement, illness, and loss. There are larger cultural and spiritual realties that connect us to the shared symbols of religion, community, supernatural deities, chiefs, people who achieved iconic status, and to special places. There is also a marketed reality of goods, sales pressures, or demands for competitive success to fill the void of emptiness in people’s lives, and concerted efforts to place the blame for this void on hapless outsiders or petty criminals. Each of these realities is important and visible on a daily basis. The reality of large corporate decisions that determine how much we earn, who gets to eat, what dangers to our health will be removed, what candidates and issues will be on the public agenda, who will benefit from the human and natural resources of our communities, whether and where we shall go to war—these are part of the reality of concentrated power that are mostly out of view. This chapter brings them into the open.

# **What is Power?**

Power is the capacity to exert the effort we need to attain our wishes and to meet our needs. There is a dearth of power among most of the displaced people of the world. Power is severely lacking among those who have no choice but to live in a highly toxic environment or in a war zone, or who have no chance to attend college without joining the military. We speak of empowering such people as a means to enhance their choices. Some who are well positioned have extreme power to make decisions that will affect the lives of many others, thereby seriously limiting the amount of power or choice that others will need merely to live with dignity. Power can be abused, and power can be corrupting both for those conferring it and for those seeking it. The creation of the modern nation state with great autonomous powers brought with it a critical distinction in social classes in which some few had special access to authorities and others did not.

###### **Networks of Power**

One way to look at power is as an attribute of a person—big muscles, big weapons, a big bank account, or an unrelenting motivation to compete. Looking at power in that way conceals the fact that an individual can only express power in relation to others and that power is itself embedded in a set of relationships, often hidden relationships. Just as chapter 2 indicated that destructive behavior is not merely an attribute of individuals but rather a function of circumstances, similarly, power is better understood as something that resides within a network of connections rather than within individuals.

G. William Domhoff argues that the critical players are organizations. Organizations are little more than a set of positions and rules. The rules are agreed-upon ways of doing things to achieve some specific purpose. Organizations may be informal, such as a family or a support group, or formal, such as a corporation or a government agency. In either case, they typically have identifiable boundaries and memberships.[[2]](#endnote-2) But in actual practice we find family members sometimes relating to fictive kin, that is, to non-kin, as if they were members of their own family. And with agencies, we often find key transactions with representatives of other organizations sometimes proving more important than those within the agencies themselves. It is useful to study actual exchanges without making reference to a particular defined entity such as the family, the neighborhood, the workplace, or the church, club, or company to which an individual claims membership. The concept of networks can clue us to the actual transactions that take place.

# **Network Analysis: Revealing Networks of Power**

Borrowing from an abstract mathematical theory and from efforts by anthropologists to study the latent social groupings that western biases might conceal, the theory of network analysis has been revived. The concepts are seductively simple. It will be helpful to ignore, for the moment, the qualities of individuals and instead to focus upon a web or network of exchanges between individuals. Pretend that each person is but a dot in a big matrix. Each dot has connections with some other dots. The lines that connect them represent actual exchanges, transactions, interactions, and even attachments from one to another. They might consist of information, or exchanges of money or goods, or of loving care, or any of the many forms of social support. The transactions may be symmetrical, or they may go in only one direction. Some of the links are used continually, some rarely, and some only indirectly through connections to a third or more distant party. Some are ongoing connections, others singular happenings. The exchanges might as easily be applied to diffusion of new ideas or to transfers of small arms, of cocaine, or of political favors. The links might be reciprocal or unidirectional, frequent or rare. Network maps can be drawn from the point of one individual, your grandma or the secretary of state, or with a defined group such as your household or the Defense Department, as the point of origin. Most important, the framework places no restrictions on what links might arise. This web or network will help to uncover a latent structure to show who, whether formally or informally, is linked to whom. Modern society is marked by rapidly changing acquaintances, marriages, residential locations, and jobs. Mapping a network of actual interactions can be an important tool in determining whether the old familiar sources of identity, caring, and support have been lost or are merely being replaced by newer and more flexible arrangements. The potential to reveal the less obvious underlying networks is particularly useful in the study of power.

For the purpose of this chapter, we examine networks of power in order to see who is central to them as well as who is excluded. Whose special interests are intrinsically protected by their network connections, and who gets left out of the vital connections needed to thrive in today’s world? To find out who is central in a powerful network, one would start with an examination of the multiple positions held by the occupant of an important political office. Take former Secretary of the Navy, Gordon England. Secretary England was appointed the seventy-second secretary of the U.S. Navy in May 2001. In this position Mr. England led America’s Navy and Marine Corps and was responsible for more than 800,000 military and civilian personnel and an annual budget of more than $120 billion. He joined the Department of Homeland Security in January 2003. Prior to joining the administration of President G. W. Bush, Mr. England was executive vice president of General Dynamics Corporation (GD), where he was responsible for two major corporate sectors: information systems and technology and international contracting. Previously, he had served as executive vice president of the Combat Systems Group, president of General Dynamics Fort Worth aircraft company (later Lockheed), president of General Dynamics Land Systems Company, and as the principal of a mergers and acquisition consulting company. Such corporate-government connections are common. But corporations are also connected with one another. One can track the board memberships of England’s GD colleagues as well as the accounting and law firms that serve GD. Among the GD board are retired generals and admirals, directors of major financial firms (Morgan Chase, LLC investment banking), the food industry (Sara Lee), and pharmaceuticals (Schering Plough).[[3]](#endnote-3)

The web of interconnections extends even farther. With high-level government and corporate officials, one finds multiple links to certain financial institutions, law firms, accounting firms, and trade organizations such as the Petroleum Institute or Pharma. The networks include links to managers of major media corporations, to research centers, and to think-tanks. People central in these powerful networks are important not for their knowledge, intelligence, or their ethics but for their connections. They are sought after for boards of universities and major medical centers, where they can help to attract donors as well as play a part in assuring the supply of trained persons to run and to serve the greater society in accord with unstated rules not to question the unfairness of policies that preserve gross inequality.

The most comprehensive use of network analysis to identify the central core of interconnected transnational corporations (TNC) was done by a team from the Swiss Federal Institute of Technology in Zurich. Using Orbis 2007, a database listing 37 million companies and investors worldwide, the authors identified all 43,060 TNCs and the share ownerships linking them. They then constructed a model of which companies controlled others through shareholding networks. These data were coupled with each company's operating revenues to map the structure of economic power. When the team untangled the web of ownership, it tracked most holdings back to a "super-entity" of 147 tightly knit companies. All of their ownership was held by members of the super-entity that controlled 40 percent of the total wealth in the network. In effect, less than 1 per cent of the companies were able to control 40 per cent of the entire network. Most were financial institutions with the top twenty including Barclays Bank, JPMorgan Chase & Co, and The Goldman Sachs Group.[[4]](#endnote-4) While not united on every issue, the network of 147 TNCs has the power to control the political and military agenda sufficiently to protect its shared interests in a system that assures and justifies the great inequality and structural violence that was described in Chapters 3 and 4.

Network analysis provides an excellent tool for examination of the social exclusivity of the super-rich, who have used their connections to amass ever-greater portions of wealth. They conceal their power over policy by making governments dependent upon their economic decisions and candidates dependent upon their financial support. In one example, the U.S. Supreme Court decided that the identities of those who met secretly with U.S. vice president Dick Cheney to draft an energy policy need not be revealed. The consequences of such collaboration are that governments find it perfectly legal to provide major tax loopholes for multinational corporations. The fact that local contractors who provide low-cost services and barter exchanges are not in attendance at such meetings explains why government agencies treat them less generously. Lacking a seat at the table, local contractors are frequently harassed for evading taxes or violating ordinances[[5]](#endnote-5) even while the government subsidizes the efforts of the largest corporations and does little to curtail their environmental abuses or tax evasions. We shall return later to the issue of exclusive elite groups that exercise unaccountable power.

# **Creating Authority**

Those who hold great power over others rely less frequently upon brute force than upon claims that their positions give them legitimate authority. They renew this authority by reiterating their ability to control the rewards and the punishments of others, but also by claims to their legitimacy in accordance with cultural beliefs. In a democracy the belief is that the rules and decisions made are accountable to the wishes of the people. The belief is at best an ideal, and often a myth fanned by those with power. It is a myth that enables the largest purveyors of power to pass unnoticed.

In the United States the myth has been fueled by three important Supreme Court decisions. The first, *Santa Clara v. Southern Pacific Railroad* (1886), was the original case extending to corporations the Fourteenth Amendment due process and equal-rights protections originally intended for former slaves. Two other decisions, *Buckley v. Valeo* and *Bellotti v. First National Bank of Boston*, in the 1970s established that money for use in political activities is a form of free speech protected by the first amendment of the Bill of Rights and therefore may not be restricted. Other cases based on these rulings affect campaign spending and make it impossible to elect persons to state and national office who are unable to attract massive funding. These Supreme Court decisions remove much of the power of people to have their governments protect them against abuses by corporations.[[6]](#endnote-6) The decisions ultimately have allowed corporations to become powerful, autonomous entities.

# **Effects of Concentrated Corporate Growth and Expansion**

A business in which a local owner in a small town must face customers and employees on a daily basis will want to combine entrepreneurial ingenuity with accountability to the community. Such businesses do not typically sell shares in the financial markets and, unless squeezed by low-cost chain stores, do not have to expand continuously for their survival. Large corporations, by contrast, are designed to require continued growth of profits. By accumulating capital they provide options for exploration, investment, technology, mass production, and exploitation on a level that created the industrialized world. During some periods of this expansion, corporations were obliged to share the rewards of their success. A balance between the power of the largest automakers and the unions supplying their workforce, for example, permitted a period of great profitability while assuring workers a doorway into a world of reasonably secure employment, a five-day workweek, paid vacation time, and health insurance. However, an increasingly global workforce and continued pressures to increase profitability, built directly into corporate system, upset this balance and led predictably to the destructive use of resources and of people.

The need to expand required that all countries should be available as sources of needed raw materials and as markets for consumer products. Dating from the birth of post World War1 experiments in social welfare and extending to the present times of opposition to debt-driven austerity, pressures arose to challenge unbridled expansion, State-owned or socialist enterprises limited such growth and were viewed with great alarm. In contemporary market economies, the welfare state has, however, provided a measure of free or inexpensive education, housing, and public parks for the entire society. The welfare state served to limit the desperation of people who work for meager wages, but it was also viewed as a burden to corporate taxpayers. In the depression of the nineteen thirties, the declining power of individual companies and declining rates of profitability were accompanied by other corporate fears. In Great Britain the threat of nationalization and of worker participation in corporate governance seemed real. In the United States, government intervention to improve public welfare was viewed as an obstacle to corporate growth.

In the 1970s major officers of large corporations in the United States and Great Britain responded. They formed what Michael Useem calls the “Inner Circle,” a semi-autonomous network designed to provide a centralized corporate force to mobilize the interests of corporate capitalism.[[7]](#endnote-7) Since corporations are legally autonomous entities, this network helped to provide an institutionalized form of corporate capitalism. It clearly distinguished the interests of the large corporate investors as a class and provided a corporate logic for a centralized and concerted advocacy.

A select group of corporate officials were, according to Useem’s evidence, able to take on a leading role in consultations with the highest levels of national governments. They worked in the support of political candidates and in the governance of foundations and universities. They created a highly visible public defense of the free-enterprise system. One major goal of this network was, and continues to be, the promotion of a better political climate for big business. It engages in image building through philanthropy, including generous support for cultural programs. It also works by issue advertising, not tied to selling products but to shaping public opinion in its favor. Finally, the inner network has taken on a major role in financing political campaigns. A main goal is to control the power of the media that, in the United States, they consider far too liberal. Paradoxically, these same elites own the larger media outlets and constrain the message that define public reality (see chapter 7).

On the media front, the influence of corporate America is highly enhanced, directly through media mergers and indirectly through high corporate advertising budgets. The corporate resources for advertising, public relations, and sales have permitted their extensive involvement in the packaging and selling of legislation and of candidates. The interventions of this “Inner Circle” have been extremely successful. President Reagan and Prime Minister Thatcher were partly products of business mobilizations. They lowered taxation, reduced government (except military) spending, lifted controls on business, and installed cutbacks on unemployment benefits and welfare.

The influence upon legislation is disturbingly direct. The American Legislative Exchange Council (ALEC) is the largest, nonpartisan, individual public-private membership association of state legislators in the United States. It has more than 2,000 members. Its mission is to advance “free-market, limited government and federalism at the state level through a nonpartisan public-private partnership of America’s state legislators, members of the private sector and the general public.”[[8]](#endnote-8) Its twenty-three-member board of directors is composed entirely of state legislators. But it also has a “private enterprise board” of corporate representatives, including GlaxoSmithKline, PhRMA, Pfizer Inc., AT&T Inc., Koch Companies Public Sector, LLC, Altria (formerly Philip Morris) Client Services, ExxonMobil, and State Farm Insurance. Legislators join for $50 per year; private sector members join for between $7,000 and $25,000.

ALEC uses its funds from tax-deductible contributions to host closed gatherings of corporate officials with legislators. In these meetings legislation is drafted and then presented by the legislators. The group, largely unknown to the public, gained publicity for its role in promoting “stand your ground” legislation sought by the gun industry and considered responsible for the killing in 2012 of an unarmed teenager by a self-appointed stalker. As a result, a few corporate sponsors withdrew. Following that, the *New York Times* noted a likely violation of the group’s tax-exempt status. "The secret world of undisclosed political contributions is in desperate need of sunlight."[[9]](#endnote-9) The Internal Revenue Service and New York State's attorney general investigated whether nonprofit groups took tax-deductible contributions and then used them for partisan political purposes. Complaints were brought against ALEC, the National Chamber Foundation of the U.S. Chamber of Commerce, and Crossroads GPS, founded by Republican Party fundraiser Karl Rove. All these groups were spending tax-deductible dollars backing corporation friendly policies and candidates, essentially acting as corporate-funded lobbying groups.[[10]](#endnote-10) Full disclosure of such corporate political spending is the aim of many \*\*good-government groups such as the Center for Public Integrity.

One consequence of large corporate links to legislation is seen in the permission of large, supposedly regulated, service corporations in phone, internet, television, credit cards, electric utilities, water services, banking, and health services to jack up prices to consumers by addition of difficult-to-understand fees to their bills. One survey showed that at least 97 percent of Americans were unable to understand their phone bills. We are all cheated but when low-income subscribers to essential services are driven into debt or bankruptcy, a measure of structural violence has occurred.[[11]](#endnote-11)

The symbiotic relationship between corporations and legislative government are but one example of “overlapping and intersecting socio-spatial networks of power.”[[12]](#endnote-12) Mann’s Four Networks Theory of Power defines ideological, economic, military, and political realms of power; in each case it is the organizational resources for action that makes one realm or another dominant. However, as in the case of the relationship between corporations (economic) and government (political), when two organizational realms come together in a symbiotic relationship, it not only benefits but strengthens them both.[[13]](#endnote-13) Such has been the case of the military and economic realms in modern times.

###### **The Military-Industrial Complex**

In his farewell address in 1961, after eight years in the White House, Dwight Eisenhower warned of the “grave implications” of the conjunction of the military establishment and the arms industry.

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 power exists and will persist.”[[14]](#endnote-14)

The danger of this centralized power is that it directs U.S. foreign policy in a way that assumes the legitimacy and the inevitability of armed conflict and the absolute requisite of military spending for preparedness—without taking into account either the full range of domestic consequences or the public will.

# **The Military-Industrial Link**

In modern times the military-industrial linkages have emerged as major concentrations of power. Contracts and subcontracts for military supplies, equipment, and bases are extremely widespread. Local communities that need the jobs will fight against the reduction of military spending. The Defense Department contracts provide opportunity for risk-free investments. The federal government is the sole customer, and contracts cover cost overruns in which profits increase when the contractor spends, or wastes, more than the estimate of the original bid. Equipment that is defective, used, or destroyed needs to be replaced by extending contracts. The details of these transactions are typically out of public view. Corporate facilities are sometimes employed directly for covert military operations, and contractors have become mainstays of a privatized military force. Most important, there is a revolving door of individuals moving from high-level military positions and from military appropriation positions in government to corporate boards, and from corporate contractors to government.

Career military professionals and corporate contractors create a specialized lobby. They serve both as a provocateur for military actions and an opinion force for the assumption that military force is the essential ingredient for national security. The military-industrial centers support groups that are ideologically driven by justifications for violent defense of God and country. The language of evangelical leaders helps to sustain the essential image of a godless enemy, while veteran’s organizations are used to glorify and provide justification for the sacrifices of soldiers. The military-industrial complex is perpetuated by a massive federal defense budget and driven by a private industry reaping huge profits from military activities. Opportunistic relationships between political leaders, military personnel, and defense contractors grease this well-oiled machine.

# **National Defense Budget**

This conjunction of the military and industry was strong during the Second World War and expanded throughout the years of the Cold War. The financial connections increased greatly with the G. W. Bush administration. U.S. Department of Defense budgets are somewhat unreliable estimates of the costs of war. Costs of nuclear weapons development come under the budget of the Department of Energy; care for veterans is not in the DOD budget; nor have the defense budgets included spending for the Iraq and Afghan wars. As of the end of 2012, Congress had already granted over 1 trillion 420 billion dollars for operations in Iraq and Afghanistan.[[15]](#endnote-15)

The U.S. national defense budget in 2012 came to $716.300 billion. Compared to other departments within the United States in 2012, the next largest budget requests were for education and health, $139.212 billion and $361.625 billion, respectively. Over half of all federal spending is allocated for the military.[[16]](#endnote-16) Compared to military spending in other nations, this was more than was spent by the next thirty countries combined and more than six times the amount spent by China, the next largest spender.[[17]](#endnote-17)

To put these extraordinary numbers in perspective, for 2005 the U.S. military budget (not including spending for Iraq and Afghan wars) exceeded the combined military budgets for China, Russia, and the six “rogue” states (Cuba, Iran, Libya, North Korea, Sudan, and Syria). Their expenditures came to only 30 percent of U.S. military spending in the same year.[[18]](#endnote-18) Now, Nobel laureate economist Joseph Stiglitz and his coauthor, Linda Bilmes, reevaluating costs of the Iraq war, including the costs for rehabilitating injured veterans and interest on debts accrued to fund the war, find their 2008 estimates to be low. Their updated estimates now exceed $3 trillion.[[19]](#endnote-19) American taxpayers are paying these costs. The average American taxpayer, however, may not be outraged or even aware of this expense because such information is not clearly or accurately presented to them (see chapter 7). The name War Department was changed to the Defense Department to accentuate its continuing role. Its actual activity might more accurately have earned the name “Department of Foreign Intervention.”

# **The Industry of Defense**

The defense industry is quick to point out that military research and development (R&D) programs have driven the rapid advancement of technology. These military R&D programs push development in the private sector, which leads to mass production and lower prices for such items as computer processors, cell phones, high-tech cars, and appliances. As the argument goes, technological advancement is valuable—not just profitable—because it makes the military more efficient and safe, presumably saving lives.

It takes far fewer people to fight and direct wars today than it did even a decade ago. That’s because the speed and power of the front-line soldier have been so greatly amplified by smart weapons and smart delivery systems, and because accurate information now moves so easily up the chain of command . . . our civilian sector gave our soldiers the tools they needed to bring this war to its mercifully quick conclusion.[[20]](#endnote-20)

There was, however, no “mercifully quick conclusion” to the U.S.-led war in Iraq. One tragic irony is that the technological advances most basic to the protection of U.S. troops—body armor—had been denied to them.[[21]](#endnote-21) In light of this evidence, it appears safety is not the primary motivation for the advancement of technology.

Another argument in favor of technological development and private industry is that outsourcing as many tasks as possible to private contractors allows the military to be more efficient by focusing on combat. From the design and maintenance of high-tech helicopters to laundry detail, recruiting, even combat itself, such tasks are now performed by private companies. In the late 1990s, KBR (Kellogg, Brown, and Root), a Halliburton subsidiary, provided nearly all the food, water, laundry, mail, and heavy equipment to the roughly 20,000 U.S. troops stationed in the Balkans. During the first Gulf War, there was approximately one contractor for every one hundred soldiers. A year into the Iraq war, there was approximately one contractor for every ten soldiers.[[22]](#endnote-22)

Having so many civilians “in the field” has prompted complicated questions for which military officials have no definitive or consistent answers. For example, should information-technology consultants carry arms? If employees of private companies run from their posts, are they considered deserters? If taken prisoner, will they be considered POWs covered by the Geneva Convention? Or, if they detain prisoners, are they responsible to comply with the directives of the Geneva Convention?

Profit is a clear motivation in the rise of the defense industry. For its service in the Balkans in the late 1990s, KBR was paid $3 billion.[[23]](#endnote-23) Between 2002 and July 2004, KBR was paid over $11 billion for their services in Afghanistan and Iraq.[[24]](#endnote-24) More recently, KBR has come under scrutiny (and found guilty of criminal acts) pertaining to their seeming lack of concern for the health and safety of their employees and related military personnel. Although they have been ordered to pay damages of $85 million to several Oregon National Guardsmen,[[25]](#endnote-25) they continue to receive million dollar contracts from the Department of Defense, such as the $35,833,635 contract awarded to them by the U.S. Navy at the end of 2012.[[26]](#endnote-26) Auditing for the Department of Defense is outsourced to private accounting firms; many of these accounting contracts have been awarded through no-bid deals as are most of the contracts they must audit. The amount of sheer unaccountable waste and giveaways is astounding.[[27]](#endnote-27)

Over the six-year period between fiscal year 1998 and fiscal year 2003, the Center for Public Integrity examined more that 2.2 million defense contract actions totaling $900 billion in authorized expenditures.[[28]](#endnote-28) The Center determined that half of the Defense Department’s budget went to private contractors. Only 40 percent of Pentagon contracts were conducted under “full and open competition,” in other words, over half of them fall under the category of no-bid contracts. Out of tens of thousands of contractors, the biggest 737 collected nearly 80 percent of the contracting dollars; the top fifty contractors got more than half of all the money. Topping the list for this fiscal period were Lockheed Martin ($94 billion) and Boeing ($82 billion). By fiscal year 2003, 56 percent of the Defense Department’s contracts paid for services rather than goods.[[29]](#endnote-29)

Not surprisingly, many companies have been accused of overcharging.[[30]](#endnote-30) When auditors discovered that KBR, the Halliburton subsidiary, was overpaid $208 million to transport oil in Iraq, they also discovered that government employees doing the same job (in this case, the Defense Energy Support Center) were much more efficient. A Columbia University economist described this phenomenon in one word: incentive.[[31]](#endnote-31) A government worker’s pay is the same no matter what he or she does. But for someone working on a cost-plus contract (a contract in which all services are reimbursed plus interest), efficiency may not be in his or her best interest. What is most troubling, however, is that even though the discrepancy was discovered, the U.S. Army paid nearly $204 million of the $208 million overcharge. Was this because the army recognized Halliburton as being in favor with then Vice President Cheney, the former head of Halliburton, or were army personnel hoping to find work with the company after retiring from duty? The vice president’s influence was also prominent in Halliburton’s contracts with an oppressive government in oil-rich Nigeria.[[32]](#endnote-32)

The best hope for knowing the full extent of fraudulent activities lies with protection of whistleblowers, inside employees who speak out against corrupt practices. The unwritten rule on Wall Street has always been that insiders do not talk about illegal or unethical activities with law enforcement or regulatory authorities. Now threats, legal harassment, and gag rules are used to silence truth tellers. For example, KBR, one of the nation’s largest government contractors, requires employees seeking to report fraud to sign internal confidentiality agreements prohibiting them from reporting violations to law enforcement authorities.[[33]](#endnote-33)

No stone commandeering federal funds is left unturned. Even laws intended for protection of Native Americans have been used by the Department of Homeland Security as a ruse for large, no-bid corporate contracts on surveillance equipment, for example, that provide no jobs or benefits for the intended populations.[[34]](#endnote-34)

If private companies are overcharging and profiting from loopholes in state and federal laws, how does the military-industrial complex benefit government? There are multiple ways that private industry benefits government—or more specifically, benefits politicians who receive campaign and political party contributions, and investment and economic stimulus in their own home districts. Elected members of Congress spend much of their time meeting with wealthy donors who provide for their reelection expenses or may choose to run a candidate against them in a primary campaign. Ranking military personnel and former members of Congress are in line for high-paying corporate jobs. But those who benefit most of all by the marriage of military and industry are those who represent both sides—they are the military industrial-complex. We illustrate with three corporations from among many.

## The Government as Contractor: Bechtel, Carlyle, and Halliburton

Former Congressman Ron Dellums once remarked that he had to come to Congress to understand the difference between welfare and subsidy. Subsidy is a big check that goes to a few people. The degree to which wealthy interests are subsidized has been documented.[[35]](#endnote-35) Nowhere is this more pronounced than in the defense sector.

In this charmed circle of American capitalism, Lockheed Martin-, Boeing-, and Raytheon-manufactured munitions destroy Iraq; George Shultz’s Bechtel Corporation and Dick Cheney’s Halliburton rebuild Iraq; and Iraqi oil pays for it all.[[36]](#endnote-36)

Like Mr. England, who was introduced earlier, many U.S. military and political officers move between positions in government and the private sector. The transition from positions in governing bodies to the companies soliciting contracts creates enormous conflicts of interest. But it is the connections between the officers of government agencies and the defense industry that are most egregious. With their connections to the upper echelons of government, these companies have had a tremendous impact on foreign policy.

# **The Bechtel Group**

The Bechtel Group is one of the world’s largest engineering, construction, and project management companies, including nineteen joint-venture companies and numerous subsidiaries. Based in San Francisco since 1898, four generations of the Bechtel family have led their business through more than 22,000 projects in 140 nations on all seven continents. From the revival of the American railroad system, they have gone on to such projects as the Hoover Dam, the Bay Area Transit (BART) in San Francisco, and presently the management and operation of Los Alamos National Laboratories.[[37]](#endnote-37) The company plays a major role in the nuclear sector, with its early involvement in the Manhattan Project and its construction or design of over half the nuclear power plants in America.[[38]](#endnote-38) As explored in chapter 4, it is also one of the premier water-privatization companies in the world.

With a history in the Persian Gulf since the Second World War, Bechtel has built oil refineries and pipelines, as well as major infrastructure such as highways and airports. During the 1980s, a Saudi Arabian client of one Bechtel subsidiary invested $10 million in the Bin Laden Construction Company.

The U.S. government, however, is the biggest financier of Bechtel and its subsidiaries. From fiscal years 1990 to 2002, the company received more than $11.7 billion in U.S. government contracts. Between 2002 and July 2004 Bechtel received nearly $3 billion from the agency USAID[[39]](#endnote-39); their results for 2011 indicated total revenues of $3.29 billion, with new awards at $53 billion.[[40]](#endnote-40)

Bechtel’s ties to the U.S. government facilitate this process. It began when Stephen Bechtel partnered with John McCone, who later became head of the CIA under President Kennedy. In the 1970s Bechtel hired numerous government officials, including Secretary of Health, Education, and Welfare Casper Weinberger (who in 1980 left the company to become President Reagan’s Defense Secretary), former Atomic Energy Commission Chief Executive Robert Hollingsworth, former Marine Four-Star General and NATO Commander Jack Sheehan, and Richard Helms, who consulted on Iranian and Middle Eastern projects in 1978 after serving as the CIA director and the ambassador to Iran. Helms is known for his involvement with the attempted assassination of Fidel Castro and the overthrow of Chilean leader Salvador Allende.[[41]](#endnote-41) The exchange has been bidirectional, with government officials moving into Bechtel positions and Bechtel officers moving into government.

George Shultz, former treasury secretary to Nixon, bounced back and forth between an executive vice president position in Bechtel to secretary of state under Reagan and back to Bechtel’s board of directors. As secretary of state, Shultz sent Donald Rumsfeld to meet with Saddam Hussein to advocate for construction of a pipeline from the oilfields of Iraq to the port of Aqaba in Jordan. Meanwhile, as chairman of International Council of JP Morgan Chase, Shultz loaned $500 million to Saddam Hussein to buy weapons; Bechtel was one of the companies that sold the weapons.[[42]](#endnote-42) As chair of the Committee for the Liberation of Iraq, Shultz wrote a *Washington Post* article entitled “Act Now: The Danger is Immediate,” advocating a preemptive strike on Iraq.

# **Carlyle Group**

Unlike Lockheed Martin and General Dynamics (who manufacture weapons) or Bechtel and Halliburton (who design, build, and manage large enterprises), the Carlyle Group specializes in investing. Since its founding in 1987, this Washington DC–based corporation has made billions on investments, mergers, and acquisitions with defense manufacturing companies. As the military began to increase outsourcing of manufacturing and services to private companies, a new niche market was created for private-equity firms. The Carlyle Group found its initial success as a “leveraged buyout” firm by purchasing underperforming defense companies with borrowed money, installing their own management team, encouraging investment, passing off its debt onto its acquisitions and then selling the companies at a large profit. With the 1997 sale of BDM International, Inc., the group made a 650 percent profit.[[43]](#endnote-43) That level of profit makes Carlyle heavily dependent on connections to Wall Street financial institutions, which underwrite these loans but also keep Wall Street solvent. That was illustrated by the 2008 bailouts. It also means that those companies, including government contractors, have to be very profitable to pay off those debts and enrich their new owners.

Links between high-ranking government offices and Carlyle are profuse. Former Secretary of Defense Frank Carlucci, chairman of Carlyle at the time of the United Defense sale, was the college roommate of GW Bush Secretary of Defense Donald Rumsfeld at Princeton. Other notable links include William Kennard, former Federal Communications Commission (FCC) chairman, who under Carlyle directs the business investments of the companies he once regulated. Former Secretary of State James Baker and his former boss, George H. Bush, have also worked for Carlyle. Bush commands over $500,000 for his speeches in support of the company. Bush and Baker have been particularly valuable to the company as emissaries to investors in the Middle East, most notably the Saudi Arabian Bin Laden Group. Other Carlyle affiliates included Arthur Levitt, Bill Clinton’s Chairman of the Securities and Exchange Commission ; and Mack McLarty, Clinton’s White House Chief of Staff. The bin Laden family was a major shareholder as well, until both parties concluded that the relationship with the al Qaeda leader’s family (and the source of his wealth) was “receiving more attention than it deserved.”[[44]](#endnote-44) Carlyle invests in both conventional and digital defense contractors. Members of the Carlyle Group’s Board also have board seats or other affiliations with corporations that include ExxonMobil, MCI Communications, Sprint Nextel, Duke Energy, Reuters, and Ford Motors. Bank affiliations among Carlyle’s leaders include Morgan Stanley, Goldman Sachs, and Bank of America.[[45]](#endnote-45)

**The Security/Digital Complex**

Senator Diane Feinstein chairs the Senate Select Committee on Intelligence. Established in 1975, it has oversight responsibility for the sixteen civilian and military agencies and departments that make up the U.S. Intelligence Community. She expressed outrage over the fact that the National Security Agency had been secretly spying on records of the very committee charged with its oversight. The revelations of secret surveillance not only of government officials but of all who use the Internet came to light through the efforts of whistle blowers, particularly Edward Snowden. Rather than commend Snowden for his effort to make her and the rest of us aware of secret violations of constitutional rights, Senator Feinstein chose to consider Snowden’s disclosures as treason, a view consistent with Feinstein’s major corporate defense and intelligence campaign supporters that include General Dynamics, General Atomic, BAE Systems, Northrop Grumman, and Bechtel.[[46]](#endnote-46)

Snowden’s past employer, Booz Allen Hamilton, earns more than 98 percent of its revenue from the government. The *New York Times* reported on the firm’s close government ties.[[47]](#endnote-47) As evidence of the company’s close relationship with government, the Obama administration’s chief intelligence official, James R. Clapper Jr., was a former Booz Allen executive. The official who held that post in the Bush administration, John M. McConnell, now works for Booz Allen. That is a pure case of the revolving door.

In February 2014, Booz Allen Hamilton announced two new contracts with Homeland Security, worth a total of $11 billion, for program management, engineering, technology, business and financial management, and audit support services. Booz Allen Hamilton is now a member of the Carlyle Group. Booz Allen has contributed to the personal wealth of a number of well-known public figures from administrations of both parties. They include: Former President George H. W. Bush; Bush’s Secretary of State, James Baker, and Defense Secretary Frank Carlucci; Arthur Levitt, Bill Clinton’s Chairman of the Securities and Exchange Commission; and Mack McLarty, Clinton’s White House Chief of Staff. The Bin Laden family was also a major shareholder. ”[[48]](#endnote-48)

# **Halliburton**

Founded in 1919, Houston-based Halliburton is one of the world’s largest providers of products and services to the oil and gas industries. This company has made billions of dollars in no-bid contracts with the U.S. government (particularly the Pentagon) to build and repair oil wells and pipelines and construct military bases. More recently, the company has become a “privatized” sector of the military, offering all sorts of services from laundry and mail to information technology and intelligence. Halliburton has gained special notoriety among government contractors for two reasons: (1) the company’s ties to former Vice President Dick Cheney, and (2) its track record of overbilling.

**Overbilling**

In 1992, the Halliburton subsidiary KBR was awarded the U.S. Army’s first Logistics Civil Augmentation Program (LOGCAP) contract. LOGCAP is a U.S. Army initiative for peacetime planning for the use of civilian contractors in wartime and other contingencies. Under the “cost plus award fee” provision, a contract was awarded to KBR to provide support in all of the army’s field operations, including combat and intelligence. The contract guarantees a fee ranging from 2 to 5 percent on top of the cost of service. KBR came under scrutiny by the General Accounting Office (GAO), which reported that the company had padded its estimated costs by 32 percent. The company boosted its bottom line by charging $84 for a $14 piece of plywood.[[49]](#endnote-49) In another case, Halliburton spent $82,000 for a shipment of natural gas from Kuwait to Iraq, but charged the government $27.4 million.[[50]](#endnote-50)

Since 9/11, Halliburton and KBR have received billions in no-bid contracts in Afghanistan and Iraq, the most dubious perhaps being the two-year $7 billion contract to rebuild Iraq’s oil infrastructure. This overpriced contract was for fighting oil fires and reconstructing oil fields after the U.S. invasion, even though only eight gas wells and pipelines caught fire, and all but one had been extinguished by the time the contract was made.[[51]](#endnote-51) Incidentally, KBR wrote the army’s contingency plan for the Iraqi oil-well repair.

The Pentagon’s own auditors accused Halliburton of overcharging by over $100 million on just one of their task orders in Iraq. Congressman Henry Waxman from California initiated a congressional investigation and made twelve separate requests for information that the Pentagon rejected.[[52]](#endnote-52) Waxman suggested that Iraqi oil proceeds were used to pay (or overpay) Halliburton. Notably, relocation of company headquarters to Dubai in early 2007 would protect their top executives against any future indictments by U.S. law enforcement.

Halliburton’s political clout serves its own economic agenda, and cannot be underestimated. In the 1970s the company was contracted by Saddam Hussein to build two enormous oil terminals in the Persian Gulf off the coast from Umm Qasr. For the next thirty years, Halliburton was called upon to repair these terminals and pipelines that were repeatedly bombed by Iranian and later by U.S. forces. Just weeks before Saddam Hussein invaded Kuwait (which led to the first U.S. Gulf War), the Iraqi government paid Halliburton $57 million for work on one of the country’s terminals and for assistance with exploration technology; only weeks later, the Pentagon paid the company $3.9 million to put out oil fires, while KBR was contracted to construct the bombed-out buildings of Kuwait City.[[53]](#endnote-53)

In 1992 as defense secretary under President George H. W. Bush, Cheney hired KBR to write the privatization report that initiated the Logistics Civil Augmentation Program (LOGCAP) program. Three years later, Cheney became CEO of the company and remained there until 2000, when he left to become vice president. Upon leaving his position as CEO, Cheney received $30 million in stock options and continues to be paid up to $1 million per year in deferred compensation. As CEO, Cheney doubled the size of the company through business mergers as well as deals with the Pentagon. During this time, he landed a $1.1 billion Pentagon contract for services in the Balkans, as well as billions in government loans. During Cheney’s years as CEO, the company donated $1.2 million to political parties and Congress, and spent over a half a million on lobbying.[[54]](#endnote-54)

A vast military-industrial complex promotes excessive corporate profiteering from military activities. Militarism inevitably leads to the use of strategic deception to lie to the public about why we go to war and who benefits from it. For a powerful industrial elite to steer a policy process with self-serving deals of this magnitude, one needs more than the pressures of independent corporate lobbyists. One also needs three other elements: (1) groups such as think tanks and advisory boards that meet together in the role of architects for new policy; (2) groups with resources to influence and implement policies; and (3) elite clubs to assure camaraderie and loyalty to their class.

**Elite Clubs: Building Networks of Power**

For elite brokers of power to transact business, there is a need for an underlying appreciation of the unspoken rules. Under the guise of representing national interests, corporate transactions are hidden from the public and conducted in secret societies. These societies create face-to-face familiarity that eases the flow of favors and positions across the inner network and promises confidentiality.

### The Order of Skull and Bones

The Order of Skull and Bones, formally known as the Brotherhood of Death, is a secret society dating back to 1832. The Ivy League has many societies and clubs, but this one at Yale University is especially notable not only for its gothic ritual and utmost secrecy, but because of its membership. Former bonesmen have included many of the most powerful families in politics and business, including the families Rockefeller, Taft, Harriman, Bush, .and Kerry. Bonesmen have filled the Senate, the Defense Department, the CIA, and the Council on Foreign Relations (CFR); they have owned and managed banks, investment firms, major newspapers, and communications companies.

One anonymous bonesman, in an interview with Alex Robbins, a Yale graduate who investigated the underground society, described that networking:

The biggest benefit to Skull and Bones . . . is the networking. In the rest of the world you get to know people through accident or through choice. In Bones you meet people whom you otherwise wouldn’t get to meet. It’s a forced setup among a group of high achievers, even the legacies.[[55]](#endnote-55)

For generations, the Bush family—two President Bushes, the younger Bush’s grandfather, uncles, and cousins-- has called on, and been called upon by, the Brotherhood. Three of George H. W.’s fellow bonesmen—George H. Pfau, Jr., Jack Caulkins, and William Judkins Clark—raised significant funds for his presidential campaigns. As president, he named Pfau to be director of the Securities Investor Protection Corporation. Numerous bonesmen were granted positions as speechwriters and department secretaries. Several bonesmen were appointed as foreign emissaries: Richard Anthony Moore as ambassador to Ireland, Paul Lambert as ambassador to Ecuador (although he had no diplomatic experience), and bonesmen classmates David Grimes and Thomas W. Moseley represented Bush in Bulgaria and Uruguay, respectively.[[56]](#endnote-56)

George W. got into Yale despite a weak academic record and has utilized Skull and Bones member connections like his father and grandfather before him. When he formed his first company, Arbusto Energy, Inc., he sought the financial assistance of bonesman uncle Jonathan Bush and William H. Draper III (Bones 1950). Bonesman Stephan Adams spent $1 million on billboard ads for Bush’s 2000 campaign. At least fifty-eight bonesmen contributed at least $57,972 to Bush’s campaign, while others donated money in their wives’ names.[[57]](#endnote-57)

Not unlike his father and grandfather, George W. also returned the favor to his clubmates. In November 2001 he appointed Edward McNally (Bones 1979) to the newly formed Office of Homeland Security. Robert D. McCallum, Jr. (Bones 1968) was named assistant attorney general of the Civil Department. This position, notably, represents the federal government in cases such as fraud, international trade, patents, bankruptcies, and foreign litigation.

**The Bilderberg Group**

This elite, private club is especially noteworthy for two reasons: (1) members of the group (selected by invitation only) are among the most prominent leaders in the world in financing, business, academia, and politics; and (2) the group’s complete secrecy. Not only are the meetings sheltered from the public and the press, but the entire event is managed by its own staff—taking over as hotel, catering, and security staff several days before the onset of each meeting.

The manner in which the initial Bilderberg group formed illustrates the network of corporate power. The first relationship between the founders and corporate invitees occurred when Joseph Retinger, a political advisor, befriended Paul Rijkens, at that time president of Unilever, one of the world’s largest and most powerful multinational corporations. Rijkens was also at that time on the board of Rotterdam Bank. Based on that relationship, other board members of Rotterdam Bank, such as H. M. Hirschfield, K. P. Van der Mandel, and H. L. Wolterson became part of a clique.

To garner interest for membership in the United States, Prince Bernard, cofounder with Retinger, enlisted the help of his close friend Walter Bedell Smith, director of the CIA. Smith then turned to Charles D. Jackson, special assistant for psychological warfare to the president, and president of the Committee for a Free Europe (anticommunist) organization. Jackson appointed John S. Coleman, president of the Burroughs Corporation and member of the Committee for a National Trade Policy, as U.S. chair of the Bilderberg group.[[58]](#endnote-58) Retinger, Prince Bernard, and Rijkens selected the invitees (drawn from corporate and government officials in the European NATO countries plus Sweden) to the first Bilderberg conference.[[59]](#endnote-59)

The original members on the American side include names and entities recognizable to American citizens: George Ball, head of Lehman Brothers, a former State Department official and future member of the Trilateral Commission; David Rockefeller, head of Chase Manhattan Bank, member of the Council on Foreign Relations, member of the Business Council, member of the U.S. Council of the International Chamber of Commerce, and future founder of the Trilateral Commission; and Dean Rusk, U.S. secretary of state (1961–1969), former president of the Rockefeller Foundation.[[60]](#endnote-60)

Even more recognizable to Americans are these former and current members of Bilderberg: Donald Rumsfeld, former U.S. secretary of defense; Paul Wolfowitz, former U.S. defense secretary and past president of the World Bank; Peter Sutherland, chairman of Goldman Sachs, International and British Petroleum and former commissioner of the European Union; and Steven Harper, right-wing Prime Minister of Canada.[[61]](#endnote-61)

### The Bohemian Club

The Bohemian Club began in San Francisco in 1872 as a small group of artists and writers who wished to celebrate arts and culture in the post-gold-rush era of San Francisco. For financial purposes, the club opened its doors to wealthy members of the business elite, who dominated membership soon thereafter. Prominent leaders of government became members as well; in fact, every U.S. Republican president since 1923 (as well as several Democrat presidents) has been a member. Members and member emeriti include former secretaries of state Henry Kissinger, George Shultz, and Colin Powell; Donald Rumsfeld; David Rockefeller, Sr. and David Rockefeller, Jr.; S. D. Bechtel, Jr. (Bechtel Corporation); Thomas Watson, Jr. (IBM); Phillip Hawley (Bank of America); Ralph Bailey (Dupont); and A. W. Clausen (World Bank).[[62]](#endnote-62)

The lectures, called “lakeside chats,” are off-the-record presentations on world issues such as military budgets or global free trade. One such chat, given by a University of California political science professor in 1994, warned club members of the dangers of multiculturalism, Afrocentrism, and the loss of family boundaries. “Elites based on merit and skill are important to society,” he explained. The “unqualified” masses, he concluded, cannot be allowed to carry out policy—the elite must set values that can be translated into “standards of authority.”[[63]](#endnote-63)

Sociologist Peter Phillips, who wrote his doctoral dissertation on the Bohemian Club, defines the club as institutionalized race, gender, and class inequality. He describes how these clubs model themselves after the gentlemen’s clubs of nineteenth-century England, which became popular as the nation was concentrating on building its global empire. The clubs represented a place where gentlemen could discuss their ideas of expansion and domination away from the distraction, meddling of women, the underclasses, and nonwhites.

As Phillips describes Bohemian Grove, it is an atmosphere of social interaction and networking. Here, one can sit around a campfire with ex-presidents of the United States and CEOs of Bank of America or Pacific Gas and Electric. You can share a cognac or shoot skeet with secretaries of state and defense. You can enjoy the High Jinx alongside the members of the Council on Foreign Relations. Certain known principles of group dynamics explain the efficacy of the group’s community building. Physical proximity is likely to lead to group solidarity. Greater direct interaction leads to friendships, trust, and mutual liking. The relaxed atmosphere increases group cohesion. Social cohesion, in turn, helps to reduce conflicts and reach agreement on big issues.[[64]](#endnote-64) One example of this last point is the Manhattan Project, which produced the first atomic bombs. It was conceived and informally set into motion at the Grove in 1942.[[65]](#endnote-65) This atmosphere serves the purpose of developing social ties and cohesion within the elite social class. These ties “manifest themselves in global trade meetings, party politics, campaign financing, and top-down democracy.”[[66]](#endnote-66)

This chapter has been using the concept of networks of power, but such networks have few connections across the lines of social class. For sociologist G. William Domhoff, the Bohemian Club is “evidence for the class cohesiveness that is one prerequisite for class domination.”[[67]](#endnote-67) The club becomes an avenue by which the cohesiveness of the elite class is maintained.

# **Think Tanks, Advisory Boards, and Councils: Creating Policy and Consent**

Government officials work primarily to balance the needs and pressures from constituents and primary funders. The system has little room for participatory involvement in redefining major directions of policy or larger shifts of direction. That function is served by other exclusive groups, in and out of government, that are designed specifically to come up with ideas to steer national and global policy.

# **Council on Foreign Relations and Trilateral Commission**

Since its inception in 1921, the Council on Foreign Relations (CFR) has represented the elite who’s who in America, with a membership that constitutes U.S. presidents, ambassadors, secretaries of state, Wall Street investors, international bankers, foundation executives, think-tank executives, lobbyist lawyers, Pentagon officials, media owners, senators, university presidents, Supreme Court judges, and corporate entrepreneurs. In their own words, they are “the privileged and preeminent nongovernmental impresario of America’s pageant to find its place in the world.”[[68]](#endnote-68)

The CFR vision for America’s place in the world is market domination. Throughout its history, the CFR has played a major role in shaping foreign policy to benefit American markets. At the end of the Second World War, members of the CFR, including David Rockefeller, presented the idea for reconstruction of Europe that would become the Marshall Plan. It sought to benefit U.S. corporations directly.[[69]](#endnote-69) [Carroll Quigley](http://www.sourcewatch.org/index.php?title=Carroll_Quigley), professor of history at Georgetown University, stated that the CFR “believes national boundaries should be obliterated and one-world rule established.”[[70]](#endnote-70)

On March 12, 2003, just one week before the U.S. invasion of Iraq, CFR’s Independent Task Force, chaired by former Defense Secretary and Energy Secretary James Schlesinger and former U.N. Ambassador Thomas Pickering, urged President Bush to “make clear to the Congress, to the American people, and to the people of Iraq that the United States will stay the course” after a war in Iraq.[[71]](#endnote-71) “Stay the course” became the oft-repeated justification to continue the war.

With success in Iraq “so clearly tied to American staying power,” the task force released another report in June 2003, stating that the “Bush administration should therefore reaffirm its commitment to sustain a large presence of U.S. military forces to ensure stability as long as necessary” and urging him to make a major foreign policy address to explain the importance of “seeing the task through.”[[72]](#endnote-72) The report also advised the Bush administration “to improve management and operations in the oil industry . . . and [to] prepare for the next peace stabilization and reconstruction challenge after Iraq.”[[73]](#endnote-73)

The CFR is limited to Americans. The Trilateral Commission began at the behest of David Rockefeller in 1973, whose proposal to include Japan in the annual Bilderberg meetings was rejected. With the assistance of then U.S. National Security Advisor Zbigniew Brzezinski, the Trilateral Commission sought to bring the rising economic power—Japan—into political and business cooperation with America and Europe. At the time of its inception in 1973, the Trilateral Commission responded to the oil crisis by extending loans to developing countries. David Rockefeller’s Chase Manhattan Bank loaned nearly $52 billion, and the IMF further expanded their loan program to developing nations.[[74]](#endnote-74) The Trilateral Commission comprises political leaders, corporate CEOs, labor leaders, academics, and foundation executives. Many of its American participants are members of the CFR and the Bilderberg Group as well.

**Business Advocacy and Lobbying Groups**

Although a multitude of advocacy and lobbying groups exist for all types of citizens’ needs, not all are equally influential. The National Rifle Association has long been effective in preventing restrictions on gun sales. The American-Israeli Political Action Committee has been highly effective in preventing congressional criticism of Israel or of the extensive military assistance that the United States provides to Israel. But the most effective lobbying efforts come from corporations. The amount of money wielded by some groups creates an uneven playing field and assures a force protecting the interests of the corporate elite.

**National Manufacturers Association**

The National Manufacturers Association (NAM) is a powerful advocate of a pro-growth, pro-manufacturing agenda. Representing over 100,000 companies, it is the nation’s largest industrial trade association. NAM’s mission is to “enhance the competitiveness of manufacturers by shaping a legislative and regulatory environment.”[[75]](#endnote-75)

With over 300 member associations, NAM seeks to be engaged in every congressional district. The NAM “Key Manufacturing Vote” notice alerts lawmakers to votes critical in implementing the NAM agenda. Among the thousands of advocacy groups, *Fortune* magazine ranked NAM among the top ten most influential advocacy groups in the United States.[[76]](#endnote-76) Lobbying supports legislative boosts to the bottom line. The largest corporations, like the largest insurance pension funds, are acquiring capital for investment, often in operations selected by money managers and remote from their own business activities. Hence bottom-line-driven CEOs may be rewarded for activities that drain from their own operations to support lucrative speculations.[[77]](#endnote-77)

**The Business Roundtable**

Another powerful advocacy group is the Business Roundtable. What distinguishes this group from other U.S. business associations and advocacy groups is that its membership is composed exclusively of the CEOs of the over 200 companies represented. The group is “committed to advocating public policies that ensure vigorous economic growth, a dynamic global economy, and the well-trained and productive U.S. workforce essential for future competitiveness.”[[78]](#endnote-78) The combined annual revenues of the companies that make up the group is $4.5 trillion.[[79]](#endnote-79)

Two major policy issues for which these groups advocate are energy security and trade liberalization. By their own account, the manufacturing industry consumes roughly one-third of the nation’s total energy supply and is therefore “disproportionately” affected by energy availability. Although NAM supports the research and development of all sources of energy production (including renewable sources and the promotion of improved efficiency), its primary goal is to “increase [national] access to domestic sources of reliable energy.”[[80]](#endnote-80) In December 2006, NAM achieved a major victory when Congress passed the Gulf of Mexico Security Act, which opened 8.3 million acres in the Gulf to new oil and natural gas production. This is significant because it represented the first increase in domestic energy production in twenty-five years. NAM has also been lobbying for Congress to lift the present legislation protecting the Alaska National Wildlife Refuge (ANWR).

NAM opposes federal and state government climate-change mandates that have the potential to “adversely affect U.S. manufacturing competitiveness.”[[81]](#endnote-81) In 2004, NAM hosted a conference entitled “Environmental Issues 2004: How to Get Results in an Election Year.”[[82]](#endnote-82) The focus of the conference was how to present pro-industry environmental messages to the public and influence the 2004 elections—or elect those policy makers who favor industry over the environment. The keynote speaker at the event was Mike Leavitt, administrator of the U.S. Environmental Protection Agency (EPA), who declared, “We need to do [environmental policy] in a better way that doesn’t compromise our economic competitiveness.”[[83]](#endnote-83)

Trade liberalization is another major agenda for business advocacy groups. The Business Roundtable was the most instrumental organization in the promotion of the North American Free Trade Agreement (NAFTA).[[84]](#endnote-84) Their strategy included frequent congressional testimonies, regular press releases, and hundreds of lobbying sessions involving CEOs of such influential companies as General Motors, AT&T, and Arthur Anderson & Co. Lobbyists for the closely affiliated National Foreign Trade Council and General Motors lobbied for the NAFTA vote nearly 150 times. U.S. NAFTA members of the Business Roundtable regularly met with President Clinton for briefings with White House officials and worked with the president to select Lee Iacocca, CEO of Chrysler, as the president’s “NAFTA Czar.”[[85]](#endnote-85)

A close network exists linking lobbyists to nonprofit groups and government officials.[[86]](#endnote-86) Sociologist Michael Dreiling argues that these frequent associations within prominent decision-making circles are the result of “the unique structural location afforded inner circle corporate leaders.”[[87]](#endnote-87) He describes this powerful vantage point:

As Useem argued (1984), inner circle corporate actors receive, in addition to numerous other advantages, the political advantages offered by “the stature and resources of the premier business associations” which facilitate not only cohesion, but heightened visibility and access to “government circles . . . and special hearings.”[[88]](#endnote-88)

Powerful groups maintain their own public-relations units, but increasingly the lobbying efforts are contracted to another growth industry, professional lobbying firms. They specialize not only in framing the message, but more importantly in peddling influence with government officials. The number of registered lobbyists in Washington has more than doubled since 2000 to more than 34,750. The exorbitant starting salaries of corporate lobbyists lure close to half of retiring members of congress.[[89]](#endnote-89)

**The Project for the New American Century**

While some think tanks attempt to sculpt the public’s views on the effects of smoking or the state of the environment, others focus on shaping foreign policy. The Project for the New American Century (PNAC) was formed in 1997 with the explicit purpose of promoting and planning the American domination of global affairs. In 1998, the group sent a letter to President Clinton advising him to remove Saddam Hussein from power, by reason that his stockpile of weapons of mass destruction posed a threat to the United States, its Middle East allies, and the region’s oil resources. They argued that an Iraq war would be justified by Hussein’s defiance of U.N. inspections.

In their September 2000 paper entitled, “Rebuilding America’s Defenses: Strategy, Forces, and Resources for a New Century,” PNAC clearly outlined what must be done (by force of arms) in order to create their desired position as sole global superpower. Major themes included a massive increase in the national defense budget, an enlarged and modernized armed forces equipped with the most advanced technologies, and the development and deployment of a global missile defense system. President Bush’s budget plan in 2003 called for the same exact dollar amount to be spent on defense that was requested by PNAC in their 2000 paper.[[90]](#endnote-90) In a chilling line often quoted by critics, authors of the 2000 paper propose the perceived need for advanced technologies in the face of a “catastrophic and catalyzing event—like a new Pearl Harbor.”[[91]](#endnote-91) Because such an attack on American soil would, they believe, justify a war with Iraq, some critics believe this quote is evidence of U.S. government involvement in the failure to prevent the 9/11 terrorist attack.

PNAC is especially disconcerting not only because they appear to have prophesied 9/11 and the U.S. invasion of Iraq, but because of who they are—men who held the highest positions in the G. W. Bush administration (Vice President Dick Cheney, National Security Council Director Eliot Abrams, Secretary of Defense Donald Rumsfeld, Deputy Secretary of Defense Paul Wolfowitz, Defense Policy Board Chairman Richard Perle, and Undersecretary of Defense Douglas Feith—all with continuing ties to the defense industry.) PNAC also included members with ties to the oil industry (Dick Cheney, Jeb Bush), members with ties to the media (Donald Kagan, William Kristol), and members in the defense industry (Bruce Jackson, Vin Weber).[[92]](#endnote-92)

The new paradigm strategy rests on a reading of the Constitution that few legal scholars share—namely, that the president, as commander-in-chief, has the authority to disregard virtually all previously known legal boundaries if national security demands it. Under this interpretation, statutes prohibiting torture, secret detention, and warrant-less surveillance have been set aside.[[93]](#endnote-93)

**The Defense Policy Board**

Whereas some elite planning bodies focus their efforts on legislation that affects their domestic and international corporate interests, others such as the Defense Policy Advisory Committee, also referred to as the Defense Policy Board, (DPB) focus on the foreign policy issues that may affect their economic or political interests.[[94]](#endnote-94) Formed in 1985, the board began its function as a bipartisan advisory body. However, under the G. W. Bush administration, it became overtly involved with making policy decisions, a role it is not mandated to do.[[95]](#endnote-95) Douglas Feith, undersecretary of defense and a former Reagan administration official, chose the thirty members of the DPB for the Bush administration—nine of them had significant ties to major defense industry contractors including Bechtel, Boeing, TRW, Northrop Grumman, Lockheed Martin, and Booz Allen Hamilton.[[96]](#endnote-96) Four members were registered lobbyists, one of them representing two of the largest military contractors in the country. Members of DPB disclose their business interests annually to the Pentagon, but the disclosures are not available to the public.

In 2003, a controversy ensued around Chairman Richard Perle, a cofounder of PNAC and a vocal advocate for the Iraq war. Considering his numerous corporate dealings, it was apparent that he would profit greatly from the war. At the time, Perle worked for Goldman Sachs, advising clients on investment opportunities in postwar Iraq. He also directed and has major shares in the British Autonomy Corporation, a manufacturer of high-tech eavesdropping technologies, whose major customers are the Department of Homeland Security, the Secret Service, and the National Security Agency. On top of these, Perle’s venture-capital company, Trireme, invested millions of dollars in defense products (over half from Boeing). Ironically, none of these positions appeared to pose an ethical conflict; Perle only stepped down from the chair of the DPB after the Pentagon and FBI opposed his attempts to sell his telecommunications company’s subsidiaries to a Chinese consortium.[[97]](#endnote-97)

# **International Groups that Plan and Implement Policy**

The leaders of corporate power are part of an international as well as a domestic network. This network is represented by formal powers invested in continuing organizations, particularly the International Monetary Fund, World Bank, and World Trade Association.

**International Monetary Fund**

The International Monetary Fund (IMF) emerged from the Bretton Woods conference in 1944. The main focus of the conference was to develop a system that would foster and develop open markets for trade. Industrial nations were encouraged to lower trade barriers and invest capital and were deemed responsible for managing and governing this system; the IMF was created as that governing body, and regulated international exchanges of currency. Voting was proportional to the capital contributed, as historian Howard Zinn points out, so that American dominance would be assured.[[98]](#endnote-98) The fixed exchange rate system, however, collapsed between 1971 and 1973. Since that time, the IMF has increasingly become more involved in the fiscal counseling of member countries and worked as an advocate for the privatization of state industries.

The IMF website describes its mission as “working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty.”[[99]](#endnote-99) In reality “structural adjustment programs,” which must be agreed to in order to get IMF loans, have devastated many developing countries’ economies. These loans are granted with strict conditions that enforce trade liberalization and encourage direct foreign investment, resource extraction, and the privatization of state entities. Considerable criticism has been raised against the IMF and its policies that undermine national sovereignties and endorse corporate globalization.

Such criticism comes not only from nations devastated by IMF programs (such as Jamaica, Argentina, Ethiopia, and Malawi) that have called for its abolition, but from 2001 Nobel laureate economist Joseph Stiglitz, who concluded that institutions such as the IMF and World Bank do not operate in the interest of developing countries and that the neoliberal position held by these institutions is basically erroneous.[[100]](#endnote-100)

**World Bank**

Like the IMF, the World Bank also came into being during the Bretton Woods conference in 1944. Its first loan was approved in 1946 in the amount of $250 million to France for postwar reconstruction. Composed of five international financial investment and monitoring agencies, the World Bank aims to provide capital and financial advice for the purposes of economic development and the elimination of poverty. The organization’s activities focus primarily on financing the building of infrastructure, the development of agriculture and irrigation systems, and the improvement of human services in education and health in developing countries.

Each agency within the World Bank is owned by its member governments. Voting rights are proportional to shareholding; therefore, the organization is effectively controlled by wealthier, developed countries. As put forth at Bretton Woods, the World Bank president is always a U.S. citizen and is nominated by the U.S. government (while the IMF is traditionally headed by a European).

Like the IMF, the World Bank has been criticized by academics for imposing economic (free market) policies that support Western interests. Since its inception, the World Bank has loaned tremendous sums of money to poor countries in need of infrastructure. Frequently, the governments of these countries are corrupt, hoarding much of the money for themselves, with little left to invest in the proposed development projects. Meanwhile, recipient countries incur an enormous debt that falls on the shoulders of people. Economist Jeffrey Sachs explains that although corrupt governments are often blamed for their country’s debts, the failures of these programs often have more to do with a systematic disregard of the related causes or exacerbations of poverty, including poor health-care systems and severely damaged natural environments.[[101]](#endnote-101) The companies that provide the work (and are paid the money) are invariably large Western corporations (including Bechtel and Halliburton) that intend to make a profit. As a Western entity, the World Bank’s philosophy of development is based on Western ideals and principles, which may not only affect the economic sovereignty of non-Western nations but also cultural sovereignty.

**World Trade Organization**

The stated goal of the World Trade Organization (WTO) is to increase trade by lowering international trade barriers and by opening trade to international negotiation. It is an international and multilateral organization that creates rules for a system of global trade, and resolves disputes between its member states. The Agreement on Agriculture (AOA) was one of the first WTO rulings to come into effect after the inception of the organization in 1995. The AOA effectively increased subsidies to industrial agriculture, which may be increased without limit. As described in chapter 4, the United States grants 70 percent of its subsidies to 10 percent of its producers. Subsequently, this allows major agribusinesses to flood global markets with cheap products, thereby undercutting producers in poor countries. The AOA also mandates market access, or the reduction of tariff barriers, between member states. This creates a problem for small farmers in developing countries—for whom tariff protections were often designed. As a result, small-scale indigenous farmers are forced to compete with subsidized, industrialized agribusinesses.

Apart from the structural violence that free-market policies wield toward less-developed countries, the WTO also favors industrialized nations by turning a blind eye to health, safety, and environmental issues. For example, through the production and processing methods rule, safety precautions stating where and how something is produced are impermissible. Based on this ruling, lumber from protected forests may be sold indiscriminately, and genetically modified (GM) food products need not be labeled, in spite of their potential danger to human health and the environment.

**The Corporatization of Elections: Taking Power from the People**

However removed ordinary people may be from the daily transactions among higher levels of power that control the resources they need, there is still one line of input assured to citizens. They may not have direct access to corporate CEOs or governing boards, but they can hold their elected officials accountable with their votes. That belief enables officials to present the United States as a democracy. For the most powerful, the presence of free elections is an important factor in legitimizing a society in which they happen to be at the top.

Democracies are often considered to have governments that are obligated to reflect the views of people who elect them. One important study in the United States looked at more than 1,700 government policies for over twenty years to find out how public opinion actually translates into policy. Princeton University’s Martin Gilens and Northwestern University’s Benjamin Page concluded that wherever the public views differed from the views of an economic elite, the public (and public interest groups) had an estimated zero impact upon policy change, while economic elites and organized groups representing business interests were shown to have a very large influence.[[102]](#endnote-102) The results do not mean that there is no difference between the two dominant political parties. They do mean that the government is an oligarchy rather than the democracy of, by, and for the people, as it claims to be.

It is not, however, in the interest of the wealthy oligarchy that voices from the least powerful, that might challenge their hold on resources, be heard. Despite viral exchange over alternative media sources, one month after the study appeared, no cable networks had reported on it and only three newspapers had produced blog reports. The inner network of the corporate elite owns the major media (see Ch. 7). But could people still use the vote to reclaim a platform? This hope would have to take into account that the wealthy elite also exercise considerable control over many aspects of the electoral process. They are involved from the backing of candidates, to the accessibility of voting, to the design of electronic voting machines.

**The Funding of Candidates**

This corporate control of the democratic process begins at the earliest stage: business elites often solicit candidates from their own ranks, or like-minded celebrities, on the basis of how amenable and how effective the candidate appears to the interests of private business. When candidates for national office are exploring the decision of whether to seek nomination for a major political party, they are mainly assessing how much support they can get from major donors who are, in turn, evaluating what will be the return for their support.

The process works to identify candidates with the greatest potential to bring in big money from wealthy individuals and business corporations. Hillman and Hitt explain, from a management perspective, the “substantial interdependence” between the business world’s economic or competitive environment and government.[[103]](#endnote-103) Examples of the impact of government regulation on business include taxation, trade practices, employment regulations, and environmental standards. The authors recall that by the late 1960s the government was conceived by some to be a competitive tool to create the environment most favorable to business interests. The communications company MCI utilized this political strategy to create a market opportunity by influencing government officials to deregulate the U.S. long-distance telephone market.

**Corporate Sponsorship**

Proactive approaches to the “corporate political action,” described by Hillman and Hitt,[[104]](#endnote-104) include Political Action Committees campaign contributions, lobbying, advocacy advertising, and grassroots mobilization. The ability of corporations to make financial contributions to political candidates is made possible by a series of federal court decisions that interpret the law to view corporations as persons, thus giving corporations many of the same rights that protect individuals.

The idea of corporations as persons began with various challenges to the Fourteenth Amendment to the U.S. Constitution, which grants citizenship to all persons born or naturalized in the United States. In California, in 1882, when big business was epitomized by the railroad industry, the Supreme Court ruled in favor of Southern Pacific Railroad in *San Mateo v. Southern Pacific Railroad*. Corporate lawyers for the railroad giant argued that by taxing the railroad’s property differently than the property of natural persons, the state had violated the corporation’s rights as secured by the Equal Protection Clause of the Fourteenth Amendment.[[105]](#endnote-105) By interpreting “citizens” to include corporate entities, the federal courts thereby granted them personhood under the Bill of Rights protections of the First, Fourth, and Fifth Amendments.

In the 1970s court decisions equated political spending with free speech and voided a Massachusetts law prohibiting corporate interference, including funding.[[106]](#endnote-106) It is this precedent that has allowed corporations to finance those candidates and political parties that will perpetuate their interests—specifically, the increased wealth of their business.

Some corporations provide support for both of the major political parties, although typically not equally. One method of enhancing the donation is to invite employees to contribute to the party or candidate of their choice through a voluntary salary deduction. The company then bundles the amounts and dispenses the funds, thereby enhancing the indebtedness of candidates to the company. The Supreme Court’s *Citizens United* ruling, released in January 2010, tossed out the corporate and union ban on making independent expenditures and financing electioneering communications. It gave corporations and unions the green light to spend unlimited sums on ads and other political tools, calling for the election or defeat of individual candidates. Super PACs act as shadow political parties. They accept unlimited donations from billionaires, corporations, and unions and use it to buy advertising, most of it negative.[[107]](#endnote-107) Despite repeated polls showing public opinion disagreeing with this ruling by 4 to1, it is the current state of affairs and a major factor in the belief that government represents mainly the interests of the wealthy.[[108]](#endnote-108)

# **Political Action Committees**

Political Action Committees (PACs) are private groups that organize to work toward the election of a political candidate and to promote legislation that advances their specific interests. Some PACs work for a specific cause, such as a woman’s right to choose whether to abort a pregnancy; some represent an industry as a whole, such as the National Association of Realtors; other PACs represent the specific financial interests of one corporation.

As Coleridge explains, the most sizable contributions come directly from corporations or through corporate-backed PACs. Lobbying groups represent the interests of major industries and major single issues, and contribute substantially to PACs.[[109]](#endnote-109) Between 1998 and 2005 the finance, insurance, and real estate sector spent over $2 billion lobbying for legislation to benefit their business interests.[[110]](#endnote-110)

Corporations and corporate PACs donate to individual campaigns as well as national, state, and local governmental political parties with careful deliberation and in expectation of “commensurate political returns.”[[111]](#endnote-111) Considering that many modern corporations are wealthier than most of the world’s nations, it appears that the U.S. government has granted them commensurate returns on their political investments.

Campaign donations by corporations have increased dramatically over the last ten years. In 2003 the G. W. Bush campaign raised $577,000 a day, while Senator John Kerry brought in $64,000 a day.[[112]](#endnote-112) In 1992, spending for the presidential and congressional elections was $1.8 billion, increasing to $2.2 billion in 1996, nearly $3 billion in 2000, and up to $4 billion in 2004.[[113]](#endnote-113) In 2012, spending for the presidential and congressional elections was estimated at $6 billion.[[114]](#endnote-114)

Some contend that living in a democracy offers an opportunity to have one’s voice heard and one’s interests addressed by elected officials. Yet the playing field is so uneven that many eligible voters choose not to participate. Rarely is concentration of power a matter that is raised in electoral politics. But on a daily basis, quite apart from elections, corporate spokespersons exert a tremendous influence upon government decisions. Three factors make this happen.

First, entry into national politics requires a large amount of money. Major corporations provide this money, and government officials are indebted to their donors. Second, the personnel in major cabinet positions come from, and return to, executive positions in these same corporate sectors, making for a rather limited ruling network. Third, although anyone is free to lobby for their cause, the largest corporate players and their industry societies maintain well-staffed lobbies. The reasons for inequitable attention to the needs of certain constituencies may be clarified by looking at where the money is.[[115]](#endnote-115)

Although money may either stall or hasten the process, government action is a relatively formal process embedded in the U.S. constitution and affirmed by a history of legislation and precedent derived from adjudication. The real practice of official decision-- making (as opposed to what is taught in civics classes) centers around lobbying and campaign contributions by moneyed special interests that have been described. What becomes enacted are often policies for which some groups spend lavishly. By contrast, it is difficult for the U.S. government system to enact strong policies that have broad, long-term value for most citizens. Measures dealing with the environment, poverty reduction and third-world development, women’s rights, human rights, healthcare for all—matters that make a difference for most people—typically occur in watered-down compromises and then only after the efforts of strong citizen protest. The same is true for local community services. Local groups may expend great amounts of time and energy to organize a yearly lobbying visit. By contrast, corporate lobbyists work full-time year- round at their tasks. The focus here has been upon federal policy, but cities and towns face similar restrictions as their resources are siphoned through powerful corporate influences to compete in what has been termed a “growth machine.”[[116]](#endnote-116)

In 2002 legislation introduced by Senators McCain and Feingold was enacted to address campaign finance reform. Major provisions were the prohibition of unlimited soft money contributions to national, state, and local political parties. However, in 2010, in the case *Citizens United v. Federal Election Commission*, the Supreme Court ruled in favor of Citizens United based on the First Amendment and its protection of free speech, allowing corporations and organizations to use their treasury funds for direct advocacy to endorse or oppose specific candidates.

In his ninety-page dissent against the majority opinion, Justice Stevens argued that the Court’s ruling “threatens to undermine the integrity of elected institutions across the Nation,” warning that a “democracy cannot function effectively when its constituent members believe laws are being bought and sold.”[[117]](#endnote-117)

The Citizens United ruling amounted to dramatically increased campaign spending during the 2012 U.S. presidential elections. Independent groups, mostly in the form of super PACs which can raise unlimited money from individuals, corporations, and labor unions, spent at least $524 million on television advertisements and other efforts asking voters to elect or defeat candidates.[[118]](#endnote-118) As stated, the total spending for the 2012 presidential and congressional elections was estimated at an unprecedented $6 billion.[[119]](#endnote-119)

# **Polling Places and Electronic Voting Machines**

Where the corporate hand in elections begins with the backing of a political candidate who will serve its legislative purposes, it ends with the physical act of voting itself. The corporate touch is evident in the newly evolved corporate sponsorship programs, where companies “adopt” one or more polling places. These sponsorships are presented to the public in the form of a fundraiser for a local charity. Coleridge describes one such program in Broward County, Florida, where corporations place signs near precinct voting sites while company employees (wearing the corporate logos of their employer) perform the duties of poll workers.

Another more prevalent example of the corporate hand in the voting process is the use of electronic voting machines. In the 2000 presidential election, problems surfaced when voters in Florida, Ohio, and other states touched the screen for one candidate, while their vote was cast for another candidate. According to a federal commission, more than one million ballots were ruined in 2004 by faulty voting equipment.[[120]](#endnote-120)

Eager to avoid a scandal like Florida’s 2000 election, the federal government passed the Help America Vote Act and granted the Diebold Corporation $3.9 billion to develop and install more than 40,000 electronic voting machines. In July 2003 a team of computer scientists published a review of the machines’ software. The report identified hundreds of flaws, from lack of password protection on central databases to a glitch that would allow holders of a “smart card” to vote as many times as they wanted.[[121]](#endnote-121) In 2006, shortly before the midterm elections, whistleblowers asserted that top Diebold corporation officials had ordered workers to install secret files to Georgia’s electronic voting machines shortly before the 2002 elections.[[122]](#endnote-122)

The integrity of electronic voting equipment faces two major challenges. The first is the lack of access to company software. When a company’s software cannot be viewed by the public, there is no way to account for its accuracy. When one touches the screen for one candidate, there is no way for that person to verify the accuracy of their intended vote. Public access to company software, however, brings up the second issue: computer software systems are vulnerable to tampering and malfunction, as made evident in both the 2002 and 2004 elections. As votes come in from disparate precincts, they are totaled in aggregate databases—databases that may easily be altered.

# **New Barriers to Voting**

Even the right to vote is made difficult for many people. The 2002 Help America Vote Act has not, on balance, helped voters: New voter registration requirements have made it much harder for new eligible voters to register. Other policies are making it harder for those already registered to vote. Slater, Kyser, and Chasnow argue that the new and more stringent requirements “disproportionately impact those citizens who have been traditionally marginalized in the political process: women, low-income people, members of ethnic and racial minorities, youth, people with disabilities and seniors.”[[123]](#endnote-123)

New restrictions on voter registration drives, including registration and training requirements, hamper the efforts of large paid and small volunteer programs alike. New registration requirements ask that every program be registered with the state and include the identity of every employee and volunteer in advance of registration activities. State-mandated training programs are infrequently and inconveniently offered. In Delaware, for example, training was offered once a month at one location. These new restrictions have led to a decline in public agency registration of new voters.

A number of states are proposing laws that require photo ID to vote. Americans without photo ID are disproportionately people without resources. For example, in Missouri, the state legislature initially passed a photo ID bill in 2011 that was later vetoed by the governor. Conservatives are still working to get the bill to stick in the state, where an estimated 200,000 people of voting age do not have state-issued photo ID. In Georgia, where the legislature is determined to pass the photo ID bill, 300,000 people do not have driver’s licenses.[[124]](#endnote-124) The Supreme Court’s 2013 Decision in *Shelby v. Holder*, which struck down a key section of the Voting Rights Act of 1965, has increased the number of states that require photo ID to vote. Since the 2013 ruling, forty-one states have introduced some form of restrictive voting registration, the most popular of which is requiring photo ID, a hardship for poor people[[125]](#endnote-125)

In close races where turnout of minority voters may be critical, conservative poll watchers have been charged with taking down names and even taking photos. Despite any evidence of anyone trying to vote fraudulently, anti-fraud campaigns have become prevalent in minority neighborhoods. Gerry Hebert, executive director of the nonpartisan Campaign Legal Center: "Consequently, it's a concern when word gets out about people encountering difficulty at the polls—it makes it doubly hard to get voters out." He says that such anti-fraud campaigns could have a "chilling effect" on turnout.[[126]](#endnote-126)

Many choose not to vote, believing that the process is already rigged to exclude their interests. Many accept the dismal display of thirty-second television ads and public relations guided presentations by candidates as the reality of what it is legitimate to care about. In 2012, climate change, poverty, surveillance and targeting of U.S/ citizens, and campaign finance reform were matters raised only by smaller political parties lacking funds to be heard and invitations to participate in debates.

**Judicial Injustice and Social Exclusion**

Differences between the wealthy oligarchs and others, particularly the poor, go beyond whose interests are promoted in the legislative and executive branches of government. The United States leads the world in per capita incarcerations. Most who are jailed have never been convicted of a violent crime and never even tried before a jury have, never-the-less been pressured to plead guilty for a lesser offense than originally charged after being represented by an overworked, under-resourced public defense attorney. Journalist Matt Taibbi raised the question, who goes to jail? In his study,"*The Divide: American Injustice in the Age of the Wealth Gap,"* Taibbi explores how a Great Depression-level income gap between the wealthy and the poor is mirrored by a "justice" gap in who is targeted for prosecution and imprisonment. Once in the system, an individual’s options for rehabilitation makes return to the community very difficult. Recidivism is high. Taibbi shows examples of the black man arrested in the middle of the night in front of his own house, on an empty street for “blocking pedestrian traffic.” Prosecutions are needed to help district attorneys get elected, to justify police funding, and to fund the prison industrial complex and its provision of cheap prison labor. It is much more grotesque to consider the non-enforcement of white-collar criminals when you also consider how incredibly aggressive law enforcement is with regard to everybody else. Many people died when corporations knowingly dumped chemical wastes into waterways. More died when manufacturers continued to market cigarettes and to produce unsafe vehicles, or to protect against massive oil spills. Bankers guilty of illegal schemes that caused a loss of life-time savings, of homes, of family farms that gave meaning to many and whose loss has been associated with a rise in suicides—such corporate offenders are defended by expensive legal firms. Their cases, if pursued at all, result in fines representing a small portion of their assets and their settlements include no admission of guilt and only minimal protections against future harmful criminal activities.

Marilyn Taylor examines our understanding of communities segregated by income.[[127]](#endnote-127) Communities and family ties, she argues, continue to persist, and their networks provide the glue for trust and responsibility—they constitute the social capital needed to sustain critical activities in poor and disadvantaged communities. Yet changing economic, social, and political conditions have also seriously weakened the range of what these local ties can do for people. Their social exclusion is not merely within the threadbare fabric of their personal networks but also in the exclusion of their communities from the opportunities and protections offered to their wealthier and more powerful counterparts. The best we can do in nurturing local ties may be to help people cope with gross deprivations, but not to overcome them. That task would require that people have some meaningful bridges to another type of social capital, the type that might offer opportunities to bring wealth and decision power back to local communities. Locally grown produce, local goods, uncontaminated air, and, particularly in poor countries, local sources of clean water, seeds, and topsoil have, in large measure, been replaced or commoditized. Ironically, Miller points out, it is the very rich who have locked themselves in gated communities. What keeps the rest of us out of their elite closed enclaves and their secretive societies and meetings is a political process that limits what representative democracy can accomplish.

Chapter 7 will examine the role of the media in shaping a reality suited to the needs of a centralized elite. Although the centralized network of power may have differences within itself, there is no countervailing power that can restrict policies and activities that maintain the domination of centralized power. Many of these activities employ violence and manipulation. These activities are the subject of chapter 6.

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