p. 1 As she goes on to say about her son's life, "That's a horrible way to have to live." his new problem without a name is creating feelings of powerlessness and insecurity in millions of Americans. Even those fortunate enough to have well-paying corporate jobs sense their lives becoming precarious, vulnerable to a bewildering array of forces beyond their control. Who is responsible for their plight? Can anyone fix it? They are no longer certain.

p. 2 Without a clear sense of who is responsible for their troubling feelings they have little sense of whom to confront, or turn to, about them. They feel at once grateful for what they have – and guilty for feeling otherwise. They have a nagging sense that something is wrong with their lives, yet they have no clear language for expressing it – and no vision of how to change it.

Today's problems with no name bears many similarities to the problem Friedan discussed. It is, for one thing, veiled by a dominant social myth, analogous to the feminine mystique that Friedan dissected: the corporate mystique, as seductive, pervasive, and enduring a phenomenon as the feminine one that still lingers today.

p. 2 Yet the corporate mystique is, at heart, an ideology which for decades has effectively disguised the rising power of corporations in our lives. Corporate ascendancy is emerging as the universal order of the post-communist world. Its most obvious feature is the reign of vast and much-admired global corporations, from General Electric to Microsoft to Disney. Yet the essence of corporate ascendancy is the quiet shift of sovereignty that is shaking the roots of our democracy.

p. 3 America's biggest companies – and some huge European and Japanese corporations – are an overwhelming force in our national politics. Corporations poured almost $2 billion into political campaigns in 1996 alone – only one of many measures of corporate political power. The relation between corporate power and democracy goes largely undiscussed in newspapers, schools, legislatures, and dinner conversations, as does the very nature of the corporation itself, a question that a hundred years ago was at the center of the national consciousness. It is a testament to the power of the corporate mystic that neither liberals nor conservatives have the vocabulary to raise these questions today.

p. 4 Corporate ascendancy does not yet threaten to lead to absolute corporate power, but involves the growing public powers of corporate entities that are defined by the corporate mystique as private enterprise. In addition, to capturing huge global markets for traditional products, corporations are invading traditionally public sectors such as medicine, education, social services, and law enforcement. Corporations now own and manage huge domains of the public sector. To speak of the incorporation of America is not to speak metaphorically: There is scarcely any sphere of American life that is not coming under corporate administration.

p. 5 In the past, corporations have served as a shelter from the cold calculus of the market, breeding loyalty and moral commitment among workers and consumers alike. Today, in our new era of greed, the corporation is rushing to shed the last vestiges of community within its walls. Downsizing, outsourcing, and permanent insecurity are the new dread mantras of the corporate world, and they are deeply personal in their impact. The new corporate "morality" is at the heart of a rising uncivil order, which is spreading into every corner of our lives a systemic and sometimes misplaced and abusive market logic. As each of us comes to terms with our unwitting dual complicity – both as perpetrators and victims of corporate abuse – our sense of personal and moral identity will never be quite the same.

p. 5-6 The corporate order is undermining the security of American life as our parents knew it, along with the moral certitudes of loyalty and community they lived by. This is not an unambiguous loss; America at mid-century was for many a compromised and constraining place. But the new generation is growing up with an identity it would not have chosen, that of a permanently anxious class with contingency as its new moral code. As jobs have become temporary or otherwise contingent in the new corporate order, so have our communities and, increasingly, our marriages. The crisis of contingency has deeply seared our consciousness; it marks out personal lives with both new opportunities and terrible vulnerabilities. Both advocates and critics of the corporation, as the concluding chapter reveals, have failed to appreciate how deeply corporate morality shapes personal morality, and has engendered today's crisis of values.

p. 6 But in the Gilded Age, one hundred years ago, and half a century later in the New Deal, the question of the corporation and its moral responsibilities became the centerpiece of American politics, carried by strong populist and labor movements. Although the issue has been buried now for at least two decades, new conditions are arising that could elevate these concerns once again to the forefront of national political debate.

p. 7 While I argue here for a new positive populism, readers will quickly recognize that I ave departed from the populist tradition as well as progressive left and liberal traditions historically associated with challenges to corporate ascendancy. While there is much to learn from populism, New Deal liberalism, and American radical thought, they are inadequate as responses to today's problems. Among their great flaws, as described in the later chapters of this book, is their tendency to confuse a critique of corporate ascendancy with an all-out assault on business as a social enterprise. In the second part of this book, I show that this approach has doomed virtually all American critics of the market order, and has created misleading notions about the change we need. We desperately need a challenge to the culture of greed, materialism, and manic consumerism that the new corporate order has bred. But there will be no solutions to downsizing, inequality, and the morality of contingency – in a world of declining or failing business. The changes we need must defend society against the new corporate assault – while at the same time protecting the health of business enterprise itself.

p. 8 Max dedicated his life to a harsh critique of the new capitalist world in the making, but never forgot that the rising corporation was the engine of a radical new prosperity. Only corporate capitalism, he said, could liberate most of the world from centuries of feudal

poverty and despotism, and open the door to the rule of law, individual rights, and opportunity. Marx was wrong about many things, but right in recognizing the deep contradictions involved in trying to humanize the rising market order. For even as corporations wreak havoc on the lives of millions of workers, and communities here and all over the world, they are still global symbols of opportunity and the central engine of economic growth on which most Americans depend. Americans now harbor deep new grievances toward corporations. We feel betrayed by their frequently cold, calculated influences on our lives, and fear their growing power and wealth. But a new populism cannot take hold until it's demonstrated that it will not hurt business or the larger economy.

p. 11 Mergers and takeovers, orchestrated by financiers such as junk-bond king, Michael Milken, had become the symbol of greed and power in the roaring 1980s. In sheer volume, however, the merger activity of the 1990s makes the eighties look tame. Concentration is a tidal force in banking, insurance, utilities, aerospace, pharmaceuticals, telecommunications, health care, and many other industries. The years from 1994 to 1998 set successive records as the biggest merger years in American history.

p. 12 In 1998, *one* rich man, Bill Gates, has personal wealth of 50 billion dollars – more an the combined net wealth of the bottom 40% of the U.S. Population, or 100 million Americans. In 1996, the richest 1 percent of the population enjoyed a median net worth of several million dollars and had accumulated 40 percent of the nation's wealth – the highest proportion since the 1920s. At the same time 40 million Americans – including *one of every four children* – had fallen into poverty, also the highest percentage in decades.

p. 13 But in a revealing interview at the end of 1996, Clinton hinted that another bridge that we might cross leads straight back to the Gilded Age. Talking with James Fallows in *The Atlantic,* the president spoke of remarkable similarities between the end of the last century and the end of own. Among the striking comparisons the president described were ".....labor turmoil, boom-and-bust economics, ethic changes wrought by immigration of that era and other shocks" that transformed the country. Clinton suggested that just as the Gilded Age saw a shift from an agricultural and craft-oriented industrial paradigm – we're going from the industrial age to an information-technology age, from the Cold War to a global society." Clinton also observed that, like today, the Gilded Age was a period of contradictions, simultaneously opening up dramatic new economic opportunities while threatening to leave millions of people behind. Then and now, "vast fortunes are being

nade- people are having opportunities they never dreamed of. But a lot of people have been dislocated."

p. 14 Today's new Gilded Age order stems from an economy fueled by revolutionary advances in market scale and technology. It is dominated by dynamic corporations larger than any in history, and run by men possessed of power, business networks, and personal fortunes far exceeding those of the robber barons. It is defined by a democracy in which popular sovereignty is eroding. And it features a culture in which old-fashioned "virtues" like laissez-faire economies, social Darwinism, and accumulation of wealth are enjoying redoubled popularity. Despite some central differences, the new order and the old reveal parallels at almost every level.

p. 16 In matters of personal style, the new elites are hardly the charismatic masters of their age that the robber barons were. Today's corporate leaders tend to be anonymous, gray-suited organization men, absorbed within an institutional system larger and more powerful than themselves. While they have great power, their charisma and personal ownership stakes matter far less than those of a Rockefeller or a J.P. Morgan, and they are to a far greater degree the captives of financial markets they do not fully control and of the

interlocked business networks over which they preside. The personal power of the robber arons has been subsumed into a global corporate web. While they speak the language of entrepreneurialism, the new business elites are far from the rugged individualists who strode across the gilded Age landscape.

p. 20 But Reich was clear about the social costs of success. "The unfinished agenda is to address widening inequality. Almost 18 years ago, inequality of earnings, wealth and opportunity began to increase, and the gap today is greater than at any time in living memory." As Reich commented on the breakdown of the old corporate contracts that held that "as companies did better, their workers should as well," he plaintively asked, "Are we, or are we not, still in this together?"

p. 21 Richard Hofstadter writes that the Gilded Age's wealth and economic dynamism were achieved at "a terrible cost of human values...The land and the people had both been plundered." In slums like Pittsburgh's Painter Mill, people cooked in dark cellar kitchens in houses without ventilation or dinking water. Neighborhoods in New York City had higher

population density than that of Bombay, the most densely populated city in the world. More than 80% of the Gilded Age workforce was poor.

Today, while the nation's official poverty rate is only 15%, it is much higher than in any Western European country or Japan. The parallel with the gilded Age is especially Notable in the huge scale of child poverty, with a million children expected to become newly poor as a result of welfare reform. Dr. Deborah Frank of Boston City Hospital reports that it has become common in the city to see malnourished poor infants "whose mothers were diluting their formula with water because they couldn't afford more." The main cause of poverty, as in the Gilded Age, is not unemployment so much as very low wages; 760 percent of today's poor have jobs. The corporate social contracts, while far more protective today is moving back, as Reich hints, toward the Gilded Age model. The pattern includes not only low wages but the creation of a disposable workforce, harsh working conditions, and relentless assault on unions.

p. 25 Gilded Age politics can be defined simply: It used to language and machinery of formally democratic government to weaken real democracy. The Gilded Age suffered "a government of Wall Street, by Wall Street and for Wall Street," in the heated 1890 rhetoric

of populist orator Mary Ellen Lease. While the robber barons preceded Ronald Reagan in denouncing big government as evil, they quietly expanded the intricate web of connections that linked the corporation and the government, and in the process broke down the barriers between economic and political power on which capitalist democracy presumably rested. Corporations became private governments with quasi-public powers, while government itself became a servant of private interests.

p. 27 It helped engender the public worship of wealth and acceptance of poverty that is among the cruelest of the robber-baron legacies.

p. 30 In an influential book, *American Capitalism,* published in 1952, John Kenneth Galbraith tried to come to terms with the rise of the few hundred huge corporations which already dominated the economy forty years ago: "the comparative importance of a small number of great corporations in the American economy cannot be denied" Galbraith wrote. "In principle the American economy is controlled, livelihood, and soul, by the large corporation"; yet in practice, he continued, the American "seems not to be completely enslaved....the danger is in the future; the present is still tolerable." In the 1950s, tyrannical corporate power had for the moment ceased to be an immediate danger – because

of the rise of countervailing power, which the giant corporation themselves had called into being.

p. 32 Galbraith concluded that countervailing power was the twentieth-century antidote to Gilded Age corporate ascendancy. Adolf Berle, another of America's most influential thinkers about the corporation, shared this view. He also believed that the corporation posed a potential grave danger to both competition and democracy, and that this had been curbed in the Depression and after by the rise of countervailing power.

While Galbraith was primarily interested in how corporate market power over wages and prices could be checked by countervailing power, thus preventing monopolistic extortion. Berle believed that corporations had accumulated so much of the economy's capital and wealth that they had become, in effect, the central planners in "a more or less" corporate planned economy. This spilled over into awesome social and political power resembling that of the Church in the Middle Ages.

p. 34 The intertwining of corporations and government has become so extensive in this century that the notion of a democratic balancing act has become a dangerous illusion – and ne of the cornerstones of the corporate mystique.

p. 38 Clinton's administration illustrates mainly the dramatic erosion of government as countervailing power, but also the lingering role of the state as a friendly corporate adversary.

p. 40 The markets now treat individual corporations as ruthlessly as corporations themselves treat workers in the age of downsizing.

p. 42 While corporations had strong local and state roots in the pre-Civil War period, Gilded Age business leaders sought to liberate the corporation from geographical anchors of any form. In a struggle to free themselves from restrictive and inconsistent state regulations, American corporations became, in essence, among the leading champions of the national regulatory state. Though their leaders avidly denounced government, it was, ironically, only the national government itself that could liberate them from their roots and turn them into the footloose entities they would eventually become.

p. 43 Moreover, as the national market grew in the Gilded Age, modern unions, too, began to take shape, their ranks swelled by the horrific treatment of workers; but they lacked the ability to coalesce into a powerful national contender to the new corporations. Labor can never be as mobile as capital, since individual members inevitably develop local roots and cannot transplant themselves from town to town without deep disruptions in their lives, making it more difficult for labor to assert itself as a countervailing power when markets are expanding geographically.

p. 44 Millions of workers in the United States and elsewhere are stranded in ghost towns while their corporate patrons waltz off to Mexico or Asia to hire the cheapest labor in the world. Unions and governments scream but can do little. While the ease of moving capital and the relative immobility of human beings and their protective associations always loomed as the great threat to countervailing power, global capital mobility poses the most serious challenge yet seen to labor, national governments, and other countervailing forces.

The rise of the national economy a century ago was not as great a threat to countervailing power, because the new national corporation remained on American soil

ruled by the federal government. Rockefeller's Standard Oil in the 1880s and 1980s could ıd did try to bribe and manipulate presidents and Congress, but could not bully them by Threatening to leave the country or playing America off against the Kaiser or Britannia. In contrast, the new world economy permits an Exxon, General Electric, or Chase Bank to weaken national governments in ways that their Gilded Age corporate ancestors could not have imagined.

p. 45 Economist Paul Krugman has argued that the actual level of foreign investment and trade remains such a small fraction of the total production of advanced economies that globalization cannot be regarded as the source of the evils commonly attributed to it.

Changes in technology and communications have greatly increased the credibility of capital flight.

p. 48 The prospect of corporate –dominated societies arising all over the world – led by a particularly virulent form in America – hovers over our millennial crossing. If the world can look forward to a new social contract engineered by the world's leading corporations, then our future will be one of free markets, global growth, and individual responsibility; the new

order will create development in many nations and benefit many executives, shareholders, and skilled employees; but it will drive down the living standards of countless millions prevented from sharing the huge profits the new system will generate. It will also widen the gap between rich and poor all over the world.

p. 49 Bill Gates tells us that Microsoft exists to put "a personal computer on every desk and in every home." But Gate's unabridged motto, for company eyes only, adds a few key words: "a computer on every desk and in every home, *all running Microsoft software.*" With Microsoft's operating systems running 85 percent of the world's personal computers, the company is flying toward its dream of a global-straddling monopoly. Erich Schmidt, chief technology officer of Sun Microsystems, puts in succinctly: "Microsoft is the most powerful economic force in the United States in the second half of the twentieth century."

p. 50 Microsoft is the archetypical symbol of the new corporate era. The technological wonders developed by Microsoft win its great loyalty and admiration from many in the public. Bill Gates is a business genius who has done a great deal for America. But when *Fortune* magazine suggests that Gates might have more influence than Bill Clinton, it is time

to be concerned about the quiet shift of power now and under way – one that could reduce :mocracy to a playground of global corporate oligarchs.

p. 51 The Microsoft architectures have established themselves so deeply in every segment of the computer business that they are "like the 60-hertz electrical current that flows to every American household." They are the high-tech equivalent of the standard sizes for nuts, bolts, and wheels which once made mass production and the Industrial Age possible.

p. 52 In other words, the very size and scope of Microsoft's monopoly made prosecuting the company a monopoly impossible.

Ironically, Klein, a man historically friendly to big business and supported by conservative Republicans, came to see one of America's great corporations as the threat to the twenty-first century free market. But as numerous observers have commented, Microsoft's entrenched PC monopoly probably makes Klein's sally into the fray too little too late.

p. 52 Microsoft is only one of about thirty giant global companies that sit at the center of the American economy. These companies are the top tier of the group of a few hundred corporations that dominate their respective markets and touch the lives of virtually every American.

The top thirty are among the biggest in the world, but size is not the only reason they stand out. The top thirty represent the pivotal powers in the new world of corporate ascendancy. They are creating the future, for better or worse, and they are unmatched in their ambition, technological dynamism, and global reach. While they are carriers of new ideas of freedom, economic cooperation, and even of the possibility of community on a global scale, they embody the key elements of the new corporate order; vast size, dominant market share, and a new ethic of minimal loyalty to employees, communities, and the environment.

p. 53 The major corporations are larger than most governments in the world, with revenues and assets ranging up to almost $1 trillion in a single company. Of the world's hundred largest economies, fifty-one are global companies, and only forty-nine are nations – and the vast majority of the global corporate Goliaths are American or Japanese. Collectively, the

top thirty own assets worth several trillion dollars, perhaps a fifth of the world's total corporate wealth.

The "private economic government" of the biggest corporations today, writes Yale law professor Charles Reich, "is a far more important factor in the lives of individuals than public government. Private government controls people by controlling their ability to make a living. In order to get a job, have a career, escape the abyss of being rejected or discarded, people will accept the dictates of corporate and institutional employers, even when these dictates go far beyond anything that public government could constitutionally impose.

p. 54 Corporations exercise political power over employees by making rules they have to live by. These can include what is permissible in terms of dress, speech, and a way of thinking consistent with corporate culture. Corporations can read employees' e-mail messages and legally instruct workers about when they are free to go to the bathroom (a problem that has led a urologist to write a book about work-related prostate conditions) and, in 1998 led President Clinton to issue an edict calling for new toilet rights). The corporation mostly writes its own internal laws – making it a nation within a nation. Such authority, when restricted to the workplace, might conceivably still be viewed as private or market

power rather than public or governmental, even though it affects behavior that is not strictly economic and involves invasive control over people's lives similar to that entrusted to governments. But in addition to this inherently political side of market power, corporations are increasingly involved through trade associations, lobbyists, and campaign financing in shaping the nation's political agenda and legislation, a more explicit and transparent form of corporate public power. Through their ownership of the mass media (such as GE's ownership of NBC and Westinghouse's ownership of CBS as well as a vast radio empire) and increased corporate funding of schools, they are also helping mold the minds of American citizens.

p. 55 Unlike those of national governments, the public powers of the leading corporations cross national boundaries – and their top officials cannot be replaced by popular vote if they violate the public trust. Corporations have succeeded in diverting the frustration generated by downsizing and stagnant wages into a furious attack on governments rather than on themselves.

Populist anger toward Washington is not entirely misdirected, since public and private government have become increasingly intimate in their joint management of the