

# Are Corporations and Banks “Corrupting The System”, Or is The Problem “The System of Capitalism”?

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The Occupy Wall Street movement is a great and momentous event. It is a fresh wind of resistance. We're protesting multiple outrages of this system, not just one. Occupy Wall Street is throwing up big questions about the source of these outrages and how to bring about a radically different and better world. And it's created space for us to talk about all this! So I'm really happy to be here with you

My brief here is titled “Are the Corporations and Banks Corrupting the System, or is the Problem the System of Capitalism.”

Of course, people are right to be outraged by what the corporations and banks do.

\*Look at what BP did in the Gulf of Mexico last year: it was responsible for the worst environmental disaster in U.S. history.

\*People are right to be outraged by the banks which profited off financial operations that resulted in millions being evicted from their homes. And when Goldman-Sachs smelled the rot of subprime lending, they moved into food commodity futures—contributing to the rise in global food prices and greater hunger and starvation for millions in the Third World.

\*You know, Steve Jobs recently died, and he's being eulogized for his “pursuit of the dream of perfectionism.” But there would be no Steve Jobs, there would be no Apple—without a global network of exploitation. I'm talking about a corporate supply chain managed from the Silicon Valley. I'm talking about contract manufacturers like Foxconn that assemble the iPhone and iPad in China—at factories where people are forced to work 60 hours a week, where they are poisoned by hazardous chemicals, denied basic rights, and where several workers in desperation committed suicide.

## **Corporations and Banks: Part of Something Bigger**

But, you know, if we hate what the corporations and banks are doing, and we want to stop it, we have to look at what they are part of. They're part of something bigger than themselves, a system of capitalism that operates according to certain dynamics.

Think about this: particular corporations and banks don't exist forever: they're bought and sold. They merge, like JP Morgan and Chase, or Texaco and Chevron. They go bankrupt as a result of competition and crisis, like Lehman Brothers. They move in and out of different product lines, like what happened to IBM and the PC, or Apple moving into Google territory.

A transnational corporation or bank, with huge global assets, embodies the economic system we live under. Transnational corporations are **units for the production and accumulation of profit**, like Toyota or Exxon-Mobil assembling cars or drilling for oil. In the case of banks, they're units for maximizing financial profits from far-flung operations. A corporation is an **instrument for the organized exploitation of wage labor**. It is an instrument through which markets are penetrated and cornered, through which resources are grabbed, like the oil companies going into the Arctic. These corporations and banks are **instruments**-but not the only instrument-**of ownership and control by the capitalist class**.

The point I'm making is that these corporations and banks are pieces-and not the only pieces-on a global chessboard of capitalist-imperialism. And this chessboard, this brutal playing field, operates according to certain rules of the game. It's like basketball or soccer: there are rules of the game. If a basketball player kicked the ball like a soccer player to get it down-court, the whole game would break down. Let's look at those rules:

### **Capitalism Operates According to Certain Rules**

#### **RULE #1: Everything is a commodity and everything must be done for profit.**

Everything under capitalism is produced in order to be exchanged, to be sold. Things have to be useful to be sold. But what's actually produced, and how it's produced, is measured and motivated by profit: whether it's housing, computers, medicine, energy, whatever. And profit comes from the exploitation of billions of human beings on this planet.

Criminally, under capitalism, the environment-like the rainforest in Ecuador where Texaco drilled for oil-is something to be seized and plundered for profit.

**RULE #2: Capitalist production is privately owned and driven forward by the commandment "expand or die."** Exxon-Mobil and Royal Dutch Shell, or Credit Suisse and JP Morgan Chase are fighting each other for market share. They are driven to extend investments and cheapen costs, not mainly due to personal greed, but because if they don't expand and keep accumulating profit and more profit for their war chests, if they don't more ruthlessly exploit labor on a world scale, they won't stay alive-they'll go under or be gobbled up.

Competition runs through this whole system. It's beat or be beaten. When BP was cleaning up the oil spill, you didn't see other oil companies coming to share expertise and oceanographic equipment. No, these other companies wanted to take advantage of the situation-Shell and Exxon-Mobil were reportedly "licking their chops" at the possibility of gobbling up BP. This "expand or die" compulsion leads to bigger and more powerful units of capital.

**RULE #3: Is the drive for global control and dominance.** Capitalism is a worldwide system. There's a great divide in the world between the imperialist and oppressed countries. On this global playing field corporations and banks compete for global influence and control, like the oil corporations going off the coast of West Africa or Nigeria. But the most intense form of rivalry is between contending world powers for strategic position and advantage-over regions, markets, and resources. This has led to wars of conquest, like what the U.S. did in the Philippines, or the French in Algeria, or the U.S. invasion of Iraq. And this drive for global control and domination led two world wars.

So these are the three rules of the game: profit based on the exploitation of labor; expand or die; and the drive for global dominance. And whether we are talking about a corporation or a bank, they are guided by these three rules—and both play essential and functional roles in this system of capitalist production, a system of worldwide exploitation.

Bob Avakian in ***Basics*** gives this vivid definition of capitalism-imperialism:

“Imperialism means huge monopolies and financial institutions controlling the economies and the political systems—and the lives of people—not just in one country but all over the world. Imperialism means parasitic exploiters who oppress hundreds of millions of people and condemn them to untold misery; parasitic financiers who can cause millions to starve just by pressing a computer key and thereby shifting vast amounts of wealth from one place to another. Imperialism means war—war to put down the resistance and rebellion of the oppressed, and war between rival imperialist states—it means the leaders of these states can condemn humanity to unbelievable devastation, perhaps even total annihilation, with the push of a button.

“Imperialism is capitalism at the stage where its basic contradictions have been raised to tremendously explosive levels. But imperialism also means that there will be revolution—the oppressed rising up to overthrow their exploiters and tormentors—and that this revolution will be a worldwide struggle to sweep away the global monster, imperialism.”

## **Capitalism and the State**

Those three economic laws that I’ve laid out are at the root of the capitalist-imperialist system. But the preservation and extension of this system requires a state power. You see, capital is private and competing. But the capitalists of a given country—like the U.S. or France or Russia or Germany—they have common interests. The state power in France acts to safeguard the common strategic interests of French capital—and so too in Japan or Russia.

The capitalist class dominates the economy. It controls the major means of production—land, raw materials and other resources, technology, and physical structures, like factories). The government is a key part of a state power that is controlled by the capitalist class, no matter who is president. But this state plays a special role in society. It’s not acting in the interests of this or that corporation or bank. It acts to protect and expand the economic system and to keep the whole society functioning as a capitalist society. What are the key things the state does?

\*It holds a monopoly on the legitimate use of force. It deploys the police and courts and prisons to suppress any resistance from below. We saw in the 1960s how the government moved to crush the Black Panther Party. Here in NYC, the police arrest antiwar demonstrators, they moved against Occupy Wall Street demonstrators on the Brooklyn Bridge, and each year they stop and frisk hundreds of thousands of Black and Latino youth—as part of exercising social control over a marginalized and potentially rebellious section of the population.

\*The state taxes and spends to create infrastructure. It provides a central banking system. It sets laws for the exploitation of labor power. It funds education and social programs to maintain the labor force and social stability.

It subsidizes strategic industries, like nuclear power. It negotiates treaties and agreements with other powers. All this serves the interests of capital.

\* The U.S. imperialist state acts to safeguard a global empire. It builds up a huge military machine of death and destruction, and has established over 700 bases in over 100 countries to enforce political conditions that are favorable to investment and to suppress resistance in other parts of the world.

\*The state acts to legitimize the system. It holds elections which serve to put a stamp of “popular approval” on the policies of the capitalist ruling class. You know...the idea of “consent of the governed.” There is a common misconception that the voting system in the U.S. is basically good but that the corporations and banks have more money to influence things. Well, yes, they throw their money around. But the basic truth is this: **you don't control the system through elections...the system controls you through elections!** The agendas and choices are set by the ruling class.

The U.S. government and state power have functioned consistently, from the time of the founding of the Republic and the Constitution, to serve the expansion and consolidation of a national market. The U.S. government and state power have functioned consistently to protect a property rights system based on the control of producing wealth by a small capitalist class that exploits wage laborers.

This state power has functioned consistently to serve the rise and extension of a global empire that rests on exploitation, plunder, and war: from the theft of land from Mexico to the annexation of Puerto Rico and the occupation of the Philippines to Vietnam to Iraq to Afghanistan.

I've talked about this expand-or-die dynamic of capitalism. You have a situation where huge banks and corporations are each and all seeking to gain advantage and position... each and all chasing after profit opportunities, investing as though there were no limit. Under capitalism, there's no society-wide planning or coordination. There's anarchy of social production, which leads to crisis. And when the system goes into deep economic crisis, the state acts to protect the system from collapse. This is what FDR did during the New Deal.

When economic crisis hit in 2008-09 the state under Obama acted to bail out and shore up the banks—not because these banks had “special influence.” The bailout was designed to prevent a huge breakdown of the system and to protect the financial institutions that are key to the dominant position of the U.S. in the world economy.

This was a bailout of the capitalist system. They're doing that at a terrible cost to humanity, at great cost to not only the poor and exploited in this society but to broader sections of people. And at great cost to the ecology of the planet.

Now people have to choose between rent and healthcare...and that's a choice that no one should have to make. And young people don't know if they're going to have any kind of future worthy of human beings.

I started by posing question: are corporations and banks corrupting the system, or is the problem the system of capitalism? My answer is that capitalism-imperialism is the problem—and we need a revolution to create a new system fit for humanity. And if you want to find out about how a socialist society would actually function, you need to check out the *Constitution for the New Socialist Republic in North America*.

<http://revcom.us/socialistconstitution/index.html>

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