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Why Does the Air Stink? Corporate Power and Public Policy

Everybody wants clean air. Who could oppose it? "I spent seven years of my life trying to stop the Clean Air Act,'" explained the vice president of a major corporation that is a heavy-duty polluter. Nonetheless, he was perfectly willing to make campaign contributions to members who voted for the act:

How a person votes on the final piece of legislation often is not representative of what they have done. Somebody will do a lot of things during the process. How many guys voted against the Clean Air Act? But during the process some of them were very sympathetic to some of our concerns. In the world of Congress and political action committees things are not always what they seem. Members of Congress all want to vote for clean air, but they also want to get campaign contributions from corporations, and they want to pass a law that business will accept as "reasonable." The compromise solution is to gut the bill by Grafting dozens of loopholes. These are inserted in private meetings or in subcommittee hearings that don't get much (if any) attention in the press. Then the public vote on the final bill can be nearly unanimous. Members of Congress can reassure their constituents and their corporate contributors: constituents, that they voted for the final bill; corporations, that they helped weaken it in private. Clean air, and especially the Clean Air Act of 1990, can serve as an introduction to the kind of process we try to expose.

The public strongly supports clean air, and is unimpressed when corporate officials and apologists trot out their normal arguments—"corporations are already doing all they reasonably can to improve environmental quality," "we need to balance the costs against the benefits," "people will lose their jobs if we make controls any stricter." The original Clean Air Act was passed in 1970, revised in 1977, and not revised again until 1990. Although the initial goal was to have us breathing clean air by 1975, the deadline has been repeatedly extended—and the 1990 legislation provides a new set of deadlines to be reached sometime in the distant future.

Corporations control the production process unless the government specifically intervenes. Therefore, any delay in government action leaves corporations free to do as they choose; business often prefers a weak, ineffective, and unenforceable law. The laws have not only been slow to come, but corporations have also fought to delay or subvert implementation. The 1970 law ordered the Environmental Protection Agency (EPA) to regulate the hundreds of poisonous chemicals that are emitted by corporations, but, as William Greider notes, "In twenty years of stalling, dodging, and fighting off court orders, the EPA has managed to issue regulatory standards for a total of seven toxics."

Corporations have done exceptionally well politically, given the problem they face: The interests of business are diametrically opposed to those of the public. Clean air laws and amendments have been few and far between, enforcement is ineffective, and the penalties minimal. On the one hand, corporations *have* had to pay *billions for clean-ups;* on the other hand, the costs to date are a small fraction of what would be needed to actually clean up the environment.

This corporate struggle for the right to pollute takes place on many fronts. The most visible is public relations: the Chemical Manufacturers Association took out a two-page Earth Day ad in the *Washington Post* to demonstrate its concern; coinddentally, the names of many of the corporate signers of this ad appear on the EPA's list of high-risk producers. Another front is expert studies that delay action while more information is gathered. The federally funded National Acid Pre-cipitation Assessment Program took ten years and $600 million to figure out whether acid rain was in fact a problem. Both business and the Reagan administration argued that nothing should be done until the study was completed. Ultimately, the study was discredited: The "summary of findings" minimized the impact of acid rain, even though this did not accurately represent the expert research in the report. But the key site of struggle was Congress. For years, corporations successfully defeated legislation. In 1987 utility companies were offered a compromise bill on acid rain, but they "were very adamant that they had beat the thing since 1981 and they could always beat it," according to Representative Edward Madigan (Republican-Illinois). The utilities beat back all efforts at reform through the 1980s, but their intransigence probably hurt them when revisions finally came to be made.

The stage was set for a revision of the Clean Air Act when George Bush, "the environmental president," was elected, and George Mitchell, a strong supporter of environmentalism, became the Senate majority leader. But what sort of clean air bill would it be? "What we wanted," said Richard Ayres, head of the environmentalists' Clean Air Coalition, "is a health based standard— one-in-1-million cancer risk," a standard that would require corporations to clean up their plants until the cancer risk from their operations was reduced to 1 in a million. "The Senate bill still has the requirement," Ayres said, "but there are forty pages of extensions and exceptions and qualifications and loopholes that largely render the health standard a nullity." Greider reports, for example, "According to the EPA, there are now twenty-six coke ovens that pose a cancer risk greater than 1 in 1000 and six where the risk is greater than 1 in 100. Yet the new clean-air bill will give the steel industry another thirty years to deal with the problem."

This change from what the bill was supposed to do to what it did do came about through what corporate executives like to call the "access" process. The principal aim of most corporate campaign contributions is to help corporate executives gain "access" to key members of Congress and their staffs. In these meetings, corporate executives (and corporate PAC money) work to persuade the member of Congress to accept a predesigned loophole that will sound innocent but effectively undercut the stated intention of the bill. Representative John D. Dingell (Democrat-Michigan), who was chair of the House Committee, is a strong industry supporter; one of the people we interviewed called him "the point man for the Business Roundtable on clean air." Representative Henry A. Waxman (Democrat-California), chair of the subcommittee, is an environmentalist. Observers had expected a confrontation and contested votes on the floor of the Congress.

The problem for corporations was that, as one Republican staff aide said, "If any bill has the blessing of Waxman and the environmental groups, unless it is totally in outer space, who's going to vote against it?" But corporations successfully minimized public votes. Somehow, Waxman was persuaded to make behind-the-scenes compromises with Dingell so members, during an election year, didn't have to side publicly with business against the environment. Often the access process leads to loopholes that protect a single corporation, but for "clean" air most of the special deals targeted not specific companies but entire industries. The initial bill, for example, required cars to be able to use carefully specified, cleaner fuels. But the auto industry wanted the rules loosened, and Congress eventually incorporated a variant of a formula suggested by the head of General Motors' fuels and lubricants department.

Nor did corporations stop fighting even after they gutted the bill through amendments. Business pressed the EPA for favorable regulations to implement the law: "The cost of this legislation could vary dramatically, depending on how EPA interprets it," said William D. Fay, vice president of the National Coal Association, who headed the hilariously misnamed Clean Air Working Group, an industry coalition that fought to weaken the legislation. As one EPA aide working on acid rain regulations reported, "We're having a hard time getting our work done because of the number of phone calls we're getting" from corporations and their lawyers.

Corporations trying to get federal regulators to adopt the "right" regulations don't rely exclusively on the cogency of their arguments. They often exert pressure on a member of Congress to intervene for them at the EPA or other agency. Senators and representatives regularly intervene on behalf of constituents and contributors by doing everything from straightening out a social security problem to asking a regulatory agency to explain why it is pressuring a company. This process—like campaign finance—usually follows rules of etiquette. In addressing a regulatory agency, the senator does not say, "Lay off my campaign contributors or I'll cut your budget." One standard phrasing for letters asks regulators to resolve the problem "as quickly as possible within applicable rules and regulations." No matter how mild and careful the inquiry, the agency receiving the request is certain to give it extra attention; only after careful consideration will they refuse to make any accommodation.

Soft money—unregulated megabuck contributions—also shaped what happened to air quality. Archer Daniels Midland argued that increased use of ethanol would reduce pollution from gasoline; coincidentally, ADM controls a majority of the ethanol market. To reinforce its arguments, in the 1992 election ADM gave $90,000 to Democrats and $600,000 to Republicans, the latter supplemented with an additional $200,000 as an individual contribution from the company head, Dwayne Andreas. Many environmentalists were skeptical about ethanol's value in a clean air strategy, but President Bush issued regulations promoting wider use of ethanol; we presume he was impressed by the force of ADM's 800,000 Republican arguments. Bob Dole, the 1996 Republican presidential candidate, helped pass and defend special breaks for the ethanol industry; he not only appreciated ADM's Republican contributions, but presumably approved of the more than $1 million they gave to the American Red Cross during the period when it was headed by his wife, Elizabeth Dole. What about the post-1994 Republican-controlled Congress, defenders of the free market and opponents of government giveaways? Were they ready to end this subsidy program, cracking down on corporate welfare as they did on people welfare? Not a chance. In 1997, the Republican chair of the House Ways and Means Committee actually attempted to eliminate the special tax breaks for ethanol. Needless to say, he was immediately put in his place by other members of the Republican leadership, including Speaker Newt Gingrich and most of the Senate, with the subsidy locked in place for years to come, in spite of a General Accounting Office report that "found that the ethanol subsidy justifies none of its political boasts." The Center for Responsive Politics calculated that ADM. its executives and PAC, made more than $1 million in campaign contributions of various types; the only thing that had changed was that in 1996, with a Democratic president, this money was "divided more or less evenly between Republicans and Democrats."

The disparity in power between business and environmentalists looms large during the legislative process, but it is enormous afterward. When the Clean Air Act passed, corporations and industry groups offered positions, typically with large pay increases, to congressional staff members who wrote the law. The former congressional staff members who now work for corporations both know how to evade the law and can persuasively claim to EPA that they know what Congress intended. Environmental organizations pay substantially less than Congress and can't afford large staffs. They are seldom able to become involved in the details of the administrative process or to influence implementation and enforcement.

Having pushed Congress and the Environmental Protection Agency to allow as much pollution as possible, business then went to the Quayle council for rules allowing even more pollution. Vice President J. Danforth Quayle's council, technically known as the "Council on Competitiveness," was created by President Bush specifically to help reduce regulations on business. Quayle told the *Boston Globe* "that his council has an 'open door' to business groups and that he has a bias against regulations." During the Bush administration, this council reviewed, and could override, all regulations, including those by the EPA setting the limits at which a chemical was subject to regulation. The council also recommended that corporations be allowed to increase their polluting emissions if a state did not object within seven days of the proposed increase. Corporations thus have multiple opportunities to win. If they lose in Congress, they can win at the regulatory agency; if they lose there, they can try again at the Quayle Council (or later equivalent). If they lose there, they can try to reduce the money available to enforce regulations, or tie the issue up in the courts, or plan on accepting a minimal fine.

The operation of the Quayle council probably would have received little publicity, but reporters discovered that the executive director of the Council, Allan Hubbard, had a clear conflict of interest. Hubbard chaired the biweekly White House meetings on the Clean Air Act. He owned half of World Wide Chemical, received an average of more than $1 million a year in profits from it while directing the Quayle council, and continued to attend quarterly stockholder meetings. According to the

Boston Globe, "Records on file with the Indianapolis Air Pollution Control Board show that World Wide Chemical emitted 17,000 to 19,000 pounds of chemicals into the air" in 1991. At that time the company did "not have the permit required to release the emissions," was "putting out nearly four times the allowable emissions without a permit, and could be subject to a $2,500-a-day penalty," according to David Jordan, director of the Indianapolis Air Pollution Board.

This does not, however, mean that business always gets exactly what it wants. In 1997, the Environmental Protection Agency proposed tough new rules for soot and smog. Business fought hard to weaken or eliminate the rules: hiring experts (from pro-business think tanks) to attack the scientific studies supporting the regulations and putting a raft of lobbyists ("many of them former congressional staffers," the *Washington Post* reported) to work securing the signatures of 250 members of Congress questioning the standards. But the late 1990s version of these industry mobilizations adds a new twist—creating a pseudo-grassroots campaign. For example, business, operating under a suitably disguised name (Foundation for Clean Air Progress), paid for television ads telling farmers that the EPA rules would prohibit them from plowing on dry windy days, with other ads predicting the EPA rules "would lead to forced carpooling or bans on outdoor barbecues—claims the EPA dismisses as ridiculous." Along with the ads, industry worked to mobilize local politicians and business executives in what business groups called a "grass tops" campaign.

Despite a massive industry campaign, EPA head Carol Browner remained firm, and President Clinton was persuaded to go along. Of course, industry immediately began working on ways to undercut the regulations with congressional loopholes and exceptions—but business has suffered a defeat, and proponents of clean air (that is, most of the rest of us) had won at least a temporary and partial victory. And who leads the struggles to overturn or uphold these regulations? Just as before, Dingell and Waxman; Republicans "are skittish about challenging" the rules publicly, "so they gladly defer to Dingell as their surrogate." Dingell's forces have more than 130 cosponsors (about one-third of them Democrats) for a bill to, in effect, override the EPA standards.

In business-government relations most attention becomes focused on instances of scandal. The real issue, however, is not one or another scandal or conflict of interest, but rather the *system* of business-government relations, and especially of campaign finance, that offers business so many opportunities to craft loopholes, undermine regulations, and subvert enforcement. Still worse, many of these actions take place beyond public scrutiny.

What Is Power?

Our analysis is based on an understanding of power that differs from that usually articulated by both business and politicians. The corporate PAC directors we interviewed insisted that they have no power.

> If you were to ask me what kind of access and influence do we have, being roughly the 150th largest PAC, I would have to tell you that on the basis of our money we have zero....If you look at the level of our contributions, we know we're not going to buy anybody's vote, we're not going to rent anybody, or whatever the cliches have been over the years. We know that.

The executives who expressed these views clearly meant these words sincerely. Their statements are based on roughly the same understanding of "power" that is current with political science, which is also the way the term was defined by Max Weber, the classical sociological theorist. Power, in this common conception, is the ability to make someone do something against their will. If that is what power means, then corporations rarely have any in relation to members of Congress, nor does soft money give the donor power over presidents. As one senior vice president said to us: "You certainly aren't going to be able to buy anybody for $500 or $1,000 or $10,000—it's a joke." Soft money donations of a million dollars might seem to change the equation, but we will argue they do not: Just as $10,000 won't buy a member of Congress, $1,000,000 won't buy a president. In this regard we agree with the corporate officials we interviewed: A corporation is not in a position to say to a member of Congress, "Either you vote for this bill, or we will defeat your bid for reelection." Rarely do they even say: "You vote for this bill or you won't get any money from us."

This definition of power as the ability to make someone do something against their will is what Steven Lukes calls a "one-dimensional" view of power. A two-dimensional view recognizes the existence of nondecisions: A potential issue never gets articulated or, if articulated by someone somewhere, never receives serious consideration. For example, in 1989 and 1990 one of the major political battles, and a focus of great effort by corporate PACs, was the Clean Air Act. Yet twenty or thirty years earlier, before the rise of the environmental movement, pollution was a nonissue: it simply was not considered, although its effects were, in retrospect, of great importance. In one of Sherlock Holmes stories, the key clue is that the dog didn't bark. A two-dimensional view of power makes the same point: The most important clue in some situation may be that no one noticed power was exercised—because there was no overt conflict.

Even this model of power is too restrictive, however, because it still focuses on discrete decisions and nondecisions. Tom Wartenberg calls these "interventional" models of power, and notes that, in such models "the primary locus of power... is a specific social interaction between two social agents." Such models do not recognize "the idea that the most fundamental use of power in society is its use in structuring the basic manner in which social agents interact with one another." Wartenberg argues, instead, for a "field theory" of power that analyzes social power as a force similar to a magnetic field. A magnetic field alters the motion of objects susceptible to magnetism. Similarly, the mere presence of a powerful social agent alters the social space for others and causes them to orient themselves toward the powerful agent. For example, one of the executives we interviewed took it for granted that "if we go see the congressman who represents [a city where the company has a major plant], where 10,000 of our employees are also his constituents, we don't need a PAC to go see him." The corporation is so important in that area that the member has to orient himself in relation to the corporation and its concerns. In a different sense, the very act of accepting a campaign contribution changes the way a member relates to a PAC, creating a sense of obligation, a need to reciprocate. The PAC contribution has altered the member's social space, his or her awareness of the company and wish to help it, even if no explicit commitments have been made.

Business Is Different

Power, we would argue, is not just the ability to force someone to do something against their will; it is most effective (and least recognized) when it shapes the field of action. Moreover, business's vast resources, influence on the economy, and general legitimacy place it on a different footing from other campaign contributors. Every day a member of Congress accepts a $1,000 donation from a corporate PAC, goes to a committee hearing, proposes "minor" changes in a bill's wording, and has those changes accepted without discussion or examination. The changes "clarify" the language of the bill, legalizing higher levels of pollution for a specific pollutant, or exempting the company from some tax. The media do not report on this change, and no one speaks against it. On the other hand, if a PAC were formed by Drug Lords for Cocaine Legalization, no member would take their money. If a member introduced a "minor" wording change to make it easier to sell crack without bothersome police interference, the proposed change would attract massive attention, the campaign contribution would be labeled a scandal, the member's political career would be ruined, and the changed wording would not be incorporated into the bill. Drug Lords may make an extreme example, but approximately the same holds true for many groups: At present, equal rights for gays and lesbians could never be a minor and unnoticed addition to a bill with a different purpose.

Even groups with great social legitimacy encounter more opposition and controversy than business faces for proposals that are virtually without public support. One example is the contrast between the largely unopposed commitment of tens or hundreds of billions of dollars for the savings and loan bailout, compared to the sharp debate, close votes, and defeats for the rights of men and women to take *unpaid* parental leaves. The classic term for something non-controversial that everyone must support is "a motherhood issue," and while it costs little to guarantee every woman the right to an unpaid parental leave, this measure nonetheless generated intense scrutiny and controversy—going down to defeat under President Bush, passing under President Clinton, and then again becoming a focus of attack after the 1994 Republican takeover of Congress. Few indeed are the people publicly prepared to defend pollution or tax evasion. Nevertheless, business is routinely able to win pollution exemptions and tax loopholes. Although cumulatively some vague awareness of these provisions may trouble people, most are allowed individually to pass without scrutiny. *No* analysis of corporate political activity makes sense unless it begins with a recognition of this absolutely vital point. The PAC is a vital element of corporate power, but it does not operate by itself. The PAC donation is always backed by the wider power and influence of business.

Corporations are unlike other "special interest" groups not only because business has far more resources, but also because its acceptance and legitimacy. When people feel that "the system" is screwing them, they tend to blame politicians, the government, the media—but rarely business. In terms of campaign finance, while much of the public is outraged at the way money influences elections and public policy, the issue is almost always posed in terms of politicians, what they do or don't do. This is part of a pervasive double standard that largely exempts business from criticism. We, however, believe it is vital to scrutinize business as well.

We did two dozen radio call-in shows after the appearance of our last book, *Money Talks.* On almost every show, at least one call came from someone outraged that members of Congress had recently raised their pay to $125,100. (For 1998, it will be about $137,000.) Not a single person even mentioned corporate executives' pay. *Business Week* calculated that in 1996 corporate CEOs were paid an average of $5.8 million (counting salary, bonuses, and stock option grants), or more than 200 times the average worker's pay, and more than 40 times what members of Congress are paid. More anger is directed at Congress for delaying new environmental laws than at the companies who fight every step of the way to stall and subvert the legislation. When members of Congress do favors for large campaign contributors, anger is directed at the senators who went along, not at the business owner who paid the money (and usually initiated the pressure). The public focuses on the member's receipt of thousands of dollars, not on the business's receipt of millions (or hundreds of millions) in tax breaks or special treatment. It is a widely held belief that "politics is dirty." But little public comment and condemnation is generated when companies get away—quite literally—with murder. This disparity is evidence of business's success in shaping public perceptions. Lee Atwater, George Bush's 1988 campaign manager, saw this as a key to Republican success:

> In the 1980 campaign, we were able to make the establishment, insofar as it is bad, the government. In other words, big government was the enemy, not big business. If the people think the problem is that taxes are too high, and the government interferes too much, then we are doing our job. But, if they get to the point where they say that the real problem is that rich people aren't paying taxes,... then the Democrats are going to be in good shape.

We argue that corporations are so different, and so dominant, that they exercise a special kind of power, what Antonio Gramsci called hegemony. Hegemony can be regarded as the ultimate example of a field of power that structures what people and groups do. It is sometimes referred to as a worldview, a way of thinking about the world that influences every action, and makes it difficult to even consider alternatives. But in Gramsci's analysis it is much more than this, it is a culture and set of institutions that structure life patterns and coerce a particular way of life. Susan Harding gives the example of relations between whites and blacks in the South prior to the 1960s. Black inferiority and subservience were not simply ideas articulated by white racists, they were incorporated into a set of social practices: segregated schools, restrooms, swimming pools, restaurants; the black obligation to refer to white men as "Mister"; the prohibition on referring to black men as "Mister"; the use of the term "boy" for black males of any age and social status; the white right to go to the front of any line or to take the seat of any African American, and so on. Most blacks recognized the injustice and absurdity of these rules, but this did not enable them to escape, much less defy, them. White hegemony could not be overthrown simply by recognizing its existence or articulating an ideal of equality; black people had to create a movement that transformed themselves, the South, and the nation as a whole.

Hegemony is most successful and most powerful, when it is unrecognized. White hegemony in the South was strong but never unrecognized and rarely uncontested. White southerners would have denied, probably in all sincerity, that they exercised power: "Why our nigras are perfectly happy that's the way they want to be treated." But many black southerners would have vigorously disputed this while talking to each other. In some sense, gender relations in the 1950s embodied a hegemony even more powerful than that of race relations. Betty Friedan titled the first chapter of *The Feminine Mystique* "The Problem That Has No Name," because women literally did not have a name for, did not recognize the existence of, their oppression. Women as well as men denied the existence of inequality or oppression, denied the systematic exercise of power to maintain unequal relations.

We argue that today business has enormous power and exercises effective hegemony, even though (perhaps because) this is largely undiscussed and unrecognized. *Politically,* business power today is similar to white treatment of blacks in 1959—business may sincerely deny its power, but many of the groups it exercises power over recognize it, feel dominated, resent this, and fight the power as best they can. At least until very recently, *economically,* business power was more like gender relations in 1959: Virtually no one saw this power as problematic. The revived labor movement is beginning to change this, and there are signs that a movement is beginning to contest corporate power. Nonetheless, if the issue is brought to people's attention, many still don't see a problem: "Well, so what? How else could it be? Maybe we don't like it, but that's just the way things are."

Hegemony is never absolute. African Americans and women both were (and are) forced to live in disadvantaged conditions, but simultaneously fought for dignity and respect. Unusual individuals always violated conventions and tested limits. A hegemonic power is usually opposed by a counterhegemony. Thus, while children in our society are taught to compete with each other to earn the praise of authority figures, and while most children engage in this process much of the time, it is also true that the "teacher's pet" is likely to face ostracism. We hope this book makes a small contribution to weakening business hegemony and to developing a counterhegemony.

The primary power of the wealthy is not exercised by individuals or even by families. Power in our society is based in institutions, not individuals, and the power of wealth is channeled through corporations. There are more than 200,000 industrial corporations in the United States, but all companies are *not* created equal: The 500 largest industrials control three-quarters of the sales, assets, and profits of *all* industrial corporations. More than 250 of these companies had revenues of more than $5 billion. Similarly, in the service sector, 500 firms control a disproportionate share of the resources. The dominance of these corporations means that a handful of owners and top executives, perhaps one-hundredth of one percent of the U.S. population, or 25,000 individuals, have the power to make decisions that have a huge impact on all of our lives. Collectively these people exercise incalculable power, making decisions with more impact on most of our lives than those made by the entire elected government.

Consider for a moment those decisions that virtually everyone in our society agrees should be made by business. Consider, for this exercise, only those decisions on which there is broad bipartisan political agreement; exclude anything that would generally be considered ethically or legally dubious and anything where a significant fraction of elected officials dispute business's right. Exclude, as well, any actions that are taken only through business's influence on government, and confine your attention to the decisions made in operating businesses. Remember that any decision made by "business" is primarily determined by the 25,000 individuals at the top of the corporate ladder, since their companies control about three-quarters of *all* corporate sales, assets, employees, and profits.

Business Decisions

What are some of these decisions? A brief and partial list indicates their scope:

Decisions about Employment

- the number of people employed.
- when to have layoffs.
- the number of hours people work.
- when work begins in the morning and ends in the afternoon.
- whether to phase out full-time jobs and replace them with part-time, lower-wage, no-benefits jobs. In 1997, ups workers and the Teamsters Union successfully contested the company's increasingly heavy reliance on part-timers, but it was big news that a union even attempted to raise the issue, much less that they were able to win.
- whether or not there is overtime, and whether it is compulsory.
- whether to allow flextime and job-sharing.
- the skill level of the jobs. Does the company make an effort to use lots of skilled workers paid good wages or is it always trying to de-skill positions and replace skilled workers with unskilled?
- the educational (and other) requirements for employment. Are certain educational levels *necessary* in order to be hired, or are they simply helpful? Are exconvicts or former mental patients eligible for all jobs or only some? What about the handicapped?
- whether the firm de facto discriminates in favor of men and whites or makes an active effort to recruit and promote minorities and women.
- workers' rights on the job. For example, do they have free speech? A worker at a Coca-Cola plant was given a three-day suspension (without pay) because his wife brought him a lunch with a soda from Burger King, at a time when Burger King sold Pepsi. It is totally legal to penalize an employee for this or many other such actions.
- job safety. In one of the most extreme examples, a worker was killed while performing a dangerous task. Almost immediately thereafter another worker was ordered to do the same job and refused because he said conditions were unsafe and had not been remedied. The company fired him for this refusal, and the Supreme Court upheld the firing.
- (within limits) whether or not a union is recognized; whether the union and the workers are treated with dignity and respect; how bitterly and viciously the union is resisted.

Investment Decisions

- decisions about whether to expand a plant, and if so, which plant to expand.
- whether to merge the corporation and "downsize" workers. Recently, a number of corporations have laid off thousands of employees, blighting communities and individual lives, at the same time giving huge bonuses to the top executives.
- whether to contract out jobs.
- whether to close down a plant; when and how to do so. Virtually no one questions a company's absolute right (in the United States, not in Europe) to shut down if it chooses to do so, no matter what the effect on the workers and communities.
- where to open new plants. The company has every right to bargain for the best deal it can get. Deals can include tax abatements and implicit agreements to ignore labor or pollution laws.

Product and Marketing

- the products produced, including whether to introduce a new product and whether to discontinue an old stand-by.

- the design, both functional and aesthetic.
- the relative attention to different considerations: in a new car, how important is styling? sex appeal? fuel efficiency? safety? durability?
- the quality of the goods produced. Are they made to last, with high standards throughout, or are they just made to look good in the store and for the first month of use?
- the price for which goods are sold.
- the character of the advertising used to promote the product. Does it stress the significant features of the product, or distract through sex and extraneous symbols?
- the amount spent on advertising—90 percent of the commercials on prime time television are sponsored by the nation's 500 largest corporations.
- the places where ads appear—in left-wing journals? in right-wing journals? on television? on which programs?

Community and Environment

- the level of pollution in the workplace: air, heat, noise, chemicals, and so on.
- the level of pollution in the outside environment. Beginning in the 1970s, for pollution both in the workplace and in the larger community, the government set maximum limits for a few items, but companies are completely free to do better than these standards. No government regulation prevents companies from setting and meeting tougher standards of their own devising. For example, in July 1991, a railroad tanker car derailed, tumbled into the Sacramento River, ruptured, and spilled pesticide. The pesticide was not listed as a regulated substance, and therefore the railroad was not required to carry it in a double-hulled tanker, though it could have chosen to do so. Though the pesticide was unregulated, it *was* strong enough to kill virtually all the fish in the river, formerly famous for its trout.
- the degree of consideration for the community: Does the company make an effort to be a good neighbor? Does it contribute to local charities? Support local initiatives?

This by no means exhausts the list of decisions that companies are allowed to make. Not only allowed to make, but expected and, in many cases, required to make. There is some regulation of business decisions at the margin, with possible regulation for issues such as: Can a company pull up stakes and leave town with no more than a day's notice? Can it dump raw wastes in the river? Can it make dubious claims in its advertising? For the most part, however, corporations are free to make decisions about their economic operations.

// the government fails to act, big business can do as it wishes.