

## **CORPORATIONS AND GOVERNMENT**

### **Public-Private Partnerships > Tom Kline, Vice President, Pfizer Inc.**

Why is a private company like Pfizer, actually publicly held but not a governmental agency? Why is a company like Pfizer doing all this in the community? And shouldn't the government be responsible for security at the subways and for providing housing and quality education?

Well of course the answer to that question is, somewhat, "Yes, that's true." But if we really want to improve the conditions of American cities, we, business people, we, community residents, have to take responsibility. We can't leave it all to government, we can't abdicate.

So the whole premise of this partnership between Pfizer, the community, the police organizations, the housing people, education, is that together we can make a difference. It's the old idea that more heads together, more views other than one, really make for better ideas. So we're bringing business ideas to collaborate and to support the City to help make this a better place to live and work.

### **Corporations' Rules > Maude Barlow, Chairperson, Council of Canadians**

In both the United States and Canada we have attempted to pass laws against gasoline additives. One in Canada was called MMT. And in California they're trying to ban MTBE.

In both cases the corporation, because the corporation making it was in the other country they were given NAFTA rights to sue. The Etho Corporation was the one making MMT and not only did they force Canada to reverse its ban on this, what our prime minister called a dangerous neurotoxin.

But they got them, us to pay them twenty million dollars in compensation for their trouble. And the worse is that we gave them a letter of apology for ever having said anything bad about their product which this company is now taking around the world saying look we've the Canadian government's good housekeeping seal of approval.

The other company Methenex from Canada which was really a New Zealand company that, I think, came to Canada so it could use NAFTA to sue the government of the United States is now telling California that it can't ban MTBE. And MTBE, a drop of MTBE in an aquifer destroys the aquifer. I mean this is an absolute poison to the water systems of well wherever this gasoline additive is found.

It's just one of dozens of cases like this. There's a California company suing the Canadian government because British Columbia banned the export of bulk water. Bechtel, a great big global engineering company was basically kicked out of Bolivia by the people because they came in privatized their water system and doubled the price of water.

When they realized that they were going to have leave they set up their water company in Holland. Because Holland has a bilateral agreement with Bolivia. Now they're suing one of the biggest corporations in the world is suing one of the poorest countries in the world because the people said we can't afford the prices that you've charged for our private water.

So this is what we call corporate rule. This is where corporations design these trade agreements and then turn around and use them to tell countries that they can no longer implement any kind of, or upgrade any kind of legislation.

You think about a company going into any developing world, any developing country in the third world and establishing themselves. And in a few years under this kind of rule that country is saying we want to improve our labour laws. Or we want to bring in minimum wage laws or we don't want children working in, in mines anymore or whatever.

These corporations will actually have the right to sue for billions of dollars of compensation because those were not the conditions under which they established their business practice in the first place. So when they say well globalization is going to bring everybody up and all boats will rise with the tide that's not true. That is not true under these trade agreements.

It's not their intention. In fact these trade agreements lock the current status in a, wherever it's lowest that's where they go, that's where it gets locked. And that becomes the standard of competition around the world which is why you then get other countries saying no, no please come here. We'll treat our people even worse.

### **Cover Your Bases > Joe Badaracco, Professor Of Business Ethics, Harvard Business School**

Well companies have a pervasive influence on American life. If you look back at the 2000 election there were staggering amounts of cash shoveled in the direction of both major parties at all levels of government by organizations of all kind but principally by companies. Now why do they do this? They do this so that whichever party wins they can have a lobbyist knock on the door and say look how much we've given you could we have a few moments of your time.

## **Influencing Political Campaigns > Hank McKinnell, CEO Pfizer Inc.**

Political contributions are very modest, actually. These are not large amounts of money, and frankly, it's part of the way in which people participate in national policy debates. Much of these funds actually come from executives' own pockets. If you see somebody that you - know somebody that you think would make a good elected official, you support them with your time and with your money. Some of the funds are from corporate sources but a very small proportion of them, actually.

**Mark**

But Pfizer does make political contributions?

**Hank**

Pfizer does make political contributions.

**Mark**

What do you hope to get?

**Hank**

We hope to elect people who have supported policies which are good for the nation.

**Mark**

But most corporations seem to give to both parties.

**Hank**

Well, corporations give to individuals, not so much to parties. We want to elect people who understand the needs of the nation and who are going to strive to benefit us all.

**Mark**

What would you say to critics who claim that Pfizer's political contributions give you an unequal - because you have such economic power - give you an unequal voice in the democratic process?

**Hank**

We don't get anything for political contributions other than supporting people who support the right kinds of policies. Helping them get elected. It doesn't give us anything special in return.

**Mark**

But you can - you as a corporation can give more money than me as an individual. So you can have a greater influence on the impact on the outcome of

an election, in theory, anyway, by being able to give more money to a given candidate.

**Hank**

Political contributions in the United States come mostly from private individuals, not from corporations.

**Mark**

But of the contributions that do come from corporations, their ability to give. I don't know - you look at the statistics of how - you know, who gave money to George Bush versus Gore, and there's just this 15 to 1 from oil companies and 4 to 1 from pharmaceutical companies. There was a lot - relative to your overall profits, and everything - but proportionately to those campaigns they're significant amounts of money that do get something.

**Hank**

Corporations historically in the United States have tended to give disproportionately to Republican candidates. The unions, on the other hand, have tended to contribute disproportionately to Democratic candidates.

**Mark**

Would you say those two forces are equal?

**Hank**

Oh, absolutely. That's how the political system works. You support the candidate of your choice --

**Mark**

Have equal economic power? The sort of corporate world and the world of unions?

**Hank**

Political contributions come from many, many sources. Much of the funds used for political campaigns come from a one dollar per individual contribution on the federal tax return. Individuals can also make contributions but that is usually limited to about \$1000 per candidate and, of course, organizations, whether they're corporations or unions or other organizations, are able to provide slightly more funding but that's not a major source of funding in the United States political system.

**Mark**

The whole area of what they call soft money...

***Hank***

Well, soft money refers to the ability of organizations - unions, corporations, universities - to support the candidates of their choice. But that is not a major part of the political fund raising process in the United States.

***Mark***

But still worthwhile to participate in because it'll help your man or woman get elected. You're sort of diminishing the importance of it but yet - but I think it is important to corporations to make those contributions and to see, as you say, that people are elected. So I'm trying to figure out, does it make a difference or not?

***Hank***

It's important to the nation to elect people who can participate in the political process wisely.

***Mark***

And some critics feel that corporations are these legal fictions and that they shouldn't even be able to participate in that. That democracy is for individuals like you and me, not for these huge economic entities. And that it distorts the democratic process to allow those entities to participate in that way at all.

***Hank***

It's not - some people feel that contributions should only come from individuals, but that's not how the system currently operates in the United States. If we change the system we would have to eliminate funding from corporations, from unions, from universities, from all organized contributions. Some would think that's the correct way to do it. Others don't.

***Mark***

And yourself?

***Hank***

I think both would work.

**Influence Takes Trust > Mark Moody-Stuart, Former Chairman, Royal Dutch Shell**

The question of corporate influence over a government is often misunderstood.

The process of establishing a relationship which is based on trust with people with whom, some of whose actions you may actually have quite strong reservations, well very strong reservations about, is difficult, and I have

discussed this sometimes with human rights organizations to say this is a very difficult issue. Furthermore, in some cases it has to be done in private, and if you walk out of that and say, I told so and so, that this, that and the other, you probably won't ever get to see that person again. And furthermore, well I'm entirely happy to talk to human rights organizations about what sort of things we are recommending.

There's also a trust there, because in a one to one meeting, perhaps only with an interpreter, if I tell a human rights organization that that's what I did, they have to trust me. There is no way they know whether that's what I said or not. And interestingly I find that's not actually a problem, you can build a relationship so that that trust exists. And that trust, the whole issue, of open reporting, reporting increasingly, I believe, in standardized forms like the Global Reporting initiative, will be important to build trust, to build comparability, trust in all directions.

### **The Corporation As Government > Sam Gibara, Former CEO, Goodyear Tire**

Corporations need to become more trustworthy because there has been a transfer of authority from the government really to the corporation and the corporation needs to assume that responsibility, needs to assume that authority, and needs to really behave as a corporate citizen of the world. Needs to respect the communities in which it operates and needs to assume the self-discipline that, in the past, governments required from it.

### **Shell In Nigeria > Mark Moody-Stuart, Former Chairman, Royal Dutch Shell**

I think there are a number of lessons that we've learned from situations like Nigeria. The first and foremost, which is actually the root of the whole issue of Mossop, and Ken Saro-wiwa, is one of revenue allocation. It's what happens to the wealth that is generated, the national wealth that's generated from the production of a resource? And there is no doubt that in Nigeria that this was inequitably distributed. It was not used enough in the region, and we actually spoke out about that and supported greater revenue allocation to the region.

I think that there's a lesson in this; it shows that a corporation has some responsibility for the distribution of the wealth generated from its activities. It is a very delicate question, because we have no democratic mandate. But that to me is the lesson, that if this persistently goes wrong in the end, it's the generator of the wealth, not the waster of wealth who gets blamed. That's one lesson; the other one is that we've had very good, I believe, well-intentioned community efforts for decades in Nigeria. When I worked there in the late 70's the early 80's we had in some cases, really good community programs, including agricultural development in Ogoni land, some of the first ones were there. The lesson that again we, but not only us, but development agencies, generally have learnt is

how you sense what the community actually wants, can you meet the needs of the community, rather than what you think is good for them.

We in Shell were major players in a situation, which led to this tragic situation. Now as a part of society, even a corporate part of society, of course you have some blame for the outcome. What we could, or should have done other than doing what we did, which was ask for a fair trial, etc, so it's not a direct blame, but we were players in a system which had a tragic

The question of responsibility, Saro-wiwa responsibility. No I don't want to add anything, I just say, it's an extremely complex one.

***Man's voice***

I would be interested in what would you do differently to try and save his life now? If you had to do it over again, would you be more aggressive?

***Mark Moody-Stuart***

I don't think so... Because I don't think, we were taken completely by surprise. We never, I never, we and most Nigerians, we thought, even when he had been found guilty, we didn't think that it would happen.

***Man's voice***

So there's nothing you could do differently, knowing what happened?

***Mark Moody-Stuart***

No, I honestly don't think there is anything we could do.

... No I don't think so, I think you would have to go back and reconstruct absolutely everything in the history of Nigeria since the discovery of oil and the development of governance in Nigeria

***Man's voice***

So you were in a position where you could phone up people in Nigeria and say, we want this man's life spared?

***Mark Moody-Stuart***

We did that. I mean we sent messages saying exactly that. But governments don't listen to the corporations, necessarily, if they think it's not in their interest.

**This Cancer Establishment > Dr. Samuel Epstein, Professor Emeritus, Occupational & Environmental Medicine, University of Illinois**

Now the cancer establishment is comprised of the National Cancer Institute whose budget is now 4.6 billion dollars a year which is roughly 2,000% increase in its budget since President Nixon declared the war on against cancer in 1971 when he was told, "give us more money, make the National Cancer Institute an

independent institute within the National Institutes of Health and we'll conquer cancer in your lifetime, or in the next 6 years or so." So you have the National Cancer Institute with its 4.6 billion dollar budget requesting 5.2, actually I think the figure was 4.2 billion requesting 5.6 billion for the next year. You've got the American Cancer Society, the world's largest, nonreligious charity with a budget with about 800 million.

First of all the Cancer establishment as a generalization, is fixated on damage control, by damage control I mean screening, diagnosis, treatment and also some molecular biology, with virtual indifference and minimal priority to prevention, which in the case of the American Cancer Society extends to actual hostility. Actual hostility to prevention. Now the reasons for this are complex. But let me try to express them as simply as I can. Within the National Cancer Institute, the reason for the indifference to the prevention, is largely because of a mindset, the main leadership comes from scientists who have been involved, surgeons, radiologists, oncologists, and as such this is their main shtick. That's really what they're interested in, they're not interested, they don't understand prevention, they're not interested in it and they say if anybody needs to regulate, its got nothing to do with us, the regulatory agency should handle that. But the regulatory agencies don't have the science, they depend on the National Cancer Institute for the science, but the American Cancer Society is basically the same mindset, but in addition to the mindset there are strong conflicts of interests with many industries.

So many past presidents of the American Cancer society have been radiologists they have close ties with the medi-cancer drug industries, and close holdings in some instances with cancer drug industries, also close relationships with the entertainment industry and a wide range of other industries, so their network connections with corporations, far and wide, all of which I have documented and incidentally received an investigative journalist prize called Project Censored Award, for documenting these relationships of American Cancer Society and industry, and in fact the Chronicle of Philanthropy this nations leading charity watchdog, has stated that the American Cancer Society is more interested in accumulating wealth than saving lives.

### **Accounting For Greed > Robert Monks, Corporate Governance Advisor & Shareholder Activist**

The 1990s saw CEO pay in America rise to levels that had never been dreamed of in any other country, in any other time. And the explanation for this must lie in what happened with the accounting treatment of options. And here is a classic case of where corporate power in the form of CEOs and the Business Round Table focused their energy on the United States Senate first of all.

And second of all on the Financial Accounting Standards Board to change the rules for accounting for options. Warren Buffet, a great investor testified about



this and said it was the worse thing they could possibly do but they had the votes.

After that 1995, or 1996 Senate vote, the pay of CEOs went up like a rocket. Because from that day on a company did not have to charge against its earnings the options that it granted to executives. Many of which went to the CEO. Now there is the clearest case that historians will look back on and they will say that the American government was a branch of business.