



# the 'democracy problem'



Independent businesses have to pay their fair share of taxes; why not corporations? There have been many protests outside corporate branches asking this question.

## what is it?

The problem is that this system isn't democratic. It delivers ultimate power to people who have never been elected, because wealth concentrates via giant banks and corporations, and then that concentrated wealth corrupts the political system.

### 1. How wealth concentrates

Our communities are full of corporate branches – supermarkets, banks, chain restaurants etc., that suck money out to pay shareholders. The same thing happens with online corporate retailers.

Plus, governments play a huge role in transferring wealth from ordinary people and small businesses. For example:

- Starbucks (and other corporates) are allowed to avoid taxes, when the independent coffee shop across the road is not.
- If they fall on hard times, 'too-big-to-fail' banks and corporations are bailed out with our money. Not the case with small businesses.
- Governments spend taxpayers' money on high-speed rail, motorways and airports that disproportionately benefit corporations rather than local businesses.
- It's been shown many times that mixed smallholdings are more productive than large-scale monoculture. But large-scale, industrial agriculture gets all the subsidies.
- The state grants monopoly control of the money supply to corporate banks, along with the right to create money from nothing, and to charge interest on it; in return banks buy govt. bonds to provide the funds they need to compete in the global game.
- There are huge subsidies for oil companies to find more fossil fuels; and no tax on aviation fuel or VAT on flights etc.

- Giant states prefer giant corporations when it comes to government contracts.
- Spending on corporate weaponry hugely exceeds any 'defence' requirements.
- and many more.

Why do governments do this? Well.....

### 2. How the political system is corrupted

The three main ways are:

- Political donations: politics is awash with corporate money, and SuperPac legislation in the US allows unlimited, anonymous donations to political causes, mainly on TV ads.
- The lobby industry: wealthy corporations can hire expensive lobbyists to approach politicians who regulate their sector, and ask them for favours, whilst helping them raise millions, or offering them a job, which brings us to...
- The 'revolving door', when politicians leave office and move straight onto the board of a bank or corporation.
- and many more.

Incredibly, this is all legal - because the corporate sector wants it to be, which in itself demonstrates that there's a 'democracy problem'.

[NB: many of the examples here are from the US. That's because of the influence the US has in the world – what happens there affects everywhere.]

### Even if we did elect a government that was determined to confront banks & corporations

States have to be attentive to the needs of capital to ensure that it doesn't move away from their country. Imagine that voters elected an anti-corporate party. In a globalised world, they'd scare off investors and lose the next election to a corporate-friendly party. Also, governments whose remit covers one country are obviously impotent when it comes to regulating multinational corporations – but there are no global institutions to effectively regulate them either. The World Bank, World Trade Organisation and International Monetary Fund are firmly in the corporate camp. Corporate control of the US military via their control of the US political system will ensure a swift and violent regime change for governments that oppose them. Corporations manufacture the weaponry used, and move in to rebuild infrastructure afterwards – war is very profitable for the corporate sector.





## what are the consequences?

The main consequence is that governments act on behalf of banks and corporations rather than ordinary people. Concentrated wealth gets to make all the major decisions about the direction that humanity moves in. And the decisions they make will be geared towards making sure that wealth, and therefore power, remains concentrated in their hands. Those with power don't tend to give it up voluntarily.

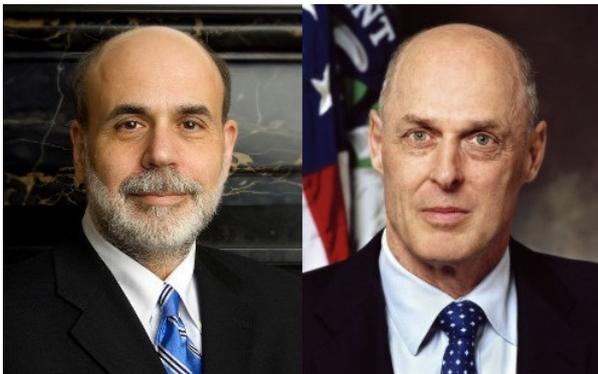
So if, for example, for humanity to stop damaging nature, we need to introduce policies that the corporate sector don't want, then they're not going to allow them to be introduced.

So the current situation means that communities are weakened by wealth being drained out of them, small businesses are put at a huge disadvantage ('economies of scale' doesn't work without state support), and individuals are underpaid and overworked.

Meanwhile the corporate media scares the public into believing that maintaining this system is the only way to protect jobs – even though an economy based on small businesses will employ many, many more people, in much more interesting jobs.

Wealth is deposited in tax havens, when it could be used to stimulate trade in communities, alleviate poverty or provide useful services.

Concentrated wealth and political corruption makes war profitable and therefore more likely.



*Two men who have never stood for election, Ben Bernanke (Federal Reserve) and Hank Paulson (Treasury Secretary and ex-CEO of Goldman Sachs), were the architects of the bank bailouts in the US after the 2008 crash - the biggest transfer of wealth from ordinary people to an elite in history. Other Western countries were told to follow suit.*

## what can I do?

### 1. Buy from non-corporate sources

We can't continue to support banks and corporations if we want to solve the democracy problem. It might be difficult to avoid Amazon, Uber, Microsoft and the like, but really, that's the most important first task. If they keep getting bigger, they'll make it harder and harder to introduce alternatives in the future. We have to find those alternatives now – all of us.

NonCorporate.org makes it easier to find non-corporate sources for the things we need. You can calculate how non-corporate your life already is, then use the site to improve your score.

### 2. Leave the left vs right battle behind

It suits banks & corporations for the population to be split into left and right, battling each other rather than challenging them. It's not about anti-Americanism either - corporate power denies democracy to Americans too; and it's not against the free market - in fact corporate power makes the free market impossible. Whether you consider yourself left- or right-wing, you still don't get to vote for where the real power is. This is a non-partisan position – it affects all of us.

### 3. learn more about it and talk to more people.

Corporate tentacles reach your High Street (local branches), your homes (TV and internet advertising), your finances (mortgages and credit cards) and your minds (branding). They suck money out of individuals and communities to ensure that they continue to have the most money (and therefore power). And they make you feel grateful for it, because 'they bring jobs and choice' (although small businesses provide more jobs, and the 'choice' doesn't include real democracy). We have to join, support and consume from grassroots institutions in our communities, rather than relying on politicians to initiate change from above, which may be a long time coming, if at all.

## resources

- see [lowimpact.org/the-democracy-problem](http://lowimpact.org/the-democracy-problem) for more info, links & books, including:
- Oliver Bullough, *Moneyland*
- David Dayen, *Monopolized*
- Matt Stoller, *Goliath*
- [corporatetwatch.org](http://corporatetwatch.org) – watching corporations
- [medialens.org](http://medialens.org) – monitoring the media
- [opensecrets.org](http://opensecrets.org) – exposing corporate influence

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