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Corresponding author:

Dr. John Asimakopoulos, 261 Bogert Road Apt. 1A, River Edge, NJ 07661

Tel. 201 797-1758

Email: asimakopoulos@yahoo.com

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Loot the Rich:



Economic Civil Disobedience

by John Asimakopoulos

Loot the Rich: Economic Civil Disobedience

by John Asimakopoulos, City University of New York, Bronx

John Asimakopoulos is an Assistant Professor of Sociology at the City University of New York, Bronx Campus. His work focuses on labor, globalization, and Anarchist theory.

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Today there is no labor movement in America other than a disorganized motley crew of unions and activist groups. The old radical labor movement has been coalesced into the institutional framework of the capitalist system. Now, instead of leading the militant rank and file, labor leaders suppress them (Aronowitz, 1992; Brecher, 1997; Mills, 1971); unions in order to obtain contracts gave up the right to strike; more importantly, labor gave up on political action that would challenge the ideological hegemony of capitalism (Brecher, 1997). It opted instead for Samuel Gompers' model of business unionism while aligning itself with the Democratic Party. However, by accepting the institutionalization of class conflict, workers have de facto submitted to capitalist principles, thus, legitimizing an inherent ideology of control and inequality (London, 1989/90).



Unfortunately, experience suggests that this is a failed strategy as many writers from the 1970s onward have documented the steady decline in working class incomes, benefits, job security, and overall living standards. For example, in 1969 the Gini Ratio for households was 0.391 vs. 0.466 in 2004 (U.S. Census Bureau, Gini Ratios for Households). The poverty rate for families in 1969 was 9.7% vs. 10.2% in 2004 (U.S. Census Bureau, Historical Poverty Tables). Unionization rates declined from around 36% in the 1940s to under 12% currently. Globalization has accelerated these trends. Meanwhile, the share of

labor movements. You cannot have islands of socialism in a capitalist world. Such islands like Europe will ultimately be out-competed by the lowest cost production regions. To stop the race to the bottom we must first change the power structure within the current global hegemon and then push for global reforms of capitalist institutions like the WTO. For the American working class to achieve true changes toward equality workers need to develop class-consciousness which in turn can be transformed into class-solidarity. This implies moving from becoming aware of one's class position to becoming willing to act on it in solidarity with others. Unions must stop expending limited resources on strategies that are bankrupt such as political contributions. For example, the Republican and Democratic parties from Clinton to Bush have passed free trade agreements with virtually no labor protections despite labor's intense lobbying. Instead, our funds must be used for organizing combined with worker education to raise class-consciousness.

Workers have more power than they realize other than the ability to withhold their labor power which is what the old labor movement did through general strikes. As a class, workers can also withhold their political participation in an inherently biased political system denying it the illusion of legitimacy. This is what the civil rights leaders did when they refused to conform to segregationist laws through civil disobedience. Workers also have a third power: to withhold their economic participation in biased economic structures. This can be done through the new radical forms of resistance outlined here. To be successful the working class needs to realize that all of these tools of resistance have been legislated out of existence by the elite because of their effectiveness. In addition, power holders historically have violently suppressed actions which fundamentally challenged their interests (Brecher, 1997). Thus, when and if the working class engages in new radical action it can expect violent reactions by the power holders. It is this violence that we must resist with violence of our own to bring about fundamental change.

What should we fight for? A guaranteed minimum living standard for all (including housing and income); universal healthcare; fair trade legislation; full-employment policies; industrial democracy as through works councils; eliminating wealthfare; repealing the fiction of corporations as legal persons for accountability; prohibiting corporate involvement in the political process; legislating independence of news media from corporate control/governance. These demands alone would revolutionize the labor movement in the United States first and the world later.

capitalist class (Domhoff, 1975).

Secondly, these financial institutions usually issue the credit cards of major retailers and other businesses. Thus, if there is a work action at, say Wal-Mart, why not target financially its credit card issuer? This is another way of forcing capitalists to put pressure on other capitalists that are targeted by worker action to settle the dispute as with a sympathy strike. Third, these financial institutions are also responsible for scams and frauds against the credit card users themselves. There is ample data on unreasonable late and other fees, usury interest rates, bait-and-switch offers, etc. which defraud consumers and especially working-class minorities (Rummel, 2004).

Obviously, working-class people have neither the skill nor access to commit frauds of such epic proportions. Some suggested strategies, though, include deliberate worker organized credit card frauds including claiming the card was stolen and refusing to pay for charges. Why target credit cards with direct action? Who owns and issues credit cards: the same major financial institutions that enabled major corporate fraud at Enron, WorldCom, etc. For example, over 72% of the credit card market is dominated by the top five credit card companies including Citigroup Inc. and J.P. Morgan Chase & Co. (Starkman & Mayer, 2005). In addition, banks as the representatives of financial capital should also be targeted with organized lootings. The working class should storm the volts of bank branches distributing the cash to the needy and charitable organizations. People should also refuse to make student loan, car, mortgage, and other loan payments when downsized, on strike, or victims of poverty wages with no benefits. And if the repo-man comes for the house or car let communities say no. Why not have a borrowers revolt as the modern equivalent of Shay's Rebellion and the 1830s land-rent revolts?

Conclusion

In order to secure greater gains for the working-class a new radical economic civil disobedience movement is needed to supplement strike action in ways that increase the corporate cost of refusing to address workers' demands. It is only by attacking the corporate bottom-line that workers today can have any hope of obtaining living wages and benefits as a start.

Given the globalization of the production process, the U.S. working-class needs to take the lead and fuel a renewed effort to challenge capitalist ideology and global structures from within America as was done by the civil rights and old

aggregate household income received by the top 5% jumped to 21.4% in 2003 vs. 16.6% in 1969. (U.S. Census Bureau, Historical Income Tables). What, then, are workers to do in the face of an unresponsive union leadership, globalization, and downsizings into service jobs? Is the future destined to become one of a McDonaldized world with Wal-Mart wages?

Unions and activist groups need to engage the working-class and cultivate a movement from below according to Anarcho-Syndicalist principles (Rocker, 1938; Voltairine, 1912). The only people that can help workers are themselves through class-consciousness and organized resistance to capitalism. Unions must capture workers' imagination and awaken them from their slumber not through empty rhetoric but through radical actions with real risks and real outcomes. The working-class needs to engage in a new radical economic rights movement detached from the existing institutional and legal frameworks through workers' organizations which are not covered by the now anti-labor National Labor Relations Board (NLRB) (Lewis, 2004). This new movement should be modeled on the U.S. civil rights and labor movements of the past. These movements are an appropriate model because they were effective due to their radical nature. Specifically, they challenged existing institutional frameworks through societal education, civil disobedience, violent resistance, and militant ideology (Asimakopoulos, 2005). Therefore, we need a new militant working class strategy of direct economic civil disobedience with the determination to violently resist reactionary state violence.

Much of the mass movement literature suggests that violent direct action does have an impact on power holders. Fording (1997) reviews this literature starting with the work of Piven and Cloward (1971) who argued welfare spending increases in response to civil unrest in order to pacify the poor. They believed violence would be more effective when the protest group yields electoral power. Fording (1997), using a pooled time-series model, confirms that violence is more effective than conventional means in obtaining concessions. He found that the effectiveness of violence, including looting, rock throwing, beatings, vandalism, arson, etc. depends on four factors. These are the size of the insurgent group, its relationship with broader society, the presence of democratic institutions, and the insurgent group's access to these institutions.

Today, the conditions for successful use of violent civil disobedience given by Fording are present for labor. Thus, we need a new form of violent direct economic civil disobedience capable of exacting significant financial blows to

Capitalism. Direct action must be at an increased level of actual and threatened use of violence to increase the effectiveness of achieving working class goals. However, most mainstream academics, activists, and labor leaders oppose militant direct action that would seriously hurt, cripple, or even bankrupt corporations. It is as if labor has become a parasitic organism that can only live off of corporations (Mills, 1971). This is a fundamental mistake related to the general lack of class-consciousness in America. In addition, when writers do suggest that labor engage in civil disobedience they propose non-violent actions such as protest marches (Lerner, 1996). For disobedience to be an effective tool of change the one being harmed cannot be the protester but the protested. This is difficult to achieve with non-violence alone. Instead, citizens must engage in actions that have a direct, immediate, significant, and quantifiable impact on the power holders. Only when the power holders realize that their authority and financial interests are directly threatened will labor be in a position of extracting significant gains.

Globalization unfortunately has privileged multinational corporations relative to a national workforce making it difficult to financially impact such corporations with localized or even national level strikes alone. This is why we need to find additional means through which to inflict a financial toll on anti-labor corporations such as Wal-Mart. To achieve this labor must be re-radicalized and broaden direct action into new socio-economic spheres and at higher levels of conflict.

Violent direct actions which are proposed as a basis of a new economic civil disobedience movement include disobeying restrictive labor laws (Taylor Laws; Taft-Hartley; the NLRB); mass organized lootings of corporate stores, distribution warehouses, and banks; and financial actions. These strategies are suggested as a supplement to traditional work actions which are also encouraged at a higher level of militancy such as mass and sympathy strikes, work slowdowns, sabotage, militant picket lines, plant occupations, etc.

Disobeying the Law

Economic civil disobedience must include disobeying biased labor legislation. When trying to subvert militant resistance to an ideology of inequality and domination political systems often quote the rule of law. But what if the legal framework is part of the problem to begin with? Once it was illegal to have a union, to strike, or for women and blacks to vote. Now we need to continue the civil rights and labor movements by challenging anti-labor legislation. These laws

costing the state of California \$6 billion in overcharges. When the Enron con game was about to implode the company raided employees pension funds.

Enron, however, was assisted in its looting of employee pensions, the public, and government by major financial institutions such as Citigroup, Merrill Lynch, and J.P. Morgan Chase and the accounting firm Arthur Anderson which were fully aware of what was really going on. These companies conspired with Enron out of greed for their very lucrative fees or what we would call bribes. J.P. Morgan Chase in a series of lawsuits and investigations agreed to pay back \$3.3 billion. Arthur Anderson was convicted of obstruction of justice (later overturned by the Supreme Court). Two Merrill Lynch executives were also convicted of fraud for their enabling role in the Enron scam (Creswell, 2005).

Other major frauds that we know of include Tyco's, Dennis Kozlowski (CEO) and Mark Swartz (CFO), who looted more than \$600 million and were convicted of grand larceny, falsifying business records, securities fraud, and conspiracy. WorldCom (now MCI) CEO Bernard Ebbers was convicted of an \$11 billion accounting fraud and agreed to divest personal looted assets worth more than \$45 million. Adelphia founder John Rigas and son Timothy (CFO) agreed to forfeit their looted personal assets valued at over \$1.5 billion and were convicted of conspiracy, bank fraud, securities fraud, and looting the company and its investors. Global Crossing's founder and Chairman Gary Winnick together with top management falsified financial documents and agreed to repay \$19.5 million while Citigroup agreed to pay \$75 million for its role in the collapse.

But why target with direct action financial institutions such as banks in addition to the corporations that have engaged in financial abuses? It is well documented that these top financial institutions form direct and indirect interlocks with the board of directors of America's top corporations (Allen, 1977; Domhoff, 2002; Mariolis, 1975; Mintz & Schwartz, 1985; Mizruchi, 1992; U.S. Senate Committee on Governmental Affairs, 1978b). This allows banks to function as coordinators and facilitators of capitalist interests (Domhoff, 1975). For example, banks are the major stock voters in over 122 top U.S. corporations (U.S. Senate Committee on Governmental Affairs, 1978a). This reduces competition among corporations and it creates common business agendas. Financial institutions also assist in formulating unified political agendas for corporations and the wealthy (Domhoff, 1975). Thus, financial institutions function as ringleaders for forming a unified and highly conscious corporate-

jail but not corporations for their looting activities. So how do corporations get away with their theft? The answer is institutionalized corruption.

For one, these corporations donate massive sums to politicians including bribes. What is more disturbing, because it is legal, is the direct staffing of high political office by corporate executives despite clear conflicts of interest (Domhoff, 1975; Domhoff, 2002; Mariolis, 1975; Mintz & Schwartz, 1985; Mizruchi, 1992). In fact, corporate executives are often put in governmental positions responsible for the policing of the very industries they came from. For example, Vice-President Dick Cheney was Halliburton's CEO. Halliburton received the largest Iraq military contract estimated at over \$7 billion without a bidding process and then engaged in unsubstantiated charges and overcharging.

Of course, these corporate McPoliticians are not scholars and thus you would expect policy would be drafted by experts in the public's interests. The problem is that the think tanks and various policy institutes from which these McPoliticians obtain legislation and advice are dominated through staffing and financing by the same corporate elite. Domhoff (2002) documented how the conservative right, representing capital, makes consistent efforts to influence public policy. This is achieved by their de facto monopolization of major think tanks, foundations, and advisory groups through their deep financial funding and staffing. For example, The Council on Foreign Relations, The Conference Board, etc., are all major policy formation groups with deep ties to government and mostly dominated by corporate executives and members of the upper-class.

Financial Resistance

Economic civil disobedience must also directly target financial institutions. Major banks and corporations use their financial power to legally and illegally defraud people and the government treasury alike. Under-funding or looting pension funds and using chapter 11 bankruptcy to break unions are a good example of such legalized financial fraud. Corporations and the wealthy, though, also engage in financial theft. The list of frauds, theft, conspiracy, and financial collapse is staggering as exemplified by Enron. According to McLean and Elkind (2003), Enron's top management engaged in systemic company-wide fraud to hide losses. One strategy was to move losses to offshore paper companies. Another way the company made money was through conspiring with power plants to limit power supplies effectively manufacturing the California energy crisis. The crises drove up the cost of electricity for citizens and profits for Enron while

have been mostly conceived, written, promoted, and voted in by capitalist institutions and their representatives (Domhoff, 2002). Malcolm X for example made the following analogy regarding civil rights and law in America which can be applied to labor currently:

When you go to Washington, D.C., . . . to pass some kind of civil-rights legislation to correct a very criminal situation, what you are doing is encouraging the black man, who is the victim, to take his case into the court that's controlled by the criminal that made him the victim. (1965, p. 53)

Specifically, labor law reflects anti-labor policies making many important working-class rights illegal (Lerner, 1996). For example, the Taft-Hartley Act of 1947 forbids secondary or sympathy strikes and boycotts. This greatly reduces the economic impact of strikes and working-class solidarity across firms and industries. The re-organization of the NLRB has made it very cumbersome to legally establish a union, therefore, limiting union growth. Also, *NLRB v. Mackay Radio & Telegraph* (1938) is used to permanently replace striking workers with strike-breakers. Taylor Laws deny public employees the right to strike. Finally, because labor contracts include a no-strike clause, workers are not allowed to strike for the duration of the contract. Labor law in America is so restrictive that many have argued workers would be better off without it (Flood, 1989/90; Lerner, 1996).

But, when a group is oppressed by law it has the right to actively resist (Thoreau, 1969). For example, the most significant organizing victories in recent years were won by hospital and farm workers which are not covered by the NLRB and by public employees that engaged in illegal strikes resulting in jailings of their leadership (Lerner, 1996). Thus, workers and the poor need to reject such legal frameworks whose compliance is actually based on only two factors: false class-consciousness and state violence. When the first fails through education and vested interests of the elite are challenged, the state is quick to use violence.

Overall, the law permits revolving doors between government and corporate office despite clear conflicts of interest; use of bankruptcy law to break unions, cut wages, and lay-off thousands; the use of prison labor; subsidies to wealthy corporations; the giving of multibillion dollar public resources to corporations for free; corporate looting of pensions; massive corporate tax breaks, evasion, and loopholes, just to name a few. What the law does not permit is secondary or

sympathy strikes; a simplified unionization process; the prohibition of strike-breakers; and the universal right to strike any time to name a few.

Organized Lootings

Economic civil disobedience must directly target the corporation as the productive power base of capitalists. The elite use their ownership of the means of production to reap profits by exploiting workers through low wages, temporary and part-time work, and little to no benefits. Today wages are not even sufficient to cover the cost of necessary labor. Workers have no healthcare or other basic benefits necessary for a healthy family life nor are poverty wages adequate for the working-class to raise children and reproduce itself. "In 1968, one person working full-time at the minimum wage would come pretty close to the federal poverty level for a family of four. Today that same full-time, minimum-wage job takes a worker up to just 56% of the poverty line" (Zepezauer, 2004, pp. 136-137).

The riots of 1992 in LA and the civil rights and old labor movement era were characterized by massive looting and anger (Brecher, 1997; Cole, 1999; Rossi, 1973). At their core these events were a revolt against the unfairness of the system. What is needed today is a well organized plan of mass lootings. People must organize to loot major retailers, such as Wal-Mart, for as long as they refuse to become socially responsible employers. This should be done with organized stormings of stores with designated guards and coordinators warning employees and customers not to interfere. In addition, we should also loot the distribution warehouses of major corporations.

Brecher (1997) argues that the common threads among mass strikes like the Seattle General Strike of 1919 are a challenge to existing authorities, workers' tendency to direct themselves, and development of worker solidarity, in other words, Anarcho-Syndicalism. Since workers do not own the means of production, mass strikes aim toward the control of production. This means replacing society's power holders, making mass strikes a revolutionary process. It is suggested that working-class people and unions also focus on the other side of the production equation which is output. Thus, self-management and expropriation of private productive property should be supplemented with efforts to expropriate outputs as with organized lootings. Therefore, the common thread between mass strikes and economic forms of resistance like looting is that both attack the economic power base of the elite challenging the legitimacy of corporate private property. But, is this a new idea? No. Corporate looting has

been practiced for a very long time and at a much higher cost by corporations themselves.

To this day corporations routinely loot the poor through poverty level wages, no benefits, and even through the use of prison labor. Corporations also loot the treasury via their tax strategies which deprive government of recourses for social spending. In addition, corporations loot government funds via wealthfare in the form of subsidies, handouts of public resources, military waste, and fraud. Corporate looting however is legal.

According to Zepezauer (2004), corporations in America receive approximately \$815 billion a year in wealthfare from the Federal Government alone compared to \$193 billion for welfare for the poor (including food stamps, housing assistance, temporary aid to needy families, legal services corporation, low-income energy assistance, head start, and WIC). Corporate wealthfare includes \$224 billion in military waste and fraud. For example, Pentagon audits found Halliburton had over \$1.422 billion in questioned and unsupported costs (Pleming, 2005). Appearing before a Congressional panel in 2003, a 20 year veteran for military procurement, said it was "the most blatant and improper contract abuse I have witnessed during the course of my professional career" (Eckholm, 2005, p. A9). In addition, the top 10 weapons contractors have all admitted or been convicted of fraud yet continue to do business with the government. The only company ever suspended was GE which was the worst offender. The suspension lasted five days (Zepezauer, 2004).

In addition, there are the massive subsidies to logging, mining, nuclear, aviation, agribusiness, and other companies. On top of that we have a giving away of public resources to corporations for free or far below market value. For example, media companies are given public airwaves valued at over \$14 billion a year for free provided they serve the public's interests. The problem is "the definition of public interests has become so loose today that the chair of the FCC (Federal Communications Commission) says that he has no idea what it is" (Zepezauer, 2004, p. 98).

Compare all this to the annual cost of shoplifting by consumers estimated at \$10 billion and employee theft at \$15.1 billion (National Retail Security Survey, 2002). According to the same survey, bad checks, cash shortages, and credit card charge backs all together amounted to about 1% of annual retailer sales in 2002. Of course, if an individual is convicted of such offenses they could go to