

"This is a badly needed book. Charlie Derber . . . lays out a practical and feasible course of action to create a far more free and democratic society that offers real hope for decent survival."—Noam Chomsky

REGIME CHANGE begins at home

CHARLES DERBER



Freeing America
from Corporate Rule

An Excerpt From

***Regime Change Begins at Home:
Freeing America from Corporate Rule***

by Charles Derber

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*What we need now is not just a regime change in Saddam Hussein and Iraq, but we need a regime change in the United States.*¹ JOHN KERRY

INTRODUCTION

WHEN BAD REGIMES HAPPEN TO GOOD PEOPLE

MEET DAVID BILLINGSLEY

David is a forty-six-year-old certified accountant with an MBA and a CMA. He got his degrees in the late 1970s and early 1980s and found a good job with a midsize, growing company. He got married, had two kids, and bought a house. He had a good bonus plan and pension program. He was living the American Dream.

Ten years into the job, David was laid off. He found a job at a major computer corporation after several months,

but six years later, the firm started to lay off full-time employees and hire outside contractors. He was out of work again, but this time “I was prepared, I had my job search. Have vita, will travel.”

But now it was the recession of the early 1990s. With his savings dwindling, David started taking temping assignments in accounting at one-fourth of his former salary. After years of part-time, temporary, and short-time permanent jobs, even after his wife got a job, he explains, “Now it’s survival. It’s putting food on the table. When my roof starts to leak, what do I do? The hot water heater goes, I don’t have the five hundred or thousand. I can’t buy a car and the brakes are going. My wife and I, our teeth are rotting away, and we don’t have any dental insurance.”

David feels he’s being “double raped” by the companies and the temping agencies that bill for \$20 and give him \$11. As the manufacturing jobs melt away, he says, “We screwed up, we’re going down. Like the Romans or the Egyptians or the British, we’re on the decline.” The politicians are out for themselves, David believes, and both political parties are in bed with the corporations. He voted for Ross Perot in the 1990s and doesn’t vote anymore.

David doesn’t see a future now. “I’ll tell you how bad it is: I’ve got a copy of Derek Humphrey’s book on suicide. I want to be prepared because I don’t believe that I’ll ever work on a stable basis again.”

David’s words echo the stories of many Americans I have interviewed over recent years.² Although no two are alike, they are all experiences of people on the verge of despair, betrayed by the very institution that was to deliver their dreams—the American corporation. For these people, the

American job—the rock on which the American middle class was created—had turned into what David calls a “one-night stand.”

How sad, you might think. But should these poor souls—as cruel as it sounds—be written off as unfortunate but necessary victims of “business as usual”? Or worse yet, could they simply be, well, losers?

The Americans I interviewed have been downsized, outsourced, reduced to temping, freelancing, and part-timing. But this rapidly swelling pool of workers is no longer a statistical shrug-off. Together they now represent *one-third* of the American workforce.³ Furthermore, along with millions of other hardworking folks in this country, they have done everything right—the American way. They worked long hours, educated themselves, were creative and loyal. It was the system—or what I call the *regime*—that step-by-step turned against them.

But let us look beyond the workplace. If we pull ourselves for a minute out of our collective trance, we’ll see that the current regime is actually rigged against all of us. Whether, like David, you are struggling to make ends meet, or your livelihood is in no immediate danger, you, too, are a casualty of today’s regime!

THE REGIME AND YOU

You may drive an SUV, enjoy a bigger house and higher household income than you expected, have four televisions and two really cool flat-screen computers. But think about your credit card debt. Or how long and hard you work (a month longer, on average, than most Europeans). And look around. Your local public schools and libraries are under-

funded and probably rotting, your health care costs are spiraling, your tap water may not be safe, your state's roads and bridges are deteriorating and may not be safe for that SUV (which might roll over on you anyway). There's more. American unions are busted. Our tax system is skewed, robbing Peter to pay the very wealthy Paul. Our elections are manipulated (think Florida) and constitutional rights compromised (think Patriot Act). Big money drowns out your voice in Washington, D.C.

How can we go about building the American Dream if the principles of the common good and of democracy, the very foundations of this glorious country, are being dismantled before our eyes, brick by brick? And as we let our government bang nail after nail into the coffin of our dreams, how can we explain why all this is happening today in the United States?

WHEN BAD REGIMES HAPPEN TO GOOD PEOPLE

I argue in this book that all is not doom and gloom: this perversity can be explained and changed. Here is my premise: Americans are good people with strong democratic traditions. The problem lies in today's regime—a system of rule based on underlying, and now deeply worrisome, imbalances of power in society between money and people.

Central to the current regime is corporate ascendancy, a balance of power tipped in favor of corporate elites who have succeeded in parlaying their financial clout into the greatest hostile takeover ever: the acquisition of Washington, D.C. These brazen corporate raiders have enforced their political will by taking away from us, the public, our

constitutionally endorsed authority. We have seen big business wield political influence before, but never have we had trillion-dollar transnational corporations gain such overwhelming control over our nation's beautiful capital, and over all of America itself. Today's corporate regime is unique, and uniquely dangerous.

Conceived in the 1970s and shaped by the election of President Ronald Reagan in 1980, the current corporate regime has been steadily consolidating power. The result so far: profits grow and democracy shrinks. George W. Bush has pushed the envelope, taking the regime in more extreme directions as Washington becomes a money swamp, and people like you and me have too many days when we feel helpless to change it.

*Behind the ostensible government sits enthroned an invisible government owing no allegiance and acknowledging no responsibility to the people. To destroy this invisible government, to befoul the unholy alliance between corrupt business and corrupt politics, is the first task of the statesmanship of the day.*⁴

PRESIDENT TEDDY ROOSEVELT



*There is an evil which ought to be guarded against. . . . The power of all corporations ought to be limited. . . . The growing wealth acquired by them never fails to be a source of abuses.*⁵

JAMES MADISON,
*author of the
U.S. Constitution*

The American system wasn't supposed to work this way. The Founders crafted the Constitution to ensure that "We, the People" would have a voice in our own affairs—and in those of the nation. The Constitution embraced an elaborate set of checks and balances that were to separate government agencies and prevent concentration of power. The Founders realized that checks and balances apply to corporations.

In today's regime, giants such as Wal-Mart, GE, and Merrill Lynch have accomplished what the Founding Fathers most feared. They have hollowed out the institutions that enable ordinary Americans to have a say in how our land is governed. To cover up this hijacking of our constitutional and democratic rights, the regime has targeted you and me with a classed Madison Avenue arsenal of manipulation techniques—from democratic rhetoric to downright deception. Think just about the bald lies recently constructed to justify war against Iraq, a war that brings back spooky memories of Vietnam.

HAVE YOU THOUGHT ABOUT REGIME CHANGE AT HOME?

After 9/11, President Bush declared regime change to be official U.S. policy. He took this country to war to create

regime change in Iraq. How does the president know which governments to overthrow? According to Bush's criteria, a government must

- build or sell weapons of mass destruction
- violate U.N. resolutions
- threaten, invade, or dominate its neighbors
- exploit many of its own poorest citizens
- erode the civil liberties or human rights of its people
- fail to live up to democratic ideals

The president, of course, was thinking of countries like Iraq, Iran, North Korea, or Syria. But look at the list more carefully. Sound familiar? The criteria that call for regime change apply to the American government itself.

Americans live under a regime that is threatening to dominate not just its neighbors but the world as a whole. Did you know that the U.S. government is the planet's biggest producer and merchandiser of weapons of mass destruction and that it has voted against and violated hundreds of U.N. resolutions?⁶ It treats our poor and many of our workers, such as David, in ways that violate U.N. conventions. It is violating our most important civil liberties and our own highest democratic ideals. It is eroding hope, not just in workers such as David Billingsly, but in millions of other Americans.

I was one of the hundreds of thousands of Americans who went out into the street to protest against the war in Iraq. While I was walking on the streets during one protest, I glimpsed—among the hundreds of colorful signs denouncing the war—a poster that made a different state-

ment. It said, simply, “Regime change begins at home.” The clever twist made me chuckle. But as I reflected on it, the idea struck me as profoundly serious. I argue in this book that you should take it seriously too.

Many Americans do not agree with the president’s policy of regime change abroad. Who is the United States to decide the fate of foreign governments? How can the United States violate international law and preemptively strike against governments that have not attacked us? If regime change became the policy of other governments, wouldn’t the world descend into chaos? But regime change at home is a policy that all Americans can—and should—embrace.

Regime change at home doesn’t threaten other countries. It does not violate international law and it doesn’t create prospects of chaos in the world. It will not breed anti-Americanism or more Islamic terrorism. And it certainly does not violate the American Constitution or any American laws or values.

Regime change at home is the highest form of American democracy. Instead of preemptive war, it is proactive citizenship. It is the form of American politics blessed by the American Constitution. Some of our finest moments in American history have come from prior regime changes at home—and when you get involved personally, it can be one of the most meaningful parts of your own life. And here’s another plus: when we succeed in regime change here, we set a model for citizens in other countries who need their own regime change.

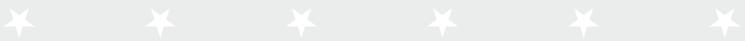


Regime change at home isn't easy, partly because the ruling regime has not only made us disposable but also taken away our hope. Many of us believe our troubles can't or won't be fixed, and we have little faith that getting together and organizing with other workers or citizens can make a difference. No wonder that David Billingsly finds himself considering suicide. The regime has killed his belief in the possibility of change itself.

Although I understand David's despair, I show in this book that there is strong reason for hope. No earlier American regime has survived for much more than a generation, and this one will not be any different. *True, short-term developments—including the frightful possibility of George W.'s reelection in 2004—could boost the current regime, but these cannot stem the longer-term conditions that doom the current regime.* So be hopeful, but be aware of what is killing off hope in David, and perhaps in you, too.

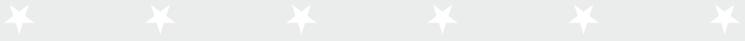
Part of our loss of hope involves the loss of choice in Washington. American regimes are systems of power that transcend particular administrations and parties. The current American regime has enlisted all presidents since 1980 and has swallowed up both political parties, including the majority of congressional Democrats. While there is deep partisan bitterness between Republicans and Democrats, both are more concerned with staying in power and serving the big monied interests that put them there.

This is not the same as saying there are no meaningful differences between the parties. The Democratic base, which opposed the war in Iraq and is angry about big busi-



***PARTY DRINKERS
BEWARE***

When I told my students at Boston College about this book, they begged me to call it *Bush Lite*. Since they are students who enjoy a few glasses of beer after class, I could understand their passion for the title. In truth, it conveys one of the key insights about U.S. corporate regimes: that they erode democracy by turning many elections into a choice between a party of big business and a party of big business with a softer voice. While our current corporate regime is more closely identified with the Republicans than with the Democrats, much of the Democratic Party establishment is *Bush Lite*. While it bitterly fights Republican control, it drinks from the same tap of big money and tastes, to the average citizen, just a little smoother.



ness domination of Washington, sees the world differently than the Democratic Leadership Council (DLC), the mainstream voice of the Democratic Party leadership, as well as the Republican establishment. Moreover, even the Democratic Party establishment differs in important ways from the Bush Republicans. The Bush administration is the radical frontier of the corporate regime, and its foreign and domestic policies are more extreme than those of other regime voices, including DLC Democrats and even those of Bush's own father.

But a call for regime change at home is not just an argument against President Bush and the current congressional

leadership. (I focus in this book on the presidency, but the same arguments apply to Congress.) Beating Bush in 2004 would grievously wound the regime and might begin to turn our lives around in small ways, but it would not equal regime change. Regime change goes beyond changing a president, a party, the congressional leadership, or even electoral politics itself, requiring basic change in institutions and culture. Regimes change only with underlying tectonic shifts in social power and with the rise of new social movements. Nonetheless, defeating particular presidents—or the rule of a particular party—can be essential to the politics of regime change. Bush is such a president, because he is the corporate regime's most extreme face, a symbol that can potentially spark the grassroots movements that make politics relevant to workers like David.

WHY REGIME CHANGE SHOULD MATTER TO YOU

One aim of my book is to help make you smile about our nation's sad state of affairs. But mainly I want to persuade you of a strategy of how to achieve regime change, including how to approach 2004, and how to move the country in a new direction in the long term, regardless of who wins the elections. Here is my road map:

PART I I tell the histories of corporate regimes in the United States and how they have been toppled in the past.

PART II I spotlight the Bush administration as a window into the extremism of the current corporate regime, showing the damage it has done to the country and why it must resort to wars of deception to survive.

PART III I lay out a vision and strategy for regime change at home over the long haul.

Let me briefly indicate how my argument is essential to readers from many groups—from liberals to conservatives to populists—and why we should all come together to change the current regime. My main hope and challenge is to inspire you and unite citizens of many different persuasions to reclaim the country from the elite that has hijacked our government.

ANYBODY BUT BUSH

You may belong to the group that I call Anybody but Bush (ABB), a group that includes most partisan Democrats, many progressive or leftist radicals disaffected with the Democratic Party, some Independents, and even a few Republicans. If you are an ABB person, you see Bush as so dangerous that your only concern is beating him, even if it means electing a conservative Democrat who is Bush Lite. You are looking for the strategy that will defeat Bush; my argument is that this is intimately linked to longer-term regime change, and that those of you who are ABB must focus not just on Bush but also on the regime he represents.

The 2004 election is really about the survival of the corporate regime and what direction the country will and should go in the twenty-first century. We are not likely to defeat Bush and change the country without understanding the larger significance of the elections; *we need a vision of a twenty-first-century alternative to the current regime.*

ABB people must recognize that the Democratic Party, because of its current stake in the regime, will have difficulty gaining the people's support until it begins to speak out against the corporate regime and embraces a new vision. If you are ABB, you need to know the historical evidence that shows Democrats win when they don't simply mimic Republicans in sheep's clothes. I shall review this evidence throughout the book, but one need only look at the emotion and electoral support won by former Minnesota Senator Paul Wellstone, precisely because he spoke so passionately for a real alternative.

HELLO, ALL DEMOCRATS

I hope to persuade members of the Democratic Party itself—including congressional politicians—and the liberal base of a related argument. A Bush victory in 2004, combined with a GOP sweep of the Senate and the House, would be a catastrophe for the Democratic Party as well as the country. The Democratic Party has been split between the Establishment Camp, who are Bush Lite, and the Base Camp (the strongly partisan grassroots Democrats), who are disaffected and want real change. Regime change highlights an old question that plagued the Democrats in two former eras dominated by big business: the Gilded Age and the Roaring Twenties. In both periods, the Democratic Party became a copycat of the Republicans and almost made itself extinct, electing no presidents in either period with the exception of Grover Cleveland, a parallel to Bill Clinton today. The Democrats are running that risk again.

If the Democratic Party does not wake up and fight for regime change, social movements will push it aside and offer the country another voice for the people.

NO-SHOW VOTERS

I hope to show why regime change matters to readers who are part of the electorate in general, and are disaffected by both parties or unclear about how or whether to vote in 2004 or successive elections. Many of you already understand that both parties currently speak in different accents for the same regime and reward the giant global corporations that fund the candidates at the expense of the voters. Since you already distrust both parties, you are among 100 million people (one out of two adult Americans) who are likely nonvoters and disposed to tune out politics unless you hear someone speaking honestly about the crises affecting your life. Only the politics of regime change can make politics relevant again for you and help you deal with the urgent problems of your life and communities. While older voters may be skeptical, a large number of the disaffected are young people who have not voted but are hungry for new ideas and a new politics. Candidates who capture disaffected voters like you will prevail in 2004 and beyond, and regime change politics has the best potential to turn you from a couch potato into an engaged citizen.



TRADITIONAL CONSERVATIVES

Conservatives are surprisingly ripe for the kind of regime change that I discuss, and I think the ideas here will resonate with you. Traditional conservatives abhor concentrated power, whether in big government or in big corporations. I know from my own extensive experience talking to libertarians, small business proprietors, and other conservatives on AM radio talk shows that a critique of the corporate order resonates with many of you. The current regime, being a marriage of big business and big government, is the antithesis of the capitalism that traditional conservatives embrace. Nor do corporate globalization and American empire appeal to many of you, who see it as the work of high finance with no loyalty to anything but money. As mentioned earlier, the gap between neoconservatism and traditional conservatism is huge, and many former Republicans, such as former Nixon advisor Pat Buchanan or the best-selling writer and strategist of the “new Republican majority,” Kevin Phillips, see the neo-cons as hijacking their own heritage.⁷ Bush is popular among social conservatives who care about abortion, gun control, and taxes, but there is a big opening in the conservative world for a challenge to the global corporate system, and winning a large group of you over is key to regime change.

RADICALS

Progressive, populist, or leftist radicals, your structural critique is essential to the regime change we need, and I hope to show you how important your role is today. Regime

change is systemic and arises out of grassroots social movements that are visionary enough to reject the regimes of their eras and capture the imagination of the public with an alternative. Radicals are the heroes of regime change politics, but many are disenchanted with electoral politics and have lost hope in the Democratic Party as a tool of change. My effort here is not to persuade those of you who are radicals to suit up with the Democrats or to take attention away from your work in communities, but to help you think about the relationship of your own vision to the politics of regime change. Neoconservative radicals took this task seriously in the 1970s and succeeded.

At minimum, radicals today seeking to topple the current system of global corporate power need to understand and appreciate your monumental role in earlier regime change. From ousting Union Jack to desegregating our schools and lunch counters, social movements ought to be credited for the finest moments in U.S. history:

18TH CENTURY Movement for independence

19TH CENTURY Abolitionism

1880S AND 1890S Rise of populism

1910S Suffragist movement

1930S Unionism

1960S Civil rights movement

Social movements—not mainstream parties or third party candidates—are always the ultimate architects of regime change. Today, populist movements rising among labor, environmentalists, women, minorities, peace activists, and religious communities can help propel the nation and the Democratic Party beyond the current crumbling corporate regime. If a new Democratic president, such as

John Kerry, is elected in 2004, the movements will be critical in determining whether he pastes a cosmetic gloss on the current regime or moves to help create a real democratic alternative.

SKEPTICS AND PRAGMATISTS

My biggest challenge is convincing skeptics who don't believe in the possibility of regime change. Skeptics may be fatalists who don't trust they can make a difference or "pragmatists" who see regime change as utopian, believing either that there never has been *de facto* regime change in American politics or that the end of history has arrived and the pendulum will never swing again. Well, you make a good point. The current regime does have a more powerful hold on power than did earlier ones:

It has uniquely deep hooks in both mainstream political parties.

It has unprecedented control of the mass media and the exceptional power of new electronic media to indoctrinate the population.

It has been effective in eroding countervailing power, particularly unions.

Ordinary citizens are now more dependent than ever on corporations for jobs, pensions, information, entertainment, health care, and almost every sphere of daily life.

Doubts about change are well-founded and cannot be ignored. But sitting still is no alternative. The regime is facing serious stresses that could create regime change quickly, and skeptics should find this argument interesting,

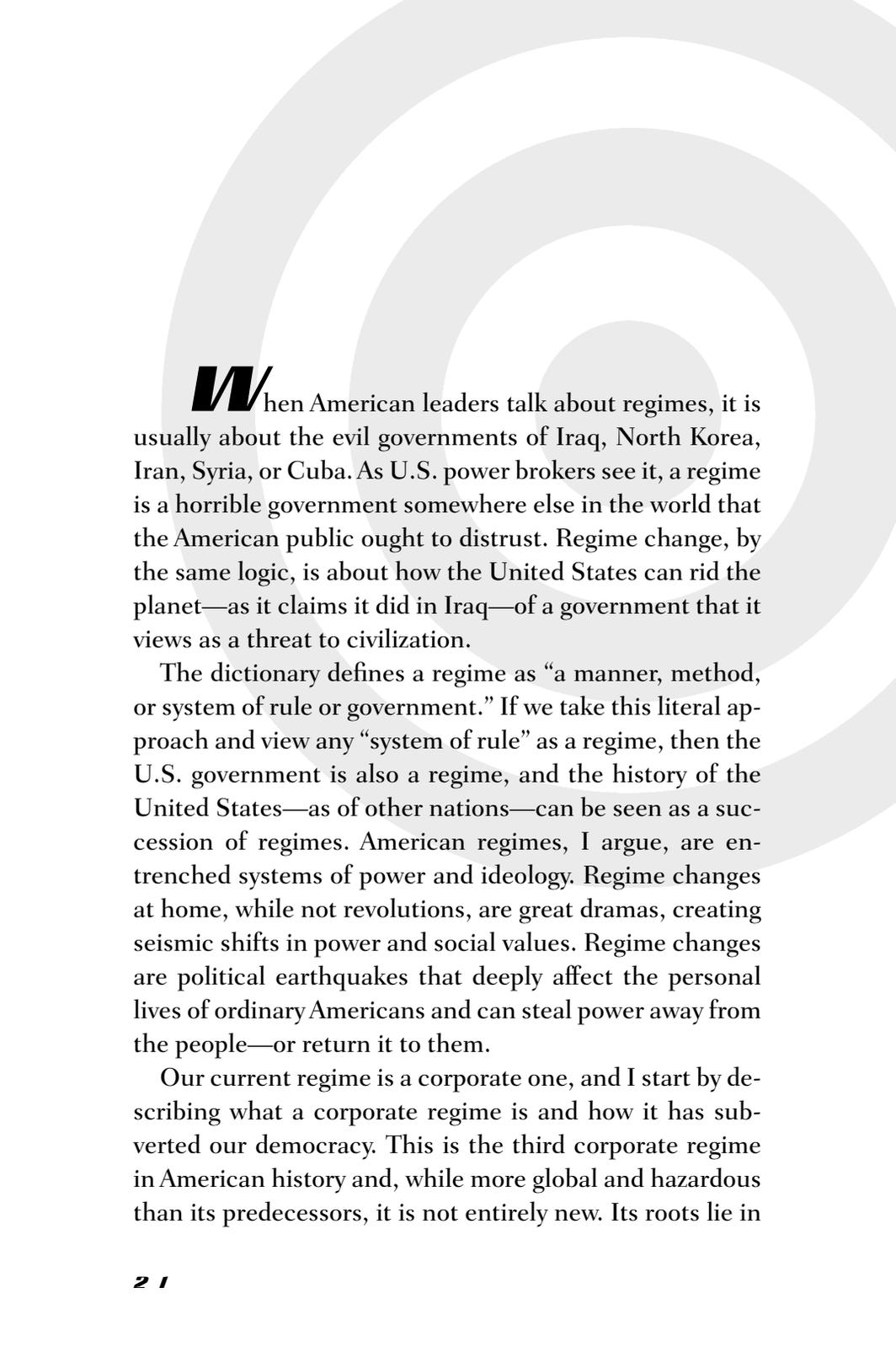
if only because it will change your reading of the American experience into one in which significant realignment periodically occurs. I will show that regime change is the stuff of American politics, and it has been a permanent dimension of U.S. history from the Revolution to Ronald Reagan. While regime changes in the United States are not usually revolutions, they reflect periodic deep-seated shifts in the values and direction of the country.

Regimes tend to be so strongly constructed that their change always seems utopian. That is the purpose of regime ideology: to persuade you that things must always be the way that the current regime dictates. Regime change means rebuilding all of the regime elements, and it requires imagination and hope. But toppling a system that violates its own national creed may be easier than you think. United, we can do it. And then we can remember all over again why America is such a great country.

PART I

*The Corporate
Regime*





When American leaders talk about regimes, it is usually about the evil governments of Iraq, North Korea, Iran, Syria, or Cuba. As U.S. power brokers see it, a regime is a horrible government somewhere else in the world that the American public ought to distrust. Regime change, by the same logic, is about how the United States can rid the planet—as it claims it did in Iraq—of a government that it views as a threat to civilization.

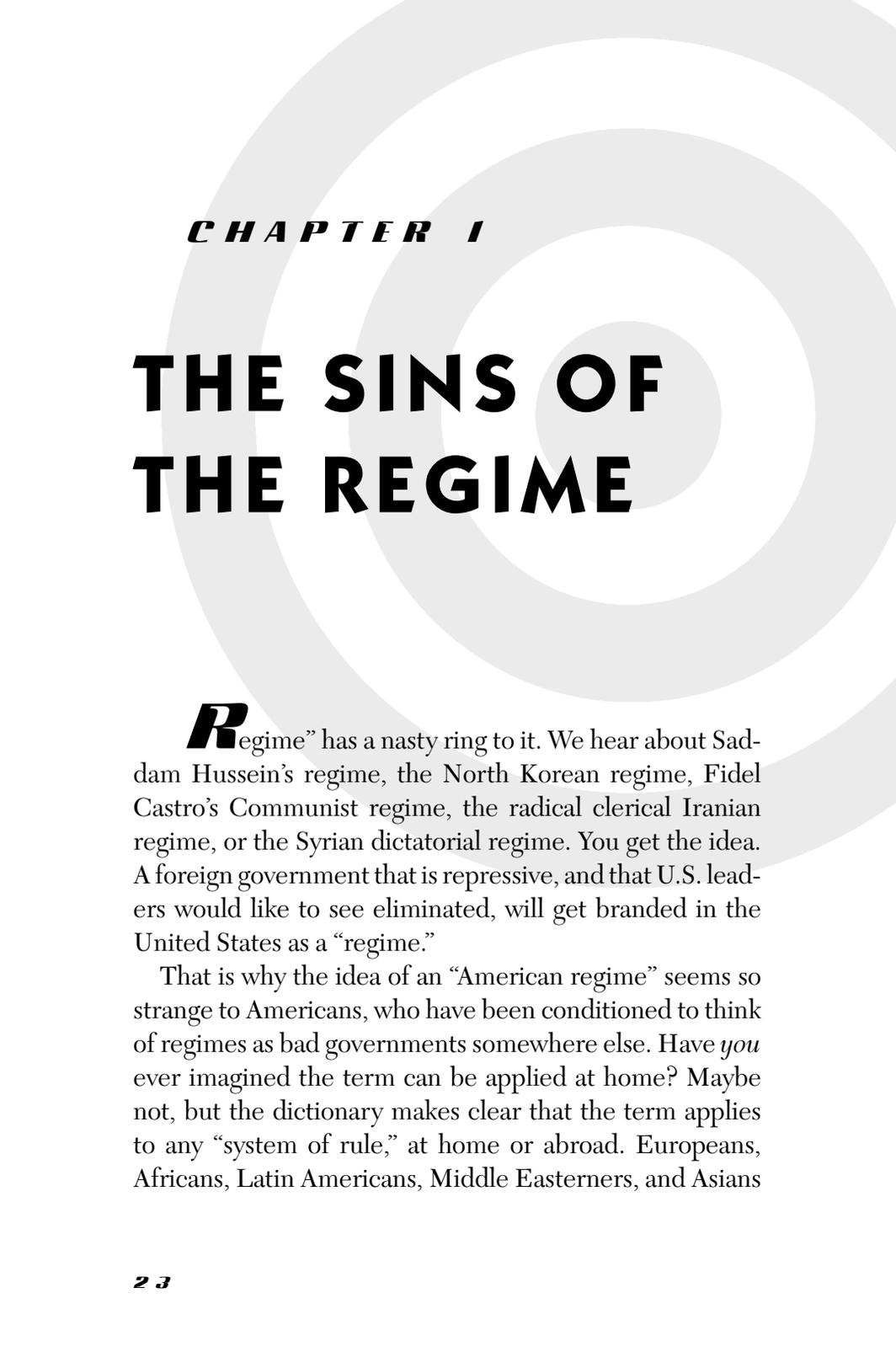
The dictionary defines a regime as “a manner, method, or system of rule or government.” If we take this literal approach and view any “system of rule” as a regime, then the U.S. government is also a regime, and the history of the United States—as of other nations—can be seen as a succession of regimes. American regimes, I argue, are entrenched systems of power and ideology. Regime changes at home, while not revolutions, are great dramas, creating seismic shifts in power and social values. Regime changes are political earthquakes that deeply affect the personal lives of ordinary Americans and can steal power away from the people—or return it to them.

Our current regime is a corporate one, and I start by describing what a corporate regime is and how it has subverted our democracy. This is the third corporate regime in American history and, while more global and hazardous than its predecessors, it is not entirely new. Its roots lie in

the Gilded Age of John D. Rockefeller, who helped shape the first corporate regime, and in the Roaring Twenties of Warren Harding, Calvin Coolidge, and Herbert Hoover, the leaders who presided over the second corporate regime. I tell the story of each of these regimes and how they have cumulatively contributed to the crisis in our nation today.

Fortunately, corporate regimes have not been the only forms of rule in America. Both the first and second corporate regimes ended in regime changes led by progressive and New Deal movements. The systems of rule turned power back toward the people.

Today, more than ever, we need regime change at home, better than the ones before. To achieve it, we need to understand how brave, earlier generations of Americans toppled the corporate regimes of their day. Regime changes do happen in America and, sometimes, they light up our lives.



CHAPTER 1

THE SINS OF THE REGIME

Regime” has a nasty ring to it. We hear about Saddam Hussein’s regime, the North Korean regime, Fidel Castro’s Communist regime, the radical clerical Iranian regime, or the Syrian dictatorial regime. You get the idea. A foreign government that is repressive, and that U.S. leaders would like to see eliminated, will get branded in the United States as a “regime.”

That is why the idea of an “American regime” seems so strange to Americans, who have been conditioned to think of regimes as bad governments somewhere else. Have *you* ever imagined the term can be applied at home? Maybe not, but the dictionary makes clear that the term applies to any “system of rule,” at home or abroad. Europeans, Africans, Latin Americans, Middle Easterners, and Asians

Certificate of Birth

Name: Third Corporate Regime
Date of Birth: Election Day, 1980
Father: Ronald Reagan
Mother: Corporate America
Headquarters: Washington, D.C.
Current Caretaker: George W. Bush

Brief Biography

The regime is twenty-five years old. It took form under the Reagan administration. The regime consolidated itself under Bush I, secured legitimacy from Democrats under President Clinton, and radicalized itself under Bush II. The aim of the regime is to shift sovereignty from citizens to transnational corporations, and to transform government into a business partner committed to maximizing global profits for a small number of global executives and shareholders. It is showing signs of age and is viewed by much of the world as dangerous. Caution is advised.

Registry of Regimes, Washington, D.C.

talk frequently about the “American regime,” which they fear and mistrust.

Regimes are institutionalized systems of power, good or bad, that rule a nation. Every regime is like a political house built around five great pillars. The pillars usually support the ruling elites, but in democratic regimes they can empower the people. The architecture of the house and the design of its pillars reflect the underlying balance of power in society. The groups or organizations that control money tend to design and run the “house.”

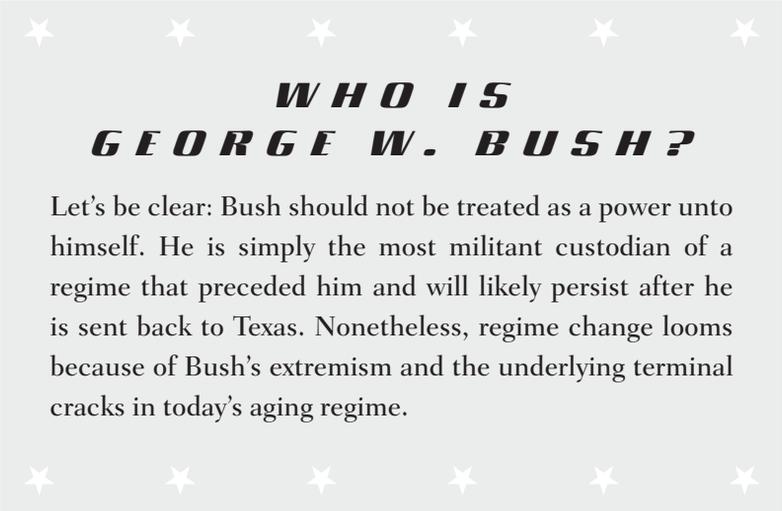


MEET THE PILLARS

- 1) **A dominant institution** (e.g., the corporation, the government, the church) that ultimately controls the house
- 2) **A mode of politics** (e.g., corporate sovereignty, theocracy, representative democracy) that determines how the house is run
- 3) **A social contract** (e.g., the welfare state, laissez-faire, libertarianism) that sets the terms for the tenants
- 4) **A foreign policy** (e.g., isolationism, empire, multilateralism) that dictates the relationship to the neighbors
- 5) **An ideology** (e.g., social Darwinism, socialism, individualism, democracy) that spells out the creed of the household

President Bush is the United States’s most recent and extreme regime leader. He has done some expensive renova-

tion of the pillars, in collaboration with the big monied interests that helped put him in office. He has changed the façade of the regime but not its underlying structure or aims.



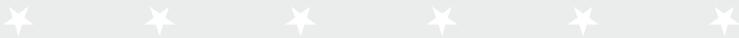
**WHO IS
GEORGE W. BUSH?**

Let's be clear: Bush should not be treated as a power unto himself. He is simply the most militant custodian of a regime that preceded him and will likely persist after he is sent back to Texas. Nonetheless, regime change looms because of Bush's extremism and the underlying terminal cracks in today's aging regime.

Regimes cling to power, claiming that God or nature has ordained them. A nineteenth-century regime leader, John D. Rockefeller, said, "The growth of a large business is merely a survival of the fittest . . . the working-out of a law of nature and a law of God."¹ This sort of rhetoric is popular in the current regime, with neoconservative ideologues from the Reagan to the Bush administration portraying the American "free market" system as part of nature, and corporate capitalism as the highest stage of social evolution. One of the regime's favored thinkers, Francis Fukuyama, a former Reagan administration official and now professor of public policy at George Mason University, calls the current American order "the end of history," evidently God's and

man's most perfect creation.² But while the new corporate regime is deeply entrenched and controls the public conversation, it has not ended history, which in the United States consists of a never ending contest between the existing regime and those seeking regime change. America's first ruling elite was the British colonial authority, a victim of the most dramatic politics of regime change in the nation's history: the Revolution. Under George Washington's first presidency, a Hamiltonian business regime warred with and ultimately triumphed over Jeffersonian Republicanism, to be followed by a succession of new regime changes.

A BRIEF HISTORY OF U.S. REGIMES



U.S. REGIMES

First Corporate Regime

Built by the robber barons 1865–1901

Progressive Regime

Led by trust-busting President Teddy Roosevelt 1901–21

Second Corporate Regime

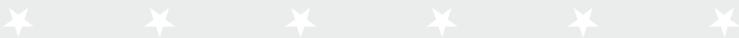
Brought to you by Presidents Warren Harding and Herbert Hoover 1921–33

New Deal Regime

Designed by President Franklin Roosevelt 1933–80

Third Corporate Regime

Sponsored by global corporations and Presidents Ronald Reagan, George Bush, Sr., Bill Clinton, and George W. Bush 1980–????



While you won't read about regimes in most history books, American history is a series of fascinating regimes and regime changes. The modern history of U.S. regimes began immediately after the Civil War, when the earliest American corporate regime was born. Art Garfunkel sang "*Don't know much about history*," but if you want to understand the current regime and how it uses power against you, you have to know its history.

THE FIRST CORPORATE AND THE PROGRESSIVE REGIMES

The *first* corporate regime was born with a bang after the Civil War. John D. Rockefeller, J. P. Morgan, and other robber barons built America's first great national corporations in one of the world's most impressive bursts of economic dynamism and abuse of power. The regime developed as a marriage between the robber barons and the presidents of the era. Republican presidents Grant, Harrison, Garfield, Arthur, and McKinley and Democrat Grover Cleveland all carried water for the new captains of industry. The robber barons dominated American society from the end of the Civil War until 1901.

Sound familiar? The parallels between this first corporate regime and the one today are haunting. The late-nineteenth-century robber baron regime created many of the historic companies, such as Chase National Bank (now J. P. Morgan Chase), First National Bank and National City Banks of New York (now Citigroup), Standard Oil (now called Exxon), and U.S. Steel (now called USX), which, after various mergers, still dominate America. It was the first

regime to flood politics with corporate money and create all-powerful corporate lobbies in Washington. Rockefeller's aides, with briefcases literally stuffed with greenbacks, worked in the offices of senators' who wrote legislation on oil, banking, and other industries. It's no secret why they were called "robber barons." They used their influence over presidents to send in troops when workers tried to organize, and they helped write tax laws that created a huge and growing gap between the very rich and everyone else. We live in a born-again robber baron regime, with the corporations bigger and more global, and their domination of Washington even greater.

Despite its awesome power, this first corporate regime faced a radical challenge by the Populists, fiery farmers and plain-spoken people from the heartland who created the People's Party in 1892, captured the Democratic Party in 1896, and launched one of the country's most important politics of regime change. They proclaimed in 1892 that corporations were being used "to enslave and impoverish the people. Corporate feudality has taken the place of chattel slavery."⁴ While the Populists melted away with the 1896 presidential defeat of their candidate, William Jennings Bryan, they helped give rise to the reform movement of the Progressive Era under the

*Like earlier invading hosts
arriving from the hills,
the steppes or the sea,
[the robber barons]
overran all the existing
institutions which buttress
society, taking control of
the political government,
of the School, the Press,
the Church, and . . .
the world of opinions
or of the people.*³

MATTHEW JOSEPHSON,
The Robber Barons

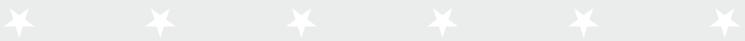
“trust-buster,” President Theodore Roosevelt. In 1907, Roosevelt called for “the effective and thorough-going supervision by the National Government of all the operations of the big interstate business concerns,” a direct challenge to the “free market” regime discourse of the robber barons. Roosevelt was no revolutionary, but he did engineer his own regime change politics, culminating in his effort to create a Bureau of Corporations that would put limits on the strongest Rockefeller, Morgan, and other robber baron fiefdoms. Corporations had to restructure themselves and embrace a measure of public accountability, as the Progressive Era consolidated political power in a new regulatory regime quite different from the robber baron order. The eminent historian of the Progressive Era, Gabriel Kolko, labeled the resulting government-led regime “political capitalism.” The Gilded Age corporate regime passed into oblivion.⁵

THE SECOND CORPORATE REGIME AND THE NEW DEAL

The Bush administration resembles not just the Gilded Age presidencies but also the Republican presidencies of the 1920s, which presided over the nation’s *second* corporate regime. The Harding, Coolidge, and Hoover administrations abandoned the regulatory impulse of the Progressive regime and turned Washington back to big business. While less constitutionally extreme than the Gilded Age presidents, they created a regime of corporate hyperpower, dominated by an ideology of corporate self-regulation and paternalism. They proclaimed a union-free world

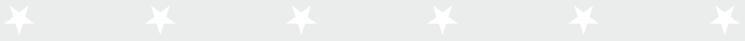
known as *Plan America*, a vision of corporate paternalism in which big business would house and educate workers and provide them with medical care and retirement. Plan America was a vision of a whole society wrapped in a benign corporate cocoon, without need for government regulation or unions, previewing some of the views about corporate responsibility fashionable in the current regime. President Hoover said that the government “owes nothing” to himself or any citizen, since the business world had created opportunity for everyone and could police itself. The Roaring Twenties saw an era of overwhelming corporate dominance enlivened by booming prosperity, scandals such as Teapot Dome, and a huge stock market bubble that popped in 1929. The regime ended with market collapse and the victory of President Franklin Roosevelt in 1932.⁶

Spurred by the Depression and the recognition that capitalism could be saved only under a different order, Roosevelt created the New Deal, a regime that established basic rights for labor, codified in the Wagner Act, and created an entirely new social welfare system built around Social Security. The New Deal did not end corporate power, but it turned the government into a limited agent of countervailing power and sought to preserve a public sphere, whether in the health system or in the post office, safe from corporate predators. Economist John Kenneth Galbraith wrote at the height of the New Deal that the federal government’s main peacetime role is to rein in corporate power, a statement that no established thinker or politician could have entertained in the Gilded Age or Roaring Twenties regime.



THE GREATEST AMERICAN REGIME

The New Deal regime was the longest and most important in modern American history. It lasted several decades after Roosevelt's death in 1945 and still gives hope to many ordinary Americans. By realigning government with ordinary workers and citizens, it created foundations for economic growth and a middle class who could make good on the American Dream. While the New Deal was not a revolutionary anti-capitalist regime and was far from an ideal democratic order, it resurrected the democratic dreams of the Declaration of Independence, reversed the corrupting legacy of two earlier corporate regimes, and demonstrates to skeptics today that U.S. regime change can take back the government from the corporate moguls.



ENTER, THE THIRD CORPORATE REGIME

The New Deal regime survived almost fifty years, profoundly changed the nation, helped enshrine the labor movement as a new force, and redefined the Democratic Party. But it, too, succumbed, as neoconservative radicals in the 1970s spurred a politics of regime change leading to the election of Ronald Reagan in 1980. In Chapter 3, I explore the many reasons for this all-important regime change, as dramatic as the one engineered by Rockefeller and Morgan. As a new generation of robber barons entered

into a marriage with the Reaganite political class in Washington, they created a regime whose power is now compared with the Roman and British Empires. It rules not only America but much of the world.

The *third* corporate regime is the house we live in today. George W. Bush is just the current master of the mansion. The basic design of this regime was established by Reagan a quarter-century ago.

★ ★ ★ ★ ★ ★

***MEET THE PILLARS
OF THE THIRD
CORPORATE REGIME***

Dominant Institution—The Transnational Corporation

Corporate plutocrats own this house.

Mode of Politics—Corpocracy

Wealthy residents run the house, although all tenants have a vote.

Social Contract—Social Insecurity

Tenants have no long-term lease.

Foreign Policy—Empire

The house rules the neighborhood.

Ideology—The Corporate Mystique

The house claims tenants are free and announces it is open for business.

★ ★ ★ ★ ★ ★

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Freeing America from Corporate Rule***

by Charles Derber

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