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## Corruption, USA

By David Rosen

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The game is rigged — you know it, I know it and so does a growing number of Americans know it. A recent Gallup poll found that in 2014 three in four Americans (75%) acknowledged corruption was widespread throughout the U.S. government. More revealing, it noted that over the last decade this perception increased; in 2007 and 2009, it was at two in three Americans, 67 percent and 66 percent, respectively. The belief that the game is rigged is a core assumption in the 2016 presidential election.

Last August, in one of the early Republican presidential debates, Donald Trump acknowledged the underlying truth of American politics. “Most of the people on this stage I’ve given to, just so you understand, a lot of money ... I give to everybody. When they call, I give” he admitted. “And do you know what? When I need something from them two years later, three years later, I call them, they are there for me. And that’s a broken system.”

While the other candidates looked at their shoes, pretending that Trump was talking about the weather, Rand Paul admitted that the game was rigged. “This is what’s wrong. Trump bribes all of us. He even bribes Hillary Clinton,” he intoned. And then ranted, “That’s what he does, he bribes us.” Bernie Sanders endlessly assails Hillary Clinton for accepting big money from Goldman Sachs and other big-money supporters.

In the wake of the death of Supreme Court Judge Antonin Scalia, renewed attention has focused on the Court's 2010 Citizens United decision legalizing the doctrine that "money is speech." Trump and Sanders openly acknowledge that big money influences — controls? — the political system; Clintons hems-&-haws, protecting her secret backers. Far more threatening, the Koch brothers organized a nearly \$900 million war chest to finance the campaigns of rightwing politicians. Remarkable, while this 1%-ers strategy significantly influenced local and state politics throughout the country, Obama won in 2008 and 2012 and, this year, Trump and Sanders continue to gain popular support.

Sadly, the corruption of politics — admitted to by Trump and Paul, legitimized by the Court and assailed by Sanders and Clinton — is but the tip of a social phenomenon of corruption deforming American society. Political pay-to-play corruption is but one face of the deepening culture of corruption that has become an endemic feature of an American society, a society increasingly controlled of the 1%-ers.

Not a week goes by without a media exposé of yet another corruption scandal involving a politician, corporate executive, revolving-door opportunist or a local landlord or businessman. America's culture of corruption seems to penetrate all nearly aspects of economic relations. The following are four spheres of corruption that point to the deeper crisis besetting the U.S. economy, politics and society.

### **Corruption as daily life**

Nothing exemplifies the deepening corruption facing the nation than the water crisis devastating Flint, MI. The sad, sad story of what's happening to the people of this de-industrialized heartland city has been extensively reported. It's a postmodern version of the Zika virus now ravaging Brazil and much of the southern hemisphere.

The Flint tale is a crime in three acts. The first involves the sufferings of the people of Flint — mostly African-American and other poor people — that appears like a retelling of a Charles Dickens' tale of the horrors of early capitalism. The second involves the utter corruption — and incompetence — of official political-governmental system, most notably the state's Republican governor, Rick Synder; efforts are underway seeking his impeachment. And the third act involves who wins?, who profits? Flint is a postmodern tragedy in which the three crimes are being played out simultaneously.

The U.S. economy is a form of state capitalism, with the state attempting to balance the public good, citizens' needs, with the interests of the private gain, capitalist profit. It does this by facilitating the redistribution of taxes, public and corporate. In the Flint crisis, there's been two "winners," the state of Michigan and private interests, like Nestlé, the Swiss conglomerate. And there's been one "loser," the citizens of Flint.

The Michigan government took control of the city's operations and installed a manager to impose financial discipline. It initially claimed that by cutting the cost of the city's water services, it had "saved" millions; short-term decisions are now having long-term political, financial and painfully human consequences at a price yet to be determined.

Private corporations are a second winner. Amy Goodman, on a February 17th Democracy Now program, linked the Flint crisis to the profits of Nestlé's water bottling operations in Mecosta County, MI, located only two hours from Flint. Through heavy-duty lobbying and lawsuits, the company weakened water protection rules and cut a no-cost deal for the rights to Lake Michigan water. Its Ice Mountain brand of bottled water is being sold worldwide and, as Goodman reports, distributed to the Flint residents by both federal and state agents – and likely at a nice profitable for the company.

Private greed turns the public infrastructure into a terrain of short-term plunder for questionable politicians and opportunities corporations.

### **Corruption as political life**

Political corruption is endemic to the U.S. system of government, operating at the federal, state and local levels. This is the corruption that Trump and others rail against – and it is as old as the nation itself. One early scandal involved Samuel Swartwout, Pres. Andrew Jackson appointee as the Collector of Customs for the Port of New York in 1829, who reportedly embezzled over \$1 million in customs receipts and fled to Europe to avoid prosecution.

In 2013, CREW — Citizen's for Responsibility and Ethics in Washington –identified 17 members of Congress on its list of notable scamsters, 13 who engaged in serious misconduct and four whose transgressions, it insists, “brought them a dishonorable mention.”

Pay-to-play politics is a bi-partisan game that operates at all levels of government and, occasionally, some of those with the dirtiest hands are exposed. Sen. Robert Menendez (D-NJ) awaits trial for alleged corruption while, in 2015, Rep. Chaka Fattah (D-PA) and four associates were charged with bribery and misusing hundreds of thousands of dollars of federal, charitable and campaign funds.

At the state level, the arrest and conviction of two of New York's top politicians, Sheldon Silver (Dem., assembly speaker) and Dean Skelos (Rep., Senate majority leader), illustrates how extensive corruption is; after his conviction, Skelos receives an annual pension of \$96,000. A recent study by the University of Illinois at Chicago (UIC) found that between 1976 and 2013 the three top states in terms of public corruption convictions were New York (2,657), California (2,549) and Illinois (1,982).

### **Corruption as economic life**

Capitalism is a roller-coaster economic system distinguished by flush periods of exuberance as well as periodic crisis, sometimes reaching the level of the Great Depression of the 1930s and the recent Great Recession. Recent crises are epitomized by the corruption scandals of Enron in 2001 and Bernard Madoff in 2008.

Gretchen Morgenson, a *New York Times* business columnist, reflected on the 2008 mortgage crisis: “The giant accounting frauds that took down companies in the early 2000s, the corrupt brokerage firm research [i.e., Standard & Poor's and Moody's] that harmed so many investors,

the Libor [London Interbank Offered Rate] rate-fixing scandal that cast doubt on the basis for trillions of dollars of fixed income instruments.” The big banks paid tax-deductible fines or got a slap-on-the-wrist; no major financier faced criminal prosecution.

Morgenson identified a number of factors precipitating the 2008 financial crisis, including: excessive pay for short-term performance; poor regulatory oversight; and the absence of sufficient consequences for misdeeds. “This failure to prosecute high-level officials involved in the financial crisis has been the topic of much consternation over the past three or four years — and rightly so,” she stated. “But the key actors in the mess for the most part walked away from the wreckage unscathed. A perverse set of incentives like this does nothing to discourage bad behavior.”

The deepening culture of corruption is leading Americans to lose faith not only in government but corporations as well. According to a recent AP-NORC survey, “Confidence in Institutions,” people are deeply suspicious of financial institutions and major companies. “Americans’ confidence in banks and financial institutions has declined by half over the past 40 years,” it reports. Confidence in major companies was highest in 1984 (31%) but, by 2010, had sunk to 13 percent; confidence in banks was highest in 1977 (42%) but by 2014 had fallen to 15 percent with a “great deal” of confidence, 53 percent with “some confidence” and 32 percent with “hardly any” confidence.

### **Corruption as corporate murder**

The American landscape is littered with the bodies of dead, disabled and diseased people who’ve paid the gravest prices for ongoing corporate corruption.

Pick your poison for no industry is exempt from environmental corruption, no matter whether Apple or Exxon or Peabody Coal. Repeated exposés about the auto industry are indicative of the deepening culture of corporate malfeasants becoming the industry’s new normal. Last year, General Motors (GM) recalled about 800,000 small cars due to faulty ignition switches, which could shut off the engine during driving; 121 deaths and some 4,000 claims were due to this failure. Volkswagen “Dieselgate” scandal involving software that cheated on emissions tests and about 11 million cars worldwide; so far, some 60 deaths are attributed to it in the U.S.

Revelations that Exxon Mobil and Peabody Coal, among other fossil fuel companies, deliberately mislead the public about climate change is becoming a legal – and political – issue. Attorney Generals in New York and California are taking up the issue, questions if such practices involved investor fraud among other crimes.

No industrial sector is immune for charges of corruption, whether the Hollywood movie industry and the all-white Oscars; the pharmaceutical industry relating to fraudulent clinic trials or pay-offs to doctors; and the for-profit private prison racket at the federal and state levels. And this is just the tip of the iceberg. Even Fortune magazine has an annual list of the biggest corporate corruption scandals.

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The U.S. is adrift in a new Gilded Age. The term “Gilded Age” is attributed to Mark Twain who, in 1873, co-authored a novel entitled *The Gilded Age: A Tale of Today*. Scornfully, Twain did not call his tale “the golden age,” thus referring to a precious metal, one of beauty and value. Rather, he invoked the notion of something cheap, shoddy, “gilded” to look expensive but actually with a phony gold-like coating.

It was an era of the Robber Barons, unscrupulous land speculators, shady corporate practices and scandal-plagued politics, symbolized by New York’s notorious Tammany Hall political machine and William M. “Boss” Tweed. Equally troubling, it was an era of the vulgar display of gaudy wealth. It was also a period of the Progressives, of the 8-hr workday movement, of the regulations of meatpacking and sweatshops, and women securing the vote. Sound familiar?

Marx, acknowledging Hegel, once wrote, “History repeats itself, first as tragedy, second as farce.” We’ve entered an era of tragic farce, an era in which a growing proportion of the Americans know the game is rigged, that government and corporations are — individually and colluding together – corrupt institutions. One can only wonder if there will be any change as a result of the upcoming election.