

Corporate bullies: the 10 worst corporations of 1998.

by Russell Mokhiber

A listing of the top 10 corporations in terms of their contribution to unchecked commercialism, corporate criminality, social injustice, environmental pollution, public health issues and the worldwide decline of democracy is presented. The 10 worst firms of 1998 include Chevron, Coca-Cola, General Motors, Loral Corp, Mobil Oil, Monsanto, Royal Caribbean Cruise Ltd, Union Oil Company of California, Wal-Mart and Warner-Lambert.

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What did we learn in 1998?

Microsoft Chair and CEO Bill Gates' net wealth - \$51 billion - is greater than the combined net worth of the poorest 40 percent of people in the United States (106 million persons).

Hundreds of hospitals are "dumping" patients who can't afford to pay.

The feds are criminally prosecuting big tobacco companies for smuggling cigarettes into Canada. (Never mind addicting young kids to smoke and thus condemning them to a certain, albeit slow, death - can't criminally prosecute them for that.)

There's a bull market in stock fraud.

Prescription drugs may cause 100,000 deaths a year.

Two Fox-TV reporters in Florida are fired for trying to report on adverse health effects associated with genetically engineered foods.

The U.S. Department of Agriculture proposes that genetically engineered foods be labeled "organic."

Coal companies continue to cheat on air quality tests as hundreds of coal miners continue to die each year from black lung disease.

The North American Securities Administrators Association estimates that U.S. investors lose about \$1 million an hour to securities fraud.

Robert Reich says that megamergers threaten democracy.

Corporate crime explodes, but the academic study of corporate crime vanishes.

Three hundred trade unionists around the world were killed in 1997 for defending their rights.

Corporate firms lobbying to cripple the Superfund law outnumber environmental groups seeking to defend it by 30 to one.

Down on Nike? Chinese political prisoners allegedly make Adidas products.

Blue Cross/Blue Shield Illinois is a corporate criminal. Chemical companies are testing pesticides on human beings.

Senator Charles Grassley, R-Iowa, questions whether the Pentagon's financial controls have suffered a "complete and utter breakdown."

Environmental crimes prosecution are down sharply under Clinton-Gore. Bush-Quayle had a better record.

Bell Atlantic buys Maurice Sendak's Where the Wild Things Are illustrations to sell telephone products.

Companies that have workers die on the job continue to be met with fines. Criminal prosecutions are still rare.

Corporate bullies: the 10 worst corporations of 1998.

This is the price paid for living in a corporate-dominated society. Wealth disparity, megamergers and the resulting consolidation of corporate power, commercialism run amok, rampant corporate crime, death without justice, pollution, cancer and an unrelenting attack on democracy.

The 1998 market run-up might make the plugged-in elite feel good about itself, but big business is eating out the democratic foundation of the United States, and when the empty shell crumbles, what kind of chaos might ensue?

If you have justice on your mind, herewith for the eleventh consecutive year is Multinational Monitor's effort to pinpoint those responsible. It is, admittedly, a short list - the Ten Worst Corporations of 1998. But it is a representative list, and as the damage becomes more apparent, as the outrage at, and contempt for, our fearless leaders grows, surely the list, too, will grow.

CHEVRON

Of Drilling and Killing

The Ijaw people of the Niger Delta in Nigeria have a gripe with Chevron. The Delta produces 80 percent of Nigeria's export income, yet the people of the Delta wallow in poverty.

In October 1998, the Ijaw took over and closed down the Chevron production facilities in the Delta in protest.

"Our oil feeds this country, this corrupt government, the United States and Europe," says Daniel Ekepebide, president of the of the group that seized the oil platforms. "We don't move until something changes."

Throughout the year, the Delta has been the scene of pitched battles between local residents and the oil multinationals. In May, 121 young people from oil-rich Delta communities occupied Chevron's Parabe oil platform to protest destruction of the environment by Chevron.

On May 28, after three days on the platform, helicopters arrived after Chevron finally agreed to meet with the protesters. Soldiers got out of the helicopters and began shooting. Two activists were killed instantly, others were injured and many were arrested.

Chevron denies complicity in the killings. But the San Francisco-based multinational oil company helped facilitate an attack by the Nigerian Navy and Mobile Police (MOPOL), according to a report by Amy Goodman on Pacifica's Democracy Now!

In an interview with Goodman, a Chevron official acknowledged that on May 28, 1998, the company transported Nigerian soldiers to their Parabe oil platform.

The protesters were demanding that Chevron contribute more to the development of the impoverished oil region where they live.

In the interview with Goodman, Chevron spokesperson Sola Omole was asked about the operation.

Q: Who took them in, on Thursday morning, the Mobile Police, the Navy?

A: We did. We did. Chevron did. We took them there.

Q: By how?

A: Helicopters, yes, we took them in.

Q: Who authorized the call for the military to come in?

A: That's Chevron's management.

Corporate bullies: the 10 worst corporations of 1998.

In San Francisco, Chevron spokesperson Mike Libbey says that Chevron did transport Nigerian soldiers to the platform, but only after Nigerian law enforcement officials "directed the company to do so."

"I suspect that we would do the same thing if the U.S. government authorized us to take [military personnel] to a U.S. platform," Libbey says.

"It's a complete distortion to imply from this that we were complicit" in the deaths of the protesters, Libbey says.

Libbey says that the government owns 60 percent of the oil operation, while Chevron owns 40 percent.

When asked why, given the brutal track record of the Nigerian military, Chevron continues to do business with Nigeria, Libbey says, "we go to where the oil is."

"We operate in over 90 countries around the world, and we don't always agree with the politics of the government, but we must remain apolitical," he says.

But Goodman says that Chevron "facilitated the attack."

"It is one thing to bring in a group of cub scouts," she says. "But if you bring in these thugs - the Mobile Police, the Navy - they are feared throughout Nigeria. They fire first."

Goodman says the Mobile Police are known throughout the country as the "kill and go."

Chevron says that the two protesters were shot when they tried to disarm the soldiers. But the surviving protesters say that soon after landing in Chevron-leased helicopters, the Nigerian military shot to death the two protesters, Jola Ogungbeje and Aroleka Irowaninu, and wounded several others. Eleven other activists were detained for three weeks.

One activist told Goodman that during his imprisonment, he was handcuffed and hung from a ceiling fan hook for hours for refusing to sign a statement written by Nigerian federal authorities.

Nigerian activists charge that Chevron's oil operations pollute their water and land, severely hampering fishing and farming, their only means of livelihood.

Chevron is the third largest oil producer in Nigeria.

"It is very clear that Chevron, just like Shell, uses the military to protect its oil activities," Nigerian environmental attorney Oronto Douglas told Goodman. "They drill and they kill."

COCA COLA

Liquid Candy

Children in the United States are drowning in soda pop. And Coca-Cola, the Atlanta-based junk drink pusher, with its worldwide domination of the industry and relentless marketing, is in large part responsible for an epidemic of oversugared kids.

Today, teenage boys and girls in the United States drink twice as much soda pop as milk, whereas 20 years ago they drank nearly twice as much milk as soda.

According to a recent report by the Center for Science in the Public Interest, the average 12-to-19-year old male drinks 868 cans of soda pop a year.

The average 13-to-18-year-old male who consumes soda pop consumes more than three 12-ounce cans per day, while 10 percent of those males drink seven or more cans a day.

Corporate bullies: the 10 worst corporations of 1998.

The average 13-to-18-year-old female soda drinker imbibes more than two cans a day, and 10 percent of females consume five or more cans a day.

Overall, people in the United States are consuming twice as much soda pop as they did 25 years ago. And they're spending \$54 billion a year on it. That's twice what is spent on books every year.

"Kids are drowning in soda pop," says Michael F. Jacobson, executive director of the Center.

"It's become their main beverage, providing many kids with 20 to 40 percent of their calories. Soda is squeezing more-nutritious foods and beverages out of their diets. It's high time that parents limited their children's soft-drink consumption and demanded that local schools get rid of their soft-drink vending machines, just as they have banished smoking."

Dr. Bess Dawson-Hughes, a bone-disease expert at the Jean Mayer USDA Human Nutrition Research Center on Aging at Tufts University in Boston, says she is particularly concerned about teenaged girls.

"Most girls have inadequate calcium intakes, which makes them candidates for osteoporosis when they're older and may increase their risk for broken bones today," Dr. Dawson-Hughes says. "High soda consumption is a concern because it may displace milk from the diet in this vulnerable population."

Studies described in the report indicate that diets high in sugary foods like soft drinks may increase the risk of heart disease in "insulin resistant" adults. Other research links cola consumption to kidney stones in men.

Coca-Cola is a relentless pusher of its product. Coke and other soft drink companies have started paying millions of dollars for exclusive marketing rights in schools and other locations frequented by adolescents.

Coca-Cola, for example, is paying the Boys & Girls Clubs of America \$60 million to make its company's products the only brands sold in more than 2,000 clubs.

Marianne Manilov, the executive director of the Oakland, California-based Center for Commercialism-Free Public Education castigates schools "for sacrificing their students' health by selling out to Coca-Cola."

"The marketing agreements virtually ensure that more kids will be drinking more soda - while their health classes are discouraging consumption," Manilov says.

"Taxpayers must provide school systems with adequate funds so schools don't become reliant on junk-food companies," she urges.

Jacobson says that commercials for high-caffeine products, such as Coca-Cola Company's Surge, appeal to teens who are looking for legal stimulant drugs.

GENERAL MOTORS

Arsenal of Fascism?

For more than 25 years now, Bradford Snell has been researching and writing a mammoth history of General Motors.

Snell began digging into the crimes of the world's largest automobile company when he was a staff attorney with the Senate Judiciary Committee's Subcommittee on Antitrust and Monopoly. In February 1974, he submitted a paper that began: "This is a study of the social consequences of monopoly. It shows that excessive economic concentration can restructure society for corporate ends."

Snell's focus was on the auto industry and how the companies maximized profits by substituting cars and trucks for trains, streetcars, subways and buses. In short, the paper described how "General Motors, Ford and Chrysler reshaped American ground transportation to serve corporate wants instead of social needs."

Corporate bullies: the 10 worst corporations of 1998.

One portion's of Snell's paper focused on the Big Three auto companies and World War II. At the time, the Big Three dominated motor vehicle production in both the United States and Germany.

The contribution of these companies to the U.S. war effort was well documented. Less well known were their contributions to the Axis powers. As Snell pointed out, the companies "maximized profits by supplying both sides with the materiel needed to conduct the war."

Snell reported that during the war, both General Motors and Ford "became an integral part of the Nazi war efforts." But General Motors, with its acquisition of Germany's largest auto producer, Opel, in 1929, was more important in Germany than either Ford or Chrysler, "whose investments were substantially less."

Snell reported that "GM's plants in Germany built thousands of bomber and jet fighter propulsion systems for the Luftwaffe at the same time that its American plants produced aircraft engines for the U.S. Army Corps of Engineers."

The outbreak of war in 1939 resulted in the full conversion of GM's Germany facilities to the production of military aircraft and trucks. According to Snell, during the last quarter of 1939, GM converted its 432-acre Opel complex in Russelsheim to warplane production. From 1939 to 1945, the GM Russelsheim facility built 50 percent of all the propulsion systems produced for Germany's most important bomber.

On November 30, 1998, almost 25 years after Snell wrote his paper, the Washington Post chimed in with a front page article by reporter Michael Dobbs titled "Ford and GM Scrutinized for Alleged Nazi Collaboration."

In the article, Dobbs reported that lawyers representing Holocaust survivors and their families who had demanded reparations from Swiss banks for storing Nazi loot were now turning their attention to the auto companies for their complicity in World War II atrocities.

Snell, who has refused interviews about his book, which is scheduled to be published in mid-1999, told Dobbs that "General Motors was far more important to the Nazi war machine than Switzerland."

"Switzerland was just a repository of looted funds," Snell said. "GM was an integral part of the German war effort. The Nazis could have invaded Poland and Russia without Switzerland. They could not have done so without GM."

Documents uncovered by Dobbs show that GM followed a conscious strategy of continuing to do business with the Nazi regime, rather than divest itself of German assets.

Dobbs reported that less than three weeks after the Nazi occupation of Czechoslovakia in March 1939, GM Chairman Alfred P. Sloan defended the strategy as sound business practice, given the fact that the company's German operations were "highly profitable."

The internal politics of Nazi Germany "should not be considered the business of the management of General Motors," Sloan wrote in an April 6, 1939 letter to a concerned stockholder. "We must conduct ourselves [in Germany] as a German organization. ... We have no right to shut down the plant."

GM has issued vague denials of the 1974 report by Snell and the 1998 report by Dobbs.

But Snell makes a basic and undeniable point about the power of multinationals.

"It may be argued that participating in both sides of an international conflict, like the common corporate practice of investing in both political parties before an election, is an appropriate political activity," Snell wrote in 1974. "Had the Nazis won, General Motors and Ford would have appeared impeccably Nazi. As Hitler lost, these companies were able to reemerge impeccably American."

LORAL

Year of the Rat

Corporate bullies: the 10 worst corporations of 1998.

Former Representative Cecil Heftel, D-Hawaii, believes we live in a political economy that has legalized bribery. Money goes in, favors come out. And it's all legal!

But it sure does stink to high heaven.

Throughout 1998, a highly offensive pungent odor wafted from the corporate headquarters of Loral Corporation and the executive suite of its CEO, Bernard Schwartz. (The case has been well documented by New York Times reporter Jeff Gerth and by Edward Timperlake and William Triplett II in their recent book *The Tear of the Rat: How Bill Clinton Compromised U.S. Security for Chinese Cash*).

Loral makes satellites. In 1991 and 1992, Schwartz gave \$12,500 - a modest sum - to help elect Bill Clinton president.

Schwartz had his eye on selling satellites to the Chinese and needed the new administration to waive human rights-related sanctions on satellite sales to China, and to get around proliferation sanctions by ignoring Chinese missile sales to Iran.

According to *The Year of the Rat*, Schwartz began writing bigger checks to the Clinton-Gore campaign. In the election cycle of 1995-1996, Schwartz made \$586,000 in campaign contributions. As of May 1998, Schwartz had contributed \$421,000 to the Democrats' 1997-1998 election cycle. That made him the number one donor to the Democrats from 1995 to 1998.

In total, Schwartz has given more than \$2.2 million since 1992 to the Clinton-Gore ticket, Democratic candidates, and Democratic causes.

That's \$12,500 in 1991-1992, and \$2.2 million since then.

Schwartz says that his contribution binge and his companies' need for help from the Clinton administration was "coincidence."

How exactly did President Clinton scratch Loral's back? First and foremost, Clinton approved a lucrative satellite deal for Loral Space and Communications Ltd. despite objections from federal prosecutors, who were at the time investigating whether Loral illegally helped the Chinese make their rockets reliable by passing along technology to the Chinese under the table. Clinton's approval of the satellite deal undercut the Justice Department's case.

NSC advisers warned President Clinton at the time that his approval of the Loral deal with China might be seen as letting Loral's space subsidiary "off the hook on criminal charges for its unauthorized assistance to China's ballistic military program."

As of this writing, Loral has been let off the criminal hook.

In addition, according to *The Tear of the Rat*, the Clinton administration gave Loral an antitrust exemption for his spinoff of some parts of Loral to aerospace giant Lockheed. And in March 1996, Clinton transferred authority for satellite export licenses from the State Department to the corporate friendly Commerce Department.

On the cover of Cecil Heftel's book, *End Legalized Bribery*, is a picture of President Bill Clinton shaking hands with then-Speaker of the House Newt Gingrich.

The picture was taken on June 11, 1995 in New Hampshire. A citizen had asked that Clinton and Gingrich commit to appoint a panel on political finance and lobbying reforms. Clinton said, "In a heartbeat, I agree." The two men shook hands on the deal to launch a bipartisan commission on lobbying and political reforms. Today, more than three years later, no such commission exists.

"They lied," Heftel says.

Gingrich is gone, Clinton's term is winding down. May a new generation of leadership sweep aside this system of

Corporate bullies: the 10 worst corporations of 1998.

legalized bribery.

MOBIL

Indonesia and Mass Graves: "Sorry about that"

In 1971, Mobil Oil discovered one of the world's richest onshore reserves of natural gas, estimated at 14 trillion cubic feet, in Aceh, the westernmost province of Indonesia.

Mobil and the Indonesian government formed a joint venture company, P.T. Arun, to reap the harvest.

But just then, the local population decided to declare independence from Indonesian Dictator-in-Chief Suharto. A three-decade guerrilla war was launched.

In 1990, as the violence escalated, Suharto sent in thousands of soldiers, including the hated Arms' Special Forces, to crush the rebellion.

According to a December investigative report in BusinessWeek, the Special Forces set up shop amidst Mobil's gas operations in Aceh province.

And according to a coalition of 17 Indonesian human rights groups, Mobil and P.T. Arun were "responsible for human rights abuses" in Aceh. The coalition alleges that Mobil's Indonesian subsidiary, Mobil Oil Indonesia, provided crucial logistical support to the army, including earthmoving equipment that was used to dig mass graves. One grave excavated recently in the village of Bukit Sentang contained at least a dozen bodies.

According to BusinessWeek, officials have unearthed human remains in six of the 12 sites investigated so far. One human rights official estimates that 2,000 Aceh torture victims are buried around the Aceh area.

Mobil flatly denies that it knew of any human rights abuses in the Aceh area in the early 1990s. "I can frankly say that we have no knowledge of that happening," says Neil Duffin, Mobil Indonesia's executive vice president for production and exploration.

But the BusinessWeek investigative team puts forth damning evidence linking Mobil to the atrocities:

* Two contractors say they told local Mobil managers that they had found human body parts close to Mobil sites.

* A former Mobil employee says rumors of massacres and reports that Mobil equipment was being used to dig mass graves was being frequently discussed at workplaces and in a company cafeteria.

Mobil admits helping the Indonesian military with excavators, food and fuel, but insists that it was used for peaceful purposes.

At a press conference in Jakarta on November 5, 1998, Mobil Chairman Lucio Noto told reporters that "if anything happened because somebody used the equipment in a wrong way, I'm sorry about that." Noto said that Mobil had "no control over that."

But residents of Aceh made clear to BusinessWeek reporters that the military operation in Aceh "was too big and talk of killings too widespread for the company not to know."

"There wasn't a single person in Aceh who didn't know that massacres were taking place," said H. Sayed Mudhahar, a former top government official in Aceh. "From children, to the elderly, to the mentally ill, everybody was afraid."

Faisal Putra, an Indonesian attorney who intends to file a lawsuit against Mobil on behalf of the victims told BusinessWeek that "the crimes occurred over a long period of time."

Corporate bullies: the 10 worst corporations of 1998.

"Mobil Oil cannot utter the words - 'We didn't know.'"

MONSANTO

Playing God with Our Food

Monsanto likes to call itself a leader in the "life sciences" industry. That means that the St. Louis-based agrichemical company is now in the business of manufacturing and marketing genetically engineered foods.

Are you eating them? You may be. Most people don't realize that 45 million acres of U.S. farmland have been planted with biotech crops.

As Michael Pollan reported in the New York Times Magazine in October 1998, "Though Americans have already begun to eat genetically engineered potatoes, corn and soybeans, industry research confirms what my own informal surveys suggest: hardly any of us knows it."

Genetically engineered foods have not been tested for safety. And they are not labeled, so you don't know whether the food you are eating has been tampered with, or not.

In Europe and Asia, consumers, farmers and citizens are up in arms over genetically engineered foods. They have destroyed test fields and are demanding that genetically engineered foods be labeled. As a result, Monsanto's genetically engineered products have been blocked from the European marketplace.

In the United States, however,

Monsanto, facing comparatively little opposition, has aggressively sought to quash dissent.

For centuries, farmers have allowed certain crops to grow in their fields and have saved seeds from those crops for planting in the next growing season. According to the United Nations, roughly 1.4 billion people around the world are dependent on farm-saved seed for their food security.

Enter Monsanto. Monsanto is in the process of purchasing Delta & Pine Land Company, a Scott, Mississippi-based cotton seed company.

Delta & Pine has a patent on a seed that has the potential to strip self-sufficient farmers of the ability to save seeds. When the seed is planted in the ground, a plant grows, but its seeds are rendered sterile [see "Terminator Seeds," Multinational Monitor, November 1998].

When activists at Rural Advancement Foundation International (RAFI) read about the Delta & Pine patent, they dubbed the technology "the Terminator seed."

Now, Monsanto has hired Pinkerton detectives to crack down on farmers who "illegally" save and replant seeds containing "patented technology."

Monsanto's Kate Marshall says the biotech giant is "vigorously pursuing growers who pirate any brand or variety" of the company's genetically enhanced seed.

Monsanto has hired five full-time and a number of part-time investigators to follow up on all seed piracy leads it receives.

When asked what methods are being used to determine which farmers are saving seed, Marshall refuses to get specific. "They use standard investigative methods," she says.

To date, Monsanto has opened more than 475 seed piracy cases nationwide, generated from over 1,800 leads. More than 250 of these cases are under active investigation, Marshall says. And more than 100 cases have been settled.

Corporate bullies: the 10 worst corporations of 1998.

And in early 1998, the company effectively pressured a Tampa, Florida television station into killing a documentary series on the company's controversial genetically engineered milk hormone, rBGH. When the two reporters who produced the series, Steve Wilson and Jane Akre, refused to alter the series to Monsanto and the local station's satisfaction - the two reporters claimed the desired changes would have required them to, illegally, knowingly air false information - they were fired.

Monsanto's Terminator seed, its intimidation of farmers and reporters, and its faith in manipulating the basis of life makes it a corporate bully for the ages. A new, yet undiscovered, form of activism will be needed to grapple with the machinations of this biotech giant.

ROYAL CARIBBEAN

Corporate Criminal

Search the Royal Caribbean Cruise Ltd. "newswire" <www.rccl.com> and you will find nothing about the company being criminally convicted of felonies for polluting the oceans.

But then again, why hang out your dirty laundry right there on the your web site when you are trying to sell tickets?

Royal Caribbean takes the prize for corporate criminal of the year.

In September, Royal Caribbean, the world's second largest passenger cruise line, pled guilty and was fined \$9 million for dumping oil and lying to the U.S. Coast Guard about it.

In Miami, U.S. District Court Judge Donald Middlebrooks ordered the company to pay the \$1 million fine for presenting a false oil record book for the Nordic Empress cruise ship to Coast Guard pollution investigators who had spotted the ship leaving a seven-mile long oil slick. When Coast Guard officials boarded the ship to investigate, they were presented with a false log designed to conceal the discharges.

During the sentencing hearing, the government introduced video tapes showing three Royal Caribbean cruise ships dumping oil as well as a "before and after" video showing the destruction of a secret bypass pipe used to make discharges aboard the Sovereign of the Seas.

The "before and after" video was taken in San Juan during Coast Guard boardings on October 25, 1994, after the ship had been observed by a Coast Guard aircraft dumping oil, and during a follow-up boarding on October 29, 1994 in Miami, Florida.

The company admitted that it engaged in the crime of obstruction of justice by destroying a bypass pipe, which was cut up in small pieces and placed in a dumpster in Miami, in order to prevent its discovery by the Coast Guard.

Judge Middlebrooks placed the company on probation for five years, during which time the conduct of the company will be monitored, with periodic reports to the court and the government detailing the company's environment compliance.

Yet only weeks after Royal Caribbean Cruises Ltd. was convicted of dumping oily wastes into the Atlantic Ocean, the company was caught doing the same thing.

Federal officials alleged that high-level company engineers, including the chief engineer for the Nordic Empress cruise ship, conspired to manipulate the oil detection sensors on the Nordic Empress in order to enable and conceal the discharge of oil contaminated bilge waste.

"The person responsible for directing this criminal activity was none other than the chief engineer aboard the ship," federal officials alleged.

The chief engineer was subsequently dismissed by the company.

Corporate bullies: the 10 worst corporations of 1998.

The criminal case of Royal Caribbean was unusual in one key respect - the wealth of criminal defense lawyers and experts the company procured in an unsuccessful attempt to convince federal judges that the prosecution was illegal under international law.

Royal Caribbean originally entered a plea of not guilty to charges brought in both Miami and Puerto Rico. The company argued that the case should be governed by the Law of the Sea Convention and tried in Liberia, where the ship is registered. A federal judge in Miami disagreed and the case was headed to trial when the plea agreement was negotiated.

For its legal defense, the company hired Judson Starr and Jerry Block, both of whom have served as head of the Justice Department's Environmental Crimes Section, and former Attorney General Benjamin Civiletti. All three lawyers are with the Venable, Baetjer law firm.

Hired on as experts on international law issues were former Attorney General Eliot Richardson, University of Virginia law professor John Norton Moore, former State Department officials Terry Leitzell and Bernard Oxman, and four retired senior admirals.

As the case proceeded to trial, Royal Caribbean engaged in a massive public relations campaign designed to give the company an environmentally friendly image. Royal Caribbean took out television ads during the Super Bowl, placed former Environmental Protection Agency administrators on its board of directors and donated thousands of dollars to environmental groups.

All for naught. A small band of prosecutors in the Justice Department's Environmental Crimes Unit were not deterred. They made sure the cruise line would plead guilty and pay for its crime.

Justice delivered.

UNOCAL

Dangerous Scofflaw

It isn't every day that a corporation faces a petition to have its charter revoked.

But in September 1998, a coalition of 30 citizens' groups petitioned then-Attorney Unocal CEO Roger Beach General of California Dan Lungren to begin charter revocation proceedings against Union Oil Company of California (Unocal). Lungren refused, and was later defeated in a run for governor. His successor as attorney general promises to revisit the petition.

Calling Unocal "a dangerous scofflaw corporation," the 127-page petition argued that Unocal has engaged in corporate law-breaking, was responsible for the 1969 oil blowout in the Santa Barbara Channel and numerous other acts of pollution, committed hundreds of occupational safety and health violations, treated workers unfairly, was complicit in human rights violations in Afghanistan and Burma, and has "usurped political power."

In just 1998, for example, the company paid \$7 million to settle air pollution allegations in Alaska, paid \$200 million to rip apart a California town contaminated by oil and paid \$43.8 million to settle oil contamination allegations in central California.

Claiming that the state of California routinely puts out of business hundreds of unruly accountants, lawyers and doctors every year, the coalition called upon the California attorney general to begin a legal process that would result in the revocation of Unocal's charter.

"We're letting the people of California in on a well-kept secret," says Loyola Law School Professor Robert Benson, who drafted the petition.

"The people mistakenly assume that we have to try to control these giant corporate repeat offenders one toxic spill at a time, one layoff at a time, one human rights violation at a time. But the law has always allowed the attorney general to go

Corporate bullies: the 10 worst corporations of 1998.

to court to simply dissolve a corporation for wrongdoing and sell its assets to others who will operate in the public interest."

If this authority exists, why is it that only once this century - in 1976, when a conservative Republican AG asked a court to dissolve a private water company for allegedly delivering impure water to its customers - has the attorney general sought to revoke a corporate charter in California?

"California attorneys general haven't often done it because they've become soft on corporate crime," Benson said. "Baseball players and convicted individuals in California get only three strikes. Why should big corporations get endless strikes?"

"We have committed misdemeanors in the past," admits Unocal's Barry Lane, "but then so have many companies. We have operated here for 100 years. Yes, we have made some mistakes, but we have always taken responsibility, for those mistakes and worked to correct them."

If an attorney general were independent enough to file such a petition, a judge could appoint a receiver, so that the assets do not flee the jurisdiction. Then if the judge was inclined to strip the company of its charter, he or she would have the authority to make "such orders and decrees and issue such injunctions in the case as justice and equity require."

If Benson were the judge, he'd transform the company into a renewable energy company, which would create more jobs and inflict less damage on the environment.

Ronnie Dugger, founder of the Alliance for Democracy, one of the groups that signed the petition, calls the filing "an historic event."

"It is the first broad-based effort of this century to use the people's sovereign authority over a corporation chartered by one of our states to terminate its privilege to do business," Dugger says. "It is a step toward regaining actual democratic control over these giant corporations we've created."

One hundred and fifty years ago, the people created corporations to get things done - build a road or dig a canal. If the corporation didn't do what the people said, their charters were revoked. In a fundamental respect, the corporation was a public institution.

Now, after years of tinkering by corporate lawyers, the corporation is a private institution beyond our control. Benson and his colleagues are seeking to change the public perception - to drive corporate law back to the future.

No better place to start that with a giant scofflaw oil company like Unocal.

WAL-MART

Sprawl-Mart

What consumer in his or her right mind would gripe about Wal-Mart? It's open 24 hours in many locations. It sells relatively inexpensive, good-quality goods. If you need to return an item, no problem.

In 1997, Wal-Mart had sales of \$118 billion. If it continues to experience this degree of success, within 10 years or so it will be the world's largest corporation. It's already larger than all three of its main rivals (Sears, Target and Kmart) combined.

Wal-Mart now has 3,400 stores on four continents. "Our priorities are that we want to dominate North America first, then South America, and then Asia, and then Europe," Wal-Mart's President and CEO David Glass told USA Today business reporter Lorrie Grant recently.

Given the history of the steady rise of the Bentonville, Ark., retailer, who can question its ability to do just that?

Corporate bullies: the 10 worst corporations of 1998.

Certainly not USA Today, which recently ran Grant's glowing review of Wal-Mart's worldwide operation under the headline "An Unstoppable Marketing Force: Wal-Mart Alms for Domination of the Retail Industry - Worldwide."

But citizens around the country are rising up to slap down Wal-Mart's expansion plans, as Bob Ortega, a Wall Street Journal reporter, documents in his book, *In Sam We Trust: The Untold Story of Sam Walton and How Wal-Mart Is Devouring America*.

Ortega reveals how Sam Walton - perhaps the most driven corporate executive ever to walk the face of the planet - built his empire. Walton used Asian child labor to make blouses for sale under "Made in America" signs in his Wal-Mart stores. When he began his operation in Bentonville, he hired a union-busting lawyer to keep workers from organizing. Soon his outer-city Wal-Marts were ruining inner-city shopkeepers.

WAL-MART: COVERING THE UNITED STATES, AND MOVING ON THE PLANET

FISCAL 1998 END OF YEAR STORE COUNTS

	Discount Stores	Supercenters	SAM's Club
Alabama	50	27	8
Alaska	3	0	3
Arizona	34	0	7
Arkansas	50	27	4
California	100	0	24
Colorado	31	5	10
Connecticut	14	0	3
Delaware	2	1	1
Florida	102	33	31
Georgia	62	25	16
Hawaii	5	0	1
Idaho	9	0	1
Illinois	95	11	24
Indiana	60	15	14
Iowa	43	2	7
Kansas	40	8	5
Kentucky	45	23	5
Louisiana	56	19	9
Maine	19	0	3
Maryland	22	1	10
Massachusetts	27	0	3
Michigan	45	0	21
Minnesota	34	0	9
Mississippi	42	14	4
Missouri	79	30	12
Montana	9	0	1
Nebraska	13	5	3
Nevada	13	0	2
New Hampshire	17	0	4
New Jersey	16	0	6
New Mexico	16	3	3
New York	51	5	18
North Carolina	78	8	14
North Dakota	8	0	2
Ohio	77	4	23
Oklahoma	57	21	6
Oregon	23	0	0
Pennsylvania	49	12	18
Rhode Island	6	0	1
South Carolina	41	12	9
South Dakota	8	0	2
Tennessee	57	30	11
Texas	169	72	52
Utah	14	0	5
Vermont	3	0	0

Corporate bullies: the 10 worst corporations of 1998.

Virginia	31	21	10
Washington	20	0	2
West Virginia	12	8	3
Wisconsin	55	1	11
Wyoming	9	0	2
Alberta	16	0	0
British Columbia	12	0	0
Manitoba	9	0	0
New Brunswick	4	0	0
Newfoundland	7	0	0
Nova Scotia	7	0	0
NW Territories	1	0	0
Ontario	52	0	0
Quebec	28	0	0
Saskatchewan	8	0	0
CANADA TOTAL	144	0	0
Argentina	0	6	3
Brazil	0	5	3
Mexico	347 (*)	27	28
Puerto Rico	9	0	5
China	0	2	1
Germany	0	21	0
INT'L. TOTAL	500	61	40

* Includes 36 Superamas, 62 Bodegas, 33 Aurreras, 178 Vips and 30 Suburbias

The result: an underpaid, unorganized workforce, a large percentage of whom qualify for food stamps.

Ortega spoke with Kathleen Baker, of Hastings, Minnesota who was fired after talking to other workers about asking for a pay raise.

He spoke with Mike and Paula Ianuzzo, of Cottage Grove, Oregon who blamed Wal-Mart for wiping out their photo-shop business.

In Guatemala, he interviewed Flor de Maria Salguero, a union organizer who arranged for Ortega to talk with workers making clothes for Wal-Mart and other giant retailers. Salguero, whose husband had been murdered during an organizing drive in Guatemala City, was kidnapped, beaten and raped shortly after Ortega's visit. After the attack, one of her attackers told her, "This is what you get for messing about with foreigners."

Ortega documents how communities around the country have revolted against Wal-Mart's plans to create giant superstores in their communities, ripping apart the fabric of small-town life.

In Oklahoma, the owner of a television and record store forced out of business after a Wal-Mart moved into the area told reporters, "Wal-Mart really craters a little town's downtown."

Shelby Robinson, a self-employed clothing designer from Fort Collins, Colorado, told Ortega that she "really hates Wal-Mart." "Everything's starting to look the same, everybody buys all the same things - a lot of small-town character is being lost," Robinson said. "They dislocate communities, they hurt small businesses, they add to our sprawl and pollution because everybody drives farther, they don't pay a living wage, and visually, they're atrocious."

James Howard Kunstler, an ardent Wal-Mart foe from upstate New York, described what he calls the \$7 hair dryer fallacy.

Kunstler argued that "people who shop at a giant discount store to save \$7 on a hair dryer don't realize that they pay a hidden price by taking that business from local merchants, because those merchants are the people who sit on school

Corporate bullies: the 10 worst corporations of 1998.

boards, sponsor little league teams and support the civic institutions that create a community."

Kunstler called Wal-Mart "the exemplar of a form of corporate colonialism, which is to say, organizations from one place going into distant places and strip-mining them culturally and economically."

While noting the growing anti-Wal-Mart movement, Ortega questions whether - given the amazing popularity of Wal-Mart among consumers worldwide - anything will stop this juggernaut.

The consumers who shop at Wal-Mart clearly outnumber the activists out to stop what they see as "sprawl-mart." It may be that many Wal-Mart customers themselves share the activists' concerns about the Wal-Mart juggernaut, but do not believe there is anything they can do - and do not see any point in denying themselves the price savings Wal-Mart offers.

It is an unfair fight that raises fundamental questions about the nature of democratic action in a capitalist system run wild.

WARNER LAMBERT

33 dead

As Director of Public Citizen's Health Research Group, Dr. Sidney Wolfe has been studying the Food and Drug Administration (FDA) for more than 20 years. He is in a position to know how well or how poorly the agency is protecting the interests of consumers from the power of multinational pharmaceutical corporations.

Wolfe says that in this regard, the FDA has hit rock bottom.

In November 1998, Wolfe released a report showing that FDA is routinely giving the green light to dangerous new drugs.

The Health Research Group surveyed FDA medical officers - physicians responsible for the primary reviews of New Drug Applications for drugs - to determine their opinions about recent changes in the drug approval process.

Nineteen medical officers identified 27 new drugs that they reviewed in the past three years and thought should not be approved but were approved anyway [see "Behind the Lines, this issue].

One drug that the FDA approved over a medical officer's objection was Warner-Lambert's diabetes drug Rezulin, which has been linked to at least 33 deaths due to liver injuries.

This case was documented in early December 1998 by Los Angeles Times reporter David Willman.

The Times reported that the FDA dismissed explicit warnings of danger posed by Rezulin.

According to the report, the FDA reviewed the Warner-Lambert drug Rezulin on a "fast track" while downplaying harmful potential side effects.

The paper reported that one medical officer who opposed the approval of Rezulin was removed as the chief reviewer of the drug. The drug has been pulled off the market in Britain due to health concerns.

The Times reported that:

* Dr. John Gueriguian, the veteran FDA medical officer assigned to evaluate Rezulin, recommended rejecting the drug after he documented its potential danger to the liver. After Warner-Lambert complained about Gueriguian's "behavior" at a meeting, he was removed from the review of the drug.

* After the first patient deaths surfaced in 1997, another FDA medical officer, Dr. Robert Misbin, estimated that more than 12,000 Rezulin users would experience some liver injury. Misbin also advised his superiors that 2,000 of those patients might die unless their liver functions were closely monitored.

Corporate bullies: the 10 worst corporations of 1998.

"I said to myself, 'At this very moment as I am writing this, there are 2,000 patients that are going to die of this drug unless we do something,'" Misbin told the Times. "People were being treated with this drug and had no idea what was going on."

* A third FDA official, Dr. G. Alexander Fleming, suggested restricting the recommended use of Rezulin, but said he relented after encountering resistance from Warner-Lambert.

* In May 1998, a 55-year-old high school teacher from East St. Louis, Illinois suffered sudden liver failure and died after volunteering to take Rezulin as part of a government study. The woman, who did not have diabetes, adhered to the strict precautionary liver tests the FDA says should prevent such deaths.

"How many more Americans will have to die or require liver transplants before Warner-Lambert and the FDA take action to protect people in this country by banning the drug?" Wolfe asked in a July 1998 letter to the FDA.

Warner-Lambert issued a statement saying that it was "disappointed with the mischaracterization of its actions and intentions regarding the development and marketing of Rezulin."

"Warner-Lambert is particularly disturbed about recent media coverage of the drug that seems to focus primarily on risks but largely ignores the significant patient benefits that the medication provides," the statement said.