AN EXCERPT FROM THE BOOK
"THE BEST DEMOCRACY MONEY CAN BUY"

SMALL TOWNS, SMALL MINDS
An excerpt from

THE BEST DEMOCRACY MONEY CAN BUY
The Truth About Corporate Cons, Globalization and High-Finance Fraudsters

BY GREG PALAST

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Before taking up the pen for Britain’s Observer and Guardian newspapers, Los Angeles-born Greg Palast traveled the globe as expert investigator of corporate fraud and racketeering. For the Chugach Natives of Alaska, he unearthed the doctored safety records that proved the Exxon Valdez disaster was an inevitability, not an accident. In Chicago, he bargained contracts for the United Steelworkers Union in Chicago, in Peru he helped found a consumer rights organization. Years ago, he guided the formation of an alliance linking Enron workers in Brazil and India. In 1988, Palast directed the government’s investigation of a US nuclear plant builder in which the jury awarded the largest racketeering penalty in US history.

Palast won Britain’s highest journalism honors for his 1998 undercover investigation of influence peddling within Tony Blair’s cabinet – by Enron and other US corporations. He then turned his sleuthing skills on to the Bush money trail: uncovering for BBC and The Observer the uncomfortable truths of how the Bush Administration quashed investigations of Saudi financing of terror – and Poppy Bush’s extraordinary methods for stuffing his bank account and his son’s campaign coffers.
I live 100 miles outside NYC, in the sticks. When McDonald’s announced it was moving into Southold, NY, my little town in the woods, I had personal reasons, deep in my family history, for wanting to keep them out – my mother was a hypnotist for McDonald’s. Really.

In 1970, one of the corporation’s biggest franchisees, moving millions of burgers in Hollywood, California, feared for their crew leaders. Working fifteen-hour shifts scattered over nights and days for $3 an hour, some of these so-called managers took on that look of insomniac spookiness that could end with one of them “going postal,” the colloquialism that describes what happens when the California penchant for self-expression meets the American fascination with automatic weapons. That wouldn’t do. So my mother taught them self-hypnosis. “Twenty minute’s trance is worth four hours’ sleep!” Maybe that’s why I don’t eat clown meat anymore. I can’t stand to look at those grinning, unblinking faces asking, “Do you want fries with that?”

To my friends in Paris and London, the opening of each new McDonald’s
SMALL TOWNS, SMALL MINDS

under the Eiffel Tower or Big Ben heralds the horrid Bozo-headed déclassé Americanization of Europe. But to me, McDonald's represents something far more sinister: the frightening Americanization of America.

To understand what I mean, let’s begin with this: The United States is ugly. A conspiracy of travel writers have sold the image of America the Beautiful: Georgia O’Keeffe sunsets over New Mexico's plateau, the wide-open vistas of the Grand Canyon. But to get there, you must drive through a numbing repetitive vortex of sprawled Pizza Huts, Wal-Marts, Kmarts, the Gap, Jiffy Lubes, Kentucky Fried Chickens, Starbucks and McDonald’s up to and leaning over the Canyon wall.

From New Orleans jambalaya, to Harlem ham hocks, to New England crab boil, whatever is unique to an American region or town has been hunted down and herded into a few tourist preserves. The oppressive ubiquity of contrived American monoculture has ingested and eliminated any threat of character. The words of McDonald's late CEO Ray Kroc, “We cannot trust some people who are nonconformists,” have become our national anthem. Almost. One hundred miles dead east of New York City, a hamlet of farmers called Southold held out. Southold was the last place in New York State where you could look from a rolling road across an open cornfield uninterrupted by Golden Arches. The town board refused McDonald's request to build as “just not part of our rural character.” A group of visiting English land-use experts had planted in our village the un-American idea of “stewardship” trumping property rights. In Britain, these battles are common stuff — in 1999, 40 mums and kids in the Shakespearean hamlet of Shaftesbury marched against conversion of the local Hungry Horse pub into an Avaricious Clown — but in the USA in 1990, TINY TOWN RESISTS! was national news.

The rebellion lasted six years. Then McDonald's huffed and puffed and threatened lawsuits, and Southold — my town — bowed down. Today, Southold
schools bus students to "instructional" outings at McDonald's.

The story of Mom and McDonald's is my contribution to the Great Bubble debate. A whole gaggle of Chicken Littles in the financial press have been cackling about the Bubble, the insupportable speculative rise in share prices that had to burst and spew out financial fire, brimstone and bankruptcies.

Yes, we've seen dot-coms vanish like backseat vows of eternal love. But stay calm. The sky is not, I repeat not, falling. The Bubble Theorem is the creation of good-hearted souls of the Left made ill by the orgy of monstrous increases in wealth for a few and begging bowls for the many. The world's three hundred richest people are worth more than the world's poorest three billion. The stock market could not rise indefinitely on the promises of dotcoms that sell nothing yet lay claim to a large share of the planet's wealth. From wise economists to complete cranks like Robert Schiller we heard sermons about the coming "Day of Reckoning." Yet the 2001-2002 "collapse" of the stock market barely dimpled the overall rise in equity values seen over the decade.

The belief that a Price Must Be Paid is religion, not economics – Calvinism dressed up in Marxist clothing. What the Bubble-heads fail to accept is that the class war, as Messrs. Bush and Clinton have told us, is indeed over – but not because we have reached a happy social entente. Let's face it, the working class has been defeated soundly, convincingly, absolutely.

Dr. Edward Wolff, director of the Income Studies Project at the Jerome Levy Institute, New York, tells me that between 1983 and 1997, 85.5 percent of the vaunted increase in America's wealth was captured by the richest 1 percent. In that time, overall U.S. income rocketed – of which 80 percent of America's families received zero percent. The market's up, but who is the market? According to Wolff, the Gilded One Percent own $2.9 trillion of the nation's stocks and bonds out of a total $3.5 trillion.

Not coincidentally, the rise in the riches of the rich matches quite well with
the wealth lost by production workers through the shrinking of their share of the production pie. U.S. workers are producing more per hour (up 17 percent since 1983) while keeping less of it (real wages are down 3.1 percent). So there you have it: The market did not rise on a bubble of fictions but on the rock-hard foundation of the spoils of the class war.

What's going on here? Let's start with computers. Forget Robert Reich's sweet notion that computers can make work more meaningful and worthwhile. The purpose of every industrial revolution, from the steam-powered loom to the assembly line, is to make craft and skills obsolete, and thereby make people interchangeable and cheap. And now, computerization is speeding the industrialization of service work.

That brings us back to “Mickey D's.” While Ray Kroc gets all the kudos for building the company, it was the genius of the brothers McDonald, Richard and Maurice, in 1948, to divide the production of restaurant food into discrete, skillless tasks. McDonald's ruthlessly and methodically applied to the corner greasy spoon, the workingman's café, the techniques of Taylorism, the time-and-motion paradigm that rules factory assembly lines. No more cooks. Any clown can make a hamburger for McDonald's. Their machines are designed so that unskilled employees hired off the street can reach full speed within minutes. Politicians mesmerized by the modern are selling us on the wonders of the Knowledge Economy. Oh, yeah. At McD's, you can spend all day punching machine portioned glops of ketchup onto burger buns.

In one of the Observer's undercover investigations, I learned that McDonald's retained the notorious union-busting law firm Jackson Lewis of New York to take their search-and-destroy operations against union organizers to Europe. But why should McDonald's bother? Fast food operators report employee turnover averaging 300 percent per year – and, despite what the industry says, they love it. Workers out the door in four months don't demand pensions, pro-
motions, training or unions. In 1996, a British civil court found McDonald’s systemically exploited young workers, but that is a temporary situation. It won’t be long before the majority of workers of all ages in every land will need no more experience than any seventeen-year-old slacker—and will be paid like one.

The real story of the “Bubble” is this: The stock market went up because the human market went down. Here, in the 21st Century, Blake's Dark Satanic Mills have been replaced by Bright Demonic Happy Meals as the factory for deconstructing work into a cheap commodity. It is estimated that one in eight American adults has worked at a McDonald’s. This acts as a kind of moral instruction for the working class, as jail time does for ghetto residents. It is one reason behind America's low unemployment rate. As my old professor Milton Friedman taught me, unemployment falls when workers give up hope of higher pay.

How fitting that the Corcord Green of globalization, the 1999 Battle of Seattle, began when crazies threw a garbage can through the window of a McDonald's. The question is: Will it break the trance?

**Things Like That Don’t Happen Here**

A COUPLE of autumns back, one of my neighbors, Kenneth Payne, fortified by the courage available at one of our local bars, loaded his shotgun, walked across the road to the trailer home of his best buddy, Curtis Cook, and emptied both barrels into Cook’s stomach. While his friend bled to death, Kenneth sat down on his porch and telephoned a local family to say, “No one’s going to bother your little girl anymore.” Kenneth claimed Curtis had earlier in the evening confessed to molesting the neighbor’s eight-year-old child.

The next day, our town’s burghers ran out to tell curious metropolitan reporters, “Things like that don’t happen here.” Really? None of my neighbors mentioned the story of our school principal’s daughter, who hid her pregnancy...
from her parents then drowned her child right after its birth. I thought it worth reporting, so I did, in the London Observer and the New York Times. “Here,” by the way, is an archipelago of farm fields and hamlets of antique clapboard houses called the North Fork. While few Americans have heard of it, it is quite well known in Britain as Peconic, the congenial, rural town lionized on BBC radio’s “Letter from America,” broadcast by Alistair Cooke, one of our few unarmed residents. Like Alistair, I’ve made shameless use of the cartoon imagery of this convenient exemplar of unspoiled, small-town America. I just told you about our town’s heroic struggle to block McDonald’s from opening a restaurant, a threat to our quaint rural character. The way I wrote it, we were gloriously defeated by the corporation’s McLawyers, who bullied us into bending our preservation laws. I left out of the story of the part about our defense being sabotaged from within by that fifth column of small businessmen found in every American town – the local real estate agents, shopkeepers and farmers hoping to turn a quick buck on their properties once the planning rules are breached and broken. I’ve written scores of bad-tempered columns about the brutish ways of America’s biggest businesses. That viewpoint is admittedly a bit unbalanced. To be fair, we must recognize that for sheer narrow-minded, corrosive greed nothing can beat the grasping, whining, small businessmen. And within that avaricious little pack, none is so poisonously self-centered and incorrigible as the small-town businessman of rural America.

During the presidential debates, Al Gore opened the bidding to win this pampered demographic by promising to slash inheritance taxes, “to save our family farms and businesses.” Until President Bush took office, if you inherited a farm or business worth up to $2.6 million you paid no tax at all. But that’s just not enough for what the fawning candidates call “local entrepreneurs.” Gore promised to raise the exemption to $4 million – only to be trumped by George W. Bush, who promised to wipe away inheritance taxes altogether (one of the
few promises he kept).

This group of small businessmen and farmers, so deserving of protection of their tax-free millions, is the same that defeated Bill and Hillary Clinton’s 1993 proposal to require all businesses to provide bare-bones health insurance for their employees, an expenditure of only thirty-five cents per hour. Fortune 500 corporations expressed few qualms about the mandatory insurance plan, as most big firms already provide some health care coverage for their workforce. It was the swarm of Lilliputian entrepreneurs – those friendly local Fat Fritters franchisees, Gas’N’Chew owners and Mom’s Hammer Drop Hardware Store operators, joined under the aegis of their National Federation of Independent Businesses – who blocked the Clintons’ modest attempt to end medical care apartheid in America.

You name it—maternity leave, minimum wage, even health and safety inspections and rules barring racism in hiring – any meager proposal to protect the lives and families of working people, and the NFIB’s small businesses legions have their swords out to kill it. But we must never say so. Al Gore can shoot at big tobacco and big oil, Bush can vilify teachers and union workers, but any politician who breathes a word against rural businesses, farmers or the NFIB’s Scrooge battalions ends up as electoral roadkill. Ten years ago, our town convinced a charitable foundation with more money than wisdom to pay for experts from Britain to tell us how to preserve our area’s rural character. We held meetings, referenda, elections. It was that active small-town American democracy that makes foreign writers like Tocqueville gaga with admiration. At the end, the town voted overwhelmingly to adopt what became known as the "U.K. Stewardship Plan" to protect our green fields and prevent ugly urban sprawl.

Come by my town today and count the pustules of strip malls and fluorescent signs directing you to Bagels Hot! Cars Like New – No Down Payment! Dog
Burger! where cornfields once grew. Sensible British designs and a preservation-minded electorate could not overcome the me-first obstructionism of a hard core of small businessmen and farmers lusting to sell off their land to McDonald's, Wal-Mart and housing speculators.

In October, folks from the metropolis crowd our roads to buy Halloween pumpkins and gawk at farmers in overalls. In glossy magazine supplements, the North Fork is portrayed as a Norman Rockwell painting come to life, with Lake Woebegone characters and barbershop quartets. But look closely at the canvas and you'll get your first clue that something may be wrong: Our fire trucks are very clean. They stay clean because our firemen rarely put out fires. Yet the volunteer fire departments are quite busy. Rather than douse burning houses, firemen are more likely to be called out to stop Jimmy from beating in his wife's head again; to yank Fred from his wreck after a three-day bender, or, on occasion, to dissuade another grinning citizen from hanging himself from the porch awning. You will not read this in the tourist guidebooks.

A couple years ago, one of the firemen ran for town council. At a civic meeting, he won big applause for the usual speech about "preserving our unique way of life." Then he added, "And I think it's time we addressed another matter publicly. I intend to make domestic abuse a key issue in this campaign." The audience went dead, cold silent. Live here long enough and you discover that, at the heart of small-town life, there is a special form of communal cowardice. The enforced silence, this small-town omerta, is called "being neighborly."

I don't equate rural shotgun murders or child molesting to the small-town businessman's penchant for despoiling the rural landscape. But they are covered over by that same cowering silence. No politician, local or national, has the guts to break through the mythology, the legend of the struggling local businessman who cares and sacrifices for his community. This folkloric invention approaches saintliness when the discussion turns to rural, small-town
America with its treacly images of barbershop quartets, Farmer Brown on his tractor and the Main Street parade after the strawberry harvest.

What makes this myth of happy small-town America off-limits to challenge is that it provides pleasant code words for the ugliest corner of the American psyche. When politicians talk about “small-town American values,” “family values” and the “hardworking small businessman” everyone knows the color of that town, that family and that businessman – white. Pleasantville, USA, is implicitly placed against the urban jungle populated at the bottom by dark-skinned muggers and pregnant teenagers on the dole, and at the top by Jewish financiers of Hollywood pornography. It would dangerously undermine this politically useful imagery if the public were reminded that small towns like mine are filled with pale-faced citizens as despairing and dangerous as any in the inner cities. Nor could the NFIB win those special exemptions from taxes and planning regulations for small businesses and farms if they were seen not as struggling defenders of local communities, but as dollar-crazed and duplicitous operators who wouldn’t care if McDonald’s put a drive-through in the Lincoln Memorial.

Every landscape we build, wrote psychologist Norman O. Brown, is our recreation of the interior of our mothers’ bodies. What does it say about Americans when we look out over a natural vista and we are seized with psychic anguish if we cannot locate a throbbing neon sign flashing PIZZA HOT!? In our little town, it was George, the owner of the local lumberyard, who proudly organized successful business opposition to the U.K. Stewardship Plan. With dollar signs in his eyes, he welcomed McDonald’s and the boxy shopping mall that replaced several hundred acres of raspberry fields.

But small-town Georges forget that, when they break down government regulations, it is big business that gleefully rushes through the breach. Last time I saw him, George the lumberman was stunned by the announcement that Home
Depot, the Wal-Mart of do-it-yourself stores, would replace a nearby cornfield. And that means George is out of business. In a small-town, neighborly manner, I expressed my sympathy to George.

If I were a better person, I would have meant it.

*When I published a version of these stories in the New York Times, my village’s Pennysaver printed an editorial, for the second time, suggesting that I pack up and get the hell out of town. I did.*

**Insane About Asylum**

NEVERTHELESS, I surprised myself by wanting to write something nice about my town, after reading this report: Near midnight on May 12, 2000, twelve Mexicans crossed the Rio Grande on the first leg of their journey to Farmingville, New York, where my town’s tradesmen pick up their laborers. Abandoned in the Arizona desert, the twelve died of dehydration. So here’s me, using one of the lowest tricks in journalism – back in London, asking a cab driver to give his salt-of-the-earth opinion on one of the great issues of the day. He couldn't wait. "Well, it's like you're ashamed to be English today! You're not supposed to be English!"

He was talking about the hot, hot topic of "asylum seekers" – refugees from the Bosnian wars, the Afghanistan wars, and the nearly-as-brutal economic wars of the Darker Continents. I had good reason to ask the cabby. As an American, I could not get my head around this whole issue of "asylum seeking" – which had seized the political stage in Europe. In Britain, France, Germany and even liberal Holland, candidates of parties whether right or left seemed to be running for the post of Great White Hunter, stalking "bogus" asylum seekers among the herd of "legitimate" ones. In America, we don't have asylum seekers; we have *immigrants*. Lots of them – 29 million by the lowball official census, with 1.2 million more coming in each year. U.S. cities compete
for prime-pick foreign workers as they would for a foreign auto plant.

America certainly has had anti-immigrant politicians. In the nineteenth century we had the appropriately named Know-Nothing Party, and, in 1992 the New-Nothing candidate Pat Buchanan. And then there was Mike Huffington. In 1988, Huffington's wife, Arianna, famously convinced her overly-rich husband to run for the U.S. Senate on a rabid anti-immigration platform. It was a perplexing campaign for California, where whites are the minority race and the only true non-immigrants are, if you think about it, a handful of Shoshone Indians. (The lovely Ms. Huffington says I have her all wrong. Noted. Mrs. Huffington herself delivered the most virulent anti-foreigner speeches . . . in her thick Greek accent.)

After his demolition at the polls, the demoralized Mr. Huffington announced he could remain neither a Republican nor a heterosexual. Huffington's defeat also allowed George W. Bush to convince his party to adopt hug-an-immigrant slogans. Bush would hold open the Golden Door for immigrants, but not out of a weepy compassion for the "huddled masses yearning to breathe free." Immigration is simply good business.

In fact, it's the deal of the millennium, says Dr. Stephen Moore of the Cato Institute, a think tank founded by big-name Republicans. "It's a form of reverse foreign aid. We give less than $20 billion in direct aid to Third World nations and we get back $30 billion a year in capital assets." By "assets" he means workers raised, fed, inoculated and educated by poorer countries, then shipped at the beginning of their productive lives to the United States. (The average age of immigrants is twenty-eight.) The Cato Institute reckons that the United States "imports" about $25 billion a year in human "goods." "It is the lubricant to our capitalistic economy," said Moore (as I eschewed thoughts of the film Modern Times, in which Charlie Chaplin gets squeezed through giant gears), "giving U.S. companies a big edge over European competitors."
American industry saves a bundle due to its access to an army of low-skill, low-wage foreign workers who can be hired, then dumped, in a snap. U.S. industry also siphons off other nations’ best and brightest, trained at poor nations’ expense. The habit of brain-napping other countries’ high-skilled workers, let me note, permits America’s moneyed classes to shirk the costly burden of educating America’s own underclass. So far, this system hums along smoothly: Bangalore-born programmers in Silicon Valley design numberless cash registers for fast-food restaurants so they can be operated by illiterate Texans.

To get a closer understanding of the Cato Institute studies, I talked with a piece of imported human capital. His name is Mino (I can’t disclose his last name). Mino first tried to get into the United States from Guatemala eleven years ago.

He paid thousands of dollars to a gusano (a “worm”) to sneak him across the border. The cash bought Mino a spot in a sealed truck with one hundred other men. Mino felt lucky: He didn’t die. But he did spend three days in jail when La Migra (the U.S. Immigration and Naturalization Service) grabbed him. Back in Guatemala, Mino next bought a plane ticket to JFK Airport – and a false visa. This time, no problems. Within days, Mino had a job washing dishes in the local café in my town here on the North Fork of Long Island. I asked the chief planner for our region, Dr. Lee Koppelman, about the role of “illegal” workers like Mino in our local economy. Koppelman laughed: “There wouldn’t be an economy without the illegals.” He estimates there are more than 100,000 “undocumented” workers in our county alone. Nationwide, undocumented workers total between 7 million and 11 million.

Our local businesses, says Koppelman, “turn a blind eye” to the suspect status of the workers stooping in our strawberry fields and clearing our construction sites. One local farmer tells me he gets his field hands from El Salvador-
though I know this guest worker program ended more than twenty years ago. Our business community’s "blindness" goes beyond ignoring someone's counterfeit "green card." The local shop paid Mino the legal minimum wage, but worked him twice the legal number of hours.

And that’s another advantage to U.S.-style immigration. "The workforce is flexible," says the expert from Cato. "Flexible" means millions of workers too scared of La Migra to blow the whistle on illegal working hours, or to join unions or make a fuss when, at the end of the harvest season (or tourist season or production run) they are told to get lost.

By keeping the Golden Door only slightly ajar, with a third of all immigrants fearful of deportation, America’s employers profit from something that works quite a bit like the old South African system of migrant workers. "Workers just materialize," says Koppelman, then are expected to vanish, leaving neither businesses nor communities with any responsibility for their survival or their families’ when work ends.

So why do Europeans fear this gloriously profitable scheme of importing valuable worker-assets? The politicians’ claim that immigrants drain government resources is a laugh. The U.S. Senate immigration subcommittee tells me the government turns a nice profit on immigration, efficiently collecting in taxes from migrants roughly double what they get back in services.

But what about my cabby's fear of losing his English identity? Face it, Shakespeare's dead. England's cultural exports are now limited to soccer hooligans, Princess Di knickknacks and Hugh Grant. Today, European pols from Blair to Berlusconi are kowtowing to the hysteria of brown-shirted antiforeign electoral mobs. Yet, despite the Know-Nothings and hooded crossburners infecting the U.S. body politic, despite a system so bent it is profitable to leave Mexicans to die in the border deserts, America’s core decency, and the engine of our success, is in this: the United States approves 2.5 million applications to
stay a year; Britain lets in a paltry 129,000.

Now for the happy American ending. Today, Mino owns a landscaping business, drives a flashy pickup truck, plans to buy a home, get rid of his accent and finish a degree in accounting. No one here resents Mino's success. His story is every American's story. It's my story. Anna Palast stole across the border in 1920. Luckily, La Migra didn't catch her until a few days before her one hundredth birthday. And that's what Pat Buchanan and the Aryans-über-alles crowd on both sides of the Atlantic don't understand. It's not where you come from that counts. It's where you're going.
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Reviews

"Funnier and better written than Moore, more accessible than Chomsky, Palast has made a fine contribution to the honourable tradition of leftist bellyaching. And I mean that as a compliment." – Sunday Business Post, Dublin.

"Palast styles himself as the dogged outsider, a former working-class gumshoe from L.A. now reporting on corporate America for the BBC and The Guardian, unable to secure a regular gig from U.S. media firms wary of his impolitic exposés. Hence his book, which strings together his award-winning reports on everything from the Florida election debacle to the role of the IMF in crashing Argentina's economy, is as much a portrait of how our profit-addicted American media ignores hard news." – Village Voice, New York.

"Because he is unimpressed by the worldliness commonplace in journalism, Palast's capacity for outrage is undiminished, and with it his tenacity in unearthing facts. With a foot on either side of the Atlantic, he is able to flush out some absurdities of US and British polities." – The Independent, London.

"Palast, who rails against corporate greed and economic inequality, displays an activist's passion for social justice. But his assertions are usually backed up with solid investigative reporting. And somehow, whether it be secret World Trade Organization documents or Monsanto's internal files, the smoking gun often seems to mysteriously land on his desk." – Bay Guardian, San Francisco.

"The book doesn't offer conspiracy theories; it offers page after page of links between wealthy corporate players and elected (or not-so-elected) representatives. According to Palast, those connections extend beyond our borders into such institutions as the IMF, the WTO and the World Bank – each of which is joined at the hip and ready to tie a "golden straitjacket" tight around any third world country foolish enough to need a loan." – Alternet.org, New York.

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