THE SILENT TAKEOVER

Global Capitalism and the Death of Democracy

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NOTES

Chapter 1

1. Of particular note is the fact that the World Bank's World Development Report 2000 acknowledged that inequality was bad for growth, economic growth does not automatically reduce poverty, and that poverty is not simply an economic problem but also a political one.

2. Interestingly, the Death Row campaign badly misfired. After victims' rights groups picketed a Texas Sears store in February 2000, Sears, the second largest retailer in the US, dropped its contract with Benetton for a private label line. The line had been expected to generate some $100 million in sales in its first year. Olivero Toscani, Benetton's longtime creative director, was another casualty of the campaign. A joint statement with Benetton owner Luciano Benetton implied he left to 'take on new projects'.

3. According to the World Bank's 1999 World Development Indicators, there were 654 television sets per 1000 people in highly developed countries. In the USA this is as high as 847 per 1000.


Chapter 2


7. Ibid., p. 15.


14. Ibid.


17. It was former prime minister Harold Macmillan who described it as a sell-off of the family silver: ‘First of all the Georgian silver goes, and then all the nice furniture that used to be in the salon. Then the Canalettos go.’ Harold Macmillan, first Earl of Stockton, speech to the Tory Reform Group, 8 November 1985, quoted in Peter Riddell, *The Thatcher Era and its Legacy*, pp. 27–9.
18. I am using £67 billion to refer to £67,104 million.
26. Ibid., p. 152.
29. Ibid., p. 139.


46. Tony Blair, leader of the opposition, speech to the News Corporation Leadership Conference, Hayman Island, Australia, 17 July 1995.

47. Martin Walker, ‘No argument’, *Prospect*, March 2000, p. 35.


51. Ibid.

52. Ibid.

54. ‘Europe wheels to the right’, *The Economist*, 10 May 1997.
64. ‘One world?: The growing integration of national economies’, *The Economist*, 18 October 1997.
65. Astonishingly, more than 50 per cent of Britain’s net investment went abroad in 1885–94 (Kevin O’Rourke and Jeffrey Williamson).
66. This is redolent of the Barings crisis of 1890 when the merchant bank had to be rescued by the Bank of England after dabbling in South American securities. The same Barings, that is, that went under in 1995 after their Singapore-based trader Nick Leeson bet the wrong way on Japanese equity futures.
67. Globalisation theorists like R. Barnet and J. Cavanaugh, *Global Dreams: Imperial Corporations and the New World Order* (New York, 1995), and Raymond Vernon,
Sovereignty at Bay: The Multinational Spread of U.S. Enterprises (1971), see the current pattern of MNC expansion to be qualitatively new, whereas globalisation sceptics like Hirst and Thompson, *Globalisation in Question: The International Economy and the Possibilities of Governance* (Cambridge, UK, 1996) take a contrary view and claim that an internationalised economy is not unprecedented, that multinationals are not new and that markets are not necessarily more open or more expansive than they have been through history.

69. All figures from the World Bank’s World Development Indicators 1999.
74. ‘Kiwis turn sour’, *The Economist*, 19 October 1996.

Chapter 3
4. Lamia Kamal-Chaoui, ibid.
6. See the UN Human Development Programme’s 1999 and 2000 Human Development Reports.
dismissive ... theoretically they are also quite plausible. Firms undeniably seek to increase profits and create competitive advantage and if moving to less expensive or less onerous locations would serve these aims, it is only logical to expect them to do so.'


11. See Sen's works on development and welfare economics, including *Poverty and Famines* (1984), and *Development as Freedom* (2000).


17. Complementary massages and free snacks are just some of the perks now on offer at internet companies.


22. Conversations with Hepatitis C sufferers.
29. Quoted in Greider, ibid.
33. Freeman, ibid.
35. Quoted in Ulrich Beck, ‘Beyond the Nation State’.
37. Quoted in the Guardian, ‘Left is where the heart is, warns Lafontaine’, 15 March 1999.
41. Ibid.
50. J. Lloyd-Smith, ‘Dobson poised to approve use of Relenza in limited cases’, Independent, 7 October 1999. Note that although the drug wasn’t approved, Glaxo did not pull out.

Chapter 4
3. See for example, S. Huntingdon, ‘The Erosion of National Interests’, Foreign Affairs,
September/October 1997 and Jeffrey Garten, ‘Business and foreign policy’, *Foreign Affairs*, vol. 76, no. 3.


9. *Financial Times*, 7 April 1999. With regard to the beef and bananas disputes, at the time it was argued that ‘beef will make bananas look like peanuts’ – see *Financial Times*, 17 May 1999.


13. Analysed in the following pages.

14. The Russian argument was that the Caspian is a closed water system with a fragile ecological balance and all decisions concerning its economic exploitation have to be taken jointly by all states that participate in the Caspian littoral. Russia has demonstrated a ‘proprietary attitude’ towards the Caspian oil deposits and towards energy ventures in the Commonwealth. See ‘Moscow pressures neighbours to share oil, gas revenues’, *Washington Post*, 18 March 1994, p. A24. We should also note that shortly after the dissolution of the USSR, a first inter-republican agreement on distribution of Caspian resources took place with Azeri, Kazakh, Turkmen and Russian officials at the Ministry of Fuel and Energy in Moscow. See also Angela Spatharou, ‘Geopolitics of Caspian Oil: The Role of the Integration of the Caspian Region into World Economy in


18. Series of articles in the *Financial Times*; see 18 July 1997, 29 July, 30 August, and 4 October when the contracts were actually approved.


34. I take the position that there are certain universal human rights that ought to be defended at all costs and that in the defence of them the principle of state sovereignty can and should be overridden.


36. Ibid.


45. Allan Hogarth, Amnesty International UK Info office.


47. This observation is based upon the time I spent working in Russia in 1991–3 for the
International Finance Corporation and CS First Boston.

48. W. LaFeber, ‘The tension between democracy and capitalism during the American century’, *Diplomatic History*, vol. 23, no. 2 (Malden, MA, 1999)

49. LaFeber, ibid.


51. LaFeber, ibid.

52. LaFeber, ibid.

53. LaFeber, ibid.

54. LaFeber, ibid.


60. ‘Media Advisory: Initial Reports from Seattle gloss over WTO issues’, *Fairness and Accuracy in Reporting (FAIR)*, 1 December 1999.


64. Hilary Clarke, ‘The Superpower elite that sidelines the poorest nations’, Independent on Sunday, 18 July 1999.

65. ‘Focus: Trade wars, The hidden tentacles of the world’s most secret body’, Independent on Sunday; Clarke, ‘The Superpower elite that sidelines the poorest nations’, Independent on Sunday, ibid.

66. John Madeley, ‘There’s a food fight in Seattle’, New Statesman, 22 November 1999. It was finally resolved, however, that Supachia would share the post with Michael Moore. Supachia was in line to take over from Moore in 2002 for a further three years.


68. Mark D. Fefer, ‘Not-so-free Trade’, Seattle Weekly, 22–28 April 1998. Note that the organisation that solicited large contributions from the private sector for preparations for the Seattle WTO round, the Seattle Host Organisation, was co-chaired by Bill Gates and Boeing CEO Phil Condit.

69. Mark Lynas, ibid.

70. See also Marceau Gabriell and Peter N. Pederson, ‘Is the WTO open and transparent?’, Journal of World Trade, February 1999.


72. Donald E. Barlett and James B. Steele, ‘How the Little Guy Gets Crunched’, Time
Chapter 5


3. Ibid.


9. Ibid.


12. Charles Lewis, ‘Capital Gains on Capitol Hill’, Centre for Public Integrity (2000);
http://www.publicintegrity.org/PressRoom_Fatcat.html


15. A report from the US General Accounting Office in 1996 put the cost to the taxpayer at $126.4 billion for resolution costs and $285.2 billion for interest expenses, a total of $411.6 billion.


18. Ibid.

19. Ibid.


22. Ibid.


32. Ibid.
41. Ibid.
46. In the 1998–9 Gallup surveys health, unemployment, and education scored consistently high as the most urgent problems facing Britain. In a survey of bills debated in the House of Commons in the 1998–9 session, only 22 out of a total of 144 (15 per cent) related to these issues.

Chapter 6


2. Peter Melchett, New Statesman, 10 January 2000, p. xiii.


6. www.thehungersite.com


12. ‘The Enron Corporation: Corporate Complicity in Human Rights Violations’, Human Rights Watch January 1999. Although this was not the first time that Human Rights Watch had condemned the role of corporations, the Enron report was distinct in that the corporation was the focus of the report and named in its title.


16. Richard Johnson and Daniel Greening, ‘The effects of corporate governance and


20. Conversations with the author.


**Chapter 7**


17. See for example 'Think Tanks sell firms EU access', *Sunday Times*, 2 April 2000.


19. 'Focus on the Corporation’, 2 April 1998; www.essential.org/monitor/focus


21. Conversation with CEO.

22. The Boycott Board and Microsoft Boycott Campaign;

   www.boycott.2street.com; www.vcnet.com


24. Although Judge Thomas Penfold Jackson’s ruling of June 2000 in the Microsoft anti-trust trial means that Microsoft should no longer be able to direct customers to its own websites, products and services whenever they go online for help, given that the ruling is to be appealed, all has been frozen until the appeal is heard.

25. 220 on Alta Vista.


Chapter 8
2. There are, of course, exceptions, such as Steve Rubin and Silvio Berlusconi.
5. ‘Military excess from the Executive office’, 13 June 1999. ‘NATO expansion foes rally

6. ‘Clinton’s defense budget hike targeted – Many consider his spending priorities out of place’, *San Francisco Examiner*, 30 January 1999,


8. Conversation with Paul Spicer, former Deputy Chairman, Lonrhe.

9. The UK suspended its sanctions against Libya in July 1999 when the Lockerbie suspects were extradited to stand trial. A decision to permanently suspend the sanctions will not be taken until after the verdict.


Chapter 9


2. Schuettler, AIDS threatens to bury SA mining industry, 28 July 1999; http://www.wozainternet.co.za


6. ‘Nigerian tribes cut oil lines’, *The Times*, 22 February 1999,


11. At the last local British elections in 1999, the Benwell ward of Newcastle, one of the UK’s most deprived inner city areas, an area where three-quarters of children live in households with no earned income, saw a turnout of only 19.4 per cent.

12. More than 98 per cent of British schools participate in Tesco’s Computers for Schools and Walkers’ Free Books scheme.


16. www.helptheaged.org.uk


19. Chris Marsden and Jörg Andriof, ibid.


24. ‘Oil firm’s secret deal to free Burma prisoner’, *The Times*, 7 December 2000.

Chapter 10

1. Premier Oil, for example, is playing the role of partner and conduit to NGOs in Burma such as Amnesty International and Save the Children, who otherwise could not legally function in the country.


4. Ibid.


7. I am referring here to the willingness to pay $1 more on a $20 item of clothing for one not made with sweatshop labour.


9. Virgin Atlantic Airways, which had just started flights to the Caribbean, stepped in.

10. Already started: the computers come with the MS Encarta Encyclopaedia and other MS education software.


12. A few countries recognise the potential conflicts, and regulate marketing to children so as to disallow such practices. Denmark prohibits any kind of commercially sponsored material or activity in schools. In Belgium companies can produce materials, but schools are prohibited from using them. Most countries leave industry to regulate itself.
14. Ibid.
15. ‘AOL, Time, cite social goals’, Yahoo! headlines, 11 January 2000; http:\uk.news.yahoo.com/000111/22/dayw.html
16. In the United States companies face a significant liability if their shareholders believe that they are not making the best use of their investment by putting it towards social causes, and investors can sue for damages.

Chapter 11
2. Thomas Friedman, The Lexus and the Olive Tree (1999): Thomas Friedman puts forth ‘The Golden Arches Theory of Conflict Prevention’ which states that ‘no two countries that both had McDonald’s had fought a war against each other since each got its McDonald’s.’


12. Ibid., p. 349.

13. Ibid., p. 349.


15. Ibid., p. 377.


19. Ibid., p. 283.

20. Ibid., p. 276.


24. Ibid.


26. ‘I am very sympathetic with a lot of the causes being raised by all the people that are there demonstrating.’ Bill Clinton, 1 December 1999. Quoted in *The Times*, 2 December 1999.