The Nazi Hydra in America

HISTORY OF CORPORATIONS

By 1990, ten corporations accounted for 22 percent of all profits in the United States. Only 400 corporations controlled 80 percent of all capitalist assets in the non-socialist world. Forty-nine American banks hold controlling interest in 500 large corporations. Ten corporations own the three largest television networks and 62 networks.

It should be readily apparent that fascism was a top down revolution of the elite. It was the large industrialists that brought Hitler to power in a backroom deal, almost an exact parallel to the candidacy of George W. Bush in 2000 and the special interest money behind him. It is just like history revisited. The alleged father of George H.W. Bush, Sr. was one Preston Bush who was prosecuted for Trading With the Enemy in connection with I.G. Farben corporation during the buildup of Hitler's Nazi regime. If the process had worked in the 1930s, there was reason to believe that the same process would work in 2000 … and it did.

At the beginning of WWII, the US was wholly unprepared for the military quest. It had to gear up rapidly to supply its armies and navies with arms and equipment. Many of the large manufacturers had been heavily involved with the buildup of the Nazi war machine. With the entrance of the US into the war, supplies and equipment to Germany had to stop. Theoretically, the same enthusiasm and production given to the Germans would have rapidly equipped the US and was enforceable under the Trading With the Enemy Act. The only problem was that the large industrialists used that need to their own advantage. What happened was that even though the factories were just as capable of production for the US as they had been for the Nazis, the industrialists (fascists at heart) halted, delayed, slowed down until they could extort higher prices for the goods produced for the US that they had produced for the Nazis. This was just not an instance of 'price gouging', but an outright treason against the US and the soldiers and sailors who went up against the Nazi war machine ill equipped to match the military power purchased by the Nazis at the demise of the American soldiers. None of these industrialists were ever charged and prosecuted for these 'war crimes', even to this day.

Fascism might be generally defined as rule or government by corporations. The term *fascismo* is derived from the Italian word *fascio*, which means "bundle" or group, and from the Latin word *fasces*; a *fasces* was a bundle of sticks used symbolically for the power through unity. The fasces, which consisted of a bundle of rods that were tied around an axe, were an ancient Roman symbol of the authority of the civic magistrate; they were carried by his Lictors and could be used for corporal and capital punishment at his command.

****notice the two fasces on the wall behind the podium in the chambers of the US House of Representatives on either side of the US military flag****

A brief look at past state constitutions and court cases will provide the reader with a background in understanding how corporations were kept in check in the 1800s. It wasn't until after the Civil War that corporations became so prominent and powerful.

In the past, corporate laws held corporations in check up until the later part of the 1800s with the rise of the silver and railroad barons. In fact, corporate law evolved along with the emergence of a wealthy elite class. A transcontinental railroad, as an example, was a huge undertaking, and so the corporations who were to construct these railroads enlisted the help of the US government in the enterprise. The corporations had to cross state borders with the rail lines, and if the corporations had to deal with the various state laws in the construction from state to state, it would have presented a major problem trying to negotiate state laws as the railroad crossed from one state into the other all the way to the Pacific coast.

The first large change in corporate law came in the 1880s when corporations were given the rights of personhood. A case dating in the first half of the 1920s required the government to obtain search warrants to obtain corporate files. A decision that no doubt saved more than one profit monger supplying arms in WWI and hindered the prosecution of corporations that traded with the Nazis during WWII.

Regulation of corporations is not socialism; when done to promote the common good. As paper entities, corporations have no rights only people have rights. Corporations only have conditional obligations to fulfill for the society that created them. It is the obligation of that society in creating a corporation to ensure that it works to the common good and welfare of the society and not just to the benefit of a few moneyed interests.

HISTORY OF CORPORATIONS

Corporations first came about in the middle of the 1600s in England when the crown vested governmental authority to certain commerce groups. The royal charters regulated the trading company or corporations, since only the Crown had the right to govern trade. The right of the Crown to regulate or control corporations largely went unused, leading to much abuse and monopolistic power. Some royal charters had their own governors and armies such as the East India Company.

One can hardly blame the delegates to the convention for believing that there was no need for proposals regulating corporations since there were less than 40 corporations in 1787. That number rose to 334 by 1800.

The first blow to increasing corporate power came in 1795 as the pace of incorporations continued to expand. There was a movement to grant general charters to alleviate the problems with hearings and petitions. North Carolina was the first state in 1795 to enact a general incorporation law, followed by Massachusetts in 1799, New York in 1811 and Connecticut in 1837.[2] However, some states required more than a simple majority for granting, renewing or altering a corporate charter. In 1840s, citizens in New York, Delaware, Michigan and Florida required a two-thirds vote of their state legislatures to do so. In Wisconsin and four other states

every bank charter had to first be approved by the voters within the state and then the charter was recommended by their legislatures.

Nevertheless, even under a general incorporation law, states still treated the corporate charters as a privilege and restricted the activities of corporations to a great extent. The following comprises some of the limitations placed on corporations by various states.

Limited Duration: Charters were granted only for a period of 10, 20 or 30 years after which the corporation had to be liquidated and the proceeds distributed among the shareholders.

Limited Land Holdings: Many states imposed limitations on the amount of land a corporation could own. Most often, the amount of land was limited to that required for the factory or mill site.

Limited Capital Holdings: Once again, many states limited the amount of money or financial assets a corporation could possess. Some states banned corporations from owning other corporations or stock in them. Once a corporation exceeded the limit, it had to be either dissolved or split.

Specific Purpose Charters: This was perhaps the most common of all restrictions in the early years of this country. Corporations were chartered only for a specific purpose such as the building of a canal or road. Once the stated purpose was completed, the corporation was dissolved. Now charters are issued that enable a corporation to engage in any type of business.

No Limitations on Liability: Directors, managers and shareholders were held to be fully liable for any debts or damages. In some cases, the lender or injured party was entitled to double or triple the damages. Other states imposed extremely high interest rates until the debt was fully paid.

Restrictive Shareholder Rights: The internal governance of corporations was much more restrictive than it is today. Shareholders had more rights. In case of mergers, some states required a unanimous vote of shareholders.

Restrictions on Pricing: Some states maintained the right to set prices on corporate products. Wisconsin, for one, gave the state legislature the power to set prices on products after reviewing the corporations' expenses.

Revocable Charters: States maintained the right to revoke or change a charter at the will of the its legislature. Almost all of the states adopted this clause after 1820.

Before continuing to look at various state constitutions of the early 1800s a brief review of a couple of early Supreme Court cases is needed. One of the cases led to most states including a clause allowing for the modification or annulment of any charters the state may grant. Perhaps one of the best Chief Justices of the Supreme Court of all time was John Marshall, appointed by John Adams in 1801. It was Marshall who shaped the Supreme Court into being a full third branch of government and strengthened the federal system.

Marshall presided over several landmark cases with a pro-business outcome. Four cases are notable. In *Fletcher v. Peck,* the sanctity of a written contract was upheld. In *Gibbons v. Ogden* the court established the power of congress to regulate interstate commerce to avoid a monopoly. In *McCullough v. Maryland,* the court ruled that the state had no right to tax the federal bank. However, it was in *Dartmouth v. Woodward*, which exerted the most influence in later years. Daniel Webster argued the case for Dartmouth before the court and implied that there was a property right. The Dartmouth case was the first case, which tried to attach a property right to a corporate charter.

Marshall was well-known for his opinions and choosing his words with the precision of a surgeon's scalpel. However, Marshall's opinion granted no property rights to a corporation. Rather, in the Dartmouth case, he extended the Fletcher case and the principle of the sanctity of a written contract to include states as well as corporations as the excerpt below shows.

"A corporation is an artificial being, invisible, intangible and existing only in the contemplation of the law.… It possesses only those properties which the charter of its creation confers upon it.…The opinion of the Court after mature deliberation, is that this is a contract, the obligation of which cannot be impaired without violating the Constitution of the United States."[3]

my questions is whether parties can contract to do criminal acts and retain the protection of the Constitution in regards to the obligations of contract???

Marshall defined this case very narrowly. There was no mention of any property rights in his decision. It was simply a decision based on the sanctity of contracts. However, this was perhaps the first and most important pro-business case that has led to corporate abuse. Marshall correctly ruled in defining the case narrowly to contract law.

However, later pro-corporate judicial activists would use this decision to confer the rights of a person onto corporations, a decision that Marshall obviously did not share because he defined a corporation very narrowly as an artificial being that only had the properties, which its charter granted it. Marshall clearly stated that the only "rights" a corporate has comes from its charter and not from the Constitution. Again, a corporate charter is a privilege and not a property rights issue. Thus, the present-day view of corporations having property rights and the rights of a person only came about through perversion of the law and the Constitution.

However, it was this case in 1819 that led to the almost universal inclusion of states to contain language to amend and revoke charters into both state laws and state constitutions. Because the states included such language, it shows that the granting of a charter was a privilege that carried no rights and could be revoked whenever corporate activities were not in the general interests of the state or the people.

In the 1870s, seven state constitutions made bank shareholders doubly liable for any debts.

Each stockholder of a corporation. or joint stock association, shall be individually and personally liable for such proportion of all its debts and liabilities contracted or incurred, during the time he

was a stockholder, as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock, or shares of the corporation or association. The directors or trustees of corporations and joint-stock associations shall be jointly and severally liable to the creditors and stockholders for all moneys embezzled or misappropriated by the officers of such corporation or joint stock association during the term of office of such director or trustee.

voter registration … you are registering as a common stock holder of the corporation

Section 8 prohibits corporations from infringing upon the rights of individuals:

The exercise of the right of eminent domain shall never be so abridged or construed as to prevent the Legislature from taking the property and franchises of incorporated companies and subjecting them to public use the same as the property of individuals, and the exercise of the police power of the State shall never be so abridged or construed as to permit corporations to conduct their business in such manner as to infringe the rights of individuals or the general well-being of the State.

The first important case following the Marshall court came in 1839 in *Bank of Augusta v. Earle*.[8] The court ruled that corporations were "persons" in the state of their charter, but were free to do business in other states. However, the court stopped short of declaring corporations as citizens protected from state laws, which violated the federal constitution.

In 1844, the court expanded the power of corporations and struck a blow against local control in *Louisville, Cincinnati & Charleston Railroad v. Letson*. In this case, the court ruled that corporations are citizens of the chartering state, and further added that the Constitution's diversity clause (Article. III Section. 2) allows corporate cases to be heard in federal court. As more and more corporations were chartered, their power increased at a quickening pace. The increases in power still came about through judicial activism. With the increase in number and increases in corporate power, wealth became concentrated into the hands of the few. After becoming president, Lincoln lamented:

"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country....corporations have been enthroned and an era of corruption in high places will follow, and the money of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed."

The three decades following the Civil War saw further increases in the number of corporations and a much more rapid pace of favorable court rulings. Part of the increasing numbers of corporations no doubt came from the great **give-away** of public lands to some 61 railroad companies. However, even with the huge land grants, the railroads could not live within the conditions set forth by the grants and more than one-third of the land, a total of 190 million

acres, was forfeited. Even today, the terms of those grants are being disputed in court cases, most notably in the clear cutting of timber from and the shipping of the raw logs to Asia.

In 1868, the Supreme Court ruled that corporations were not citizens within the context of Article IV Section 2 of the Constitution. Elaborating, the court defined a citizen to apply only to natural persons, members of the body politic, and those owing allegiance to the state. Corporations only had the properties conferred on it by the legislature. Citizenship incurred an obligation of allegiance to the state. The many cartel agreements that American corporations willingly signed with German corporations granted allegiance to the German corporations and hindered both world wars immensely.

The high point of pro-business judicial activism occurred in 1886. In this year alone, the court struck down 230 state laws passed to regulate corporations. It was also the year of the most grievous act of all in furthering corporate power. This was the year that the court handed down the ruling in *Santa Clara County v. Southern Pacific Railroad* declaring that corporations were persons under the 14th Amendment. At the very outset of the case Chief Justice, Morrison R. Waite stated:

"The Court does not wish to hear argument on the question whether the provision in the Fourteenth Amendment to the Constitution, which forbids a state to deny to any person the equal protection of the laws, applies to these corporations. We are all of the opinion that it does."

In 1890, the Sherman Antitrust Act was passed outlawing contract, combinations, trust or conspiracies, which restrained or monopolized trade. Following passage, the largest wave of corporate mergers yet swept across the country. Section 6 of the act required the forfeiture of any property transported across state lines that fell under the act. Sections 7 and 8 both defined corporations as persons.

It was only through judicial activism and corruption, along with some state legislatures that eroded most of the laws governing corporations in the 19th Century. This erosion of the law paralleled the rise of a rich elite within our society and also the corporatization of America. Prior to the Civil War most corporations consisted of railroads or banks. It was only after the Civil War that corporations began significant expansion into other businesses. This is the primary reason why so many of the early court decisions and clauses within state constitutions were specific to banks and railroads---other types of corporations were simply insignificant.

It should be clear that the rich elite as a class didn't begin to emerge until after the Civil War, which paralleled with the court's pro-business rulings that reached a climax with the robber barons of the 1880s. By the end of the 1880s, corporations were granted the rights of personhood by the Waite court. In effect, the judicial system conferred citizenship on corporations without any of the obligations and responsibilities that go with individual citizenship. **It leaves us in the precarious position of capital (money) having more rights than that of the owner of the capital.**

One good example of corporate having the rights of a person without the obligations was during WWII when individuals could be drafted and forced to serve their country. Initially after the bombing of Pearl Harbor the army was overwhelmed with volunteers. However, throughout five long years the army relied on the draft to maintain the army's strength, but the critical factor was a shortage of supplies. Moreover, the supplies and orders for munitions and armaments were slow to come. Corporations refused to produce war munitions in favor of consumer goods. In effect, corporations engaged in a sit-down strike until they had obtained outrageously beneficial terms. America faced corporations that openly violated the law, corporations that blackmailed the government with threats of an interruption of the supply of gasoline and corporations that conspired to price fixing. Finally, America faced the armies of the Third Reich supplied by products built by American corporations. No corporation ever faced charges of price fixing, war profiteering and treason with supplying the enemy with munitions. Yet more than **three hundred** corporations did business with the Third Reich during the war.

In 1996, 51 of the world's largest economies were corporations with General Motors larger than Denmark, and Wal-Mart, the twelfth corporation larger than 161 countries. The top 200 corporations in the world have sales equivalent to 28.3 percent of the world's GNP. The combined sales of these top 200 corporations are larger than all but the world's nine largest countries. These top 200 corporations employ 18.8 million people or less than one-third of one percent. The world top five employers are General Motors, Wal-Mart, PepsiCo, Ford and Siemens.

Domestically, the top one percent of Americans owns 40 percent of all U.S. assets. The corporate share of income taxes has fallen from roughly 40 percent in the 1940s to less than 15 percent today. While corporate profits rose an astounding 130 percent from 1980 to 1995, the average family saw a net decrease in their real wage.

In the abbreviated list of court rulings and acts of Congress above, the list stopped at 1987. For one, the focus of corporate regulation changed; an era of extreme conservatism gripped the nation. Carter began deregulation of a few industries to prop up a sagging economy feeling the after-effects of OPEC. In the 1980 presidential race, Reagan ran on a platform of deregulation. If Carter began limited deregulation, the Reagan administration threw open the flood gates. The last dying gasp in favor of regulation of corporations came in 1984 when the judge ordered AT&T to be broken into eight Regional Bells in an ongoing monopoly case.

The results have been a host of new bills enacted by Congress granting corporations more corporate welfare, fewer regulations, more power and more rights. With the top tax rates reduced to a mere 31 percent, corporate executives soon reaped the benefits of exorbitant salaries and benefits at the expense of the employees. Employees became expendable and a new industry was born overnight: the temporary employment firms. Meanwhile the CEOs of corporations sought control of corporate boards, further increasing their empire and concentrating their power.

The result of the deregulation of the 1980s and 1990s is literally punctuated with dismal failures. The era is marked in the beginning by a multi-billion dollar taxpayer bailout of the savings and loan industry. For much of the 1980s, the savings and loan bailout was a black hole for

taxpayers' hard earned dollars. The industry had been deregulated and had gambled on high-interest junk bonds and foreign loans. When the junk bond market collapsed along with the foreign loans the industry was devastated. Fallout from the resulting carnage lead to the Keating Five and the Michael Milken trials. Keating lobbied Congress heavily promoting deregulation of the savings and loan but in the end Lincoln Savings and Loan went bankrupt, as did the reputation of the five congressmen most heavily involved with Keating. Milken, the junk bond king faced a 98-count indictment.

The end result of the savings and loan scandal and the junk bond scandal went far beyond the taxpayer bailout. The junk bonds were used to finance leveraged buyouts, further concentrating power in fewer hands. In addition, many investors in junk bonds found themselves empty-handed with worthless paper or, if they were lucky perhaps saw their investment reduced to fifteen cents for every dollar invested. In the end, none of the perpetrators of the failed savings and loans faced serious sentencing. Milken was fined heavily and sentenced to a short prison term. His fortune was somewhat reduced, but he was still a multi-millionaire.

Evidence exists that in 1988, presidential candidate George Bush was implicated in delaying the closure of Silverado Savings and Loan until after the election, because his son Neil was on the board.[10]

Perhaps the most damaging aspect of the junk bond fiasco was the spawning of a mania of mergers. Even more than a decade later, mergers are continuing unabated. Just as Barlett and Steele detailed in 1992, mergers have continued. The large corporations that received tax bonanzas from the Reagan administration under the disguise that lower taxes would spur growth didn't invest their newfound wealth in research instead they bought out smaller corporations. Moreover, with each new merger and buyout, power and wealth was concentrated. For the employees, it meant massive layoffs. Congress and the Justice Department have both been comfortably asleep at the wheel, allowing corporations broken apart to re-merge together as in the case of a couple of the "Baby Bells" and Exxon and Mobil.

Another of the first industries to be deregulated was the airlines. Deregulation of the airlines has only been marginally successful, if at all. Yes, fares did come down, but at the very high price of safety. Delays are more likely than on-time departures and arrivals. Luggage is lost or damaged all too frequently. It is now commonplace to hear of another airline crash with possibly a hundred or more deaths resulting. Yet studies of airplane crashes reveal that most deaths are not the result of the impact. Rather the deaths are the result of excessively weak seats. On impact, the seats tear loose and the passenger is propelled forward at 120 mph. The lucky ones may indeed be those killed when they are thrown against the bulkhead. More often than not limbs or spines are shattered and unable to move they perish in the flames or from the toxic fumes. The FFA has known for years of the weak seat design. In fact, the seats in a Honda Civic or Yugo are stronger. Car seats generally are capable of standing up under the strain of 20-G forces; those on the airlines are only 9-Gs.[11] Now how is that for deregulation?

However, the FFA was hobbled from the very beginning by Congress with a dual mandate, one to regulate the industry and two to promote the industry. Only after the crash of Valu Jet did

congress change this dual mandate. Nor is it proper to place the blame on the FFA alone for air safety problems. The real problem lies with a Congress that creates a toothless agency to placate the public. Why does the agency need a Congressional bill to require stronger seats? A regulatory agency should be allowed to implement reasonable controls over its charges. However, time and again, Congress will create an agency as a response to a problem with little or no authority to complete its mission.

Two other examples are the EPA and OSHA, where in recent years Congress has blocked planned implementation of stronger new standards. In the case of the EPA, it was the fine particulates. In the case of OSHA, it was new standards for repetitive motion. In short, these two agencies have been used by the Republicans for political football. Nixon used both against his political enemies. The Reagan administration made a mockery of the EPA by appointing a former employee of the Coor's family, as well as that of the entire Department of Interior headed by James Watt.

The Reagan transition team in 1980 went far beyond the normal bounds of corruption. Reagan turned a blind eye toward ethics when it concerned his transition team. By far, Reagan assembled the largest transition team of any president thus far. Many had obvious conflicts of interests, nor did the requests from various members of Reagan's team stop within prescribed guidelines. Carter appointees refused to turn over lists of prospective enforcement cases to a member of the transition team (who just happened to be an independent oil producer) and his deputy (whose firm represented Standard Oil of California). At the Labor Department Reagan's deputy team leader had filled a friend of the court brief with the Supreme Court challenging the enforcement of OSHA laws. Such confrontations were visible in every department. In short, Reagan's transition team was given a license to loot on behalf of their corporate benefcators.[12]

Ever since the erroneous Supreme Court decision to equate money with free speech, politicians have been placed in the pocket of corporate America. Campaign finance was an issue in the 2000 elections and remains an issue in Congress despite the best efforts of George W. Bush and the leaders of the Republican Party to kill campaign finance reform. The Bush administration is rabidly pro-business as evident from his appointment of Gale Norton to head of the Interior Department. Norton was a protegee of none other than James Watt. Additionally, Bush has shown his allegiance to corporate America in the California electrical power shortage.

This leaves the American citizen as a pawn of corporate America. While the corporate media blares report after report of crime in the streets the real crime story of corporate fraud goes unreported. In 1998, the FBI estimated the annual cost of robberies and burglaries at $3.8 billion. The annual cost of corporate or white-collar fraud has been placed in the hundred billion dollar range (note the FBI does not estimate corporate or white-collar fraud). The estimates of healthcare fraud alone was placed at between $100-$400 billion dollars. Securities fraud is in the minor leagues at only $15 billion dollars.[13] The two figures point out one glaring and unmistakable fact: regulation works. The securities market is tightly regulated, while healthcare field is wide open with little effective regulation and what does exist, exists primarily on the state

and local levels. The Savings and Loan scandal alone cost U.S. taxpayers between $300 to $500 billion dollars.

The FBI also reported in 1998 that 19,000 Americans were murdered. In contrast 56,000 Americans died from job-related diseases such as black lung. No estimate is even available for the number of Americans whose lives were cut short from cancer due to environmental pollution or workplace exposure. Federal contractors routinely violate the Wagner Act and other laws, but are still allowed to continue to provide government services.

Free trade between nations is beneficial to all. However, free trade means one thing and one thing only a reduction in or elimination of tariffs. Any trade agreement that goes beyond those boundaries is just another step towards global fascism and corporate rule.

Further, these so called free trade treaties set up corporate tribunals as the final arbitrator in any disputes rendering the court system and national sovereignty mute. In essence these free trade agreement confer sovereign status onto corporations.

Remedies

What to do?

What we have been doing at SIC is to educate people in regards to some of these corporate and fictional situations that many seem to fall victim to. After learning, for instance, that you all capital letter 'name' is just a fictional corporate entity that you have by your acquiescence become the surety for, we have tried to design techniques for dealing with the problem in a way that is favorable to you.

In the first instance we have advanced the UCC-1 Financing Statement technology.

We have shown how to operate both in the private commercial sector as well as the public sector.

We have shown the use of private commercial liens.

We have shown the use of the birth certificate as a security against which to write a bond.

Etc., etc.

It has been our hope that an educated populace can make better decisions based on knowledge, rather than to fall victim to the ruthless corporations which run our government and the governments of the world.

We don't advocate violence as a remedy for the corruption. But a correct knowledge of how things really are will facilitate decisions on the part of the people in regards to how to interact with these corporations.

People many times complain to me that this or that corporate entity is doing mean things, being unfair in dealing, and on and on. Well, if you can't figure out how to turn the thing to your advantage, … stop doing business with them. Take your business elsewhere.

The IRS is just a corporation. The US is just a corporation. The church is just a corporation. And they are all just fictions. Treat them as such and you will find much more peace in your life.