

## STUDY GUIDE FOR “THE CORPORATION”

*Professor Tima Bansal prepared this note solely to provide material for class discussion. The authors do not intend to provide legal, tax, accounting or other professional advice. Such advice should be obtained from a qualified professional.*

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*The Corporation* is a documentary film by Mark Achbar, Jennifer Abbott and Joel Bakan, and it has received dozens of awards in film festivals around the world. The film starts with the premise that corporations have been given the rights of a legal person, so one must evaluate what kind of person is the corporation. The film makes the argument that the corporation is a psychopath. By presenting case studies, vignettes, interviews and conversations with business leaders, social commentators, researchers, activists, scientists and other influential thinkers, the film develops this argument. You can learn more about the film at [www.thecorporation.com](http://www.thecorporation.com).

This study guide describes how the film is being used in the MBA curriculum at the Ivey Business School. At the request of the film's producers, this study guide has been made available free of charge. This study guide is available through Ivey Publishing ([www.ivey.uwo.ca/cases](http://www.ivey.uwo.ca/cases)) and will be updated periodically. If you are using the film for educational purposes, you can purchase a copy of the educational DVD from the following website: [http://www.thecorporation.com/index.php?page\\_id=17](http://www.thecorporation.com/index.php?page_id=17). As these materials are prepared for teaching purpose only, it is important that they not be distributed to non-teachers, as it may compromise the learning experience for students.

While this study guide has been prepared at the request of the film's producers, they have not vetted any of the content.

### OVERVIEW OF THE STUDY GUIDE

The educational DVD has five segments of *The Corporation* that have been specifically designed for teaching in a business school. These sections are titled:

1. The Corporation: Individual or Institution?
2. Advertising and Marketing.
3. The Corporation as Government.
4. Responsible Products, Product Use and Production.
5. Who Owns Knowledge and Life?

Transcripts of these segments are provided in Exhibit 1 of this study guide. This study guide assumes that the instructor will show a segment from the educational DVD, then lead an interactive session with students. PowerPoint slides, discussion questions and partnered readings have been provided for each segment of the film. A sampling of slides is available in Exhibit 2 and the entire electronic presentation is available if you purchase the educational DVD at the following address: [http://www.thecorporation.com/index.php?page\\_id=54](http://www.thecorporation.com/index.php?page_id=54). Please note that the ID and password will be given to you at the time of purchase. The readings lists and suggested discussion questions are included in this study guide.

## WHICH COURSE?

At the Ivey Business School, this film is part of the teaching materials for a core MBA curriculum course called *Individuals, Corporations and Society (ICS)*. This course is taught in the first year of the MBA program, and *The Corporation* is one of four course modules. I am in the process of preparing a study guide for the ICS course. If you would like a copy when completed, please send me an email: [tbansal@ivey.uwo.ca](mailto:tbansal@ivey.uwo.ca).

The ICS course has four teaching objectives:

1. To increase awareness of social and environmental issues.
2. To have students experience some of those issues.
3. To show how corporations contribute to those issues and how those issues impact corporations.
4. To provide decision-making tools to address those issues.

At Ivey, *The Corporation* is used in a “business and society” teaching context. However the film could also easily be used as a teaching resource in an ethics course, in a business strategy course, or in executive education programs.

## READINGS AND ASSIGNMENT QUESTIONS

There are readings associated with each segment of the film, and the instructor may ask students to read these before they enter the classroom or simply provide them as a resource for further study.<sup>1</sup> I do not require students to prepare assigned questions for *The Corporation* classroom sessions; however, I do assign a Technical Note on *Individuals, Corporations and Society*. This paper summarizes the theoretical foundations of the ICS course. Read in conjunction with the film, it will help focus discussion on issues pertaining to the role of the corporation, rather than on issues of right or wrong, morality or ethics. You can acquire a sample of the Technical Note from Ivey Publishing by searching for “Note on *Individuals, Corporations and Society* (product #9B04M072).”

The film can be taught from two perspectives: from that of a member of society and from the perspective of a manager within a corporation. The focus of this study guide is on the latter role, which differs from most other study guides. However, the tension between these two roles can be used productively in the classroom discussion. It is the ‘society hat’ that illustrates how toxic public opinion can be against corporations, and it is the ‘manager hat’ that illustrates how difficult it is to address these issues. If students wearing the ‘manager hat’ push back on the validity of the film, it is relatively easy to squash these concerns by having students wear their ‘society hat’ and ask them to raise their hand if they think that the

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<sup>1</sup>The website links provided here are suggestions only, and they have not been updated since the study guide was written.

film makes some valid points. This is a vivid illustration of the reach that these issues have with a corporation's key stakeholders.

## TEACHING OBJECTIVES

The teaching objectives for *The Corporation* classroom sessions are:

1. To raise *awareness* of the role that corporations play in social and environmental issues.
2. To make social and environmental issues *legitimate* factors for consideration in business decisions.

Just as it is important to identify what a class intends to address, it is also important to identify what it does not intend to do. First, *The Corporation* classroom sessions are not intended to teach students about corporate social responsibility. Once again, I refer you to the Technical Note for ICS, as it addresses this issue head on. Second, this study guide does not offer solutions or tools to help students solve environmental or social problems. I use the module immediately following this one on *The Corporation* to address decision making.

My own teaching philosophy obviously permeates this study guide, so it is worth making it explicit here. I play the role of a facilitator in the classroom, providing a safe environment in which students can form and express opinions. I do so by offering provocative discussions, asking questions, presenting opposing views and pointing out inconsistencies and paradoxes. As a result, the students do most of the talking, and I only ask the questions and offer some synthesis. Following this philosophy, this study guide provides:

1. A selection of video clips that help ground the discussion (on the educational version of the DVD; transcripts in Exhibit 1)
2. Background readings that the instructor can assign to students or use to learn more about the topics discussed.
3. A set of questions to guide classroom discussions.
4. A sampling of PowerPoint slides to help organize the discussion (Exhibit 2). The full slide deck is available if you purchase the educational DVD at the following address: [http://www.thecorporation.com/index.php?page\\_id=54](http://www.thecorporation.com/index.php?page_id=54).

## GENERAL CLASSROOM PROCESS

There are two obvious ways in which *The Corporation* can be used in a classroom. It can be shown from front to back in one sitting, followed by a discussion of the whole film; or each segment (identified in the Overview section above) can be shown and discussed separately. This study guide is based on the second approach for several reasons:

1. *The Corporation* is a long film; the running time is two hours and 25 minutes. It is difficult to address all the significant issues the film raises in one session.
2. It is a provocative film. Some members of the audience may find it 'over the top,' and this criticism could compromise the film's pedagogical merit. Presenting the film in segments helps students constructively discuss a specific issue, even if they do not agree with the overall approach of the film.
3. The segments on the educational DVD have been chosen to highlight issues that are particularly salient to business school audiences, rather than the general audience for which the film was intended.

The suggested classroom process for teaching *The Corporation* is to show a segment from the educational DVD, then lead an interactive discussion session with students. Running times for each film clip are provided in this study guide, and the film transcripts are included as Exhibit 1. The segments stand alone, and they do not have to be presented in any particular order. However, I recommend that you begin with the segment called *The Corporation: Individual or Institution?* This segment introduces students to the concept of the corporation as a legal entity and traces the evolution of the corporate business model.

At the Ivey Business School, we discuss the film over three 80-minute classroom sessions. I can only cover the first four segments adequately in these four sessions, so if time permits, I recommend that you cover one segment per class.

At the beginning of class, I give some background to the film, ask students if they have seen the film, and their reactions to it, and then set the following guidelines for the classroom discussion:

1. The film is intentionally provocative and does not identify what is right or wrong. It represents the views of the filmmakers and the people interviewed. Our goal in the classroom is to assess *whether* the claims that are being made are relevant to managers and *how* they are being made relevant to managers.
2. To assess the validity of the claims, it is important for you (the student) to form your own opinions. These opinions should be informed, not only by your own preconceptions, but also by the diverse views of your classmates. Therefore, it is important not only to speak your own thoughts, but to hear others.
3. Some of the issues raised in the film are emotive and may personally affect some members of the class. It is important to be sensitive and respectful in comments made during the discussion.

### **THE CORPORATION: INDIVIDUAL OR INSTITUTION?**

*Film running time: 11 minutes 26 seconds*

There is much that one can take away from this topic, but the most salient points I find in this segment are:

1. to understand the legal rights and responsibilities of a corporation;
2. to recognize that institutions are comprised of individuals, so it is the character of the individuals that define the institutions;
3. that managers have considerable discretion in their decisions, and that shareholders do not participate in the day-to-day decisions of management;
4. that corporate social responsibility has a legal and moral aspect to it, and the two are not always aligned.

### **Background Readings**

1. Bakan, Joel. *The Corporation: The Pathological Pursuit of Profit and Power*, Penguin Group, Toronto, Chapters 1 and 2.

### **Websites**

1. <http://www.dal.ca/~dmcneil/lombard.gif>

2. <http://www.time.com/time/2001/influentials/ybbrowne.html>

### Classroom Process

Before I show the first clip, I start with a fairly innocuous question, but one that generates some interesting discussion and warms up the class to the first film clip:

- *What is a corporation?*

Inevitably, I will have someone with a legal background in class, and they often define a corporation as ‘a person’ according to the law. Bakan’s book provides some nice background to this issue, supported by the ppt slide show. I motivate further discussion with:

- *What are the rights of a legal person?*
- *How is a legal person different from a natural person?*

The second question should raise issues around the responsibilities of a natural person that may differ from that of a legal person, and the difficulty in administering punishments to a legal person relative to a natural person.

Then to add a little provocation, I ask:

- *What caused the recent corporate scandals (Worldcom, Enron, Tyco, Martha Stewart, Hollinger? Bad people in corporations or bad institutional arrangements?*

This question is not intended to resolve any issues. It is only intended to sensitize students to the issues, which will lead nicely into the film and the discussion that follows the film. I then show the film.

There are three topics to this segment of the film clip:

1. An introduction to *The Corporation* film (the first 4:10 minutes of this clip).
2. A history of the corporation and its legal precedence.
3. The role of the chief executive officer (CEO).

The introduction to the film (first topic) can be shown prior to any of the five segments and needs no further discussion here. The PowerPoint slide show addresses the second and third topics of this segment.

### THE HISTORY OF THE CORPORATION

The history of the corporation is the most sterile of the topics in this study guide. Yet, it is also likely the most important because it frames subsequent discussions and provides context around the question of ‘to whom are corporations responsible.’

Exhibit 2 shows a sampling of a slide deck ([http://www.thecorporation.com/index.php?page\\_id=54](http://www.thecorporation.com/index.php?page_id=54)) that walks students through the history of a corporation and key events. Much of this is drawn from the first chapter of Bakan’s book. The key point is that corporations, throughout their history, have gone through

periods of heavy regulation followed by less regulation, followed by scandals, which has led again to heavy regulation.

The key points that I try to convey in teaching this segment are:

1. The law requires corporations to “prioritize the interests of their companies and shareholders above all others and forbids them from being socially responsible — at least genuinely so” (Bakan, 2004, p. 35).
2. Issues relating to corporate social responsibility are not new and the history of the corporation includes a cycle of regulation and corporate response.

To encourage student interaction in this section, I assign the first two chapters of Bakan’s book as required pre-class readings. Then, in the classroom, I call on students to describe some of the key events that have shaped the role of corporations in society, such as the South Sea Bubble, Dodge versus Ford, and the Sarbanes-Oxley Act (2002). The collective intelligence in the room will give students facts and anecdotes to help bring historical events to life and will broaden their understanding of contemporary events, such as Sarbanes-Oxley.

### **THE ROLE OF THE CHIEF EXECUTIVE OFFICER**

The last topic demonstrates how corporate law has developed to require CEOs to operate according to the best interests of shareholders. This next discussion topic demonstrates that:

1. CEOs still have considerable latitude in making decisions.
2. Socially responsible decisions are not necessarily misaligned with shareholder interests.
3. The CEOs of privately owned businesses have considerably more discretion in their decisions than those in publicly traded organizations.

These points are made through a series of three vignettes illustrated in the PowerPoint slide show. The first vignette describes the proactive environmental stance of Sir John Browne, CEO of BP, and asks students to consider whether his decisions are legitimate within the context of the corporation. The second vignette extends the discussion by asking students to consider why Browne has supported BP’s plan to drill for oil in an environmentally sensitive area of the Arctic. (For more background on Browne and BP’s Arctic activities, see pp. 42 to 44 of Bakan’s book and <http://www.time.com/time/2001/influentials/ybbrowne.html>). The third vignette describes Anita Roddick’s experiences when the listing of The Body Shop changed her role from that of owner of a private company to CEO of a publicly listed firm accountable to shareholders. There are discussion questions throughout the slide show itself.

As well, at the end of the discussions about BP and The Body Shop, you might want to ask the students:

- *How much discretion does the CEO have to impose his/her values on a corporation?*
- *On what might it depend?*

This question will likely lead into a discussion of the potential to align social and strategic issues, especially when stakeholders are heavily involved in a firm’s value creation activities (e.g. social capital).

The order in which the next three topics are covered are entirely up to you. However, I like to end the class with the “Responsible Products, Product Use, and Production” because it is so powerful.

## ADVERTISING AND MARKETING

*Film running time: 14 minutes, 13 seconds*

There are several themes within this segment of the film, and one can pull out objectives from each of the themes. But, overall, this segment helps to highlight:

1. The pervasiveness of social issues. There are some elements of this segment that may not be at all contentious for some people in class, and yet are for others. So, when managing a corporation, one must be sensitive to the fact that almost every decision can potentially result in some moral backlash.
2. There are few absolute social standards. Acceptability of a firm’s actions depends on the context, such as the age of the audience, what it is that is being sold, and how.

### Background Readings

1. Bakan, Joel. *The Corporation: The Pathological Pursuit of Profit and Power*, Penguin Group, Toronto. pp. 119 to 123.
2. Wells, Melanie. 2004, Kid Nabbing, *Forbes*, 173(2), 84.
3. Kaikati, Andrew M. and Kaikati, Jack G. 2004, Stealth Marketing: How to Reach Consumers Surreptitiously, *California Management Review*, 46(4), 6-22.

### Websites

1. <http://www.tremor.com>
2. <http://www.indiantelevision.com/mam/headlines/y2k4/feb/febmam2.htm>
3. [http://www.adlink.com/what\\_we\\_do/index.shtml](http://www.adlink.com/what_we_do/index.shtml) (In the film, Adlink was referred to by its former name, Interactive Media.)

### Classroom Process

The *Advertising and Marketing* segment of the film clip focuses on the manner and degree to which advertising enters our daily lives. There are two sections:

1. Advertising to teenagers and children
2. Stealth marketing

There is also a piece on perception management for which the teaching materials have not yet been developed. Section 1 describes contemporary approaches to marketing to teenagers (the Tremor Program) and children (the Nag Factor). Section 2 describes stealth marketing, a new technique with which most students will be unfamiliar.

## Advertising to Teenagers and Children

The PowerPoint slide show for this section begins by describing how Proctor & Gamble has harnessed the phenomenon of word-of-mouth advertising. P&G owns Tremor, a U.S. company that has developed a proprietary process for building word-of-mouth advocacy among teens — as P&G describes it, “for generating buzz” about products targeted at the teen age group.

To encourage interaction in this session, I ask someone to describe the Tremor Program from their reading of Wells’s article in *Forbes* magazine. Then I develop debate about Tremor with questions like:

- *Who has children? Of those of you, who is comfortable with the Tremor Program?*
- *Is the Tremor Program an appropriate way of marketing to an audience (i.e. teens) that is not easily reached by traditional forms of advertising?*
- *If it isn’t acceptable, what would make it okay? For example, should the teens be obliged to tell their friends that they are a Tremor member?*
- *Are 13-year-olds mature enough to be a Tremor member?*
- *Who wishes that they had thought of doing what Chris and Luke did?*
- *Who is uncomfortable with what Chris and Luke are doing?*
  - *An interesting anecdote is the auctioning of space on a person’s body (forehead, etc.) to advertise for a company. You might want to ask if this is acceptable.*
  - *Or, is it acceptable for the business school to use students as examples in marketing their programs?*

The section then naturally transitions from teenagers to children. There is a slide in the set that summarizes the points raised in the film by Lucy Hughes of Adlink and Susan Linn of Harvard University. In the film, Hughes describes the “Nag Factor,” a study conducted by three market research firms into when, where and why children nag their parents for a product. The study was developed “to help corporations help children nag for their products more effectively.” Linn then discusses some of the psychological effects of advertising on young children. Here you may ask the students:

- *Why is advertising to children more of an issue than advertising to adults?*
- *Is encouraging children to nag their parents an appropriate way of reaching an adult target market? How is it different to the Tremor Program?*

## Stealth Marketing

The segment on *Advertising and Marketing* presents marketing techniques with escalating degrees of “stealth” or covertness, i.e., sponsored word-of-mouth advertising and marketing to adults through their children. Section 2 of this segment describes a relatively new marketing approach – stealth or guerilla marketing.

I supplement the film with a slide that summarizes some of the different forms of stealth marketing in use today. The Kaikati and Kaikati article listed in the readings for this segment is also an excellent resource.

1. **Viral marketing:** the Hotmail free e-mail service appended messages advertising sign-up to the outgoing e-mail of existing subscribers, an implicit recommendation by the sender to their recipient. Hotmail gained 12 million subscribers in 18 months at a total cost of only US\$500,000. Dr. Pepper



created an in-house weblog to advertise its new beverage products online. The company also recruited young “bloggers” to hype the products in their own blogs and online chat activities.

2. **Brand pushing:** actors hired for their “average, approachable” looks befriend people to subtly recommend or endorse a product. For example, Sony hired fake tourists at the Seattle Space Needle to ask passers-by to take their picture using the T68i cell phone. Women actors befriend men in bars and offer them a new brand of cigarette when they ask them to join them outside for a smoke.
3. **Celebrity marketing:** During 2003-2004, the American actress Kathleen Turner was interviewed on TV talk and news programs (e.g. ABC’s Good Morning America and CNN) about her struggle with rheumatoid arthritis. She did not mention a brand, but referred viewers to the websites of Amgen and Wyeth who market Enbrel, a drug used in the treatment of arthritis. She is being paid for public appearances by those companies.
4. **Product placements:** Mercedes was mentioned 112 times in pop and rap songs released in 2003. Some record companies actively seek sponsors to buy product placements in their lyrics and music videos.

I anticipate that the class will find stealth marketing the most socially undesirable of the marketing techniques presented in this segment. Some of the ethical and legal issues you can expect to hear raised (including those suggested by Kaikati and Kaikati) are that stealth marketing:

- Is deceitful when so-called friends have other agendas.
- Intrudes on privacy.
- Cheapens art forms such as music and cinema.
- Tinkers with consumers’ minds (e.g. subliminal advertising).
- Is a form of abuse when people are used as billboards.
- Shows how commercialism encroaches into all aspects of life.

Once again, I do not take a normative or prescriptive role in these discussions, but use them to highlight the importance of honesty in building trust with customers. It is also useful to highlight the pervasiveness of the advertising culture, and the discomfort some people feel when advertising spills into all aspects of our life. I use the class debate to illustrate that the lines of unacceptability are easily crossed. Questions of social responsibility, then, are not only the responsibility of chief executives, but apply to almost all functional areas of an organization, including the marketing staff.

## THE CORPORATION AS GOVERNMENT

*Film running time: 13 minutes, 6 seconds*

A couple of key learning points that I draw out in this segment are:

1. Often corporations must address social issues because governments do not, can not, or should not address them.
2. However, corporations can and should do only so much. Corporations can easily overextend their activities in the social arena, which may in itself be irresponsible.

## Background Readings

1. Vickers, John, Yarrow, George. 1991, Economic Perspectives on Privatization, The Journal of Economic Perspectives, 5(2): 111-132.

2. Anonymous. 2000, The Fight for Water and Democracy — An Interview with Oscar Olivera, *Multinational Monitor*, 21(6): 15-19.
3. Ite, Uwem E. 2004, Multinationals and Corporate Social Responsibility in Developing Countries: A Case Study of Nigeria, *Corporate Social Responsibility and Environmental Management*, 11: 1-11.

Read in combination, these articles provide background for the ideas presented in The Corporation as Government segment of the film. However, they do not specifically describe the social implications of privatization. The first article, by Vickers and Yarrow, is a clinical and academic treatment of privatization. The second article provides valuable background information for the *Bolivian Water Crisis* section of the film. The third article allows the instructor to address the question of whether private corporations should be offering public services, and if so, what should be the limit of their involvement.

### Classroom Process

*The Corporation as Government* segment of the film clip gives two examples of how, why and what happens when corporations get involved in providing public services. These two examples are:

1. The violent public resistance that eventually overturned a decision by the Bolivian government to allow a private firm to operate the water system of Cochabamba.
2. Pfizer Inc.'s program of subsidizing housing and maintaining subway security in the neighborhood around its Brooklyn, New York, facility.

The purpose of *The Corporation as Government* segment is to show students how the roles of corporations and government can differ and overlap. There are likely a range of opinions in the room; from the most 'right' position that *governments are incapable of managing anything well, so that anything that can be privatized should be*, to the most 'left' position that *governments are needed to provided essential services because the public good cannot be defended by private interests*.

The students won't be surprised by these positions, but the tensions between them generate interesting insights, in particular:

1. That corporations often have to provide social services because governments fail to do so and societies (and employees) expect corporations to fill the gap.
2. That corporations take risks by participating in social services because it is difficult to reconcile social needs with shareholder interests.
3. That corporations also take risks by participating in social services because once involved, it is very difficult for a corporation to pull back its commitment.
4. That activities that are perceived to be an essential service (e.g. medical, water or power services) can create significant social and public relations challenges for the corporations that provide them.

### Bolivian Water Crisis

*The Corporation as Government* traces the Bolivian government's experiment with privatizing public water services — an episode that led to huge increases in water charges, civil unrest and violence, and the eventual return of the water utility to public control.

In the film, the story of Cochabamba's water is told by Oscar Olivera, a social activist. We do not hear from representatives of the Bolivian government or Bechtel, the private company concerned. So, in terms of classroom process, I ask students to think from the perspective of the company and ask:

- *Was there anything wrong with the Bolivian government trying to improve a dilapidated water service through privatization?*
- *Why did Bechtel charge so much for water? Was it inevitable?*

These questions are likely to open up a classroom discussion of the power of monopolies. It is evident that firms that have a monopoly on essential services are obliged to their shareholders to return a profit. The expectation, therefore, is that the firm will charge as much as it can. When it comes to essential services, this is obviously not socially desirable, but is it desirable for the firm? The Bolivian water crisis is an interesting example because, in this case, the private arrangement did not survive. An argument can be made that the welfare of a corporation is intrinsically tied to social welfare over the long run, and this is most evident in a monopoly situation in which the government or the community gives (and can withdraw) the corporation's licence to operate.

In the classroom, there is a natural transition from discussing monopoly power to asking *What services should or should not be privatized?* The slide deck includes a provocative quotation about private ownership by Michael Walker from the Fraser Institute. You can use this quotation to spark conversation about the strengths of public and private ownership.

Some strengths of public sector ownership:

- Accountable to the public and spending, service levels, management and employment practices are more transparent to public scrutiny.
- Allows factors such as public interest, equity, social cohesion, product stewardship, and solidarity to be included in decision-making .
- Ensures continuity, equity and stability in the provision of services.
- Oriented towards social responsibility and environmental awareness.
- Has local knowledge of and experience with difficult-to-serve populations.

Some strengths of private sector ownership:

- Accountable to shareholders to reduce costs and use resources efficiently.
- Has a creative, dynamic, innovative and entrepreneurial spirit.
- Responds quickly to changing circumstances and demand.
- Managerial and operational flexibility and efficiency.
- Good at performing complex tasks.

Some follow-up questions could be:

- *Based on these relative strengths, which public services should the government handle, and which should business handle?*
- *What controls should be in place for private corporations that run public services, and what controls should be in place for governments that run public services?*

One of the outcomes of this discussion could be that students will recognize the opportunity, maybe even the need, for corporations to engage in a multi-stakeholder dialogue. Had Bechtel engaged in more

extensive dialogue with the Cochabamba's community, the company could still be operating in Bolivia now. In this case, you could ask various students to play out the roles of government, Bechtel and community representatives to demonstrate some of the challenges and issues involved in engaging in such dialogue.

### **Pfizer's Public Safety System**

A conversation about stakeholder dialogue leads nicely into the other section of this segment, which is about Pfizer Inc.'s program of subsidizing housing and maintaining subway security in the neighborhood around its Brooklyn, New York, facility. The Pfizer experience demonstrates that there are risks for firms that get involved in services traditionally provided by government, particularly services that are strongly social in nature, such as public safety.

In terms of classroom process, I suggest you begin by asking the students to vote on: *Is it appropriate for Pfizer to be involved in the safety system on the public subway?* Put the 'yes' and 'no' scores on the board, and then ask some thought-provoking questions to each voting group, such as:

#### **Sample questions to the 'yes' group**

- Who should be responsible for the ongoing maintenance and repairs of the safety system?
- Is Pfizer at fault if a subway rider is robbed anyway?
- At what point should Pfizer hand responsibility back over to the government?

#### **Sample questions to the 'no' group**

- Was the government irresponsible for letting this area of the public transportation system become dangerous?
- What does a company do if its employees are under threat as they come to work?
- If Pfizer is willing to spend money on this, are government resources best diverted to other needy communities?

This session will be more interactive if you ask the students who voted 'no' to put the questions to those who voted 'yes' and vice versa. Engaging both sides in a debate forces the students to take ownership of their ideas and opinions and to be conscious of how they present them to others. You may even ask the students to physically move to different sides of the room representing their position, and allow them to shift sides if their opinion changes during the debate.

### **RESPONSIBLE PRODUCTS, PRODUCT USE AND PRODUCTION**

*Film running time: 20 minutes, 37 seconds*

This is the most powerful of the film clips, and there is often a palatable silence at the end of the clip. So, the key learning point can be quite simply: the ease by which the social good can differ from the corporate good. Governments do not police everything, so ultimately, society has to rely on people within corporations to exercise social responsibility for products and production processes.

## Background Readings

We haven't uncovered any readings that are particularly relevant to this segment of the film, and would welcome your input. For now, I have a list of websites that identify the toxic effects of common household products. If you have any good readings for these issues, please do tell me.

## Websites

1. <http://consumerlawpage.com/article/household-chemicals.shtml>
2. <http://www.healthgoods.com/>
3. <http://greenct.org/house.htm>

## Classroom Process

*Responsible Products, Product Use and Production* is likely the most powerful segment of the film because it speaks directly to students as consumers and members of society. Some of the footage is graphic and disturbing. It will come as a surprise to many students that seemingly benign products can have harmful effects on humans and animals when they are used exactly for the purposes for which they were produced. The film also raises the question of how much responsibility corporations have to ensure that their products are not turned to harmful purposes.

This segment presents arguments that:

1. The IBM corporation in the United States knew how (and, allegedly, why) the Third Reich was using IBM's punch card system to track concentration camp prisoners.
2. Chemical manufacturers, such as Monsanto, sell products that they know are harmful to humans and animals. The film provides a number of examples but focuses on a bovine growth hormone (rGBH) that increases milk production but causes pain, suffering and distress for the cows.

In terms of classroom process, I recommend that you open with the broad question of, "*Should corporations be responsible when their products have harmful effects?*" Very quickly, you should start to hear "it depends" comments, and you can develop the discussion around points like:

- *Does the company know the product is harmful? How harmful? An example here could be to contrast the known effects of tobacco with the (as yet) unknown effects of genetically modified foods.*
- *Is the product harmful only if it is abused or misused? For example, should car companies take any responsibility for road deaths?*
- *Does the product have widespread benefits for the many that outweigh any ill effects for the few? For example, the debate about genetically-modified foods.*
- *Does the consumer know the product is harmful? Has it been communicated as such, and can a label cover every eventuality?*
- *Do the harmful impacts affect only the user or do they also affect others who weren't involved in the purchase decision?*

The film offers a number of examples of products that harm or that have been turned to harmful purposes. There are others in the web resources listed above. For example, one of my favorites is that some researchers recommend that we should remove houseplants from any room that has been newly carpeted

— and keep them out for a year! What does that mean for human health? Why don't we hear about this from carpet manufacturers? The same can be said about new furniture and new cars (ever notice how the inside of new cars fogs up quickly for the first several months . . . those are the toxic chemicals breathing out of the materials).

### WHO OWNS KNOWLEDGE AND LIFE?

*Film running time: 7 minutes, 53 seconds*

### Background Readings

1. Shiva, Vandana. *Protect or plunder?: Understanding intellectual property rights*, Zed Books:New York Series.

### Websites

1. <http://www.guardian.co.uk/fairtrade/story/0%2C12458%2C1037964%2C00.html> (general)

On the Canola story

1. [http://calgary.cbc.ca/regional/servlet/View?filename=ca\\_monsanto20040521](http://calgary.cbc.ca/regional/servlet/View?filename=ca_monsanto20040521)
2. <http://www.osler.com/images/up-423.pdf>
3. <http://www.cbc.ca/story/news/national/2000/06/16/schmeiser000616.html>
4. [http://www.cbc.ca/news/background/genetics\\_modification/percyschmeiser.html](http://www.cbc.ca/news/background/genetics_modification/percyschmeiser.html)

On the John Moore story

1. <http://www.carthage.edu/~brent/305moore.htm>
2. <http://www.utoronto.ca/cip/Case%20Study%20II%20RED.htm>

### Classroom Process

The *Who Owns Knowledge and Life?* segment introduces students to the complexities of patenting knowledge and life forms. There is a lot of theoretical background to these issues that is not presented in the film. I have supplemented the film with a PowerPoint slide show that gives students the information they need to understand and constructively discuss the issues. Using the film and the slides, the classroom session leads students from the abstract to the very personal; from theory, through two Third World issues, to the developed world and, finally, an individual case study. The sections of this segment cover:

1. A brief overview of the history of patents.
2. The concept of “bio-piracy,” where corporations, universities and governments patent the medicinal or therapeutic properties of plants or animals; properties that have been traditionally known and used by indigenous people.
3. Genetically modified foods:
  - a. “Terminator technology” in rice means that farmers in India are not able to save and re-sow some rice seeds because they have been genetically modified to produce only one crop.
  - b. The Supreme Court of Canada’s recent decision regarding Monsanto’s Round-up Ready canola.

4. The case of John Moore, a patient whose doctor patented his cell line, without his knowledge, for the purposes of cancer research.

In terms of classroom process, I assume that my students know very little about patents, so I begin with an overview of what patents are and how they have developed. The film focuses on the negative aspects of patents, so, to help students understand the purpose of patents, I ask: “*Would science and technology have come as far as it has today if inventors were not protected by patents?*” You can then move into a discussion of the circumstances under which patents limit innovation and invention. The classroom debate on this question of who owns knowledge and life will be far-reaching. Some of the arguments you may hear are described below.

**Political.** The World Trade Organization (WTO) and its trade agreements (e.g. TRIPS) force developing countries to accept the value systems of the developed world. The WTO lacks accountability and does not treat all members equally.

**Economic.** Intellectual Property Rights (IPR) protection generally increases the cost of research and innovation; developing countries can ill afford any mechanisms that hinder the spread of inexpensive technologies. However, “biopiracy” has been estimated to cost developing countries \$5.3 billion a year in potential markets and revenue lost to foreign corporate ownership.

**Regulation and Research.** For developed nations, strong IPR protection of plants and animals in the developing world limits their access to potentially productive research material. However, strong IPR regulations also protect the interests of developed economies, which are increasingly reliant on income from technology and intellectual capital, rather than from primary or secondary industries.

**Environment.** The long-term effect of biotechnologies, including genetically altered products, on consumers and the environment is unknown; however, biotechnology has the potential to increase the productivity of crops and thus reduce the negative impact of intensive agriculture on the environment.

**Culture.** Most developed countries believe that the one inventor should hold the right to the “new knowledge.” On the other hand, many developing cultures believe knowledge should be communal.

#### **A NOTE TO INSTRUCTORS**

I welcome your comments on this study guide (tbansal@ivey.uwo.ca). This study guide is being offered freely to help improve business education in the area of social responsibility, so in the spirit of this endeavor, I would sincerely appreciate hearing how you have used the film and any recommendations that you can offer to improve the students’ learning experience through this film.

## Exhibit 1

## TRANSCRIPTS OF THE DIALOGUE IN EACH SEGMENT

## SEGMENT ONE: THE CORPORATION – INDIVIDUAL OR INSTITUTION?

**Bad Apples – running time (rt) = 2 minutes, 43 seconds**

<p><b>Narration:</b> We begin our inquiry as scandals threaten to trigger a wide debate about the lack of public control over big corporations.</p>
<p><b>News clip George Bush:</b> “I do think there is an overhang over the market of distrust. Listen 95 per cent, or some per cent, huge percentage of the business community are honest, and uh, reveal all their assets, got compensation programs that are balanced. But there are some bad apples . . .”</p>
<p><b>Narration:</b> The media debate about the basic operating principles of the corporate world was quickly reduced to a game of “follow the leader.”</p>
<p>I still happen to think the United States is the greatest place in the world to invest. We have some shakeups that are going on because of a few bad apples.</p>
<p>ACCOUNTING FOR GREED, PROTECTING YOUR MONEY, FOCUS: CORPORATE CRACKDOWN</p>
<p>Lyrics to “Bad Apple”: “. . . Some people call me a bad apple, well I may be bruised, but I still taste sweet. Some people call me a bad apple, but I may be the sweetest apple on the tree . . .”</p>
<p>Crosshair graphic on Worldcom, Martha Stewart Living, Enron, Arthur Anderson, Merrill Lynch</p>
<p>Worldcom Arrests / split screen w/ B&amp;W disenchanted youth eating apple</p>
<p>Arrest of older man with white hair</p>
<p>CU B&amp;W rotten apple</p>
<p>Martha Stewart (“Covering Crooked CEOs”)</p>
<p>Ken Lay straightens his tie</p>
<p>Man arrested</p>
<p>Same man being sworn in / split screen w/ B&amp;W disenchanted youth looking at his apple</p>
<p>B&amp;W disenchanted youth throws his apple / split screen w/ Worldcom CEO &amp; financial advisor Grubman (?) swearing in. Graphic: Hardball Bush’s Corporate Crackdown</p>
<p>Man with white hair: <i>These are not just a bunch of bad apples.</i></p>
<p><b>CNBC host:</b> <i>This is just a few bad apples.</i></p>
<p><b>Sarbanes:</b> <i>It’s not just a few bad apples.</i></p>
<p><b>Rep. Scott McInnis:</b> <i>We’ve gotta get rid of the bad apples . . . you can start with Tyco.</i></p>
<p><b>Lou Dobbs:</b> <i>Bad apples</i></p>
<p><b>Rep. Scott McInnis:</b> <i>We know all about Worldcom.</i></p>
<p><b>Woman announcer:</b> <i>Bad apples</i></p>
<p><b>Rep. Scott McInnis:</b> <i>Xerox corporation</i></p>
<p><b>Greta Van Sustern:</b> <i>Bad apples</i></p>



## Exhibit 1 (continued)

<b>Rep. Scott McInnis:</b> <i>Arthur Anderson</i>
<b>Chris Mathews:</b> <i>Bad apples</i>
<b>Rep. Scott McInnis:</b> <i>Enron, obviously</i>
<b>Ari Fleischer:</b> <i>Bad apples</i>
<b>Rep. Scott McInnis:</b> <i>Kmart Corporation</i>
<b>Red haired guy (in three panel screen):</b> <i>The fruit cart is getting a little more full.</i>
<b>Charles Lewis:</b> <i>I don't think it's just a few apples, unfortunately. I think this is the worst crisis of confidence in business.</i>
<b>Narration:</b> What's wrong with this picture? Can't we pick a better metaphor to describe the dominant institution of our time? Through the voices of CEOs, whistleblowers, brokers, gurus and spies — insiders and outsiders — we present the corporation as a paradox, an institution that creates great wealth, but causes enormous and often hidden harms.

## Pathology of Commerce – rt =1 minute, 27 seconds

<b>Hare:</b> One of the questions that comes up periodically is, To what extent could a corporation be considered to be psychopathic? And if we look at a corporation as a legal person, that it may not be that difficult to actually draw the transition between psychopathy in the individual, to psychopathy in a corporation. We could go through the characteristics that define this particular disorder, one by one, and see how they might apply to corporations.
<b>PERSONALITY DIAGNOSTIC CHECKLIST World Health Organization ICD-10, Manual of Mental Disorders DSM-IV:</b> <input type="checkbox"/> Callous unconcern for the feelings of others <input type="checkbox"/> Incapacity to maintain enduring relationships <input type="checkbox"/> Reckless disregard for the safety of others <input type="checkbox"/> Deceitfulness: repeated lying and conning others for profit <input type="checkbox"/> Incapacity to experience guilt <input type="checkbox"/> Failure to conform to social norms with respect to lawful behavior <b>Subject:</b> <i>The Corporation</i> <b>Diagnosis of Personality Disorder:</b> <i>Psychopath</i>
<b>Hare:</b> They would have all the characteristics, and in fact, in many respects, the corporation of that sort is the proto-typical psychopath.
<b>Narration:</b> If the dominant institution of our time has been created in the image of a psychopath, who bears the moral responsibility for its actions?
<b>Friedman:</b> Can a building have moral opinions? Can a building have social responsibility? If a building can't have social responsibility, what does it mean to say that a corporation can? A corporation is simply an artificial legal structure, but the people who are engaged in it, whether the stockholder, whether the executives in it, whether the employees, they all have moral responsibilities.

## Exhibit 1 (continued)

## A Legal Person – rt = 5 minutes, 6 seconds

<p><b>Archive footage:</b>  Man 1: <i>“Everybody makes a mistake once in a while. But I just can’t be personally responsible. That’s one of the weaknesses of a partnership. Isn’t it, Sid?”</i>  Man 2: <i>“Well, maybe you’d better incorporate the store.”</i>  Man 1: <i>“Incorporate?!”</i>  Man 2: <i>“Yes. Incorporating would give you the big advantage of what you want right now — limited liability. You start with a group of people who want to invest their money in a company. Then these people apply for a charter as a corporation. This government issues a charter to that corporation. Now that corporation operates legally as an individual person. It is <u>not</u> a group of people. It is, under the law, a legal person.”</i></p>
<p><b>Archive narrator:</b> Imperial Steel Incorporated has many of the legal rights of a person. It can buy and sell property. It can borrow money. It can sue in court and be sued. It carries on a business. Imperial Steel, along with thousands of other legal persons, is a part of our daily living. It is a member of our society.</p>
<p><b>Narration:</b> Having acquired the legal rights and protections of a “person,” the question arises: “What kind of person is the corporation?”</p>
<p><b>Chomsky:</b> Corporations were given the rights of immortal persons. But then special kinds of persons. Persons who had no moral conscience. These are a special kind of persons which are designed by law, to be concerned <i>only</i> for their stockholders. And not, say, what are sometimes called their stakeholders, like the community or the work force or whatever.</p>
<p><b>Monks:</b> The great problem of having corporate citizens is that they aren’t like the rest of us. As Baron Thurlow in England is supposed to have said, “They have no soul to save, and they have no body to incarcerate.”</p>
<p><b>Moore:</b> I believe the mistake that a lot of people make when they think about corporations is they think, you know corporations are like us.</p>
<p><b>Streeters:</b>  Woman in jean jacket: <i>General Electric — is a kind, old man with lots of stories</i>  Black couple: <i>Nike — young, energetic</i>  Black dude w/sunglasses: <i>Microsoft — aggressive</i>  White dude w/glasses: <i>McDonald’s — young, outgoing, enthusiastic</i>  White dude: <i>Monsanto — immaculately dressed</i>  Woman w/sunglasses: <i>Disney — goofy</i>  Woman on bike: <i>The Body Shop — um, deceptive</i>  Black couple: man — <i>very lovely</i>  woman — <i>(laughter) do you know what The Body Shop is?</i>  man — <i>nope (laughter)</i></p>
<p><b>Moore:</b> They think they have feelings, they have politics, they have belief systems, they really only have one thing: the bottom line. How to make as much money as they can in any given quarter. That’s it.</p>

## Exhibit 1 (continued)

<p><b>Archival footage: b&amp;w students around a table</b>  Boy: <i>Of course they make a profit, and it's a good thing. That's the incentive that makes capitalism work. To give us more of the things that we need. That's the incentive that other economic systems lack.</i></p>
<p><b>Moody-Stuart:</b> People accuse us of only paying attention to the economic leg, because they think that's what a business person's mindset is, it's <i>just money</i>. And it's not so, because we as business people know that we need to certainly address the environment, but also we <i>need</i> to be seen as constructive members of society.</p>
<p><b>Moore:</b> There <i>are</i> companies that do good for the communities. They produce services and goods that are of value to all of us, that make our lives better, and that's a good thing. The problem comes in, in the profit motivation here, because these people, there's no such thing as enough.</p>
<p><b>Moody-Stuart:</b> And I always counter-point out, there's no organization on this planet that can neglect it's economic foundation.  Even someone living under a banyan tree is dependent on support from someone. Economic lack has to be addressed by everyone — it's not just a business issue.</p>
<p><b>Narration:</b> But, unlike someone under a banyan tree, all publicly traded corporations have been structured — through a series of legal decisions — to have a peculiar and disturbing characteristic. They are required — <i>by law</i> — to place the financial interests of their owners above competing interests. In fact, the corporation is legally bound to put its bottom line ahead of everything else, <i>even the public good</i>.</p>
<p><b>Chomsky:</b> That's not a law of nature; that's a very specific decision, in fact, a judicial decision. So they're concerned only for the short-term profit of their stockholders, who are very highly concentrated.</p>

## Monstrous Obligations – rt = 2 minutes, 10 seconds

<p><b>Chomsky:</b> It's a fair assumption that every human being, real human beings, flesh and blood ones, not corporations, but every flesh and blood human being is a moral person. We've got the same genes, we're more or less the same, but our nature, the nature of humans, allows all kinds of behavior. I mean, every one of us, under some circumstances, could be a gas chamber attendant and a saint.</p>
<p><b>Gibara:</b> No job, in my experience with Goodyear, has been as frustrating as the CEO job. Because even though the perception is that you have absolute power to do whatever you want, the reality is you don't have that power. Sometimes, if you had really a free hand, if you really did what you wanted to do that suits your personal thoughts and your personal priorities, you'd act differently. But as a CEO you cannot do that.</p>
<p><b>Gibara:</b> Layoffs have become so widespread that people tend to believe that CEOs make these decisions without any consideration to the human implications of their decisions. It is never a decision that any CEO makes lightly. It is a tough decision. But it is the consequence of modern capitalism.</p>

## Exhibit 1 (continued)

**Chomsky:** When you look at a corporation, just like when you look at a slave owner, you want to distinguish between the institution and the individual. So slavery, for example, or other forms of tyranny, are inherently monstrous, but the individuals participating in them may be the nicest guys you could imagine — benevolent, friendly, nice to their children, even nice to their slaves, caring about other people. I mean, as individuals they may be anything. In their institutional role, they're monsters because the institution is monstrous. And then the same is true here.

**Moody-Stuart:** My wife and I, some years ago, had at our home, a demonstration; 25 people arrived, they hung a big banner on the top of our house, saying, "murderers." They danced around outside with gas masks and so on.

Mrs. Moody-Stuart: *Who are you?*

John: *My name's John.*

Mrs. Moody-Stuart: *John. You're not looking at me when you say it. You have to be a little bit careful because I'm very sensitive to people who are not friendly. Did you know that you are being recorded and filmed. No? Well, you'll see yourself on television. I think it would have been polite to have mentioned it. I mean, here we are . . .*

John: *Politeness? This man is involved in a corporation which is funding directly police, which this corporation has admitted . . .*

Mrs. Moody-Stuart: *Who is the corporation?*

John: *A corporation is an organization of individuals, and this individual is part of that corporation so he's responsible.*

**Moody:** As a public demonstration, it wasn't very effective, due to the fact that this is a very rural area, two people and a dog, and it's not a very big house, which I think rather surprised them. But then we sat down and talked to them for a couple of hours, and we gave them tea and coffee, and they had lunch on our lawn . . .

Mrs. Moody-Stuart: *There's another coffee coming. And there's no, who wanted . . . sorry about the soya . . . anyway*

Moody-Stuart: *no need for you to be deceitful. Why didn't you just ask me whether I was in?*

Protester: *Hello . . . can I hang a "murderer" sign on your house?*

**Moody-Stuart:** After about 20 minutes, they said, well the problem is not you; it's Shell. So I said, now wait a minute, let's talk about. What is Shell? It's made up of people like me. In the end, what we found in that discussion was all the things they were worried about, I was worried about as well. Climate, you know, oppressive regimes, human rights, the big difference between us was, I feel that I actually can make a contribution to this. These people were frustrated because they felt that they had no, nothing to do.

## Exhibit 1 (continued)

## SEGMENT TWO: ADVERTISING AND MARKETING

## Basic Training – rt = 11 minutes, 34 seconds

<p><b>Narration:</b> Imagine a world in which one of the things owned by a corporation was the song “Happy Birthday.” In fact, an AOL/ TimeWarner subsidiary holds the copyright. In the past, it has demanded over \$10,000 to allow you to hear anyone sing this popular song in a film. We didn’t pay. We preferred to use the money to fly our crew to Boston and Los Angeles to bring you the following story.</p>
<p>Archival Commercial Announcer: “. . .5,4,3,2,1! Off into space. Man, that takes real teamwork. And here’s a team of junior spacemen with an out-of-this-world breakfast.”</p>
<p><b>Linn:</b> Comparing the marketing of yesteryear to the marketing of today is like comparing a BB gun to a smart bomb. It’s not the same as when I was a kid, or even when the people who are young adults today were kids. It’s much more sophisticated, and it’s much more pervasive. It’s not that products themselves are bad or good. It’s the notion of manipulating children into buying the products.</p>
<p><b>Linn:</b> In 1998, Western International Media, Century City, and Lieberman Research Worldwide, conducted a study on nagging.</p>
<p><b>Hughes:</b> We asked parents to keep a diary for three weeks and to record every time — you could imagine — every time their child nagged them for a product. We asked them to record when, where, and why.</p>
<p><b>Linn:</b> This study was not to help parents cope with nagging. It was to help corporations help children nag for their products more effectively.</p>
<p><b>Hughes:</b> Anywhere from 20 per cent to 40 per cent of purchases would not have occurred unless the child had nagged their parents. That is, we found for example, a quarter of all visits to theme parks wouldn’t have occurred unless a child nagged their parents. Four out of 10 visits to places like Chuck E. Cheese would not have occurred. And any parent would understand that, you know when I think of Chuck E. Cheese, oh my goodness, its noise . . .</p> <p>Commercial: “. . .’cause we’re going to Chuck E. Cheese’s . . .”</p> <p><b>Hughes:</b> . . . and there’s so many kids. Why would I want to spend two hours there? But if the child nags enough, you’re going to go. We saw the same thing with movies, with, with home video, with fast food . . .</p>
<p><b>Hughes:</b> We do have to break through this barrier where they do tell us, or they say, they don’t like it when their kids nag. Well that’s just a general attitude that they possess. It’s doesn’t mean that they necessarily act upon it a 100% of the time. You can manipulate consumers into wanting and therefore buying your products. It’s a game.</p>
<p><b>Linn:</b> Children are not “little adults”; their minds aren’t developed. And what’s happening is that the marketers are playing to their developmental vulnerabilities.</p>
<p><b>Linn:</b> The advertising that children are exposed to today is honed by psychologists. It’s enhanced by media technology that nobody ever thought was possible.</p>
<p><b>Hughes:</b> The more insight you have about the consumer, the more creative you’ll be in your communication strategies. So if that takes a psychologist, yeah, we want one of those on staff.</p>
<p><b>Linn:</b> I’m not saying it’s wrong to make things for children. You know, and I also think it’s important to distinguish between psychologists who work on products for children who help, help, you know, toy corporations make toys that are developmentally appropriate. I think that’s great. That’s different from selling the toys directly to the children.</p>

## Exhibit 1 (continued)

<p><b>Hughes:</b> Initiative is huge. I think in the U.S. we place about 12 billion dollars of media time. So we'll put it on TV, we'll put it in print, we'll put it up in outdoor, we'll buy radio time; so we're the biggest buyers of advertising time and space in the U.S., and in the world.</p>
<p><b>Linn:</b> One family cannot combat an industry that spends 12 billion dollars a year trying to get their children. They can't do it.</p>
<p><b>Hughes:</b> They are tomorrow's adult consumers, so start talking with them now. Build that relationship when they're younger... and you've got them as an adult.</p>
<p><b>Hughes:</b> Somebody asked me, "Lucy, is that ethical?" You're essentially manipulating these children. Well, yeah, is it ethical? I don't know. But our, our role at Initiative is to move products. And if we know you move products with a certain creative execution placed in a certain type of media vehicle then we've done our job.</p>
<p><b>Kingwell:</b> Every institution provides the people who are members of it with a social role to occupy. And, typically, institutions that are vibrant and have a lot of power will specify that role in some sense as a list of virtues. It's true for churches, for schools, for any institution that has power over people and shapes them.</p> <p><b>Archival:</b> "... one nation ..."</p> <p><b>Kingwell:</b> The corporation likewise. It provides us with a list of virtues, a kind of social role, which is the "good consumer."</p>
<p>Archival: "... Like the waters of the mighty ocean, people also represent a tremendous force. The understanding of which is of greatest importance to the American way of life. This force is known as 'consumer power'..."</p>
<p><b>Chomsky:</b> The goal for the corporations is to maximize profit and market share. And they also have a goal for their target, namely, the population. They have to be turned into completely mindless consumers of goods that they do not want. You have to develop what are called "created wants." So you have to create wants. You have to impose on people what's called a philosophy of futility. You have to focus them on the insignificant things of life, like fashionable consumption. I'm just basically quoting business literature. And it makes perfect sense. The ideal is to have individuals who are totally disassociated from one another, whose conception of themselves, the sense of value, is just "how many created wants can I satisfy?"</p>
<p>Archive narrator: "... These people are customers because they are willing to trade money for widgets. And all the customers take their widgets home to all parts of the country. Look at all that money the widget builder has taken in from the sale of his widgets."</p>
<p><b>Chomsky:</b> We have huge industries, public relations industry is a monstrous industry, advertising and so on, is uh, which are designed from infancy to try to mold people into this desired pattern.</p>
<p><b>Luke:</b> We saw Tiger Woods on TV with a hat with a Nike logo on it and we figured you know he probably gets like millions of dollars just to wear the hat on a press conference. And therefore we figured we can do that for someone else. And hopefully get money in time so we can go to school. And that's how we came up with being corporately sponsored.</p>

## Exhibit 1 (continued)

<p><b>Chris:</b> We made our sponsor announcement on the Today Show on June 18.</p> <p><i>“ . . .we’re thrilled to be sponsored by First USA . . . ”</i></p> <p><i>“ . . .we’re thrilled to be working with First USA as our corporate sponsor and they’re covering our college tuition . . . ”</i></p> <p><i>“ . . .we found First USA as our sponsor and we’re proud to be working with them . . . ”</i></p> <p><i>“ . . .our sponsor is First USA . . . ”</i></p> <p><i>“ . . .so, we’re really thrilled to announce First USA as our sponsor . . . ”</i></p> <p><i>“ . . .we’re thrilled to be working with First USA . . . ”</i></p> <p><b>Luke:</b> And so we gave First USA a good name in the media, and include them in our news stories, and then through there they get as much advertising as we can give them.</p> <p><b>TV Announcer:</b> <i>“ . . .they’ll be conforming not to the wishes of demanding parents, but to the wishes of an image conscious corporation . . . ”</i></p>
<p><b>Luke:</b> They’re not just out there for the money and they’re just. I mean they want to work with us, and be our friends and let us help them help us and vise versa.</p>
<p><i>Luke: “...and we became walking billboards to pay for our college tuition...” (applause)</i></p>
<p><b>Luke:</b> Cool Site of the Day picked us as cool site, and Yahoo picked us, and we were in USA Today.</p>
<p><b>Luke:</b> When we did our photo shoot for People Magazine this is where we stood, up on top.</p> <p><b>Chris:</b> We stood up here and we smiled.</p> <p><b>Luke:</b> We smiled and took the picture.</p>
<p><b>Chris:</b> Our parents had war stories and stuff to tell us. We have our corporate sponsor story.</p> <p><b>Luke:</b> Exactly.</p>
<p><b>Luke:</b> I have a lot of faith in the corporate world because it’s always going to be there so you may as well have faith in it because, if you don’t, then it’s just not good.</p>
<p><b>Narration:</b> Some of the best creative minds are employed to assure our faith in the corporate world view. They seduce us with beguiling illusions designed to divert our minds and manufacture our consent.</p>
<p><b>Grossman:</b> Corporations don’t advertise products particularly; they’re advertising a way of life. A way of thinking. A story of who we are as people and how we got here and what’s the source of our so-called liberty, and our so-called freedom. You know, so you have decades and decades and decades of propaganda and education teaching us to think in a certain way. When applied to the large corporation, it’s that the corporation was inevitable, that it’s indispensable, that it is somehow remarkably efficient, and that it is responsible for progress and the good life.</p>
<p><b>Komisarjevsky:</b> Perception management is a very interesting concept. It’s basically a methodology which helps us when we work with our clients to go through a very systematic thoughtful process in order to be able to help our clients identify what the resources are that they have. What the barriers to their success are and how we can use communications to help them accomplish their objectives. If Michael or Angelica came to me and said, “Dad what do you do and why is it important?” my answer to that question is basically that I help corporations have a voice. And I help corporations share the point of view about how they feel about things.</p>
<p><b>Grossman:</b> They’re selling themselves, they’re selling their domination, they’re selling their rule, and they’re creating an image for themselves as just regular folks down the block.</p>

## Exhibit 1 (continued)

## Triumph of the Shill – rt = 2 minutes, 39 seconds

**Ressler:** I can give you the day in the life of a person who might be the target of undercover marketing. And I will tell you this that some of these things are happening right now, around you. So you walk out of your building in the morning, in some city, and you walk by the doorman and say, "Hey good morning!" And you notice there's a bunch of boxes at his feet from some online or mail-order retailer. And there's a bunch of boxes there with, of course, big brand message on it. You walk out, thinking, "Wow! A lot of people must be ordering from that company." Well, what you don't know is that we paid the doorman to keep those empty boxes there. You walk out into the street and you hear some people having kind of a loud conversation about a musical act and they are passing the head phones back and forth and wow this is great! Hey do you know that I heard this CD is really hard to find but I heard they sell it at store X.

*Woman: "I better go pick it up. It's so good."*

*Man: "It's great, isn't it?"*

**Ressler:** You hear that and you register it and you might kind of pick up on that and may be later on you'll think, "Hey I wonder what the hot act is?" Bang, that might be in your head. Now you get into your office and there's a certain brand of water in the refrigerator. What is that? You take it out, you drink, you slug it down, it's there, not really thinking about it. Wow! That's pretty good water. Who knows? Maybe someone placed the water there. You kind of go out for your lunch break, you're sitting in the park and people are kind of out there, talking in the park and bang, all of a sudden you hear another message. By the time you go to bed you've probably received eight or nine different *undercover* messages.

**Ressler:** People are always thinking, "Well, oh, I know product placement. That's when they put stuff in movies!" Well, yes kind of. I mean, that's definitely traditional product placement. But real life product placement is just that: placing stuff in movies but the movie's actually your life.

**Ressler:** We'll take a group of attainable, but still aspirational people. They are not supermodels. They are kind of people just like you. They're doing something for us, whether they are having a certain kind of drink or they are using a certain laundry detergent, whatever it may be. They are kind of the roach motel, if you will. People are going to come over to them, and they are going to give them this little piece of brand bait. It could be a sound bite of knowledge or a ritual. Consumers will get that piece of roach bait, then they would take it. "Oh, pretty cool!" Then they go out and spread it to their friends. If you want to be critical, if you want to go through your life like that, sure, be critical of every single person that walks up to you. But if they are showing you something that fits and something that works and something that makes your life better in some way, well then who cares? We, again, just say thanks!



## Exhibit 1 (continued)

## SEGMENT THREE: THE CORPORATION AS GOVERNMENT

## Boundary Issues – rt = 6 minutes, 18 seconds

**Rifkin:** We can really begin to take a look at the emergence of the modern age with the enclosure movements of the great European commons in the 14th, 15th and 16th century. Medieval life was a collectively lived life. It was a brutish, nasty affair. But there was a collective responsibility. People belonged to the land; the land did not belong to people. And in this European world, people farmed the land in a collective way, because they saw it as a commons. It belonged to God. And then it was administered by the Church, the aristocracy, and then the local manors, as *stewards* of God's creation. Beginning with Tudor England, we began to see a phenomenon emerge, and that is the enclosure of the great commons by parliamentary acts in England, and then in Europe. And so, first we began to take the great land masses of the world which were commons and shared, and we reduced those to private property. Then we went after the oceans, the great oceanic commons, and we created laws and regulations that would allow countries to claim a certain amount of water outside their coastal limits for exploitation. In this century, we went after the air, and we divided it into air corridors that could be bought and sold for commercial traffic for airplanes. And then, of course, the rest is history.

**Bernard:** With deregulation, privatization, free trade, what we're seeing is yet another enclosure, and if you like private taking of the commons. One of the things I find very interesting in our current debates is this concept of who creates wealth. That wealth is only created when it's owned privately. What would you call clean water, fresh air, a safe environment? Are they not a form of wealth? And why does it only become wealth when some entity puts a fence around it and declares it private property? Well, you know, that's not wealth creation. That's wealth usurpation.

**Kingwell:** Over the centuries, we have put more and more things in that public realm and lately, just lately, in the last, let's say the last three or four decades, started pulling them out again. So fire-fighters, for instance . . .

Archival: “. . .*this man needs the fire department . . .*”

**Kingwell:** Fire-fighters started as private companies,

Archival: “. . .*yes, and lots of other people need the fire department too . . .*”

**Kingwell:** And if you didn't have the medallion of a given fire-fighter brigade on your house and it was on fire, those fire-fighters would just, you know, ride on by because you didn't have a deal. Well, we gradually evolved a public trust for the provision of safety on that very specific level. This is important. We should not go back from that and start saying, “Well, you know, why don't we put that back in the market and see what that does? Maybe it will make it more efficient.”

**Chomsky:** The privatization does not mean you take a public institution and give it to some nice person. It means you take a public institution and give it to an unaccountable tyranny. Public institutions have many side benefits. For one thing, they may purposely run at a loss. They're not out for profit. They may purposely run at a loss because of the side benefits. So, for example, if a public steel industry runs at a loss, it's providing cheap steel to other industries. Maybe that's a good thing. Public institutions can have a counter cyclic property. So that means that they can maintain employment in periods of recession, which increases demand, which helps you get out of a recession. Private companies can't do that in a recession, throw out the work force, cause that's the way you make money.

## Exhibit 1 (continued)

<p><b>Barlow:</b> There are those who intend that one day everything will be owned by somebody, and we're not just talking goods here. We're talking human rights, human services, essential services for life. Education, public health, social assistance, pensions, housing. We're also talking about the, the survival of the planet. The areas that we, we believe are — must be maintained in the commons, or under common control or we will collectively die. Water and air —</p>
<p><b>Walker:</b> Even in the case of air there's been some progress. And here the idea is to say, Look we can't avoid the dumping of carbon dioxide. We can't avoid the dumping of sulphur oxides, at least we can't at the moment afford to stopping it, so we're dumping a certain amount of stuff into the environment. So we're going to say with the current tonnage of sulphur oxides, for example, we will say that is the limit. And we'll create permits for that amount and give them to the people who've been doing the polluting, and now we will permit them to be traded. And so now there's a price attached to polluting the environment. Now, wouldn't it be marvelous if we had one of those prices for everything?</p> <p><b>Achbar:</b> It sounds like you're advocating private ownership of every square inch of the planet.</p> <p><b>Walker:</b> Absolutely.</p> <p><b>Achbar:</b> Every cubic foot of air, water . . .</p> <p><b>Walker:</b> It sounds outlandish to say we want to have the whole universe, the whole of the earth owned. That doesn't mean I want to have Joe Bloggs owning this square foot. But it means the <i>interests</i> that are involved in that stream are <i>owned</i> by some group or by some people who have an interest in maintaining it. And that, you know, that is not such a loony idea, it's in fact the solution to a lot of these problems.</p>

## Pfizer - rt = 3 minutes, 12 seconds

<p><b>Grossman:</b> They're selling themselves, they're selling their domination, they're selling their rule, and they're creating an image for themselves as just regular folks down the block.</p>
<p><b>Kline:</b> Hi, How y'all doing today? Good to see you. How are you doing today? Hi. How you doin' today? We're from Pfizer. We're your neighbors. You're in the new houses? Are you in the new houses? Oh! These are some neighbors. Can we say hello? Can we say hello just for a minute?</p>
<p><b>Kline:</b> So, what do you think of the neighborhood now?</p> <p><b>Miss Fraser:</b> It's alright, it's good.</p> <p><b>Kline:</b> Yeah, I think it's been getting better over the last 20 years that I've been comin' here. Ya. So I think together, you know, working with you, and Pfizer and our other partnership, we'll make this a better place.</p> <p><b>Miss Fraser:</b> Okay.</p> <p><b>Kline:</b> Okay, nice to see you, Miss Frazier, bye.</p>
<p><b>Kline:</b> (voiceover going into subway) <i>There used to be a lot of crime at this subway. One night as I was going home, I got caught and was almost mugged. So we decided to make a change to make this community better.</i></p>
<p><b>Kline:</b> We're looking at turnstiles that prevent fare-beating. It used to be you could just hop right over. So Pfizer, in collaboration with the transit authority, actually purchased these machines.</p>

## Exhibit 1 (continued)

<p><b>Kline:</b> This is a talkback box that allows us to speak to the Pfizer guard which is approximately 500 yards from here. Now I haven't seen the Pfizer guard today, but I'm going to see if I can call him. If he's not, I'll have to go wake him up. Hello. Hello. Tom Kline speaking . . . So I'm sure before we're through, he'll call back. But particularly on the off-hours, this allows a passenger to call directly to the Pfizer desk for assistance. And then the Pfizer guard calls the transit police and the transit police respond to any crime situation. As a result of all this, crime is down in the station. It's much safer for our community partners. Thank you. I'll press the other button just to be sure . . . . We'll go over and talk to him personally. Tom speaking, Hello? We'll stop over and see him personally.</p>
<p><b>Grossman:</b> It's tough, you know – they're putting some taxpayer and shareholder money into helping, and who can say? But that money should be going to the taxpayers to decide what to do. And while they're doing those sort of nice things, they're also playing a role in lowering taxes for corporations and lowering taxes for wealthy people, and reconfiguring public policy. What we don't see is all that reconfiguring going on; we don't see all that vacuuming up of money, vacuuming out the insides of public processes, but we do see the nice façade .</p>

## Expansion Plan – rt = 3 minutes, 36 seconds

<p><b>Narration:</b> The prospect that two-thirds of the world's population will have no access to fresh drinking water by 2025 has provoked the initial confrontations in a worldwide battle for control over the planet's most basic resource. When Bolivia sought to refinance the public water service of its third largest city, the World Bank required that it be privatized. Which is how The Bechtel Corporation of San Francisco gained control over all of Cochabamba's water, even that which fell from the sky.</p>
<p><b>Olivera:</b> And these laws and contract also prohibited people from gathering rainwater. So rainwater was also privatized. Unpaid bills gave the company rights to repossess debtor's homes and to auction them off. People had to make choices, from eating less and paying for water and basic services, to not sending children to school, or not going to the hospital and treating illnesses at home; or, in the case of retired people who have very low incomes, they had to go out and work on the streets.</p>
<p><b>Olivera:</b> Then, with the slogan "The Water is Ours, Damn it!" people took to the streets to protest.</p>
<p><b>Narration:</b> The price this beleaguered country paid for World Bank loans was the privatization of the state oil industry, and its airline, railroad, electric and phone companies. But the government failed to convince Bolivians that water is a commodity like any other.</p>
<p>Protestors: ". . . <i>the people, united, will never be defeated</i> . . ."</p>
<p><b>Olivera:</b> Then we witnessed how the government defended the transnational interests of Bechtel. People wanted water, not teargas! People wanted justice, not bullets!</p>
<p><b>Female newscaster v.o. :</b>  <i>" . . . These images definitely show what the city of Cochabamba experienced during this Friday. The city was near a state of siege . . ."</i></p>
<p><b>Narration:</b> Bolivia was determined to defend the Corporation's right to charge families living on two dollars a day as much as one-quarter of their income for water. The greater the popular resistance to the water privatization scheme, the more violent became the standoff.</p>
<p><b>Olivera:</b> There were hundreds of young people, 16 or 17-year olds, who lost their arms or legs; or who were left handicapped for life by brain injuries and Victor Hugo Daza was killed.</p>
<p><b>Narration:</b> Transnational corporations have a long and dark history of condoning tyrannical governments. Is it narcissism that compels them to seek their reflection in the regimented structures of fascist regimes?</p>

## Exhibit 1 (continued)

## SEGMENT FOUR: RESPONSIBLE PRODUCTION, PRODUCTS, AND PRODUCT USE

## IBM and Germany - rt = 6 minutes, 48 seconds

**Zinn:** There was an interesting connection between the rise of fascism in Europe and the consciousness of politically radical people about corporate power. Because there was a recognition that fascism rose in Europe with the help of enormous corporations.

**Chomsky:** Mussolini was greatly admired all across the spectrum. Business loved him, investment shot up. Incidentally, when Hitler came in, in Germany the same thing happened there. Investment shot up in Germany. He had the work force under control. He was getting rid of dangerous left wing elements. Investment opportunities were improving. There was no problems. These are wonderful countries.

**Moore:** I think one of the greatest untold stories of the 20th century is the collusion between corporations — especially in America — and Nazi Germany. First in terms of how the corporations from America, helped to essentially rebuild Germany and support the early Nazi regime. And then, when the war broke out, figured out a way to keep everything going. So General Motors was able to keep Opal going, Ford was able to keep their thing going, and companies like Coca-Cola, they couldn't keep the Coca-Cola going, so what they did was they invented Fanta Orange for the Germans, and that's how Coke was able to keep their profits coming in, to Coca-Cola. So when you drink Fanta Orange, that's the Nazi drink that was created so that Coke could continue making money while millions of people died.

**Black:** When Hitler came to power in 1933, his goal was to dismantle and destroy the Jewish community. This was an enterprise so vast that it required the resources of a computer. But in 1933, there was no computer. What there was, was the IBM punch card system, which controlled and stored information based upon the holes that were punched in various rows and columns. Naturally there was no off-the-shelf software as there is today. Each application was custom designed and an engineer had to personally configure it. Millions of people of all religions and nationalities and characteristics went through the concentration camp system. That's an extraordinary traffic management program that required an IBM system in every railroad direction and an IBM system in every concentration camp. Now this is a typical prisoner card. There are little boxes where all the information is to be punched in. We compare this information to the code sheet for concentration camps. And here you see Auschwitz is one, Buchenwald two, Dachau is three. Now what kinds of prisoners were they? They could be a Jehovah's Witness for two, a homosexual for three. A communist for six, or a Jew would be eight. Now what was their status? One was released, two was transferred, four was executed, five was suicide, and six. Code six, Sonderbehandlung: Special treatment meant the gas chamber or sometimes a bullet. They would punch that number in. The material was tabulated. The machines were set. And of course the punch cards by the millions had to be printed. And they were printed exclusively by IBM and the profits were recovered just after the war.

**Wladawsky-Berger:** I really do believe that that particular accusation has been fairly discredited as a serious accusation. That is, the fact that they had used equipment, you know, that is a fact. But how they got it, how much co-operation they got, and any kind of collusion, trying to connect dots that are not connected, I think that's the part that is discredited. Generally, you sell computers and they are used in a variety of ways, and you always hope they are used in the more positive ways possible. If you ever found out they're used in ways that are not positive, then you would hope that you stop supporting that. But, do you always know? Can you always tell? Can you always find out?

## Exhibit 1 (continued)

<p><b>Black:</b> IBM would of course say that it had no control over its German subsidiary, but here in October 9<sup>th</sup> of 1941, a letter is being written directly to Thomas J. Watson with all sorts of detail about the activities of the German subsidiary. None of these machines were sold, they were all leased by IBM. And they had to be serviced on site once a month. Even if that was at a concentration camp such as Dachau Buchenwald. This is a typical contract with IBM and the Third Reich, which was instituted in 1942. It's not with the Dutch subsidiary. It's not with the German subsidiary. It is with the IBM corporation in New York.</p>
<p><b>Drucker:</b> You know, as it happens I know that story. I discussed it more than once with old Mr. Watson and I was around at the time. I'm not saying that Watson didn't know that the German government used punch cards. He probably did know. After all, he had very few customers. Watson didn't want to do it. Was not because he thought it was immoral or not, but because Watson, with a very keen sense of public relations, thought it was risky.</p>
<p><b>Narration:</b> It should not surprise us that corporate allegiance to profits will trump their allegiance to any flag. A recent U.S. Treasury Department report revealed that, in one week alone, 57 U.S. corporations were fined for trading with official enemies of the United States, including terrorists, tyrants and despotic regimes.</p>
<p>Archive Narrator: “. . .<i>You can roughly locate any community somewhere along a scale running all the way from democracy to despotism. This man makes it his job to study these things . . .</i>”</p> <p>Man: “. . .<i>Well, for one thing, avoid the comfortable idea that the mere form of government can of itself safeguard a nation against despotism . . .</i>”</p>

## Chemical Products - rt = 9 minutes, 20 seconds

<p>“Shell Presents”          “The Dow chemical Company Presents”          “A Presentation of Monsanto Chemical Company”</p>
<p><b>Epstein:</b> Something happened in 1940 which marked the beginning of a new era. The era of the ability to synthesize and create, on an unlimited scale, new chemicals that had never existed before in the world.</p>
<p>Archive: “. . .<i>And using the magic of research, oil companies compete with each other in taking the petroleum molecule apart and rearranging it into, well, you name it . . .</i>”</p>
<p><b>Epstein:</b> So, suddenly it became possible to produce any new chemical, synthetic chemicals, the likes of which had never existed before in the world, for any purpose and at virtually no cost.</p>
<p>Archival Narrator: “. . .<i>Fabrics, toothbrushes, tires insecticides, cosmetics, weed killers. A whole galaxy of things to make a better life on Earth . . .</i>”</p>
<p><b>Epstein:</b> For instance if you wanted to go to a chemist and say, look I want to have a chemical, say a pesticide which will persist throughout the food chain, and I don't want it to have to renew it very often, I'd like it to be relatively non-destructible, and then he'd put two benzene molecules on the blackboard and add a chlorine here, and a chlorine there — that was DDT!</p>
<p>Archival footage:          “. . .<i>When the 8th army needed jap civilians to help them out in our occupation, they called on native doctors to administer DDT under the supervision of our men to stem a potential typhus epidemic. Dusting like this goes a long way in checking disease, and the laugh's on them. Pardon our dust . . .</i>”</p>

## Exhibit 1 (continued)

<p><b>Epstein:</b> As the petrochemical era grew and grew, warning signs emerged that some of these chemicals could pose hazards.</p> <p>The data initially were trivial, anecdotal, but gradually, a body of data started accumulating to the extent that we now know that the synthetic chemicals which have permeated our workplace, our consumer products, our air, our water, produced cancer, and also birth defects and some other toxic effects.</p>
<p><b>Epstein:</b> Furthermore, industry has known about this — at least most industries have known about this — and have attempted to trivialize these risks.</p>
<p><b>PERSONALITY DIAGNOSTIC CHECKLIST: World Health Organization ICD-10, Manual of Mental Disorders DSM-IV</b></p> <p><input type="checkbox"/> Reckless disregard for the safety of others</p>
<p><b>Epstein:</b> If I take a gun and shoot you, that's criminal. If I expose you to some chemicals, which knowingly are going to kill you, what difference is there? The difference is, that it takes longer to kill you.</p>
<p><b>Epstein:</b> We are now in the midst of a major cancer epidemic — and I have no doubt and I have documented the basis for this, that industry is <i>largely</i> responsible for this overwhelming epidemic of cancer, in which one in every two men get cancer in their lifetimes, and one in every three women get cancer in their lifetimes.</p>
<p><b>Story of stories:</b></p> <p>Harms to Animals: Habitat Destruction</p> <p>Harms to Animals: Factory Farming</p> <p>Harms to Animals: Experimentation</p> <p>Harms to Animals: rBGH/rBST Posilac</p>
<p><b>Epstein:</b> Towards the end of 1989, a great box of documents arrived at my office, without any indication where they came from. And I opened them, and found in it a complete set of Monsanto files, particularly a set of files dealing with toxicological testing, the testing of cows who'd been given RBGH.</p>
<p>Reporter's voiceover: ". . .BST, trade name Posilac, is being used in more than a quarter of the dairy herds in the United States, according to Monsanto. The milk is being drunk by a large portion of the American population, since the Food and Drug Administration declared it safe for both cows and humans . . ."</p>
<p><b>Epstein:</b> And at that time Monsanto was saying, "There's no evidence whatsoever of any adverse affects, we don't use antibiotics." And this clearly showed that they had lied through their teeth.</p>
<p><b>PERSONALITY DIAGNOSTIC CHECKLIST World Health Organization ICD-10, Manual of Mental Disorders DSM-IV</b></p> <p><input type="checkbox"/> Deceitfulness: repeated lying and conning others for profit</p>
<p><b>Epstein:</b> The files described areas of chronic inflammation in the heart, lungs, kidneys, spleen, also reproductive effects, also a whole series of other problems.</p>
<p>Archival footage poster: ". . .MILK. MORE MONEY. IT'S A GREAT . . . TO BE A HIGH-PRODUCING COW."</p>
<p>"Report on Animal Welfare Aspects of the Use of Bovine Somatotrophin Report of the Scientific Committee on Animal Health and Animal Welfare Adopted 10 March 1999"</p>

## Exhibit 1 (continued)

Reporter's voiceover: ". . .the most comprehensive independent assessment of the drug, concludes that BST results in unnecessary, pain, suffering and distress for the cows. This is not acceptable for a drug designed simply to increase milk production . . ."
Rifkin: It is a silly product. We have, the industrial world is awash in milk. We're over-producing milk. We actually have governments around the world who pay farmers not to produce milk. So the first product Monsanto comes up with is a product that produces more of what we don't need.
Monsanto promo: ". . .Of course you'll want to inject Posilac in every eligible cow, as each cow not treated is a lost income opportunity."
<b>Wilson:</b> But the problem was that use of the artificial hormone caused all kinds of problems for the cows. It caused something called "mastitis," which is a very painful infection of the udders. When you milk the cow if the cow has bad mastitis, some of the — and I don't know how to say it this in a, you know I hope people aren't watching at dinner time — but the pus from the infection of the udders ends up in the milk. And the somatic cell count they call it — the bacteria count — inside your milk goes up.
<b>Akre:</b> There's a cost to the cows. The cows get sicker when they're injected with rBGH. They're injected with antibiotics. We know that people are consuming antibiotics through their food and we know that that's contributing to antibiotic resistant bacteria and diseases. And we know we're at a crisis when somebody can go into a hospital and get a staff infection and it can't be cured, and they die. That's a crisis.
<b>Rifkin:</b> Bad for the cow, bad for the farmer, bad potentially for the consumer. The jury is out, we see a lot of conflicting evidence about potential health risk. And of course, as a consumer, my belief is why should I take any risk?
<b>Narration:</b> Factory farm cows have not been the only victims of Monsanto products. Large areas of Vietnam were deforested by the U.S. military using Monsanto's Agent Orange. The toxic herbicide reportedly caused over 50,000 birth defects, as well as hundreds of thousands of cancers in Vietnamese civilians and soldiers, and in former American troops serving in South East Asia. Unlike the Vietnamese victims, U.S. Vietnam veterans exposed to Agent Orange were able to sue Monsanto for causing their illnesses. Monsanto settled out of court, paying \$80 million dollars in damages. But it never admitted guilt.
<b>PERSONALITY DIAGNOSTIC CHECKLIST: World Health Organization ICD-10, Manual of Mental Disorders DSM-IV</b> [ ] Incapacity to experience guilt
<b>Story of Stories</b> Harm to Biosphere: Clearcuts Harm to Biosphere: CO2 Emissions Harm to Biosphere: Nuclear Waste Harm to Biosphere: Corporate paradigm
<b>Monks:</b> Sleeping in a motel in Brewer, Maine, one night, I woke up with terrible hay fever and my eyes were burning. And I looked out at the river and there were great mounds of white foam going right down the river. And the next morning I got up and I said, "My God, what was that happening last night?" He said, "Oh that's just the river." And I said, "What do you mean?" He said, "Well, look every night the paper company sends the stuff down the river." And I said, "What are you talking about?" And he said, "Don't you understand? That's how we get rid of the effluent from the paper mills." Well I knew at that time, I had been in the business. I had sold oil to the paper mills. I knew all the owners. I had been in politics I knew the people in the towns. I knew not one constituent of the paper mills wanted to have the river polluted. And yet here the river was being polluted. And it was more or less as if we created a doom machine. In our search for wealth and for prosperity, we created something that's going to destroy us.

## Exhibit 1 (continued)

**Brown:** The traders who are involved in the market are not guys whose moral fibre, when it comes to environmental conditions, are going to be, be rattled at all. They're seeing dollars and they're making money.

**Michael Moore - rt = 1 minute, 30 seconds**

**Moore:** I went to Littleton, Colorado, where the Columbine shooting took place, and I didn't know this, but when I arrived, I learned what the primary job is of the parents of the kids who go to Columbine High School. The No. 1 job in Littleton, Colorado: they work for Lockheed Martin, building weapons of mass destruction. But they don't see the connection between what they do for a living and what their kids do at school. Or *did* at school. And so I'm kind of, you know, up on my, you know, high horse, thinking about this, and I thought, you know, I said to my wife, "We both are sons and daughters of auto workers in Flint Michigan. There isn't a single one of us, back in Flint — any of us, including us — who ever stopped to think, this thing we do for a living, the building of automobiles, is probably the single biggest reason why the polar ice caps are going to melt and end civilization as we know it." There's no connect between, "I'm just an assembler on an assembly line, building a car, which is good for people, and society, it moves them around." But never stop to think about the larger picture, and the larger responsibility, of what we're doing.

**Moore:** Ultimately, we have to, as individuals, accept responsibility for our collective action and the larger harm that it causes, you know, in our world.

**Archive Newscaster:** ". . . Today the first of two historic town-hall meetings will get under way in Arcata, California. Sixty-one per cent of Arcatans voted in favour of publicly discussing whether democracy is even possible when large corporations wield so much wealth and power under law. They also voted to form a committee to ensure democratic control over corporations in Arcata . . ."

**Ray Anderson - rt = 2 minutes, 59 seconds**

**Anderson:** For 21 years, I never gave a thought to what we were taking from the earth or doing to the earth in the making of our products. And then in the summer of 1994, we began to hear questions from our customers we had never heard before:

"What's your company doing for the environment?" And we didn't have answers. The real answer was, "Not very much." And it really disturbed many of our people, not me so much as them. And a group in our research department decided to convene a task force and bring people from our businesses around the world to come together to assess our company's worldwide environmental position to begin to frame answers for those customers.

**Anderson:** They asked me if I would come and speak to that group and give them a kick off speech and launch this new task force with an environmental vision — and I didn't have an environmental vision, I did not want to make that speech.

**Anderson:** And at sort of the propitious moment, this book landed on my desk. It was Paul Hawkins' book, "The Ecology of Commerce." And I began to read the "Ecology of Commerce," really desperate for inspiration, and very quickly into that book, I found the phrase "the death of birth." It was E.O. Wilson's expression for species extinction, "the death of birth," and it was a point of a spear into my chest, and I read on, and the spear went deeper, and it became an epiphanal experience, a total change of mindset for myself and a change of paradigm.

**Anderson:** Can any product be made sustainably? Well, not any and every product. Can you make landmines sustainably? Well, I don't think so. There's a more fundamental question than that about landmines. Some products ought not be made at all.



## Exhibit 1 (continued)

**Anderson:** Unless we can make carpets sustainably, you know, perhaps we don't have a place in a sustainable world, but neither does anybody else, making products unsustainably.

**Anderson:** One day early in this journey, it dawned on me that the way I'd been running Interface is the way of the plunderer.

Plundering something that's not mine, something that belongs to every creature on earth, and I said to myself, "My goodness, the day must come when this is illegal, when plundering is not allowed." I mean, it must come. So, I said to myself, "My goodness, some day people like me will end up in jail."

## SEGMENT FIVE: WHO OWNS KNOWLEDGE AND LIFE?

## Advancing the Front – rt = 4 minutes, 55 seconds

**Rifkin:** The Chakrabarty case is one of the great judicial moments in world history. And the public was totally unaware it was actually happening as a process was being engaged. General Electric and Professor Chakrabarty went to the patent office with a little microbe that eats up oil spills. They said they had modified this microbe in the laboratory, and therefore it was an invention. The patent office and the U.S. government took a look at this quote "invention" they said, "No way. The patent statutes don't cover living things. This is not an invention." Turned down.

**Rifkin:** Then, General Electric and Doctor Chakrabarty appealed to the U.S. Customs Court of Appeal. And, to everyone's surprise, by a three-to-two decision, they overrode the Patent Office. GE commercial: ". . . GE, we bring good things to life. . ."

**Rifkin:** They said, "This microbe looks more like a detergent, or a reagent, than a horse or a honeybee." I laugh because they didn't understand basic biology; it looked like a chemical to them. Had it had an antenna, or eyes, or wings, or legs, it would never have crossed their table and been patented.

**Rifkin:** Then the Patent Office appealed. And what the public should realize now is the Patent Office was very clear that you can't patent life. My organization provided the main amicus curiae brief.

**Rifkin:** "If you allow the patent on this microbe," we argued, "it means that without any congressional guidance or public discussion, corporations will own the blueprints of life."

**Rifkin:** When they made the decision, we lost by five to four, and Chief Justice Warren Burger said, "Sure, some of these are big issues but we think this is a small decision."

**Rifkin:** Seven years later, the U.S. Patent Office issued a one sentence decree — "You can patent anything in the world that's alive, except a full-birth human being."

*" . . . the Supreme Court of the United States ruled today that living organisms produced in the laboratory may be patented. This decision to extend patenting . . . "*

*" . . . the question the U.S. Supreme Court had to decide was whether one man, or one company, should be able to control new forms of life . . . "*

*" . . . if we allow any company or college to exclusively own a species, what does that say about our reverence for life . . . ? "*

*" . . . researchers at Harvard manipulated the genes of mice making their offspring more susceptible to cancer. They patented the Harvard mouse in the U.S, Europe & Japan . . . "*

*" . . . the legal battle finally came to an end today. The Supreme Court of Canada ruled the genetically engineered mouse can't be patented . . . "*

*" . . . Canadians don't think that life forms are inventions of industry like light bulbs and widgets . . . "*

*" . . . bio prospecting; scientists and drug companies search the planet, companies scouring the planet for valuable DNA, genes they can patent and sell . . . "*

*" . . . it feels a lot like the Wild West. We've got bandits going around the world, collecting wherever they can, sometimes under false pretenses . . . "*

*" . . . because it's been so isolated, Newfoundland has a unique gene pool, and there's been so much interest from gene prospectors that the government is funding a study . . . "*

*" . . . my genetic imprint, my genetic blueprint, really has been taken away from me. . . "*

*" . . . modern scientific research , instead of being the impartial pursuit of the truth, has become the pursuit of profit. . . "*

## Exhibit 1 (continued)

<p><b>Rifkin:</b> We've all been hearing about the announcement, that we have mapped the human genome. But what the public doesn't know, is now there's a great race by genomic companies, and biotech companies, and life science companies, to find the treasure in the map. The treasure are the individual genes that make up the blueprint of the human race. Every time they capture a gene and isolate it, these biotech companies, they claim it as intellectual property. The breast cancer gene, the cystic fibrosis gene — it goes on, and on, and on. If this goes unchallenged in the world community, within less than 10 years, a handful of global companies will own, directly, or through licence, the actual genes that make up the evolution of our species. And they're now beginning to patent the genomes of every other creature on this planet.</p>
<p><b>Rifkin:</b> In the Age of Biology the politics is going to sort out between those who believe life first has intrinsic value, and therefore we should choose technologies and commercial venues that honor the intrinsic value. And then we're going to have people who believe, "Look, life is simple utility. It's commercial fare", and they will line up with the idea to let the marketplace be the ultimate arbiter of all of the Age of Biology.</p>
<p><b>Narration:</b> In a world economy where information is filtered by global media corporations keenly attuned to their powerful advertisers, who will defend the public's right to know? And what price must be paid to preserve our ability to make informed choices?</p>

## Vandana Shiva 1 - rt = 37 seconds

<p><b>Shiva:</b> The corporation is not a person it doesn't think. People in it think, and for them it is legitimate to create terminator technology. So that farmers are not able to save their seeds. Seeds that will destroy themselves through a suicide gene.</p> <p>Seeds that are designed to only produce crop in one season. You really need to have a brutal mind. It's a war against evolution to even think in those terms. But quite clearly profits are so much higher in their minds.</p>
<p>Archival cartoon: ". . . <i>The profit motive, which drove Putzy to accomplish so much, may bring out the evil, as well as the good. Hello? . . .</i>"</p>

## Vandana Shiva 2 – rt = 2 minutes, 21 seconds

<p><b>Shiva:</b> Over the past decade we have been gaining ground. And when I say we, I mean ordinary people committed to the welfare of all humanity. All people, irrespective of gender and class and race and religion. All species on the planet. We managed to take the biggest government and one of the largest chemical companies to court on the case of neem. And win a case against them. W R Grace and the U.S. government's patent on neem was revoked by a case we brought along with the Greens of European Parliament and the International Organic Agriculture Movement. We won because we worked together. We have overturned nearly 99 per cent of the basmati patent of RiceTek. Again, because we worked as a worldwide coalition, old women in Texas, scientists in India, activists sitting in Vancouver, a little basmati action group.</p>
<p><b>Shiva:</b> We stopped the Third World being viewed as the pirate, and we showed the corporations were the pirate.</p>
<p><b>Shiva:</b> Look how little it took for Gandhi to work against the salt laws of the British where the British decided the way they would make their armies and police forces bigger is just tax the salt. And all that Gandhi did was walk to the beach, pick up the salt and say nature gives it for free, we need it, we've always made it. We will violate your laws. We will continue to make salt. We've had a similar commitment for the last decade in India, that any law that makes it illegal to save seed is a law not worth following. We will violate it because saving seed is a duty to the earth and to future generations.</p>

**Exhibit 1 (continued)**

**Shiva:** We thought it would really be symbolic. It is more than symbolic. It is becoming a survival option. Farmers who grow their own seeds, save their own seeds, don't buy pesticides, have threefold more incomes than farmers who are locked into the chemical treadmill, depending on Monsanto and Cargill.

**Shiva:** We have managed to create alternatives that work for people.

**Rifkin:** There are many tools for bringing back community. But the importance is not the tools. I mean there's litigation, there's legislation, there's direct action, there's education, boycotts, social investment . . . . There's many, many ways to address issues of corporate power. But in the final analysis, what's really important is the vision. You have to have a better story.

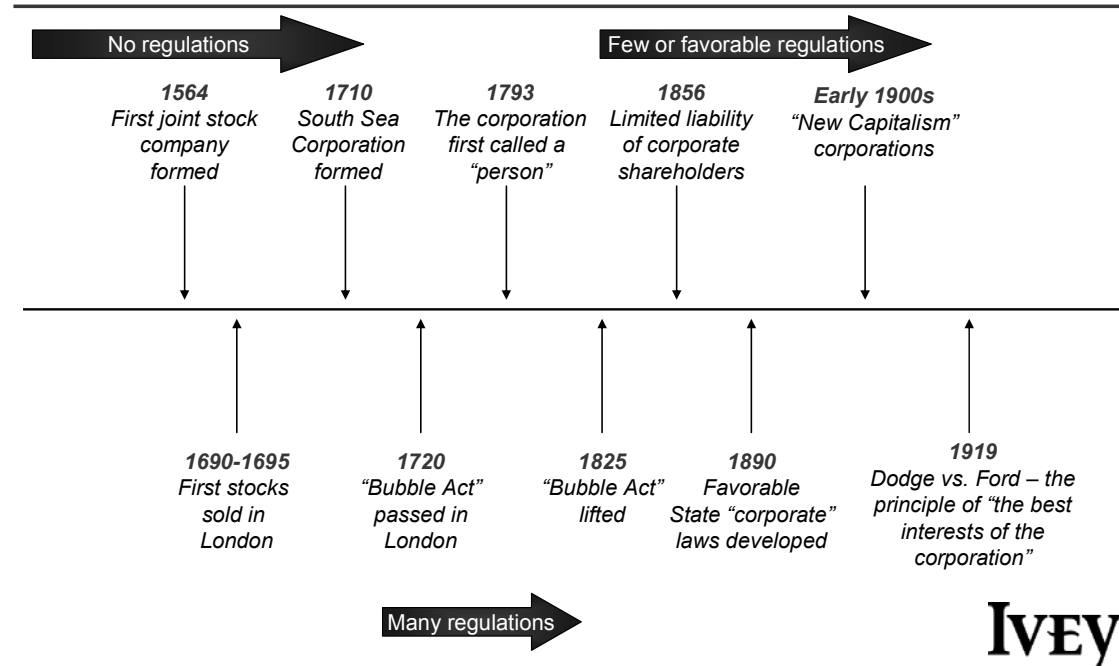
*Source: Transcript from "The Corporation" documentary film.*

Exhibit 2

SAMPLING OF ACCOMPANYING SLIDE SHOW

SEGMENT ONE: THE CORPORATION – INDIVIDUAL OR INSTITUTION?

# The History of the Corporation



Richard Ivey School of Business  
The University of Western Ontario

## Exhibit 2 (continued)

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## Corporate Evolution

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- 1930: concept of CSR first demonstrated
  - companies working to regain trust after the Great Depression
  - public saw the Depression as a by-product of corporate greed and mismanagement

**“Organized industry should take the lead, recognizing its responsibility to its employees, to the public, and to its shareholders rather than that democratic society should act through its government”**

Gerard Swope, President, GE 1934

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**IVEY**

Richard Ivey School of Business  
The University of Western Ontario

## Exhibit 2 (continued)

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## The Role of the CEO

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***Corporations* do not make decisions, people do. The responsibility of corporations is determined by the decisions of the people in them.**

**“...not all the people who work in corporations are bad or have a desire to exploit .”**

**“Certain values get emphasized while others get de-emphasized. And the ones that get emphasized are what’s going to bring up the bottom line.”**

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**IVEY**

Richard Ivey School of Business  
The University of Western Ontario

## Exhibit 2 (continued)

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## CSR Case Study

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### Sir John Browne and British Petroleum (Decision #2)

**BP goes ahead with the drilling ... Browne states:  
“by implication social responsibility is not appropriate when it could  
undermine a company’s performance. That is why BP *must* drill on  
the costal plain if that is the most beneficial (ie. profitable) long-term  
course for the company... the costs of not drilling could be huge”**

**No matter his personal commitment to the environment  
Browne puts his company and its shareholders’ interests  
above all others**

**Do you agree that BP acted in a  
responsible manner?**

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**IVEY**

Richard Ivey School of Business  
The University of Western Ontario