

THE THEORY OF BUSINESS ENTERPRISES PART 6: GOVERNMENT AS AN ARM OF BUSINESS

The international policies of the US government are organized around the needs of businessmen, according to Thorstein Veblen, in the same way the legal system was organized to protect their interests and not those of the common people.

... [W]ith the sanction of the great body of the people, even including those who have no pecuniary interests to serve in the matter, constitutional government has, in the main, become a department of the business organization and is guided by the advice of the business men.

Chapter 8.

He explains that in the US and elsewhere, protecting business interests meant the use of force to enable businessmen to make profits safely in foreign lands. It meant using the military to obtain favorable terms of trade, at least as favorable as those awarded to other nations. Diplomacy, says Veblen, must be backed up by displays of force, especially among the “outlying regions of the earth”, where the uncivilized people live. They like their own ways aren’t used to doing business like the civilized nations. They must be forced to follow the rules. And the outcome is unusually high profits. We now think of this as the bad old age of imperialism.

The problem is that if US businessmen can make extraordinary profits, then so can those of other “civilizing powers”, and therefore armaments are also useful in fending off other nations that want to civilize the barbarians. That leads to massive increases in armaments,

what we would call an arms race.

He concludes that as military power increases, it shifts from its role in protecting the interests of businessmen and becomes a driver of national purpose. The initial impetus of militarization was business interests, but Veblen predicts that it will turn into something else:

The objective end of protracted warlike endeavor necessarily shifts from business advantage to dynastic ascendancy and courtly honor.

Military armaments become instruments of national purpose, and businessmen see that as an opportunity for profit. They are equally happy to serve any of the potential warring nations, as long as it's profitable, "... whereby an equable and comprehensive exhaustion of the several communities ... is greatly facilitated." That sounds a lot like World War I.

Reflections on Chapter 8

The idea that voters routinely elect businessmen to lead government and expect business representatives to play a major role in formulating policy is as true today as it was when Veblen wrote. A number of businessmen hold governorships, including Rick Scott of Florida, Rick Snyder of Michigan, and Bruce Rauner of Illinois. Each of them preaches that government should be run like a business, and that means poisoning the water of Flint to save money, ignoring climate change as Miami sinks, and refusing to negotiate with the legislature at the risk of wrecking the entire state. State legislatures are full of car dealers, funeral home directors and other small businessmen, and they are notoriously responsive to the arguments and cash of the business class including such representative groups as ALEC and the US Chamber of Commerce. There are plenty of these wreckers in Congress as well. Respect for businessmen has reached the Presidency with the the nomination

of Trump, who isn't really a businessman but plays one on TV.

The idea that the role of government is the protection of business interests at home and abroad is still applicable today. There is an unbroken chain of politicians and judges devoted to protecting the interests of businesses at preposterous levels, as in the *Lochner* case, and efforts to return to that level of harshness towards workers. The Republican party generally stands for cutting taxes on the rich, destroying the regulatory structure and cutting social spending while increasing privatization of government services.

Here's how the Green Party leader Jill Stein described US foreign policy in an interview by Brad Friedman of Bradblog, posted at Salon.

Or foreign policy. The guys running the show in the Democratic Party are basically the funders, and that's predatory banks and fossil fuel bandits and war profiteers and the insurance companies, and that's what we get.

That's even more true of the Republicans. It sure seems like a good explanation of US overt and covert intrusions in the South and Latin America and many other places around the globe. Veblen shows that this policy has been followed since the late 1800s.

And finally, there are plenty of examples of US companies doing business with our putative enemies, such as Halliburton with Iran and the Koch family with the Nazis.

The neoliberal program is the political project of both parties. There is the economics side and the national security side. The point of the economics stuff is to confuse people about the nature of the economy, and to use that confusion to make maximum profits. The goal of the national security side is to support businesses and to keep US citizens under control. There is bipartisan support for our interventions all

over the globe, and for use of military power to control other nations. There is bipartisan support for use of market solutions to social problems instead of direct intervention with strict legislation and enforcement. There is bipartisan support for government spying on people, and for use of a wide range of punishments including incarceration, drug tests for aid recipients, and for economic insecurity, hunger and fear of job loss to control the populace and keep the workers disciplined. Veblen describes the way this program looked in his day, and whatever progress has been made on these issues is under assault.