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Spirit Of The Law: Making Corporations Less Greedy

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By Alexander Schmidt

New York, NY – My last column (August 1, 2017) noted that the law of corporate fiduciary duty, which many managers believe compels them to maximize profits, works to drive down workers’ wages. Unlike humans, whose moral values typically include serving others and society rather than just themselves, fueled by their a misconception of fiduciary duty law, most corporations have only one moral value: greed.



Their profit-seeking engenders tunnel vision that causes companies to de-humanize workers and reduce labor to an input cost, no different than raw materials or other chattel components of production. In the cold cost-benefit calculus of profit-maximization, laborers’ dignity and quality of life become zero-value irrelevancies.

Capital’s predisposition to treat labor as a production cost was once reasonably offset by strong labor laws and unions that secured middle-class lifestyles for workers. But since the 1970s, large public corporations—driven by their profits-only value systems—have doggedly used swarms of lobbyists and political contributions to upset that balance by encouraging (buying, really) national and state pro-business, anti-labor legislation and judicial rulings that have worked to reduce union

membership to 6% of the private workforce.

Their moneyed onslaught has overwhelmed pro-labor voices, reducing workers' political effectiveness and collective economic condition to their worst levels since the Depression. Corporatists currently so dominate our political system that we no longer have a genuine democracy. America, instead, has become a plutocracy run by large corporate interests—a corporatocracy—whose profiteering frequently trumps all competing human sensibilities.

Frank Capra's "It's A Wonderful Life" brilliantly contrasted people-oriented and greed-ruled societies. America increasingly resembles Pottersville—full of strife, crudity, working class economic hardship and vast income inequality—than idyllic Bedford Falls.

To restore workers' rights and well-being we must change the laws that govern corporate behavior. The Democrats' "Better Deal for American Workers" announced by Chuck Schumer (New York Times Op-ed, July 24, 2017) is a good start. It recognizes that "special interests" spending "unlimited" funds to "write the rules" have created a system that "favors short-term gains for shareholders instead of long-term benefits for workers," and it proposes "new policies" and "fundamentally changing" certain laws "to benefit workers, not multinational corporations."

But Senator Schumer's vision falls short in two critical respects: he does not advocate re-strengthening unions as a necessary counterweight to corporate greed, and he does not focus on instituting laws aimed at reducing corporate greed itself to societally-optimizing levels.

We need strong unions. We also must incentivize corporations to properly prioritize people—workers and consumers—along with profits. And we need to resurrect our democracy "of the people" and eliminate corporate control of our government.

Changing the law will require changing voters' attitudes about corporations, whose marketing has seduced many Americans to trust their dominance over culture and our lives. Voters should be reminded constantly that corporations are not human and are not obligated, under current law, to act in society's overall best interest.

Most people would agree that America should not be run by machines. But America already is run by machines—large corporations that are programmed heartlessly to pursue profits. To make American workers great again, that has to change.

We need corporations, but we also need to keep them in their proper place.

Voters need to understand that corporations are creatures of statute designed to benefit society—99% of whom are workers and consumers—by facilitating commerce and creating jobs. And since "we the people" legislated corporations into

existence for that purpose, we have the power to regulate their profit-seeking when it harms rather than benefits us. Specific laws designed to do that will be discussed in my next column.

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