

From YubaNet.com

COLUMNS

Howard Dean: The Myth of Corporate Accountability

Author: Howard Dean

Published on Sep 27, 2004, 07:20

In recent years, thousands of good paying American jobs have been sent overseas. Free trade has made it much easier for corporations to do business elsewhere, but free trade does not make it easier to protect workers and the environment elsewhere. This results in lost American jobs and downward pressure on American wages and benefits; leading to just what short sighted leaders in the world business community hoped for - to make quarterly results better.

But the truth is that there are very few "American" corporations of any size left. An even sadder truth is that many of these large multinationals no longer value employees as people, they see labor as nothing more than a commodity. And in the last ten years, they have seen small investors as a commodity as well.

The examples of corporations taking advantage of laborers and consumers are well-known. Enron bragged of how they cheated grandmothers who depended on them for electricity in California and also cheated their own employees by recommending they buy more stock in their pension funds as company executives were selling. Tyco's top officers used millions of investor dollars for their own personal expenses. American Airlines' former chairman secretly took huge pay increases while negotiating pay cuts for the company's pilots, flight attendants and mechanics.



There are many reasons for all this, including a lack of moral tone set by the federal government. Congress and the Bush administration allow and encourage this behavior.

Tyco, for example, is an "American" company headquartered in Bermuda. This allows them to avoid a lot of American taxes and at the same time, makes it harder for small investors to get information and accountability from the leadership in the company.

Most CEOs, whose pay has skyrocketed despite lousy performance over the past few years, have a majority of insiders on their boards while the outside directors are hand picked. There is no "corporate conscience" unless the CEO wants one.

Corporate governance is often a matter of state law. Delaware has thousands of businesses incorporated there simply because Delaware laws make it more difficult than most states to enforce the obligations that directors have to shareholders.

If we want more and better jobs, a fair trade policy, better behavior by corporate leaders, more pay equity between those who work and those who lead and better corporate morals, we need to make that happen by doing the following:

- Insist that Congress stop voting for trade agreements with no enforceable labor or environmental standards.
- Government contracts should be preferentially given to real American companies, particularly defense contracts.
- Create stronger federal enforcement of corporate accountability to shareholders.
- Open the election process for directors of publicly owned corporations so investors can easily nominate and elect outside directors. Public ownership of companies should mean public majorities on the boards - in other words more outside directors that are not hand picked by CEOs.
- Hold CEOs accountable for what they say. If pay packages for workers are determined by merit and by results, so should the pay packages of corporate leadership. Hypocrisy leads to disrespect, which undermines any organization.

The stakes are high. America is rapidly losing its dominate position in the world economy as jobs move elsewhere and Americans lose faith in the moral leadership of the business community. Small businesses and small communities are the first casualties of corporate indifference and of our falling standard of living. If we want a strong America, we need a strong business community.

Howard Dean, former governor of Vermont, is the founder of Democracy for America, a grassroots organization that supports socially progressive and fiscally responsible political candidates. Email Howard Dean at howarddean@democracyforamerica.com.

© Copyright 2004 by YubaNet.com

Send your letters to the editor to news@yubanet.com