

## **Redeeming The Unredeemable**

By Radical Randy

Booming Alberta produces more than enough wealth to eradicate poverty and homelessness, but doing this would undermine dominant vested interests with a huge financial stake in maintaining the status quo. Fair wages and benefits, good working conditions, and curbing pollution and global warming are opposed at every turn by corporations. Powerful business lobby groups such as the Canadian Council of Chief Executives work overtime to ensure our governments serve their agenda, not the pursuit of social justice reforms. The structural poverty built into our economic system remains intact.

The response of some people upon hearing this view is: “If corporations are as evil as you claim, why don’t all you goody-goody reformers get jobs with them and clean things up from the inside?”. The breathtaking naivety of this suggestion is readily exposed:

1. The courts have consistently ruled that a corporation’s only legitimate concern is its fiduciary responsibility to maximize investor returns to the greatest extent possible, this being its solitary reason for existence. They are not legally permitted to engage in any socially beneficial activity that cuts into profits. Philanthropy must be designed solely to generate community goodwill or name recognition. Any CEO or other executive who flaunted this principle would be fired by the Board of Directors and any Board failing to pursue maximum profits would face shareholder lawsuits.

2. Any company working for social justice would find itself the target of corporate raiders. Its depressed share value would attract vultures who would buy it and proceed to slash costs to improve returns by eliminating ethical practices, probably dismembering it as well by selling off assets. Only a family held company would be immune to these first two objections.

3. An ethically run company paying its workers a good living wage, avoiding polluting, and only engaging in Fair Trade would be at a disadvantage compared to a predatory business exploiting its workforce and engaging in destructive environmental practices. The corporate race to the bottom would rapidly put a responsible company out of business, especially in the era of global “Free Trade”. This Wal-Mart Effect could only be

avoided if informed consumers were willing to pay higher prices for ethical goods.

4. An applicant for a management job who expresses social concerns may be hired as window dressing by the public relations department, but will certainly not be entrusted with any real position of power. People running corporations tend not to be humanitarians. Promotions to greater authority are based on the ability to bring in profit by any means and to fit into corporate culture. Mother Teresa and Mahatma Ghandi need not apply.

These considerations illustrate the futility, indeed absurdity, of trying to reform corporations from within. It was not for nothing that linguist Noam Chomsky referred to them as a “private, unaccountable tyranny” designed to internalize the benefits of economic activity and socialize the costs. Any changes to promote social justice and end poverty and the maldistribution of wealth in Canada will have to be imposed on the wealthy elite who run our country, not left to the illusory good intentions of corporate insiders.

Information on this and other economic and social issues may be found at <http://activistresources.raisevoice.com>.