



RULES CHANGE:
Resetting the Playing Field for
Corporations, People and Democracy
(May 3-5, 2013 convening / UMass Amherst)

Here is a list of 15 categories of mainstream “rules changes” cited in multiple books over two decades. At the Rules Change summit, many of these will be the subject of pre-convening task force reports and recommendations; experts and white papers will represent others.

Key categories for rules-change initiatives	
1.	Challenge corporate personhood
2.	Require federal “public good” charters for the largest public corporations
3.	Lobbying reform and transparency to curtail big-money influence
4.	Act for World Sustainability; Replace GNP; Accept Limits to Growth
5.	Encourage media diversity
6.	Short-term disincentives (to discourage excessive emphasis on short-term earnings and churning portfolios)
7.	Wall Street rule and incentive reform
8.	Internalize costs (corporations absorb pollution cost)
9.	Alternative “success” measurements besides Gross National Product (to show progress toward prosperity, e.g., “genuine progress indicators.”)
10.	Progressive income/consumption taxes
11.	World trade – Cost internalization, localize, cooperation, global charters
12.	Alternative ownership; incentives for localism
13.	Antitrust enforcement
14.	Constitutional issues – Limited liability, commerce-cause reinterpretations
15.	Additional policy reforms

Four of the most important rule changes

Here are four of the most important rule changes pre-convening task forces will consider:

1. Assert that Corporations do not have all constitutional rights of people

Sources such as the book, *Corporation Nation*, and the publications of the *Program on Corporations, Law and Democracy* (POCLAD) point out that through a series of Supreme Court decisions, corporations have been granted the constitutional rights of individuals. The Court has declared that under the law, corporations are persons. For example, corporations claim rights to First Amendment freedom of speech in order to block regulation on corporate lobbying and electioneering. At the state and local levels, several legal challenges are proceeding. Action is needed at the federal level. Of special note are the Free Speech for People campaign (see: <http://peoplesrightsamendment.org/>) and Move to Amend (see <http://movetoamend.org>), which

support congressional resolutions filed by U.S. Rep. James P. McGovern, D-Mass., and others, declaring that corporations are not people under the U.S. Constitution.

2. Require large corporate charters to include public good

There has been a widely held view that the obligation of corporations is to owners only. For example, a 1999 report by the National Association of Corporate Directors asserts: "The objective of the corporation (and therefore of its management and board of directors) is to conduct its business activities so as to enhance corporate profit and shareholder gain." The corporate structure shields owners from liability for corporate debt and damage claims. Directors should have an obligation to consider the corporation's impact on other publics. In early America, corporations were viewed as institutions to serve the public and accountable to the public through the democratic process. Corporate charters were required to define a specific purpose benefiting the public, and were revocable. For more background, see www.poclad.org or www.reclaimdemocracy.org

However, some legal and business scholars, such as Lynn Stout in her 2012 book, "The Shareholder Value Myth," are now arguing this shareholder-only obligation argument is not well grounded in history and may not even be in the best interest of shareholders.

We need federal legislation, which defines the responsibilities of large, public corporations and their directors and officers to include public good, including employees, customers, communities and the environment. Some states have such statutes, but the concept of public obligation needs to be embodied in federal law and enforced via federal charter requirements, at least for large public corporations engaged in interstate commerce.

3. Curtail influence of big money on elections and legislation

Corporate money and high-wealth individuals have excessive influence on legislation and elections via campaign contributions that are rewarded by access, and the purchase of services high proportion of the 12,000 congressional lobbyists with and lobbying spending of about \$13 billion annually. Reasonable reform legislation has been overturned by the assertion of "First Amendment rights of free speech for corporations. A constitutional amendment may be needed to settle the interpretation of the U.S. Constitution by declaring that it refers only to natural people.

4. Act for world sustainability; Replace GNP as the measure of prosperity, and accept limits to growth

It is beyond reasonable doubt that the world is moving towards a state of permanent shortages in many critical materials – fuel, water, arable land, scarce minerals, etc. arable land. Our economic system and reporting judge success by short-term growth in consumption, profits and employment. This dilemma must be resolved. There is hope; research shows that once basic needs are met, relationships are the source of fulfillment or happiness rather than consumption. Employment is shifting from consumption to infrastructure, alternative energy sources and government-sponsored research and development.

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