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Financial FAQs

Where Is the Corporate Conscience?

I applaud Leo Hindery's August 13 Other Voices commentary, "A Plea For Corporate-Conscience" for putting corporate responsibility back into play. It shocked me to learn that corporate CEOs—of the Business Roundtable, at least—felt that maximizing shareholder wealth (and so their own) has become the only job of business!

The fact that wages and household incomes have not kept up with productivity gains since the 1970s is just one result of such a shortsighted policy that has resulted in a "growing divergence between its (U.S.) national interests and the interests of those U.S. multinational corporations that seem bent on moving everything but consumption offshore," says Hindery.

We see the result of the broken contract with the middle class. We know that the massive resulting Federal budget deficits have pushed us back to inequality levels last seen in the 1920s—at the expense of a decent health care system (for our veterans as well), and declining educational system (our elementary and high school children rank lower in math and reading skills than those in Japan and other developed countries).

U.S. citizens now have much longer working hours than in other developed countries, fewer benefits including paid vacations and sick leave, a greater incidence of major diseases, shorter life spans, and higher infant mortality than in some developing countries (including Cuba).

The increase in major diseases was documented in a major British-American study published in the May 3, 2006 AMA's Journal of the American Medical Association. Using well-respected national survey data on the health and lifestyles of more than 6,400 Americans and 9,300 English people aged 40 to 70, the researchers found that U.S. citizens aged 55 to 64 are twice as likely as their peers in England to be diabetic (12.5 percent of Americans surveyed vs. 6.1 percent of British); 10 percentage points more likely to have high blood pressure (42.4 percent vs. 33.8 percent); 6 percentage points more likely to suffer from heart disease (15.1 percent vs. 9.6 percent); and at nearly double the risk for cancer (9.5 percent vs. 5.5 percent). Americans also had higher rates for heart attack, stroke and lung disease when compared to the British.

Leo Hindery's initial recommendation to link corporate tax rates to the productivity of a corporation's U.S. employees will do nothing to encourage workers to produce more, however, unless employees receive their 'fair' share of its benefits. And who is to say such savings will be passed on to employees?

A much better idea is to improve the health and security of all U.S. workers by guaranteeing basic health care for all, as in all other industrialized countries. We should also strengthen our retirement system, so that workers do not have to worry about their old age. Treasury Secretary Paul O'Neill was fired for suggesting that \$1 trillion of the Clinton budget surplus be set aside to rescue social security and Medicare, instead of using it to finance the drastic tax cuts that have caused much of the current budget deficit (i.e., \$8 trillion in public debt, 45 percent of which is owed to foreign investors).

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