



# P E R S P E C T I V E S

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## **So Many Words, So Little Action!** *It's time for Corporate America to step up its game*

As almost everyone in the US is now aware, Georgia's Republican legislators passed legislation to: a) actively suppress voter turnout, making it significantly harder for minorities to vote by adding new vote-by-mail identification requirements, limiting drop boxes, and an assortment of other measures designed to resuscitate "Jim Crow" voting in the state; and, b) provide the state Republican party with the right to choose who won an election (including who would receive Georgia's Electoral College votes in the next Presidential election). It was a shocking rejection of democracy after the cleanest election, "most secure in modern history" according to Mr. Trump's own chief of data security. Clearly, it signaled a very dark day for our republic and foreshadows the likelihood that one party, clearly a minority party, would seek to control election outcomes at the state and federal levels indefinitely into the future. That sounds a lot like an autocratic dictatorship, not a democratic republic.

Several Atlanta-based companies, including Delta Air Lines Inc. and Coca-Cola Co., lodged public opposition to the legislation and meekly requested that the Georgia legislature ceases from its anti-democratic path. The legislature ignored them, and neither Delta nor Coca Cola took any action whatsoever to reverse what they publicly opposed. So many words. So little action. Is it possible that both companies are afraid to take a stand on an issue that is vitally linked to our government and our way of life? The power Delta and Coca-Cola wield in Georgia is enormous. If they chose to use it, no doubt a significant component of the business community would have followed their lead.

Why the inaction? Most likely it is because both companies are unable to see that a failure to arrest this slide into autocracy will ultimately cripple the Georgia economy, and if Georgia successfully combines with other states to change the control of the Senate, the House, and the Presidency, it will certainly cripple the entire US economy. Why is that so?

As I've written here before, Milton Friedman's dictum that the only purpose of a corporation was to make profits for its shareholders dominated business ethos starting in the 1970s. It has taken about 50 years for the American business community to realize how insane this was. Today, the cream of business leadership acknowledges that an economy doesn't magically float freely above the society from which it emerges. The two are inextricably bound up with each other, and when instability threatens the political realm, the economy is also threatened. (Other than weapons and bomb suppliers, no Syrian companies are making money in the war-torn wasteland that Syria has become.) And so, the Business Roundtable, the Chamber of Commerce, and all other thoughtful business institutions have begun to repudiate Friedman's flawed "shareholders only" form of capitalism in favor of a new doctrine: "Stakeholder Capitalism."

Stakeholder Capitalism espouses the belief that the most successful companies, in economic as well as social terms, are those that value relationships with all their stakeholders. The "stakeholders" are understood to be the shareholders as well as the employees, vendors, customers, and the communities the business serves. That comprehensive worldview of the role of business in society makes for greater profits and a healthier society, which in turn leads to greater business success over the long term.

A more recent example of active voter suppression measures being enacted by a Republican-controlled legislature is occurring in the state of Texas, even as we write. After thoroughly debating the issue, over 50 companies came out against the voter suppression measures the Texas legislature was attempting to pass. Those companies, including Microsoft Corp., Unilever PLC, and American Airlines Group Inc., signed a letter opposing “any changes that would restrict eligible voters’ access to the ballot” in Texas, days ahead of an expected vote in the state legislature on a voting bill. The statement began with these profound words:

“We believe the growth of free enterprise is directly related to the freedom of its citizens. Freedom is preserved in our democracy when we hold free and fair elections that protect the fundamental rights of all Texans... We believe the right to vote is sacred. When more people participate in our democratic process, we will all prosper... By supporting a stronger trustworthy democracy, we will elevate our economy.”

Yes, a free society works better for the economy. Every capable business leader knows that, as the 50 companies who signed the Texas statement all fully comprehend. The key element is a democratic system in a free society. That is what distinguishes the form of “capital markets economy” we enjoy from the disaster which is the Russian “command and control” economy.

It is not a coincidence that Russia has been looted for more than a generation by a system of oligarchs who split their state-sponsored wealth with Putin personally. The economy is in shambles, barely supported by very high oil prices that will inevitably come down even as production levels begin to reduce. Russia’s economy, never a big one (smaller than Italy!), is heading for a dramatic decrease in activity. The US economy, on the other hand, hosts many of the largest, most powerful, most dynamic, most innovative companies in the world. The autocratic Russian system is a mess that will only get worse even as Putin tightens his control over Russia (as Trump clearly desires to do here) and attempts to hold off the inevitable decline. That decline will be our fate as well if we are foolish enough to succumb to a despotic autocracy managed by Trump as its cult leader.

Well, American business understands the connection between a healthy democracy and a healthy economy. It is enlightened self-interest that propels Delta, Coca-Cola, Microsoft, Unilever, American Airlines, and all the others to speak out against the tyranny now metastasizing in Republican legislatures of at least eight states. They all know we are headed for a bad economic fall if we allow our vibrant democracy to fall. This is not altruism on their part. This is hardcore reality. If we lose our democracy, we’ll lose the society that has created all those millionaires and billionaires.

There have been so many words. Now, let’s ask corporate America to back those words up with action. For their own economic survival – if the call to patriotism isn’t motive enough.

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