Corporate Creep: A Hostile Takeover of the World
By David Johnson

Corporate Creep. No, I'm not referring to that weird guy who always stares at your rear end when you walk past him in order to go to the copier. I am talking about the mission creep of that strange entity known as the corporation. All other organizations in the modern world seem to be striving to become as much like a corporation as they possibly can. So called "non-profit" charities, churches, universities, branches of the government (all the way from local governments up to the federal level), and even individuals are getting in on the action. Everybody wants to be a corporation, and with all the mergers, and forced privatizations, and the corporate hostile takeovers of anything with value, they soon might be.The only problem is that we cannot seem to settle the question of what the hell a corporation actually is. Mitt Romney will kindly tell you that, "Corporations are people, my friend." The majority of justices on the Supreme Court must agree with Romney, because in 2010 they ruled in a 5-4 decision that corporations have the right to free speech just like average citizens do, and that they were free to publicly endorse and support political candidates that were aligned with their interests. This also means, of course, that corporations are free to flood political races with money for their chosen candidate, a practice that has long been going on I am sure, but not quite unabashedly as it has since that Supreme Court ruling, what with the Super PACs dominating the 2012 election cycle. Okay, so I guess corporations are people, and have, legally speaking, the same rights as people have.

Then again, that patron saint of free market economics, Milton Friedman, wanted to make a distinction between people and corporations. He said, "What does it mean to say that 'business' has responsibilities? Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but 'business' as a whole cannot be said to have responsibilities, even in this vague sense."[1] Now to put the quote in context, Friedman was mostly talking about "social responsibilities" which are essentially political causes and social activism. He was arguing that it is not the responsibility, or in some cases, even the right of a corporation to get involved with such social causes. Friedman thought it was better to leave these issues to the government and in the realm of political activism, and let the corporation focus on what it does best, which is to make as much money as possible for its shareholders.

I actually agree with the idea that a business does not have any responsibilities, either social or otherwise (although Friedman may not have liked where I am going to go with this). As an unintelligent object, a business is merely a tool, not a moral agent. It is no more responsible for actions done in its name than a rock would be for breaking a window. It is the people who direct and profit from the business that have responsibility for its actions. I think everyone knows this if they only stop to think about it, but unfortunately, that is not how it works in terms of the law. This is due to the legal principle known as limited liability. Limited liability means that the corporation is considered an entirely separate legal entity from those that direct it. So, if the

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[1] "The Social Responsibility of Business is to Increase its Profits"

corporation has outstanding debts that cannot be paid, and the corporation declares bankruptcy, then the shareholders cannot lose more than their initial investment. It also means that those who direct the corporation cannot be held personally liable for what the corporation does. There is product liability, of course, but only the corporation can be sued, not the people who profit from the corporation. So, this quasi-person known as the corporation becomes the legal and moral scapegoat that takes the fall for those that created it if anything goes wrong. However, because we cannot execute a corporation, or put it in prison, there is a limit on the types of punishment that can be given. Basically, the only way that you can get back at a corporation that has harmed you is to sue it and try to get some money out of it.

It makes sense why investors and those who run a business would want limited liability laws. After all, who would want to buy the stock of a tobacco company if there was a possibility that they could be sued and lose their house for giving someone lung cancer? It would not be fair, one may argue, to hold someone who is merely a shareholder responsible for what the company does when that shareholder really has no particular knowledge of the business practices of that company, and little to no say in how the company is run. But this is the very reason why stock holders make terrible business "owners". Stockholders are supposed to be the "bosses" of a publicly traded corporation, and the CEO and board of directors work for them. But if that is true, then these "owners" are quite negligent because they don't even know what is happening with their own business, other than what the company's public relations department chooses to tell the world, and they have no idea what their high-priced "employees" are really up to. To make matter worse, the employees are not responsible for the company's behavior either. No one apparently is, especially during a time of corporate scandal. No one knew anyone was doing anything wrong, no one did anything that was wrong themselves, and no one is ultimately responsible for the decision. It just happened, and no one knows how or why, or so they often claim.

I would argue that the entire concept of a limited liability company, and in particular a publicly traded corporation, is what is responsible for some the most immoral behavior around the world. It creates an environment of unacceptable moral hazard for those involved with it. "Moral hazard" in the modern sense of the term, means that a person is likely to take more and greater risks than they otherwise would if the costs are not borne by the risk taker. In this particular case, the risk takers have created an imaginary fall guy that only exists as a legal construct, and yet bears all of the costs if things go wrong; while consequences for the risk takers themselves, if things go wrong, are often nonexistent, or only slight. So, those who are part of a corporation receive all of the benefits of doing business without bearing much, if any, of the costs. No wonder everyone wants to incorporate. However, is it wise to allow them to do so?

I say no. You can bet that the business world would be cleaned up dramatically and have far fewer moral scandals if limited liability laws and the corporation were abolished.[2] No one would knowingly be involved with selling or manufacturing a harmful product, because if they did, they could be held personally responsible for doing so. Penalties might include anything from losing personal assets to jail time, or perhaps even execution for the most egregious offenses. Legally, there would be no distinction made between actions taken in a business context, and those taken in one's personal life; and just as one is punished for irresponsible and negligent behavior in one's private life, so they should also be held responsible for what they do in their professional life. This would eliminate the problem of moral hazard entirely. People would simply have to acknowledge that this is their business, and that they are responsible for the actions of that business in the same way that a driver is responsible for the actions of his or her vehicle.

It is because of limited liability laws that Ford Motor Company, back in the early 1970s, made the business decision not to fix a critical design flaw in the Pinto model. While rushing to get the vehicle into production, Ford realized through safety tests that the vehicle represented a serious fire hazard because its fuel tank could be easily damaged and even explode if the vehicle was struck from the rear, even in low speed collisions. The company could have fixed the design problem for approximately $11 per vehicle, and this could have potentially saved hundreds of lives, along with who knows how many serious injuries. Nevertheless, the company decided to press forward with production without redesigning the fuel tank because it determined that it would be cheaper to pay for any potential liabilities (such as deaths, injuries, vehicle damages, etc) they might incur from the model already in production than it would to redesign the fuel tanks and make them safer. Well, I would imagine that none of the executives at Ford drove around much in a Pinto, or allowed their families to be in one either; but of course, no one at the company ever bothered to warn the customers who were unwittingly buying the cars about the design flaw. In this case, the management at Ford was wrong with its cost-benefit analysis of the situation. After a costly recall, a number of lawsuits, and the huge hit Ford took to its public image, this clearly was not the better option.[3] But no one at the company was held personally liable for such decisions, it was only the company itself that was sued. You can bet that no one would be making business decisions like this if the decision makers could be sued for their personal assets or face time in prison, and that is precisely why the law needs to be changed.

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[2] It is true that corporations existed before limited liability existed, so technically they do not have to go together. Nevertheless, I do not think a modern corporation could exist without limited liability because of litigation, and the fears of litigation.

[3] Gary T. Schwartz, in a 1991 paper titled "The Myth of the Ford Pinto Case" for the Rutgers Law Review, has argued that the Pinto case was not as clear-cut as most people think. I am using the more standard interpretation of the case from other sources. My overall point is far more broad than a single case, however, and even if the Pinto case is not as clear-cut as originally thought (which I am not taking a position on), there are many other examples of car manufacturers doing similar things. If it weren't for people like Ralph Nader constantly hounding them over safety and raising public awareness about it, cars would not be nearly as safe today as they are. Manufacturers certainly would not have done it on their own. But they certainly would if there were no limited liability laws.

Now, perhaps you might say that completely getting rid of limited liability goes too far; maybe we could simply pass more legislation and use more regulations to control these corporations and that would be enough. But getting rid of limited liability laws entirely is a far better solution than simply having more tedious government regulations and oversight because thanks to being able to contribute unlimited sums of money to political campaigns, corporations essentially own the government and they can always have their lobbyists build loop holes into any legislation like that. Most new regulations and laws such as these are merely public relations stunts anyway. It is merely to appease the public and give the appearance that things are fine without anything ever really changing. But, if there was no such thing as limited liability, then businesses would regulate themselves out of self-interest. They would have to in order to survive.

A potential problem with this proposal to get rid of limited liability is what to do about frivolous lawsuits. The silliest example I have heard of recently is of a woman suing a boy for $130,000 (plus an undisclosed amount for pain and suffering) because he accidentally hit her with a baseball while warming up for a Little League baseball game. He was 11 at the time, and now he is 13. I think that is right up there on the ridiculous scale with the robbers who are injured while trying to rob a house and then sue the homeowner for damages. Still, we have to remember that these kinds of cases are in the news because they are sensational. Just because someone sues does not mean that they will win, and I think it is rare that a jury gives any money to people for this kind of stuff. What usually happens if they get any money at all is just a settlement because the other party doesn't want to deal with the legal fees and all of the hassle any longer, and so they just settle. However, if they just stuck it out until the verdict, it is unlikely that cases like this would be successful very often. If a jury did in fact award someone a large settlement in one of these more asinine lawsuits and a business owner lost personal assets unjustly because of it, then that would simply be a problem with that specific jury, not the law itself.

There is also a possibility that some frivolous lawsuits may even be less likely in the scenario that I advocate. This is because you would likely no longer have the huge international corporations, you would only have sole proprietors, and partnerships and the like. Some people may be less likely to sue a local family owned restaurant for a million dollars than they would be to sue McDonalds or Burger King because they would know that the family run restaurant probably wouldn't even have a million dollars to go after. The thing that makes suing the big franchise restaurant attractive is that you know they have it, and that they will be anxious to avoid the bad publicity that could ultimately cost them more than the sum you are even asking for. So, we may infer that the number of frivolous unwarranted lawsuits may in fact go down if limited liability were abolished.

Nevertheless, I would still want to temper doing away with limited liability by also saying that there should be clear proof of ill intent, or extreme negligence before a business owner loses personal assets. I would hate to see someone lose personal assets or see jail time over what was simply an honest mistake. Consider, for example, the doctor who gets sued unfairly. People need to understand that the law of averages says that over the course of a career, a doctor is going to make a few mistakes along the way. They are flawed human beings just like the rest of us, the only difference is that when most of us make a little mistake it doesn't seriously injure or kill someone. Nonetheless, we should not hold doctors to unrealistic standards simply because the stakes for their mistakes are so much higher than for most of us. There is no reason to blame the doctor personally for what was merely a freak accident that could have happened to anyone. Things just happen from time to time. Getting struck by lightning can happen as well, but we don't blame anyone personally for that. As long as the doctor was doing the best he or she could, and every indication is that their intent was to do good rather than harm, then this is all that we can ask for. Now, if a doctor did not take the correct actions in a given situation, then the best thing to do would be to review that doctor's license to practice and make sure that they are qualified going forward. If there is only one example of negligence, or a simple mistake, then we may assume that it was merely an accident that will not be repeated. But if there are multiple examples within a relatively short time period, then maybe that doctor's license should be suspended until at least there is additional training and supervision from other more qualified individuals. This would be a better response to errors and honest mistakes than having them lose personal assets or face criminal prosecution.

Also, if Bill sold a car to Jack, and then Jack used that car to kill someone else, I would not be in favor of anyone being able to sue Bill for it. Bill, as the seller, would be responsible in terms of whether that product is defective or dangerous, but once it is sold to him, Tom is responsible for how he uses it. Now, because I have said this, I am sure that those who do sell harmful products might try to get out their liability for doing so by claiming that what they do is similar to this, but it is not. For example, if a drug dealer said, "But I only sold him the drugs, I didn't know he would inject himself with it. I shouldn't be responsible for how he uses it." That would not be a good excuse. It is different in that case because the product the drug dealer is selling is poisonous, harmful, and highly addictive. That is a much different situation than when a regular product that typically is not harmful to people is used for bad ends. We would not say that Tom, if he sold a set of steak knives to Dick, who in turn used them to kill Harry, is guilty of murder; we would, though, if Tom used the knives to stab Harry himself. Anyone that knowingly sells harmful products is doing something far more like the latter than the former.

Doing away with limited liability would be a great start to cleaning up immoral business practices, but it is not enough. Most companies further insulate themselves by selling their most harmful products outside of the United States. Here are some of the most egregious examples of "dumping" harmful products overseas: 450,000 baby pacifiers, of a type known to have caused choking deaths, were exported for sale overseas; wheat and barley treated with a U.S. banned substance that allegedly killed 400 Iraqis and hospitalized 5000 more; a synthetic male hormone found to stunt the growth of American children was marketed for children in Brazil as an appetite stimulant; children's pajamas made with a chemical known to cause cancer was bought up by exporters and sold abroad; harmful chemicals, such as some of the ingredients in the notorious Agent Orange that was so deadly during the Vietnam war, and DDT, which are banned in the U.S. for environmental and health reasons, are regularly sold to countries abroad; then sometimes they are shipped right back to us in the form of contaminated vegetables imported from those same countries.[4] These are some of the most well-known examples of dumping, but the list goes on and on.

If you were paid a large sum of money to poison someone, and you did it, then you are guilty of murder. But how is it any different if you sell some unsuspecting person a product that you know causes cancer, or a pacifier that is a choking hazard? If you knowingly sell a life-threatening harmful product for your own financial gain, then that is no different than if you had poisoned that person because you were paid to assassinate them. Yet, all most people want to do about these cases (if they want to do anything at all) is to boycott the company's products. That is not nearly a harsh enough penalty. Those who make the decision to sell these kinds of products to people should be treated legally like the murderers that they are, and punished accordingly. If we did that, you can bet that this kind of behavior would stop.

Harmful products sold abroad are not the only issue, however. There is exploitation in other ways as well. In the 1990s Bolivia privatized the water supply to one of its cities called Cochabamba. A consortium of privatized water companies, some of which were based in the United States, came to hold the contract to provide water for the city. Coincidentally enough (or not), a law was passed right around this same time that gave these private water companies a full monopoly over all water resources in and around the city. The people were not allowed to collect or use any of the water without getting it from these private companies. The law was so extreme that it was illegal for people to even collect rainwater from the roofs of their houses. Why were they trying to collect rainwater from their roofs in the first place? It was because the price of water went up about 35% soon after the system was privatized. In many of these poor countries across the world, people pay a huge percentage of their income for water. They are very poor to begin with, so price increases for an essential resource by even a small amount can be difficult for them to handle. But everyone must have water, and private companies know this, so it provides a great opportunity for them to exploit the weak and defenseless of the earth. Well, perhaps not completely defenseless. The Bolivian people did not put up with this in this particular instance. They (meaning the entire country, not just the city of Cochabamba) rioted so much and for such a long time that the government finally gave in and kicked out the private water companies and returned the city's water supply to being publicly held. Unfortunately, several people were killed in the riots, so the experience still had its costs. The publicly held water system is not perfect, but at least no foreign owned companies are attempting to exploit them anymore. Was anyone who worked for one of these private water companies ever held personally responsible for anything that they had done, and for what they had attempted to do? No, not a thing.

The real problem with international business is that even if those who do horrible things could be prosecuted (either civilly or criminally) for what they do within the U.S., as they would be if limited liability laws were abolished, they would still not necessarily be held accountable here for what they do abroad. If you allow multinational corporations to operate in 190 different

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[4] "Made in the USA-Dumped in Brazil, Africa, Iraq" William H. Shaw and Vincent Barry *Moral Issues in Business* 11th Edition.

countries all across the globe, then who can really control them? They have unelected boards and directors who are accountable to no one. It is easy to see why so many corporations behave as they do when you consider the moral hazard involved with having a limited liability company selling products to people they have never met, in foreign markets that most of the executives have never even visited. Talk about being insulated from the consequences of one's actions. When you couple all that with the pressure of an extremely competitive business environment where each company is fighting desperately for market share against its competitors, and you have all of the ingredients necessary for a moral disaster. Welcome to the modern corporate world.

My solution to fix this problem is simply to not allow any corporation to operate outside of its home country's borders. It is fine if you want to do business in a foreign country, but if so, then go live there. Cutting off all international business would be my ideal solution because then each small community would support the local establishments that also provided jobs and resources for that same community. However, it is probably unrealistic to think that all world trade could be stopped. In fact, probably all that would happen if this was attempted is to create a very large black market for foreign goods all over the world. This would be a terrible mistake because it would probably be run by organized crime, and would thus only strengthen and enrich organized crime networks. The problem is that most people around the world simply would not understand why there were laws against bringing in foreign goods, so they likely would not follow those laws unless very strict penalties were attached, and perhaps not even then. It would be a battle not worth fighting, and would likely cause more harm than good. So, here is the next best solution.

I will use the U.S. as an example, but it could work the same way for any nation. U.S. companies would not be allowed to operate outside of the United States. They could not import or export anything themselves. If they wanted to sell their products to foreign markets, they could sell their products to an exporter only. However, I would change the law so that no one could get a license to export to a foreign market unless that person accepts the responsibility for the safety of those products just as though he was selling them to Americans. If he sold harmful products to that foreign market he would be subject to U.S. laws, and if limited liability laws were abolished, he would be subject to personal penalties if the infractions were severe enough. He would not get the license to export unless he accepted these terms. Ideally, he would also have dual-citizenship in that country as well as the U.S., but this would not be a requirement. If the corporations had knowingly sold him harmful products without disclosing it to him, then they would be held responsible just as if they had sold it to anyone else in the United States. It would work the same for anyone wanting to import anything to the U.S. In order to get a license to do it, that person would need to be personally liable for the products sold, and whether he had citizenship in the US or not, he would have to sign a legal agreement that he would be subject to U.S. laws and agree to the condition that he could be extradited from any country in the world if he faced charges in the U.S. If he didn't agree to this, then he would be barred from importing anything and would be arrested and imprisoned if caught doing it without a license. I think this solution, along with doing away with limited liability laws, would go a long way towards stopping the "dumping" of harmful products because the real problem is that exporters and companies don't face any legal penalties from the countries that they are exporting their products to. But according to what I am proposing, someone is forced to take personal responsibility for each item that is exported or imported, and that person must acknowledge that he or she is subject to U.S. laws and penalties for any infractions, regardless of where the products are sold. Poof. Moral hazard just disappeared.

There would also be some additional advantages to not allowing companies to operate outside of the United States. For one, corporations would no longer be able to hold money offshore in places like the Cayman Islands so that they could avoid paying taxes on profits made in this country. General Electric, for example, pays no corporate taxes at all, even though it generates billions in profits every year, and it is all perfectly legal. But it would be much harder to write loopholes into the tax code to avoid taxation if these companies could no longer hold the majority of their assets abroad.

Multinationals also currently have huge advantages over small businesses because they can get their products made overseas. Because of differences in currency values between various nations, an international corporation could get ten million widgets produced overseas for the equivalent of 90 cents each, and then sell them here in this country for $5 each. This puts their local competition at a distinct disadvantage because local stores do not have the ability to go overseas for their products. This is because if one only orders in quantities of a few hundred items at a time, then it is unfeasible to get one's products overseas when shipping costs and all of the other factors are considered. The real advantage comes when you are a big enough enterprise to hire foreign workers yourself, or employ a foreign manufacturer full-time. So, it is really only feasible to go abroad when you have the massive scale involved with huge corporations. That means if the small hardware store that is trying to compete with the international corporation can only get their widgets produced here in the U.S., or even from exporters, then they might end up paying as much as $3 for them and they would likely have to charge a little more than the corporation does for the widgets to make a decent profit. This means that customers can get the item cheaper at the large multinational chain than they can at the local stores, and this tends to eventually drive those small locally owned establishments out of business.

However, not allowing corporations to operate overseas mitigates their competitive advantage. Corporations would still have some business advantages simply because of size. After all, if they could buy ten million of something from an importer, then they could probably get a cheaper price per unit than the small business that buys in quantities of one thousand at a time. But, they would no longer be able to get all of their products manufactured in a location where they can pay their employees the equivalent of forty cents an hour (because of currency values) and have them work sixteen hour days. They would have to manufacture everything in the United States, buy it from a manufacturer in the United States, or get it from an importer, just like the small local businesses would. This would also keeps U.S. jobs from being outsourced as well. So, the playing field would be leveled considerably, and small businesses would at least have a chance to compete.

This is important because small local businesses are more beneficial to the community they operate in than corporations. In a small, locally owned business, the business pays taxes and employs people in the same community that it is supported by. Local employers tend to pay their employees higher wages, give better benefits, and provide better working conditions to employees because often the people they employ are friends and relatives, and these employees tend to stay with the business for many years. A small business owner might work right alongside the employee, and will soon get to know that employee very well if they did not know each other to begin with. This makes for a symbiotic relationship between the business and the community, and both are mutually benefitted by the presence of the other.

By comparison, an international corporation could run factories in China (or buy from manufacturers in China that will do the same thing) and get those workers to work very long hours under poor working conditions that American workers would not tolerate. These people only do because they are so poor that they do not have much of an alternative. Sometimes workers in China don't even get paid at all. I recently read about construction workers in China who threatened to have a mass suicide by jumping off the building that they had made because the developer hadn't paid them for four months worth of wages, and then had skipped out of town as the building was nearing completion. Unfortunately, this is not a rare occurrence. Conditions are unsafe, hours are long, and workers have few, if any rights; and, it isn't just China where this happens. It is the same way in many developing countries all across the world.

American consumers do not get much of a benefit from the international corporations either, because most of the jobs those corporations create are overseas. Of the jobs that are not sent abroad, most are low-skill positions with very poor pay. A new and growing class of people in the United States is the "working poor" which are those who fall below the poverty line, and often still need government assistance, even though they have full-time jobs. Wal-Mart in particular (although they are surely not the only corporation that does this) has stirred up some controversy on this issue because managers at Wal-Mart have been documented recommending that their full-time workers get on welfare and other types of government assistance. So, basically taxpayers end up subsidizing part of the wages for Wal-Mart employees, and Wal-Mart is encouraging them to do it rather than simply paying their full-time employees enough to keep them above the poverty level. They have also been known to play hardball with various communities in terms of taxes as well. Wal-Mart has a lot of leverage, and they know it, so when they move into a new community they will often try to get towns to give them a very favorable tax rate, or perhaps even to pay no taxes at all. If the town won't do it, then they just build the store a few miles outside of city limits to avoid the city taxes, and it still pulls all of the customers away from that town's locally owned stores anyway, and often it will eventually drive those stores out of business. This means that the community gets no real benefit from having a Wal-Mart in it. That symbiotic relationship that exists with small businesses and the community breaks down. Wal-Mart reaps all of the benefits, and the community bears the costs. This results in a much lower standard of living overall for that community, because if the local shops are run out of business, then these bad low-skill jobs are all that is left. Unfortunately, customers believe that they are benefitting from cheaper prices, and they do in the short-term, but they do not understand the true long-term effects. Despite using Wal-Mart as an example of this phenomenon, I really don't think Wal-Mart is a particularly bad corporation. They get a lot of criticism simply because they are so big, and have such a high profile, but Wal-Mart is no worse than any other corporation out there, they have just figured out how to play the game better than most.

The real problem is not with any one particular corporation, it is with the entire corporate business model itself. To the management of a large international corporation, customers and employees are just numbers. Management's job is simply to maximize profits by cutting costs and increasing revenue as much as possible. Because they don't know the people involved, it is not hard to send jobs overseas or sell products that could potentially be harmful because there is less of a direct connection to their employees and customers. Now obviously, the manager of a certain store at the large corporation will get to know his employees and customers personally, but that middle manager is not the one who makes most of the important decisions that affect the people in that area. All of the key decisions are made by someone else who lives far away, and has likely never even met those people. This decision is then relayed to the middle manager, and if he wants to keep his job, he will follow the policy whether he likes it or not.

If business was kept more localized then there would be less immoral behavior. A small business owner's customers are their friends and neighbors, and even if these small business owners would be tempted to exploit strangers in certain business situations, they would be much less likely to do it to friends and neighbors. As an example, I like to go to a local restaurant that has been owned by the same family for forty years. It is one of the few restaurants that I find anymore that is not part of a larger franchise. The waitress that usually takes my order is on a first name basis with all of the customers, and so is everyone else who works there. It is a small town, and you can tell that most of the customers are regulars. I was only there a few times before they knew what I usually ordered and started considering me a regular as well. Now, let's say that this restaurant found out that its last shipment of meat may have been contaminated with disease. Do you honestly believe that anyone working at this restaurant would ever knowingly serve potentially contaminated meat to their customers? You would have to be a sociopath to do something like that to people you have known for years. Even if the restaurant lost a significant amount of money by doing so, I am positive that they would not use that meat. How could they look their customers in the eye, otherwise?

On the other hand, do you think a middle manager who is in charge of distribution at a large chain restaurant might be more tempted to allow some of that potentially contaminated meat to be distributed, perhaps to a foreign country? I believe they would be more likely to do it for a few reasons. One is that quantities are so huge for that large corporation that they would likely have to recall a much larger amount of the product, and this could result in a huge financial loss. This alone will put tremendous pressure on any individual making such a decision. The other reason is that this manager is only thinking about it in terms of numbers. They wouldn't know the names and faces of the people they might be hurting. If there was a high probability of never being held personally responsible for such actions legally, or even in terms of harming their own public reputation, and especially if there was heavy pressure from the management above them to avoid such a large financial loss, then I think it would be far more likely for that middle manager to send that meat abroad. This would be especially true if they have already gotten away with similar actions in the past.

What accounts for this difference in behavior? It is not so much that the small business owner is simply a more ethical person, it is just the nature of the temptation. There is no moral hazard for the small business owner, and a more personal connection with the people they are affecting. That is really the only difference. I really believe that ninety-nine percent of small locally owned businesses, what few there are left, would never intentionally do anything to seriously harm their customers or employees. Nevertheless, let's say that one of them did try it. Could they get away with it? I think it would be much harder, because those customers know you as well as you know them, and they aren't going to come back if you get caught. If word ever got out that a local business owner exploited his or her customers, that person could be finished. That business owner also knows that he or she has to live around these people outside of a business context as well. You, as the business owner cannot hide behind the legal construct and the anonymity of the corporation as the "person" who sold that product and claim that you personally had nothing to do with it. There is accountability for one's actions, in other words.

An additional problem with the corporate model as well is that some people who work for large corporations can be very moral and upright themselves, and they may try to do the right thing, but when they act as whistleblowers, or agitate for change, they are often simply swept up in the corporate bureaucracy and their actions are nullified. So, it does little good if someone low, or even in the middle of the corporate food chain wants to do the right thing, unless upper management agrees to go along. The whole corporate structure places an individual in a much more difficult moral situation than working in a small business setting does.

That strange entity known as the corporation is not an organizational model that anyone should seek to emulate. In fact, the world would be a better place if such an entity did not exist at all. I hope that one day consumers will become more enlightened about what is truly in their long-term best interests and take their money elsewhere. I also hope that voters demand that limited liability laws are abolished so that a more ethical business environment may be achieved.

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