Corporate civic, charitable, and educational "donations" of all kinds should be banned. They strangle open public debate, and contribute to the corporate colonization of our culture. Life-or-death environmental issues are obscured, distorted, and trivialized by this waste stream of corporate dollars.

Yet, we often hear the praises of corporate contributions. Consider the headline, "Companies praised for making world better."[2] A PR person's dream.

The article goes on to name names. One corporation (soft drinks) helps minorities and women; another (soap) donated more than half a million dollars for projects like buying a dance floor for an arts school; a third corporation (shoes) teaches young people to read and clean up trashy lots; yet another (photography) has an AIDS education program; a big pharmaceuticals corporation is helping preserve Central American rain forests. All five corporations are recipients of America's Corporate Conscience Awards.

Media corporations constantly remind us of corporate "largesse" to everything from art museums to zoos, child care programs to senior citizens' conferences, war veterans to peace monuments.

With all this giving and giving and giving, why isn't the world a better place than it is?

When there's an accident at the plant, or a conflict between management and labor, or a request for yet another corporate tax break, or a dispute about environmental hazards -- who will speak out against the corporation?

Proponents of logical and overdue societal change are too often paralyzed by the fear that if they speak out, they will be left high and dry as corporate donation policies shift to favor more pliant constituencies. Grassroots activists -- many whose issues have not been blessed as showcase causes by national or mainstream groups -- run into this whenever they try to build support and make alliances. People who are even partly dependent on corporations are hesitant to rock the boat.

It seems that they have us by the pigtails, so to speak.

Corporate leaders are not unaware of the effect of a well-aimed sprinkling of corporate donations. Read any management textbook and you will see how it coaches would-be corporate officers to shamelessly court community support and pre-empt citizen criticism. Or, glance through the excellent TOXIC SLUDGE IS GOOD FOR YOU! by John Stauber and Sheldon Rampton[3] for a detailed analysis of how corporate PR specialists manipulate their public personas.

We have succumbed to a Good Cop-Bad Cop routine where the government is the Bad Cop and corporations always play Good Cop. The government collects taxes and enforces regulations: Bad Cop. Then the corporations step in with violin music, sponsoring nature walks for the mentally retarded, and awarding plaques to conscientious recyclers. Obviously, Good Cops.

Back at precinct headquarters we would learn that government enforcement of corporation operations is lax to nonexistent, and that corporation tax rates are unconscionably low in view of their real income. This being the case, corporation expenditures for good deeds are a pittance that discombobulate the public's ability to take a critical stance.

For a historic view of how corporations fought for and won the right to contribute freely to community coffers, we can review court cases in which corporate lawyers eloquently pleaded their case.

Contrasted with corporations' never-ending struggle to pay low (or no) taxes, deny workers their constitutional rights, reduce wages and benefits, cut corners on health and environmental standards, and wring financial "incentives" from municipal governments, the history of their pleas to be allowed to make charitable and civic donations makes interesting reading indeed.

We the People, acting through legislatures, once prohibited corporations from doing anything not specifically allowed in their charters.[4] In fact, if you read back to the early corporate charters granted by your state, you will find to your amazement that they were set up to address a specific public need. Further, these corporations were to carry out their activities under the supervision of the legislature on penalty of charter revocation if their directors stepped out of line.[5] The prohibition against exceeding their chartered purpose included prohibiting donating money or things of value. It was intended to discourage two things: the excessive or inappropriate influence of corporations on public policy, and the waste of stockholder resources.

Only in 1935 did Congress begin allowing corporations a tax deduction for charitable contributions.[6] But until the 1950s, a corporation's right to donate to this and that at will was not firmly established.

In a 1953 case widely accepted as the final word on the matter, a New Jersey fire hydrant manufacturing corporation had decided to donate $1500 to Princeton University (another corporation).[7] Several stockholders objected to this dissipation of their assets, and sued. Testimonials from the President of Princeton University and a former Chairman of the Board of U.S. Steel eloquently pleaded for a corporation's right to be "socially responsible," as they put it, and help out community institutions. It was also noted that closer to the bottom line, such contributions benefited the corporation indirectly by improving public relations and gaining favorable publicity.

In its ruling, the New Jersey Supreme Court set aside stockholder complaints and commended corporations for their contributions to the general social and economic welfare.

Court cases like this one discussing the appropriateness of corporate donations do not fail to note large-scale changes occurring in the American economy.

One such change is the dramatic shift in wealth during the first half of this century from individuals to corporations, and a concurrent decline in the amount of charitable contributions coming from individuals. A second change noted is the increasing strain on government to provide for its citizens' social, educational, and economic needs.

Corporations' manipulation of elections, the legislative process, the regulatory agencies and the courts has led to both of these problems. And yet in an underappreciated irony of massive proportions, corporation representatives swept in to offer themselves as selfless saviors, dabbing charitable salve on the very social, economic, and environmental wounds that they both inflict and profit from.

In the nineteenth century corporations got their way through outright bribes of public officials. That's why political contributions and other corporate donations were forbidden in many state corporation codes. But in the U.S.A. today, corporations use a kinder and gentler strategy. Since the 1950s, all state corporation codes contain an odd phrase specifically authorizing corporations to make civic, charitable, and other donations.[8]

The strategic use of corporate "donations" has so muddled the issues that face us today that rarely if ever is a public policy decision made on the basis of the merits of the issue at hand. Coupled with the impact of corporate political donations (made legal by means of PACs), the willingness of citizen groups and community organizations to accept corporate "donations" has made a mockery of the democratic process.

But in the end a bribe is a bribe.
A legislative package designed to put an end to the corporate bribery that is so debilitating to our democratic process would include:

1. A ban on all corporate donations.
2. Expansion of tax breaks and other incentives for charitable and civic donations by individuals.

Other tax reforms, such as taxing individuals' and corporations' real income, would work well with these proposals.

Those who would predict the imminent collapse of civilization as we know it should such a ban (on corporate donations) be enacted should note three points.

1. A law banning all corporate donations need not disrupt daily life rhythms. It could be designed to take effect gradually over, for example, a five-year period during which time a baseline corporate donation amount would be reduced by 20% annually. In this manner, recipients of such donations could plan alternate funding.

2. This nation scraped by until the 1950s without the massive amounts of legalized corporate bribery that corporations want us to conclude we can't survive without.

3. If we taxed corporate income fairly, stopped throwing money at corporations through "incentives" and other surrenders to corporate extortion, and prevented corporations from ruining our environment (and making costly programs like Superfund necessary), we would not feel the need for corporate "charity."

Corporate apologists will claim, as they have for over a century, that corporations have certain "rights," including the "rights" to free speech, due process, and the like--in short the rights of PERSONS. But corporations are instrumentalities set up by the sovereign people to perform specific functions. They no more have intrinsic rights than wheelbarrows do. A nation that has an ongoing legal debate on whether Mexicans are PERSONS should ask itself why we don't give a second thought to the idea that corporations have constitutional rights.

Is banning corporate donations a good idea? Try the ultimate test. Suggest it to a few corporate CEOs and they will cringe and fight against it tooth and nail. It is a good idea, counterintuitive though it seems at first.

Corporate donations are a brilliant strategy to frustrate discussion of underlying issues. They work as a carrot to encourage simplistic and short-term decisionmaking, as a stick for retaliation, and as a careening cart that so churns up our social terrain that we can't see a way out of the rut we are in. Too often we are left fighting each other over the scraps doled out by the Company (Corporation) Store.

Day care centers and art museums are things that citizens might choose to fund with taxes (from both individuals and corporations). If corporations paid their way through fair taxes and exemplary behavior, citizens would be able to use the democratic process to make such decisions in a rational manner.

Why should aid to a battered women's shelter free corporations of the need to pay workers fairly? Why should corporations be allowed to pollute our air, land, and water because they support the Girl Scouts? Why should corporations pay less than their fair share of taxes because they give computers to the community college?

We the sovereign people should allow corporations to exist if they serve public needs. We the sovereign people need laws and regulations to direct corporate behavior. We the sovereign people do not ask for their charity, but demand their obedience.

We want corporations to gain the respect of communities in the old-fashioned way: we want them to earn it.

by Jane Anne Morris[1]


[4] This concept is discussed in corporation law under the term ULTRA VIRES.


Descriptor terms: jane anne morris; corporations; legislation;