The people who founded this nation didn't fight a war so that they could have a couple of "citizen representatives" sitting in on meetings of the British East India Company. They carried out a revolution in order to be free of oppression: corporate, governmental, or otherwise; and to replace it with democratic self-government.

It seems that things have slipped a little. Today, as soon as any group or movement puts together a coherent critique of the role of corporations, tongues start clucking. Politicians, mainstream reformers, degree experts, and media commentators fall all over each other in an effort to dismiss such clear, practical, focused thinking as mere "conspiracy theories" cooked up by unbalanced "crackpots."

They forget that 17th century political philosopher Thomas Hobbes called corporations "worms in the body politic." [2] Adam Smith condemned them for their effect in curtailing "natural liberty." [3] And most of the so-called "founding fathers" of this nation shared an opinion of corporations that today would earn them the label "lunatic fringe" from the same mainstream tongue-cluckers. [4]

Those who won independence from England hated corporations as much as they hated the King. For it was through state-chartered corporations that the British government carried out some of its most pernicious oppression. Governments extending their power by means of corporations, and corporations themselves taking on the powers of government, are not new problems.

Because they were well aware of the track record of government-chartered corporations, and because they guarded their freedom so jealously, citizens of the newly independent United States of America chartered only a handful of corporations in the several decades after independence. [5]

On those few occasions when states did charter a corporation, "the powers which the corporation might exercise in carrying out its purposes were sparingly conferred and strictly construed." [6]

But inevitably, the generation that had fought against injustices perpetrated by corporations like the British East India Company and the Hudson Bay Company was followed by others whose memories of corporate oppression were less vivid. Still, the warnings against corporations continued.

On the eve of his becoming Chief Justice of Wisconsin's Supreme Court, Edward G. Ryan said ominously in 1873, "[There] is looming up a new and dark power...the enterprises of the country are aggregating vast corporate combinations of unexampled capital, boldly marching, not for economical conquests only, but for political power..... The question will arise and arise in your day, though perhaps not fully in mine, which shall rule --wealth or man [sic]; which shall lead --money or intellect; who shall fill public stations --educated and patriotic freemen, or the feudal serfs of corporate capital......" [7]

The feudal serfs of corporate capital made a lot of headway during the next fifteen years. But in 1888 President Grover Cleveland echoed Justice Ryan's sentiments:

"Corporations, which should be the carefully restrained creatures of the law and the servants of the people, are fast becoming the people's masters." [8]

Well into the twentieth century corporate excesses were acknowledged and condemned by some pretty prominent persons. Louis D. Brandeis, a multimillionaire (from his own law practice and astute investments) by the time he became a Supreme Court Justice in 1916, referred to corporations as "the Frankenstein monster which States have created by their corporation laws." [9]

Far from being "radical," harsh criticism of corporations has a long, respectable, and mainstream political lineage. Now that you know you're in good company, let's dream a little. Imagine what grassroots environmental activism would be like if corporations were restructured to be responsive to the people and to serve the public interest.

What if...

** corporations were required to have a clear purpose, to be fulfilled but not exceeded. [10]

** corporations' licenses to do business were revocable by the state legislature if they exceeded or did not fulfill their chartered purpose(s). [11]

** the state legislature could revoke a corporation's charter for a particular reason, or for no reason at all. [12]

** the act of incorporation did not relieve corporate management or stockholders/owners of responsibility or liability for corporate acts. [13]

** as a matter of course, corporation officers, directors, or agents could be held criminally liable for violating the law. [14]

** state (not federal) courts heard cases where corporations or their agents were accused of breaking the law or harming the public. [15]

** directors of the corporation were required to come from among stockholders. [16]

** corporations had to have their headquarters and meetings in the state where their principal place of business was located. [17]

** corporation charters were granted for a specific period of time, like 20 or 30 years (instead of being granted "in perpetuity," as is now the practice.). [18]

** corporations were prohibited from owning stock in other corporations in order to prevent them from extending their power inappropriately. [19]

** corporations' real estate holdings were limited to what was necessary to carry out their specific purpose(s). [20]

** corporations were prohibited from making any political contributions, direct or indirect. [21]

** corporations were prohibited from making charitable or civic donations outside of their specific purposes. [22]

** state legislatures set the rates that corporations could charge for their products or services. [23]

** all corporation records and documents were open to the legislature or the state attorney general. [24]

ALL OF THESE PROVISIONS WERE ONCE LAW IN THE STATE OF WISCONSIN And similar ones in most other states.

There is no reason why grassroots activists can not insist that we once again impose similar laws to direct corporate actions. But because education and media corporations are silent about the power of the sovereign people literally to dictate terms to corporations, we instead spend our time fighting in regulatory agencies and courts where the odds are against us from the get-go.

Much activism today concerns itself with struggling to induce government agencies to enforce their own laws, or exerting...
superhuman efforts to close gaping loopholes in existing laws. When we're not doing that, we're perhaps trying to add an obviously toxic chemical to a list of prohibited substances. Or maybe we're trying to coax a corporation that profited greatly from poisoning our air and water to pay for even a small portion of the cleanup costs.

One reason that we the sovereign people don't know our own strength is that too often we think of corporations and business as more or less synonymous. But corporations are not simply big businesses. You don't need a corporate charter to sell apples on the corner, or to operate a widget factory. Individuals, sole proprietorships, partnerships and other business forms can do business without obtaining a corporate charter from a state. Corporations are a special case.

A corporate charter granted by a state gives special privileges not possessed by other businesses. And in return, the state retains the power to alter, amend, or repeal said charter. The legislature of a state thus possesses not only the power to grant charters but to revoke them. This power is laid out in what is called the "reserved power clause," and is explicitly spelled out in the laws or constitution of almost every state. Corporations are all set up by states to serve a "public need" and act "in the public interest." This is a long-established doctrine.

The corporation, insofar as it is a legal entity, is a creation of the state. It is presumed to be incorporated for the benefit of the public.[25]

Corporations are instrumentalities of the state, not independent entities. How have we strayed so far from this notion?

Next week, we will outline some of the legal doctrines that were built up as obstacles to the sovereign people's ability to direct corporate actions. Then we will explore the potential of specific provisions -- similar to the ones enumerated above -- that we can add to state constitutions, corporation laws, or corporate charters themselves, to reclaim our historic right to make corporations serve the public interest.

by Jane Anne Morris[1]

[1] Jane Anne Morris is a corporate anthropologist working on corporations as part of Democracy Unlimited of Wisconsin Cooperative. [Join them: 29 E. Wilson, Ste. 201, Madison WI 53703; phone (608) 255-6629; fax (608) 255-6643]. She is author of NOT IN MY BACK YARD: THE HANDBOOK (San Diego: Silvercat Publications [(888) 299-9119], 1994).


[3] In his WEALTH OF NATIONS (1776), Adam Smith was concerned that people's liberty was being encroached upon through the use of corporations to restrain competition and establish monopolies.


[10] Wis. G.L. 1864, Ch. 166, Sec. 7; Wis. R.S. 1878, Sec. 1767.

[11] See the "reserved power" clause.


[17] Wis. G.L. 1864, Ch. 166, Sec. 9.

[18] Wis. G.L. 1864, Ch. 166, Secs. 4.33.


[20] Wis. R.S. 1849, Ch. 54 Sec. 7; Wis. G.L. 1864, Ch. 166, Secs. 6, 15.

[21] And it was a felony to do so. Wis. State 1953, Ch. 346.12-346.15.

[22] For example, Wis. G.L. 1864, Ch. 166, Sec. 7. See also the author's, "America Needs a Law Prohibiting Corporate Donations," in SYNTHESIS/REGENERATION 9: A MAGAZINE OF GREEN SOCIAL THOUGHT, Winter 1996.


[24] Wis. R.S. 1849, Ch. 54, Sec. 22.


Descriptor terms: reforming corporations; history; controlling corporations; jane anne morris;