



# FORGET THE DAMNED SHAREHOLDERS

Jerry Davis, 17 September 2020

# PROFIT-ORIENTED CORPORATIONS ARE RESPONSIBLE FOR CREATING OR EXACERBATING NEARLY EVERY MAJOR SOCIETAL PATHOLOGY IN THE WEST TODAY

- Purdue Pharma and the opioid epidemic
- Big Sugar and the obesity epidemic
- Juul and the return of nico-teen addiction
- Big Tech and the collapse of happiness, truth, and democracy
- Big Oil and the collapse of human civilization
- If all economic activities yield atmospheric carbon dioxide that is unpriced (“externalities”), then species extinction is an unfortunate but inevitable externality of shareholder capitalism

# LISTED CORPORATIONS INEVITABLY PUT SHARE PRICE FIRST BECAUSE OF THE MANY, MANY MECHANISMS OF CORPORATE GOVERNANCE

- “Creating shareholder value” in practice means “increasing share price” (and is indifferent to shareholders per se)
- The US has evolved a vast matrix of institutions that force corporations to focus monomaniacally on share price:
  - Analysts
  - Hedge funds
  - State corporate law
  - Misguided boards
  - Share-based compensation
  - “Market for corporate control”
- Investors hate companies that create jobs, pay well, engage in CSR

# CORPORATIONS ARE MOSTLY DOOMED ANYWAY, SO LET'S START OVER WITH BETTER VEHICLES

- The number of listed corporations in the US has declined by half since 1997
- The IPO market is not...coming...back
- Why? ICT-driven reductions in transaction costs for the markets corporations draw on (finance, labor, supply, product) and algorithmic tools for internal management enable popup enterprises that are cheaper and better than traditional “institutional” corporations. (Receipts upon request.)
- Shareholder-oriented corporations are irredeemably wicked. Given the raw materials to create something better, more democratic, and more humane, why not just start over?