An Incomplete List of Possible Progressive Reforms in Corporate Governance

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1. Dismantle Shareholder Supremacy
   * The law now: "A [] corp. is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be employed for that end."
   * The richest 10% of Americans own 90% of stocks; the wealthiest 20% own 98%; shareholder supremacy thus is a policy that benefits the rich at the expense of other stakeholders (primarily workers).
   * Workers and other stakeholders largely ignored in corporate law.
   * Change could occur through stakeholder boards or broadening fiduciary duties.
   * Other countries require workers on boards of directors.

2. End Delaware's Dominance
   * Delaware's population: less than 1/3% of nation; but state of incorporation of > 50% of U.S. public companies and > 60% of the Fortune 500.
   * 300 largest DE corps employ > 15 million employees.
   * E.g., Wal-Mart alone employs over 50% more people than live in DE.
   * Change could come either by way of federalizing corp charters or weakening "internal affairs" doctrine.

3. Pass Anti-Fraud Laws for Employees
   * Huge legal regime to protect shareholders from untruthfulness
   * No federal law makes it illegal for corps to lie to employees.
   * Truth is as least as important in labor market as in securities market.

4. Limit Limited Liability
   * LL increases incentives for risky behavior (moral hazard problem).
   * LL effects transfer of wealth from victims of corporate torts to shareholders.
   * Corps routinely organize themselves to isolate risky activities in wholly owned subsidiaries.

5. Link CEO Pay to Worker Pay
   * 20 years ago, pay for CEOs was < 30x of avg worker. Now, typical CEO makes > 400 x of avg worker.
   * CEO compensation rose 600% between 1990 and 2000.
   * CEO pay could be capped at ratio to avg worker pay.

6. Stop Corporate Illegalities
   * Conservative theorists argue that corps should break the law if exp. cost is less than exp. benefit. Fishel and Easterbrook: "Managers have no general obligation to obey regulatory laws, when violations are profitable to the firm."
   * By some accounts, corp crime on the rise.
   * One idea: shareholder activists using ultra vires doctrine to enjoin corp crime.

7. End Differences Between Tax Accounting and In-House Accounting
   * Corps issue dividends in years when they don't report profits for tax purposes.
   * One idea: same profits must be reported to both shareholders and IRS.