

The American Corporation

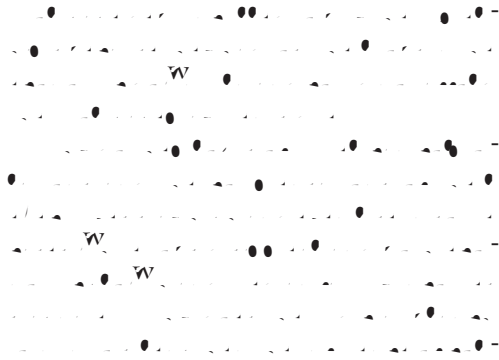
Ralph Gomory & Richard Sylla

Great corporations exist only because they are created and safeguarded by our institutions; and it is therefore our right and our duty to see that they work in harmony with those institutions.

RALPH GOMORY
Ralph Gomory is a senior research advisor at the Brookings Institution, where he has worked since 1997. He is also a senior research advisor at the Center for Strategic and Budgetary Priorities. He is a past president of the American Enterprise Institute and a past director of the Heritage Foundation. He is also a past president of the American Enterprise Institute and a past director of the Heritage Foundation. He is also a past president of the American Enterprise Institute and a past director of the Heritage Foundation.

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(*See endnotes for complete contributor biographies.)



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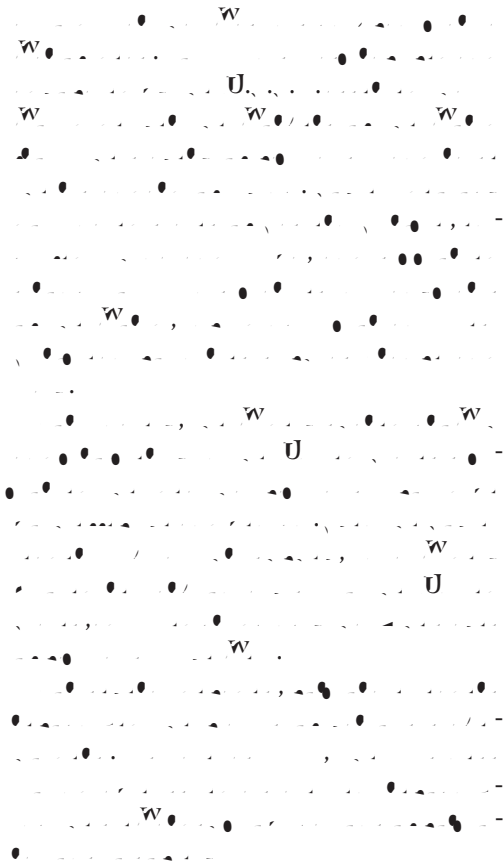
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The image shows a page of musical notation on a grand staff. It consists of two systems, each with five staves. The notation includes various notes, rests, and symbols such as 'w', 'G', 'U', and 'σ'. The music is written in a style that appears to be a transcription of a specific piece, possibly related to the authors mentioned in the header. The notation is dense and covers most of the page.

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Corporations have a responsibility, first of all, to make available to the public quality goods and services at fair prices, thereby earning a profit that attracts investment to continue and enhance the enterprise, provide jobs, and build the economy.

[...]

That economic responsibility is by no means incompatible with other corporate responsibilities in society.

[...]

The issue is one of defining, and achieving, responsible corporate management which

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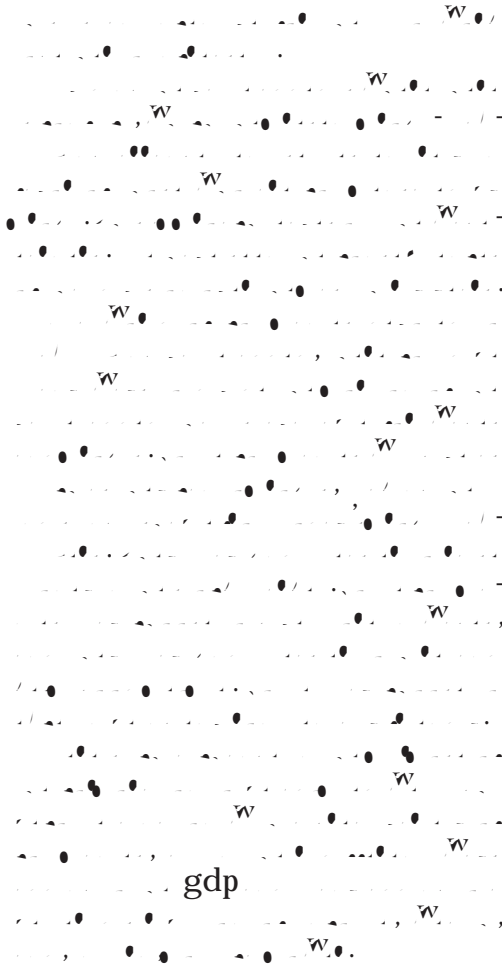
[T]he principal objective of a business enterprise is to generate economic returns to its owners. . . . [I]f the CEO and the directors are not focused on shareholder value, it may be less likely the corporation will realize that value.⁵

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endnotes

* Contributor Biographies: RALPH GOMORZA Fellow of the American Academy since 1973,

- ⁹ Ralph E. Gomory and William J. Baumol, •A Linear Ricardo Model With Varying Parameters,Ž Proceedings of the National Academy of Sciences (1995): 1205...1207.
- ¹⁰ Ralph E. Gomory and William J. Baumol, Global Trade and Conflicting National Interests (Cambridge, Mass.: MIT Press, 2000).
- ¹¹ Michael Spence, •Globalization and Unemployment,Ž Foreign Affairs June 2011.
- ¹² See Ralph Gomory, •Country and Company: Part I...Divergent Goals,Ž http://www.huffingtonpost.com/ralph-gomory/country-and-company-part_b_174875.html.
- ¹³ Section 8.30(a) of the Model Business Corporation Act (which has been adopted in many states) reads as follows: •Each member of the board of directors, when discharging the duties of a director, shall act: (1) in good faith, and (2) in a manner the director reasonably believes to be in the best interests of the corporation.Ž The act then follows with an almost identical section on the duties of the corporate officers, also requiring them to act in the interests of the corporation.
- ¹⁴ Warren Buffett and Carol J. Loomis, •The Nation's Growing Trade Deficit is Selling the Nation Out From Under Us,Ž Fortune November 10, 2003.
- ¹⁵ An interview with Jeffrey Immelt, in Manufacturing & Technology News November 30, 2007.
- ¹⁶ See <http://www.bcorporation.net/>.
- ¹⁷ Adolf A. Berle and Gardiner C. Means, The Modern Corporation and Private Property (New York: Macmillan, 1932), 354...356.
- ¹⁸ Economists might well consider this a different principal-agent problem.