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Business Roundtable's New Purpose Statement Echoes Elizabeth Warren's "Accountable Capitalism" Bill

When the Business Roundtable (BRT) announced it was updating its "statement on the purpose of a corporation" on Thursday, most commentators yawned. David Goldman, writing for CNN Business, called it merely "symbolic," and added, "The new statement is banal: it's an updated mission statement for a Washington advocacy group." Others claimed that it was a response to polls showing disfavor of "capitalism" in favor of "socialism."



BR'Ts 1981 statement held that 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."

In 1997 it was shortened to read, "The principal objective of a business enterprise is to generate economic returns to its owners."

Now, the revised statement is claimed to be a response to a 2016 Harvard study that found that 51 percent of those polled between the ages of 18 and 29 did not support capitalism while one-third supported socialism. A 2018 Gallup poll of the same cohort confirmed the Harvard study: Only 45 percent of those polled viewed capitalism favorably, a 23-point drop from 2010.

The new statement puts stockholder interests last, behind the interests of customers, employees, suppliers, and local communities.

Among the 181 CEOs signing onto the new statement is Tricia Griffith, president and CEO of Progressive Corporation, the insurance giant. This is the same Progressive whose chairman Peter Lewis donated millions to the ACLU and jointly with George Soros, MoveOn.org. She said, "CEOs work to generate profits and return value to shareholders, but the best-run companies do more. They put the customer first and invest in their employees and communities. In the end, it's the most promising way to build long-term value."

But haven't American corporations always done that? Isn't that how Progressive grew from nothing in 1937 to 99th among the Fortune 500 largest U.S. companies, i.e., by putting customers first and giving them the best value for their insurance dollar? What's the real message being delivered here?

Another supporter is Darren Walker, president of the Ford Foundation. This is the same Ford



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Foundation that donated \$100 million to the Black-Led Movement Fund (BLMF), which serves as a donor network supporting the Movement for Black Lives, a social-justice outfit endorsed by Black Lives Matter (BLM). Said Walker, “This is tremendous news because it is more critical than ever that businesses in the 21st century are focused on generating long-term value for all stakeholders and addressing the challenges we face, which will result in shared prosperity and sustainability for both business and society.”

What’s interesting is that the Ford Foundation isn’t a publicly traded corporation, but is a private foundation seeking to change the American culture in line with its globalist vision.

The new statement was also endorsed by Jamie Dimon, chairman and CEO of JPMorgan Chase, who said, “The American dream is alive, but fraying.”

This sounds an awful lot like Democrat presidential candidate Senator Elizabeth Warren (D-Mass.), who introduced her Accountable Capitalism Act in 2018. At the time, Warren complained that “between 2007 and 2016, large American companies dedicated 93 percent of their earnings to shareholders. Because the wealthiest 10% of U.S. households own 84% of American-held shares, the obsessions with maximizing shareholder returns effectively means America’s biggest companies have dedicated themselves to making the rich even richer.”

Her bill, she said, will “fix it.” If passed into law, it “restores the idea that giant American corporations should look out for American interests.” First, her bill would require every American corporation with more than \$1 billion in annual revenues to obtain a federal charter in order to continue to do business in the United States. At present, corporations are chartered by the states.

Second, under her bill employees would elect at least 40 percent of the board of directors. In addition, at least three-quarters of the board would be required to give its assent for any corporate political expenditures.

This would pave the way, if her bill becomes law (a much greater likelihood if she becomes president in 2020), for federal mandates putting certain “interests” on the board: hiring more women, more blacks, more “people of color”; limiting salaries of the CEO; limiting share buybacks unless equivalent funds go to workers; mandating financial support of certain charities; demanding expanded employee benefits; limiting the company’s “carbon footprint” in the war against “climate change”; implementing gender equality; and prohibiting discrimination against LGBTQ people, among other things. Those “other things” would only be limited by the imagination of statisticians such as Warren, who want the federal government to force American corporations to bend to their agenda.

It’s helpful to remember that the Business Roundtable has had a symbiotic and profitable relationship with the federal government for decades. As Lisa Montgomery, a staff writer for the *Washington Post*, noted almost 10 years ago, the Business Roundtable traded favors with the Obama administration: “The Roundtable has generally supported the president’s policies. It was the only major business group to back Obama’s successful push for an overhaul of the health-care system.”

Is the new statement a defense of capitalism in the face of polls showing declining support for it among young voters? Or does it help pave the way for passage of Warren’s bill in the event she wins the presidency next November?

Photo: AP Images

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