Corporate Liability Exemptions–A Fiasco

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Recent unprecedented concentrations and accumulations of economic power wielded by a few corporate giants should alert us to the possibility of a structural defect in our capitalist system's operation.

Donor influence and corporate money now override democratic politics. Corporations should be subject to customary limits on injurious or fraudulent activities, especially collusion in government misconduct. Loss of such limits leads to the growth of power that dangerously compounds over time.

Granted, a robust capitalist system requires a wide range of freedom of action. But it also depends on legal impartiality. Unfortunately, the current corporate model undergirding the global economy lacks that balance because of a seemingly minor aspect of corporate law.

Whether acting alone or as part of a corporation, those who violate others' rights should be held accountable. Limited liability undermines this accountability.

Corporate personhood is often cited as the root cause of corporate abuse of power. However, in the proper context, personhood can be a practical simplification for organizations operating in the economy.

Personhood, per se, is not the source of dysfunction. To be clear, there is no need to deny individual rights to investors simply because they act together with others. However, corporate control over government policy has bypassed vital constitutional limits.

Concern about corporate influence in politics has legitimacy. Since governments often pursue policies and programs that disregard fundamental rights, private and corporate financial support for election influence, as well as legislation and policy stances, should be subject to limitations.

Unfortunately, such curtailment in the U.S. is uncommon. Paradoxically, banning all organized support for political activities would be unconstitutional. The 2010 Supreme Court decision in Citizens United v. FEC acknowledged this by not restricting group involvement in political activity.

The case for amending the limited liability corporate template includes the need to address certain objections to this decision.

But more to the point, political movements or campaigns often support causes that undermine constitutional protections. Consequently, preventing negative political outcomes

requires broader changes in public awareness beyond the reforms addressed here, including repealing specific laws or regulations.

Our present concern is corporate behavior. This looks beneath the capitalist paradigm. It recognizes a legal landscape that fosters errant corporate entities incompatible with authentic Capitalism.

These legalities transcend the mere license to act. They serve as a legal shield against centuries-old common-law principles that have underpinned civil society. Corporate malefactions, often dismissed as unavoidable, have gone unredressed. Affected parties have been denied due process and compensation for damages incurred; harmful legislation is orchestrated by corporate interests, while corporate influence in foreign affairs threatens imminent global conflict.

The ramifications are serious: such outcomes have emboldened top-heavy domestic and transnational financial firms to capture legislative and regulatory agendas and exert detrimental global influence at the highest echelons of sovereignties worldwide.

Therefore, it is essential to critically examine the tradition of corporate limited liability. As voluntary owners, individual shareholders in corporations should share civil liability (excluding joint and several liability for the entire judgment) in proportion to their profit-seeking shareholdings (i.e., pro rata).

Unfortunately, comprehension of this problem remains almost nonexistent, posing a significant barrier to any such reform. The problem arises not from the current exemption from insolvency risk, but rather from the protection that further indemnifies parties against corporate misconduct.[1]

A careful examination of the topic reveals that reform would not entirely eliminate indemnity, because even with unlimited liability for corporations, firms would likely implement contractual protections to mitigate shareholder exposure to financial insolvency.

Our concern is with corporations that wield economic or political influence. This implies that, since many small businesses are owned by their directors, liability reform would have little impact at this scale, since officers are not currently protected against tort claims.

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[1]An exception to the lack of attention is found in this article, which addresses the legal nuances in defense of unlimited liability:

Toward Unlimited Shareholder Liability for Corporate Torts

Author(s): Henry Hansmann and Reinier Kraakman

Source: The Yale Law Journal, May, 1991, Vol. 100, No. 7 (May, 1991), pp. 1879-1934

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The relevant issue arises first in the chartering of corporations that go beyond mere recognition of a collective form of ownership in a business, i.e., in granting limited liability to shareholders.

And secondly, in policies maintained by localities that could decline to maintain the regime of limited liability for corporations chartered outside their jurisdiction.

Not all limits on liability, such as those afforded by Section 230 of the Communications Decency Act of 1996, which shields publishers from liability, are proper limits on the conduct of tort actions. Even for individuals, freedom of expression need not be limited to the extent that libel and defamation have been afforded under tort law. What should be controlling is only the pursuit of direct or complicit acts of overt violence against other parties.

For defenders of capitalism, if nothing else, simply exposing this problem reveals a source of growing hostility toward corporations seen as integral to capitalism. It defends the capitalist system by rejecting the current corporate model as authentic free-market capitalism and by challenging the derivative culture of irresponsibility that spills over into general social and political behavior.

Capitalism and the Corporation

Within these all-powerful, predatory, worldwide institutions, there is zero respect or concern for personal freedom or political liberty. There is no empathy for those they harm. [1]–Peter Breggin

Concerns about the economic power of trusts or large financial conglomerates are not new. Metrics used in 20th-century Industrial Organization studies include market share and concentration ratios (e.g., the share of total shipments controlled by the four largest firms in an industry). However, these tools do not reveal what more directly affects society, such as the State granting exemptions from shareholder liability and the assumption of corporate liabilities after bankruptcy.

Such protection seems to promote capital formation. This is incorrect. A simple change in how investments are allocated, or a shift in the culture of personal achievement through financial gain, does not result in a net decrease in the total funds available for investment in the economy.

Under a new regime in which shareholders face a higher risk of loss, investors have alternatives beyond insurance against litigation exposure, such as savings accounts or corporate bonds. Additionally, with fewer shareholders, the remaining shareholders would have a greater incentive to be more vigilant about improper or risky corporate behavior.

The mercantilist economic model granted exclusive rights to favored companies to engage in trade. During the 18th century, the British East India Company exercised its chartered monopoly. That company threatened to control commercial activities around the port of Boston, which led to the Boston Tea Party's ardent response against the company in 1773.

Now, in the 21st century, corporate connections between Big Tech and Big Pharma, in an environment of special privilege, have come to dominate not only the public health sector but also social media, broadcast media, academia, medical journals, and licensing.[2]

Recently, we have witnessed an unprecedented capture of the Public Sector itself. The corporate-backed WHO inflated a limited, mildly symptomatic novel flu-like illness into a false pandemic. [3] This explains the coordinated overreaction that began in 2020 and led to the implementation of baseless emergency measures worldwide.

2021 saw lockdowns and vaccine mandates become realities. Reminiscent of the military-industrial complex's influence on policymakers that led to decades of reckless war, the medical-pharmaceutical corporate profiteers, although in league with elements of the Deep State, managed to mobilize the world into funding an unproven injectable treatment for a pandemic that was also unproven, and imposed it on an uninformed public, with providers legally protected from fair accountability for harmful outcomes.

Such a distortion of justice involved financial subsidies as incentives (expensed to the affected population).

We are witnessing the culmination of the statutory separation of financial control from the public to the corporate elite, driven by unprincipled taxation and monetary infusions. Much of this responsibility stems from acquiescence to an illicit fiat (counterfeit) money scheme that rests on the 20th-century co-optation of our socially evolved Dollar as a medium of exchange. [4]

The accelerating global erosion of fundamental liberties threatens to surpass the losses experienced under Nazism and Bolshevism between the World Wars. Moreover, a looming financial crisis now makes it more likely that central bank digital currency personal accounts will be implemented. Such implementation, coupled with AI-enabled intrusive monitoring, now makes it possible to monitor even the least important citizen, providing a means of absolute control over individual freedom.

In addition, there is the ideological harm to capitalism. The obvious excessive corporate interference in social and political spheres provides ammunition for Nihilist and Marxist critics of capitalism.

Over the last few centuries, what has passed for the free-market capitalist system has been but an attenuated form of capitalism. Genuine Capitalism holds sway, wherein capital, as a means of production, is employed productively in a market system devoid of politically derived economic privilege.

Functional economies don’t require or benefit from government interference in traditional common law dispute resolution. The framers trusted jurisprudence rather than government-instituted officialdom. Amendment VII of the U.S. Constitution illustrates this: "In Suits at common law…the right of trial by jury shall be preserved..." The jury was seen as an extra-governmental check against the common tendency to abuse power.

In short, the climate under which corporations operate is distorted by a negation of time-tested, powerful juridical precepts commensurate with civil life. Civil suits proffer an essential means of protection against organized maleficence. Additionally, the high degree of indemnification of private firms through recent special legislation has become too commonplace. Less visible than these favors have been the fallout from the long-practiced public offering of corporate stock as a source of corporate finance, which, with limited liability, reduces incentives for prudent investor scrutiny.

Caution typically limits participation in a group activity that might involve egregious behavior. So why should owners (shareholders) get a pass? Requirements regarding articles of incorporation and oversight by the Securities Exchange Commission of stock offerings indicate recognition of the challenges inherent in the current corporate model.

A free-market capitalist framework precludes disruptive political interference in markets or market activities. It provides a standard for evaluating both the corporate form of business and its market setting. The corporation, as constituted, is an artificial rather than a natural business organization.

In particular, customary belief holds the corporate form to be a necessary and proper element of modern capitalism. However, genuine capitalist-oriented societies need not adopt limited liability. Robert Nozick, in his thought experiments exploring societal evolution from first principles, conceded that the corporate form would, absent statutory interventions, be limiting.

"…it may not **diminish** [his emphasis] their liability as compared to other persons….Those voluntarily dealing with a corporation….will do so by contracts explicitly limiting the corporation's liability.… A corporation's liability to those involuntarily intertwined with it will be unlimited, and it presumably will choose to cover this liability with insurance policies." [5]

Corporate behavior tends to be driven by a propensity to gain market share. Research reveals that unscrupulous corporations block competitors by supporting, rather than opposing, new regulatory and anti-trust policies. Such an anti-competitive result was thoroughly documented by economic iconoclast Murray Rothbard in his posthumous work, *The Progressive Era.*

Throughout the 20th century, business sectors performed suboptimally due to unnecessary crony protection under the guise of regulation. Consequently, we now have a corporate-government symbiosis, known as corporatism, as Mussolini termed it. The case presented here demonstrates that a license to avoid responsibility through liability limits good performance.

The almost universally adopted, yet incorrect, conjecture that limited liability for shareholders is beneficial because it facilitates the investment of funds required for a robust economy suggests that other incentives may be at play. Limitations on tort claims for damage to life and personal welfare would benefit the ownership class and limit the general public's ability to be made whole. So, after capital accumulation among the financially successful produced an ownership class during the Industrial Revolution, is it a surprise that liability indemnity prevailed with chartering authorities? And now that the propertied class includes most decision-makers, it seems that no one is left to challenge the conjecture.

Unobjectionable aspects of the corporation

Some critiques of the corporation focus on the legal status of corporate personhood. The owner-indemnified corporate form of business only partially conflicts with our free-market template. Businesses appropriately employ contractual means to organize collective action. They appropriately coordinate disparate ownership of wealth toward a common business goal by marshaling shareholder capital. The right of individuals to freely associate and employ managers for such ends is merely an extension of individual rights to undertake necessary business activities privately.

Ludwig von Mises used the term "methodological individualism" to explain that the meaning of "collective action" depends entirely on individual actions. [6] This idea applies to business firms, whether or not they are organized as corporations. When viewed this way, businesses can protect themselves from legislative and judicial overreach. Because they are composed entirely of individuals, they should retain all the rights afforded to individuals.

Examples of breaches of these rights include disruptive regulatory reporting requirements, IRS intrusions that are even more onerous than those imposed on individuals, and instances of the loss of Fourth and Fifth Amendment protections.

They may have to compete against rivals receiving discriminatory subsidies. There are antitrust laws that defy simple logic, such as those against restraint of trade that arbitrarily impose penalties for raising, lowering, or maintaining a product's price profile. There are insider-trading laws that are a perfect example of confusing the necessary coordination of informed valuations with game-table cheating.

Recently, we have experienced COVID lockdowns and mandates that have disproportionately impacted small businesses, while often exempting larger companies (which have more influence with authorities). Such a climate of legal pitfalls creates opportunities for unscrupulous corporate interests to gain a competitive edge.

Modern civilization has seamlessly accommodated scale disparities: freight trains cannot stop at intersections and are given the right of way over other vehicles.

Corporations have been granted legal personhood in various contexts. Of course, personhood is a fiction, but for practical legal reasons, it has valid uses. Generally, litigating every matter involving a corporation by creating a separate case for each shareholder or employee would be impractical.

Personhood also grants the unique trait of continuity, enabling the corporation to have an indefinite lifespan that surpasses that of its owners. However, such personhood cannot fairly exempt individual shareholders from liability for harmful or illegal actions that occur under their watch, even if those actions are litigated later under new ownership.

The extent of liability for small enterprises should be determined by courts, not by rigid statutes, given inconsistencies across government legal venues. For instance, joint and several liability (sometimes for the entire award) assigned to a corporation, even when it is only marginally responsible or merely connected by circumstances, warrants reexamination. [7]

Hence, a more nuanced approach to liability may be applicable to smaller enterprises. Close corporations and general partnerships have been a vital source of entrepreneurial innovation. Moreover, owners are often officers who, while not personally liable for financial obligations, are exposed to liability for malfeasance as a restraint, even under incorporation.

Sometimes, legislation that is clearly unconstitutional assigns liability too broadly. Increased insurance coverage for indemnities suggests a potential solution. Reforms such as pre-arranged arbitration agreements, a justice system focused on tort rather than criminal law, and even private provision of judicial services have merit. [8]

Instead of focusing on corporate personhood, treating firms or businesses as owned by identifiable individuals comports with methodological individualism. Reducing limited liability diminishes the losses to creditors or injured parties from corporate bankruptcy or dissolution. While contractual protections would arise without limited liability, bankruptcy protections need not protect corporate assets as they currently do.

The limitation afforded individuals by bankruptcy has roots in the reform of earlier, stringent corrective measures, such as debtor's prison. An association of individuals, whether or not termed a corporation, need not be granted the bankruptcy protection of a "person" when that protection is available to each shareholder individually.

However, what applies to the rights of individuals would logically extend to a group of individuals when considering rights enshrined in the First Amendment. In this way, opposition to the 2010 Citizens United Supreme Court decision may have merit for limited-liability organizations but be less relevant in a world without liability exemptions. Rather than seeking to limit corporate financial support for political or government policy, removing shareholder protections offers a more straightforward approach and avoids constitutional issues.

We can envision a form of liability protection for shareholders through arbitration clauses, enshrined in contractual agreements between private parties. However, following the principles of methodological individualism, aside from contractual arrangements, there would be no room for exemption from civil or even criminal liability for a shareholder (owner) of a corporation that had previously been dissolved or declared bankrupt.

In other words, a corporation is a convenient way to refer to a group of individuals. These individuals would have no basis to shift responsibility for their actions onto a corporate "person"; no corporation would have independent rights, since it is simply a collective association of fully responsible individuals.

This applies to nonprofit corporations as well. The collective actions of a lynch mob do not absolve the individual culpability of its participants.

A practicable transition to a world of shareholder responsibility might contractually limit liability to, for example, a fixed multiple of a shareholder's investment. Such exposure would likely lead to the expansion of the insurance industry to provide indemnity for investors. Even more, ratings and appraisal services would expand as scrutiny of corporate activities and behavior increases.

Of course, many investors, rather than buying shares in corporations they knew little about, would forgo expectations of high returns and choose bonds or other instruments with more modest returns. Nonetheless, a reform of limited liability would not reduce the overall availability of financial capital; instead, it would promote more responsible investing (figure 1).

If our model of equitable corporate and shareholder legal responsibility had prevailed since the start of the Industrial Revolution, it would have reduced the ammunition used to condemn the dominant form of Capitalism.

Recent corporate prescriptive privileges and corporate relationships with political coadjutors and journalists have infiltrated social media, economic, academic, and medical sectors. Global policy consolidation prevents grassroots remedies. State-level adjudication might have protected us from what threatens to become a society of organized crime syndicates.

The Accountable Corporation

This comprises a brief comparison of the current liability exposure of shareholders with the proposed exposure under shareholder liability for corporate malfeasance.
Corporate limited liability for financial indebtedness applies to shareholders in both cases.
For corporate malfeasance, shareholder liability for actionable damages should apply.
How would this affect the corporate sources and uses of funds? It may be appropriate to infer that the proportion of funding from initial offerings relative to debt financing should be considerably lower.
This implies that the price-earnings ratio would be affected. With fewer shares issued and total earnings less affected, earnings per share should be higher than otherwise. Today, the market is at about a PE ratio of 15. Hence, the PE ratio should be lower, given higher earnings per share, especially given the greater risk of loss to shareholders. Funding would rely more on debt than on public stock offerings.
In the words of Investopedia:
"…suppose there are two similar companies that differ primarily in the amount of debt they assume. The one with more debt will likely have a lower P/E value than the one with less debt." We show this below with a bar graph:

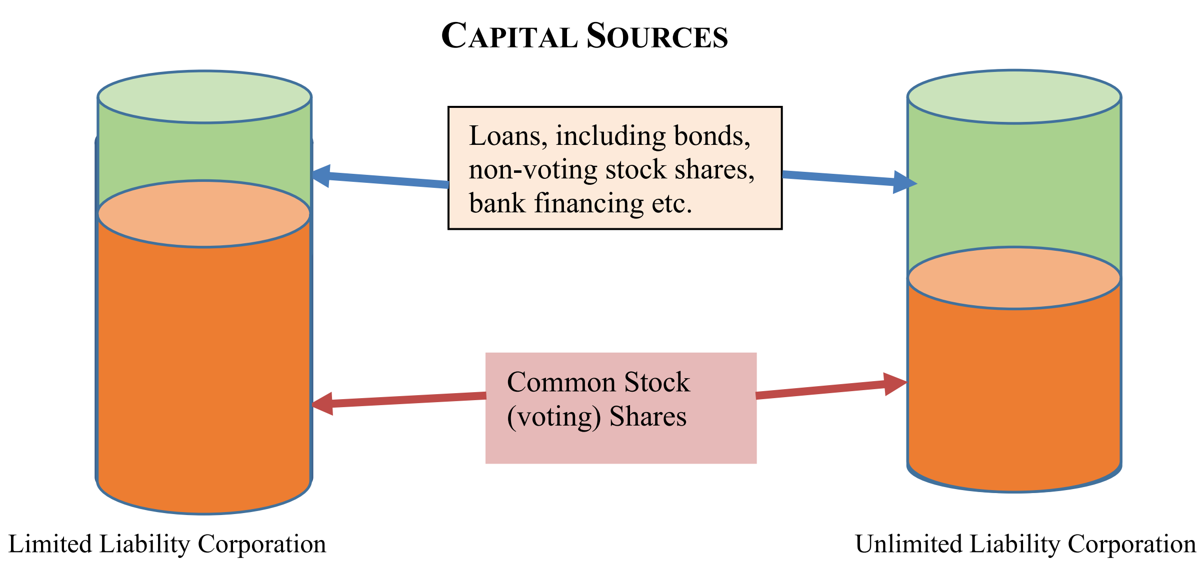

Figure 1

Lack of a complete corporate form in history

The U.S. Constitution notably excluded any avenue for the Federal chartering of corporations. The founders had good reason to be wary after experiencing the monopolistic hold on commerce by the Hudson's Bay Company and, especially, the British East India Company. As a result, chartering evolved only in individual states. Ultimately, corporations gained limited liability standing as states competed for reciprocal economic benefits by granting this privilege.

The Nineteenth Century saw the rise of the general partnership, the adoption of the corporate model, and a gradual increase in the adoption of limited liability. Initially, incorporation provided permanence and continuity, offering advantages over sole proprietorships and partnerships. Therefore, the early legal status of corporations did not include limited liability, but by the 20th century, several states had already granted corporations that status.

"Stockholders of the English joint-stock companies had finally come to assume 'double liability'– i.e., the stockholder was liable to the extent of his investment plus a like amount–and some states experimented with charters specifying either double liability or unlimited liability. After 1830, however, statutes were passed in the various states providing for limited liability, and by 1860 this principle was generally accepted." [9]

Limited liability not needed

Were these state concessions necessary? The unprecedented economic growth in the nineteenth century occurred while businesses were organized as general partnerships (without limited liability) until the latter part of the century. Ted Nace notes:

"The volume of manufactured goods grew by an average of 59% per decade from 1809 to 1839, then by 153% in the 1840’s and 60% in the 1850’s." [10]and… "Limited liability… wasn't a widespread feature of the corporation until about 1875…" [11]

Therefore, the absence of the limited-liability corporate model does not appear to have hindered economic performance in the American experience.

This supports the thesis that the limited liability privilege under tort law granted to joint stock companies was attributable to factors other than the claimed need to promote economic growth (see commentary by J.S. Miller).

In 1916, John Maurice Clark had his doubts:

"Has the principle of limited liability been carried too far?…one of the worst features of the internal organization of corporations is its wonderful aptitude for dividing responsibility, concealing it from outside observers…to an economics of responsibility it is one of the very roots of evil." [12]

Shareholders' focus on bottom-line results has led to less involvement in corporate affairs. Would having fewer, but more responsible, shareholders improve corporate behavior?

The market has mechanisms to indemnify participants from liability, such as insurance. Professionals across numerous industries routinely procure malpractice or errors and omissions insurance, a prudent expense for those engaging in activities that involve risk. In addition, arbitration provisions clarify and expedite litigation.

Bankruptcy protections for insolvency need reevaluation. The waiver of corporate shareholder risk (beyond their investment) granted by current law, including in corporate bankruptcy, unnecessarily removes a vital level of responsibility from corporations.

For criminal, reckless, negligent, or tortious behavior, more should be at stake than the corporation's balance sheet alone. Exempting shareholders from liability removes incentives to make careful investments and to avoid risky or potentially harmful actions.

Appropriate shareholder financial exposure to civil liability would increase investors' insurance needs and should reduce the gross under-compensation of injured parties. Shareholders would no longer avoid due process liability through corporate dissolution, bankruptcy, or the layering of corporate ownership.

Malfeasance (where the threat of treble damages arises) could extend potential financial liability beyond corporate assets and shareholder equity to a shareholder's other assets, especially if loss of life is involved. Even if liability is proportional to shareholdings (i.e., pro rata), such reduced liability protection would have an impact. Investors would become more cautious about funding enterprises engaged in activities that risk moral turpitude.

For example, a medical procedure or medication could result in damages of $10 million or more per wrongful death in the U.S. A hypothetical scenario involving 25,000 fatalities and many more injuries from a vaccine could easily cost several hundred billion dollars, and possibly triple that amount (treble damages) for intentional malfeasance or punitive damages far beyond this. Currently, an objective review of VAERS (Vaccine Adverse Event Reporting System) data shows a considerably higher number of adverse events linked to mRNA vaccines. Such exposure would likely lead to significant changes in corporate behavior.

Corporate power overreach

"...the existing corporate system has carried us well onto the threshold of a gentle totalitarianism." William Appleman Williams

Employees or management are not the ultimate responsible parties unless they are intentionally involved in fraud or misconduct; owners are.

What distinguishes individuals conspiring to violate others' rights from owners of an enterprise implicitly involved in wrongdoing?

Consider contractors and non-governmental organizations (NGOs) engaged in operations that violate domestic or international law and human rights, now shielded by directives from the Department of Defense or other agencies. Culpability in a conspiracy is individual. Under the law of agency (the doctrine of respondeat superior, "let the master answer"), vicarious liability lies with the employer. Shareholders are the employers. Should each shareholder not face personal culpability that might exceed the loss of that shareholder's investment, at least financially?

The Founders included a Commerce Clause in the Constitution: "The Congress shall have Power…To regulate Commerce with foreign Nations and among the several States...To establish uniform laws on the subject of Bankruptcies throughout the United States;"– Art. 1 Sec. 8.

Congress could legislate on corporate bankruptcy protections. Why should there be corporate personhood in bankruptcy that insulates stockholders who, under simple methodological individualism, jointly caused damages to other parties?

Hesitancy among corporations to participate in questionable government actions, such as providing personnel and equipment for dubious military ventures, might be expected if corporations were held liable for complicity.

Not all of the success of organized business derives from its corporate form; a lack of investor caution contributes to the growth of corporate autonomy. Moreover, unlike the wage-earning populace at large, the corporate sector has sought unwarranted legal privileges and advantages. These include the acquisition of various property rights through excessive patent law protections; property titles, including the acquisition of broadcast spectrum rights; subsidies; local property tax exemption incentives; natural resource and mining claims; and the exploitation of property site ownership through perpetuated, duplicated, accelerated tax depreciation allowances on buildings that far exceed long-term costs.

The latter allows avoidance of otherwise normal tax liabilities on site value, all under publicly funded law enforcement and infrastructure provisions. Public or community revenue derived exclusively from site value and natural resources, while eliminating taxes on income, buildings, and improvements, would shift these costs mainly to corporate urban real estate holdings. This would improve urban infill, remove disincentives to assigning the best use, and enhance physical structures and upgrades.

International treaties, such as NAFTA, the MAI (Multilateral Agreement on Investment), the World Bank, and the IMF, often favor the recovery of damages and legitimate claims by sovereign nations over those of offending multinational and transnational corporations.

Other policies inadvertently favor more prominent firms. Critics of corporate power highlight tax policies that contribute to increases in scale. R.H. Coase apprised us that, unavoidably, firms often become more vertically integrated due to tax policies:

"Another factor that should be noted is that exchange transactions on a market and the same transactions organized within a firm are often treated differently by Governments or other bodies with regulatory powers…to the extent that firms already exist, such a measure as a sales tax would merely tend to make them larger than they would otherwise be." [13]

All too often, government courts interpret legal limits as sanctioning pollution or other environmentally negligent activities that remain within regulatory bounds. In other words, more stringent limits arise from tort actions, without statutes or rules setting boundaries for the action. This is particularly true in environmental protection legislation, which has been a primary reason for inadequate corporate abatement of water and air pollution.

Additionally, over the last two centuries, growing industrial interests have led to the replacement of tort law remedies, preventing victims from suing polluters for damages. An individual could no longer sue for individual damages if the harm was not different or significantly greater than that suffered by others in society. A "Public" nuisance (affecting the general public) could be enjoined only by a public authority. [14]

One attribute of progress that is often overlooked is the principle of spontaneous self-organization. In orderly market environments, economic institutions arise spontaneously. This emergent order produces coordinated economies when planning is decentralized and governed by a market price system.

By the same token, in the absence of customary respect for free choices in markets, the retrogressive or antisocial attributes of tyranny emerge spontaneously and inexorably, no master plan needed. Hence, the Iron Law of Oligarchy. Given regulatory capture by private factions and perverse incentives enabled by legislation, the resulting constant tendency toward unsavory, politicized outcomes should come as no surprise. The founders were clearly aware of this, as evidenced by the checks and balances they erected on power.

A bona fide free market would not grant corporations immunity. In this respect, concerted government policy has evolved to contravene sound jurisprudence. It disrupts the common-law remedies necessary for a functioning market economy.

Especially onerous is the practice of exempting specific industries from liability altogether through legislation such as the Price-Anderson Act for the nuclear power industry; the various vaccine damage acts, including PREP (Public Readiness and Emergency Preparedness Act, 2005), which exempt participants in the medical industry and profession; and the various bailout and bankruptcy protections for banks and financial institutions.

Even more economically insidious are quasi-governmental entities, such as the Federal Reserve System (FED), which hold monopoly privileges under legal tender laws. Where was the Constitutional authority to charter the FED? The acceleration of wealth disparity between the 1% and the 99% can be readily attributed to the influence of financially dominant corporations, which are virtually in league with the Fed and control the Fed's flow of funds through quantitative easing. See here.

Of immediate urgency is the evident malversation, most notable in the FDA's, CDC's, and WHO's deceptive handling of the COVID-19 pandemic, in collaboration with Big Pharma (especially Pfizer, Moderna, and Johnson & Johnson). Corporate arrogance, deliberate media disinformation, widespread shadow banning, and corporate social media censorship were associated with the recent contrived global pandemic. Instead of shareholder inhibition, we witnessed a culture of shareholder proprietorship in ill-gained profiteering.

"*COVID-19 is not the problem; it is a problem, one largely solvable with early treatments that are safe, effective, and inexpensive…The problem is endemic corruption in the medical-industrial complex, currently supported at every turn by mass-media companies. This cartel's coup d'etat has already siphoned billions from taxpayers, already vacuumed up trillions from the global middle class, and created the excuse for massive propaganda, censorship, and control worldwide. Along with its captured regulators, this cartel has ushered in the global war on freedom and democracy.*" [15] Robert F. Kennedy Jr.

Conclusion

Our economic system has gradually come under the influence of a corrupt, irresponsible financial and political plutocracy. This outcome calls for less, not greater, government involvement in funding, protections, and bailouts in the private sector.

Emergent Corporatism presents a paradox for Capitalism. However, it need not define mature Capitalism. Corporatism is an aberration of bona fide free-market capitalism, an unnecessary distortion of the Founders' conception of a just society. They eschewed the chartering of corporations in favor of the fundamental principles of common law and free markets.

Unnecessary privileges granted to corporations have produced an aberrant capitalism inimical to a prosperous, free economy. Now, under limited liability, Big Tech and Big Media, in concert with Big Pharma, Wall Street, and the Security State, have breached historical limits of power. They are eroding Western civil protections for individuals under the guise of safety measures against unsubstantiated and manufactured threats (see). Aggregated control by just a few investment funds and transnational corporations is so pervasive that laws restricting electioneering communications, such as those enacted in reaction to the 2010 Citizens United decision, would have little impact even if reinstated. Workarounds through media and other avenues, already evident in Big Pharma's influence over global political agendas, appear unpreventable.

This convergence of influence, reminiscent of the effects of interlocking directorates, accounts for the recent, seemingly inexplicable uniformity in global COVID-19 policy. Financial inducements drive such extraordinary manipulation of public and private policy. The scale of this phenomenon results from an unnatural, extra-market, artificial impetus behind the rise of unchecked, avaricious corporations able to capture putative medical authorities, such as the FDA, CDC, and WHO, which receive more funding from corporate than public sources.

Whether or not considerations such as these engender actual reform, they nevertheless contribute to an understanding that current failures now attributed to Capitalism can only apply to *attenuated* Capitalism, not *genuine* Capitalism free from legislated corporate liability exemptions.

The influence of the corporate limited liability privilege in skewing common law protections against severe social and political risks must be confronted. Holding shareholders accountable for corporate misconduct is the solution. Without this, true Capitalism risks appearing as a failed system, and Western civilization could face irreversible policies that undermine fundamental freedoms.

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[1] Breggin, Peter R. and Ginger Ross Breggin. 2021, *Covid-19 and the Global Predators*, Ithaca N.Y., Lake Edge Press. p.335-6.

[2] For example, BlackRock, Vanguard, and State Street. BlackRock Corporation became the world's largest asset manager, with $9.5 trillion in assets under management by October 2021. By January 13, 2021, Vanguard, with about $7 trillion in global assets under management, had become the largest provider of mutual funds and the second-largest provider of exchange-traded funds worldwide, after BlackRock's iShares. State Street has custody of, or administers, over $40 trillion in investments.

[3] Pandemic:" *occurring over a wide geographic area and affecting an exceptionally high proportion of the population*"...Websters Seventh New Collegiate Dictionary

[4] See Rothbard, *What Has Government Done To Our Money*. Online at Mises.org

[5] Nozick, Robert. *Anarchy, State, and Utopia*, New York, Basic Books, Inc., pp.133-4

[6] Mises, Ludwig Von. Revised 1963. *Human Action*, Chicago, Yale University Press. pp. 41-43

[7] (See *The Tyranny of Good Intentions* by Paul Craig Roberts and Lawrence M. Stratton). The limitations needed on such policies need not be a justification for retaining imprudent limited liability statutes.

[8] See here, and Rothbard, Murray N. 1973. *For a New Liberty*, New York, Macmillan Co., pp. 228-274

[9] Robertson, Ross M. 1964. *History of the American Economy*, New York, Harcourt, Brace and World, Inc., p.245

[10] Nace, Ted. 2005. *Gangs of America*, San Francisco, BK Publishers, Inc., pp.54-5

[11] Ibid. p.52

[12] John Maurice Clark, 1936, *Preface to Social Economics,* New York, Farrar & Rinehart. pp. 89-90

[13] Coase, R.H. "The Nature of the Firm", *Economica*, Nov. 1937, (p.492).

[14] Amador, Jorge (1987). Take Back the Environment, *The Freeman*, Foundation for Economic Education, (pp.19, 22), Fee.org.

[15] Kennedy, Robert F. Jr. 2021. *The Real Anthony Fauci,* New York, Skyhorse Publishing, Inc., p.446