This class meets Thursdays, April 15, 22, & 29; May 6, 13, & 20, 10-11:30 am, via Zoom

THE LIFE AND DEATH OF AMERICAN CORPORATIONS

What is the average life span of an American corporation? Some businesses seek to avoid premature demise by remaining (or going) "private," thereby depriving would be corporate raiders from dismembering them and selling off the pieces. But most large American businesses incorporate in order to "go public" and sell stock and bonds that will enable them to grow and to enrich their owners and executives. Economic historians trace the trajectory of companies that grow from little seeds into mighty business empires, but they rarely study the factors that lead to corporate disintegration and death. For, like human beings, corporations inevitably crumble with age, especially in America, due to changes in technology and in consumer tastes, or because they are unable to compete effectively with newcomers to the market. So what is the life span of an American corporation? I will look at some companies that rose to prominence during the early and mid-20th century, such as RCA, Westinghouse, International Harvester, F.W. Woolworth and Sears, Roebuck, and describe how they grew, flourished, declined, and disappeared. Corporate failure is not the exception, in the long run, it is the rule. I will also look at some companies that have prospered for more than a century, such as Proctor & Gamble and Coca Cola, in order to tease out some of the factors that might help bring about such longevity.

Because most companies eventually disappear, it is unwise to invest them with the responsibility for employees' health care and retirement living. Only the state -- the national government -- can aspire to permanence and can thereby reliably insure the welfare of the people. The purpose of this study will be to highlight the causes of corporate decline and collapse, and to argue that this process, while beneficial to the long-term welfare of the nation, needs to take place within the confines of a strong state system of social security in order to protect the interests of the nation's citizens. While most of us are employees during our lives, and most employees work for private businesses, we are also citizens. Work is essential both in order to provide for our material needs, but also to provide us with a sense of self-worth and dignity. But in an advanced democracy such as the United States, work, I would contend, needs to take place within an infrastructure of state provided education, health care, unemployment insurance, and retirement security. This infrastructure should be separated from employment and paid for through taxation on the companies that create the national wealth and on the wages of people who work at these companies and in the public sector. Wealth creation and wealth distribution should be understood as two separate and complementary aspects of our national life.

Given the transient nature of companies and the reality that workers change employers multiple times during their lives, it makes no sense to tie peoples' long-term welfare to companies that may disappear tomorrow and to workers' earnings at a succession of employers. It is inevitable that our current system of employment will change.

The argument is made that people will not work if they are guaranteed a certain level of income and security by the state. It is true they won't work as many hours as they do now. But as less desirable jobs become mechanized and automated out of existence, most people will voluntarily work because the alternative is to lead a rather empty, boring life. Not many people would be able to handle endless leisure. Those who work will also have higher earnings than those who choose not to work. The sort of subsistence income that the state would provide would put food on the table and a roof over one's head, but it would not provide the kind of material abundance a full-time worker would enjoy. There is not likely to be a problem of too many people choosing not to work; more likely, it will be difficult to find meaningful employment for people who would like to work.

MICHAEL ANDERSON holds a Ph.D. in history from the University of Chicago. A retired foreign service officer, he has taught at NOVA and George Mason University and now enjoys offering classes for ENCORE (Arlington County Adult Learning Program) and LLI.