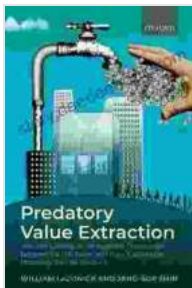


# How the Looting of the Business Corporation Became the US Norm and How to Stop It

The business corporation is a legal entity that is separate from its owners. This means that the corporation can be held liable for its debts and obligations, but the owners are not personally liable. This limited liability makes the business corporation an attractive option for businesses of all sizes.



## Predatory Value Extraction: How the Looting of the Business Corporation Became the US Norm and How Sustainable Prosperity Can Be Restored by William Lazonick

★★★★☆ 4.2 out of 5

Language : English  
File size : 3878 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported  
Enhanced typesetting: Enabled  
Word Wise : Enabled  
Print length : 251 pages  
Lending : Enabled



However, the limited liability of the business corporation has also been used to shield corporate executives from personal liability for their wrongdoing. This has led to a situation where corporate executives can loot their companies with impunity.

## The Looting of the Business Corporation

There are many ways that corporate executives can loot their companies. Some of the most common methods include:

- Excessive compensation
- Self-dealing
- Wasteful spending
- Financial fraud

Excessive compensation is one of the most common ways that corporate executives loot their companies. In recent years, CEO pay has skyrocketed, while the pay of average workers has stagnated. This has led to a situation where CEOs are making hundreds of times more than their employees.

Self-dealing is another common way that corporate executives loot their companies. Self-dealing occurs when a corporate executive uses his or her position to benefit themselves or their family members. For example, a CEO might award a contract to a company that is owned by his or her spouse.

Wasteful spending is another way that corporate executives loot their companies. Wasteful spending occurs when a company spends money on unnecessary or extravagant items. For example, a company might spend millions of dollars on a luxury jet for its CEO.

Financial fraud is the most serious way that corporate executives loot their companies. Financial fraud occurs when a company misrepresents its financial condition in order to deceive investors or creditors. For example, a

company might inflate its earnings or assets in order to make itself look more profitable than it actually is.

## **The Impact of Corporate Looting**

The looting of the business corporation has a number of negative consequences for the US economy and society. These consequences include:

- Reduced investment
- Job losses
- Lower wages
- Increased inequality
- Reduced trust in the business community

Reduced investment is one of the most serious consequences of corporate looting. When corporate executives loot their companies, they reduce the amount of money that is available for investment in new businesses and jobs. This can lead to a slowdown in economic growth.

Job losses are another consequence of corporate looting. When companies are looted, they are often forced to cut jobs in order to reduce costs. This can lead to widespread unemployment.

Lower wages are another consequence of corporate looting. When companies are looted, they have less money to pay their employees. This can lead to lower wages for workers.

Increased inequality is another consequence of corporate looting. When corporate executives loot their companies, they increase the gap between the rich and the poor. This can lead to social unrest.

Reduced trust in the business community is another consequence of corporate looting. When corporate executives loot their companies, they damage the trust that the public has in the business community. This can make it difficult for businesses to attract investment and customers.

## **How to Stop the Looting of the Business Corporation**

There are a number of things that can be done to stop the looting of the business corporation. These include:

- Strengthening corporate governance
- Increasing transparency
- Enforcing the law
- Changing the tax code
- Educating the public

Strengthening corporate governance is one of the most important things that can be done to stop the looting of the business corporation. Corporate governance refers to the rules and practices that govern the way that companies are run. Strong corporate governance can help to prevent corporate executives from looting their companies.

Increasing transparency is another important step that can be taken to stop the looting of the business corporation. Transparency refers to the disclosure of information about a company's financial condition and

operations. Increased transparency can help to make it more difficult for corporate executives to hide their wrongdoing.

Enforcing the law is another important step that can be taken to stop the looting of the business corporation. The US government has a number of laws that can be used to punish corporate executives who loot their companies. However, these laws are often not enforced vigorously.

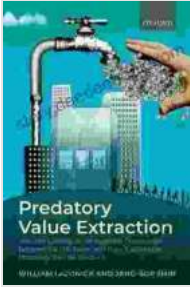
Changing the tax code is another step that can be taken to stop the looting of the business corporation. The current tax code provides a number of loopholes that allow corporate executives to avoid paying taxes on their excessive compensation. Closing these loopholes would make it more difficult for corporate executives to loot their companies.

Educating the public is another important step that can be taken to stop the looting of the business corporation. The public needs to be aware of the problem of corporate looting and its consequences. This awareness can help to put pressure on companies to stop looting their companies.

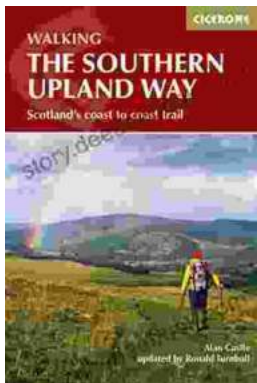
The looting of the business corporation has become a serious problem in the US. This looting has a number of negative consequences for the US economy and society. There are a number of things that can be done to stop the looting of the business corporation, including strengthening corporate governance, increasing transparency, enforcing the law, changing the tax code, and educating the public.

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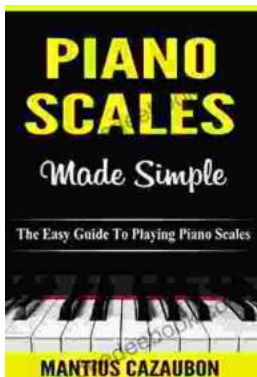


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