

# Jamie Raskin

## Remarks at "Benefit & B Corporations: Taking Stock + Taking Charge"

MAY 11, 2016

*Verbatim Transcript*

Well, thank you! And welcome to District 20 everybody. I don't know how many of my District 20 constituents are here - how many of you guys live in Silver Spring or Takoma Park? Alright! And how many of you live in the 8th Congressional District for Maryland? Alright! All the Bethesda Green people are here, I know that's cool. And um well I'm psyched to be here with all of you, and I was asked to just tell a little bit of the story of benefit corporations from my perspective, and then maybe to um speculate a little bit about the future and about the importance of this movement that so many of you guys are part of, and I'm very proud to have played um some role in helping give birth to what has become this huge national movement with ah 30 states and the District of Columbia, a majority of the states in the Country having benefit corporations laws, and its spreading to foreign lands as well.

So let me just tell you how I got into it. Um, and there's some people in the room who also figure into this story. But um the year was 2010 and um uh from one perspective it was an exciting year for me, legislatively, because I'd been introducing the Marriage Equality Legislation, and also the legislation to abolish the death penalty in Maryland, and we were making great strides there and I felt things were going very much in the right direction. But at the same time, in the economics of the country, I thought that things were headed in a very very bleak direction. And there were three kind of catastrophic corporate events that took place in 2010.

One was the Upper Big Branch mine collapse disaster in West Virginia which cost the lives of 29 coal miners, one was - and that was courtesy of the Massey Coal Corporation um whose president and CEO Don Blankenship later went to prison for openly defying hundreds of regulatory and court orders to correct mine safety violations, the second was the BP oil spill which pretty much wrecked an entire ecosystem, in the age of climate change, poisoning the Gulf of Mexico, courtesy of the BP oil corporation, and the third and the biggest was of course the subprime mortgage meltdown which cost the American people 19 trillion dollars in retirement income and real estate values and mortgage foreclosures and on and on and on, as well as job losses and rising unemployment, and so

it was a very tough time when you think about these corporate catastrophes and uh of course the politics of the country should have focused on well, how do we try to rebuild some regulatory fences around the corporations, but because of another gift of 2010 which was the Citizens United decision in the Supreme Court, um the corporations large corporations funded the Tea Party, which suddenly made regulation the villain, uh in American politics, that year led then to the terrible electoral wipeout in the 2010 elections with the Tea Party essentially seizing control of the wheel of power in Congress.

So then, so one day I invited my friend Jim Epstein who I see here to go for a walk and I just said you know this is like a really dark picture that we're in here. And he started telling me about B Lab and the B Corporations. Cause I said I knew that there were progressive businesspeople out there, and there were lots of green businesses that were trying to move in another direction, but that the chamber of commerce at the national level, and corporate America generally seemed to be uh directed and controlled by these large corporations which acted in a completely lawless and antisocial way. And then he told me about the B Corporation movement, and so I started asking him more and more, um and um I said you know I'd be very interested in seeing whether we could formalize and legalize this whole thing, and um Jim put me in touch with Jay Cohen - is Jay here? No, Jay's not here? Ok. - But some of the other people from B Lab and I said hey do you know, do you guys have a plan to actually try to take what you're doing with the B Corporations and make it a new legal form to try to invite businesses in to give them a new legal identity and social function beyond just the maximization of profit which had been formalized a century ago in 1919 in the Dodge v Ford case where the Supreme Court basically interpreted corporate law to mean maximization of shareholder value, the maximization of profit is the dictating, overriding imperative of corporate law. And they said well yeah, we've got a 10 year plan for how we might actually get this legally recognized. And I said well how about a 10 week plan, cause I'm going back to Annapolis and I would like to introduce a benefit corporation law um to give the corporations the opportunity for creating another identity and another way to go. You know, when the country was founded, corporations were on a very short leash. There were very few corporations in the country and they lasted for a very short period of time. They were set up to you know, build a bridge, and they were given limited corporate authority to build a bridge and they could pay people and make profit during that time, and when the bridge was built, they were gone. And that's what a corporation was. And that was the Delaware - for any lawful purpose laws which opened it up, so corporations got unlimited life, they could go on forever, limited liability of the shareholders, which was

incredible inducement and a kind of social subsidy to the companies, and all of these other kinds of protections which were great for jumpstarting and vitalizing capitalism, um but lead to an increasing divorce between social function and responsibility and what the corporations were doing. And that culminated you can see in the year 2010 with corporations that had absolutely gone wild in terms of their recklessness and their irresponsibility.

So um anyway, so with the help of B Lab we drafted legislation to say that corporations should be able to build into their DNA, into their incorporating documents a commitment to a social function, a social purpose, a material positive impact on society in addition to the moneymaking purpose. And that would be something that the corporation would hold itself responsible for, by being accountable to the shareholders for that, and there would be regular reports through a third party um approving entity like uh like B Lab. And um we got surprising support from across the political spectrum of course everybody wanted to make sure that this - that there weren't subsidies built into it, that there weren't tax breaks built into it, but it was both a branding mechanism and also a form of legal protection for the company, that if it engaged in activity that was not profit maximizing but was socially optimizing and advanced the general public welfare, the shareholders and the executives would be protected against lawsuits and derivative litigation for acting in the interests of the broader good as opposed to just maximizing shareholder value.

And so. We introduced it in 2010, we went through some very rigorous hearings, and we passed it in 2010. And then in the intervening years we've seen now a majority of the states in the last 6 years do it, so this is an extremely rapid growth social movement that you guys are part of here, and its also urgently necessary. When I think about the politics of 2016 in the presidential election, one way of thinking about it is you've got a left-wing critique of corporate capitalism embodied in the Bernie Sanders campaign, which has enormous resonance and traction for millions of people. You've got a kind of right-wing critique, authoritarian critique of corporate capitalism from Donald Trump and the Republicans which has enormous resonance and traction, and you've got the Clinton campaign which is kind of implicitly defending the possibility of some reform and progress within the current corporate model. But really what the country is looking for is you guys and the benefit corporation movement, a movement for [APPLAUSE] a movement for responsible green social capitalism uh corporations that are rooted here, invested in our communities, corporations that are willing to send the signal to their workers, to their consumers, to the investors and the broader society that

they are invested in the community and are willing to be held accountable by the highest social standards that there are. And we are going to be willing to reward those companies with our consumer dollars and with our investment and with our loyalty and our faith as a community as opposed to the corporations who want to take the money and run and go invest it in the islands or Switzerland or wherever they go. We want to be invested right here. I'm proud that I am not only a Senator for but a consumer of two, I think the two first benefit corporations on Earth: The Big Bad Woof, is Penny here today? Where's Penny? [APPLAUSE] So yeah, Penny's here. And then my dear friend Tebabu Assefa, from Blessed Coffee in Takoma Park, and he's here too. So we say that Seattle has Starbucks, and Maryland has Blessed Coffee. And um.

So I like the model of businesses being part of movement building. And political movement building, and so I would love to do an event just like this with all the businesses and all the great food that's here with all of my supporters. And there were just 1,000 of them in the room over there on election night, so uh so we can expose the people who really want to see change to the businesses that want to be the change as well. So I'm very proud to have played just a tiny little role in this movement, but anything else I can do, if all goes well in November I'm going to be going to Congress, and the Benefit Corporation movement, the B Lab movement, the B Corp movement will have a great legislative champion in the Congressperson from the 8th Congressional District.