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'Corporate Democracy' Ultimately Means Improved Shareholder Value

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Prof. Manne was correct when he stated, "We need corporate activists today more than ever, but we need them to lobby and argue for repeal of our many costly and ill-serving bits of corporate regulation." One of the most "costly and ill serving bits of corporate regulation" is SEC Rule 14a-8, which hinders shareholders from nominating director candidates and causing their names to appear on the corporate ballot.

Its major cost is that it prevents effective corporate director accountability at the thousands of corporations with publicly traded stock. Other "bits of corporate regulation" allow less-than-effective directors to entrench themselves with unrestricted access to shareholder contact information and the corporate purse.

Prof. Manne states that "the selection of managers (including the board of directors) is ultimately a function of majority shareholding, not any political-type shareholder election process."

However, he does not explain what method he prefers to determine the will of the majority of shareholders and the supposed merits of his unspecified approach.

There is no "hidden agenda." "Corporate democracy" means enhanced competition for corporate stewardship and accountability. That translates into improved shareholder value.

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