

The Reality of Corporations

Several years ago the Department of Defense charged that a corporation had sold it computer parts without testing them properly and then had falsified records to cover up the fraud. The computer parts are now installed in ships, planes, weapons, and nuclear bombs around the world and cannot be tracked down. A government official commented that if a component malfunctioned, "We're talking about lives. You could have a missile that would end up in Cleveland instead of the intended target."

Although the corporation was indicted on criminal charges, no individuals were ever charged. The Department of Defense objected that because "a corporation acts only through its employees and officers," the individuals who make up the company should have been held responsible for the crimes. The company's president felt differently: "We totally disagree with the Defense Department's proposal. We have repeatedly stated that we accept responsibility as a company [only] and we steadfastly continue to stand by that statement." According to the company president, corporations and not their members should be held responsible for such criminal acts.

The position of the Department of Defense was defended by metaphysical individualists. Metaphysical individualism says that only individuals are real and

that corporations are fictitious mental constructs; consequently, only individuals can be responsible for crimes. The position of the company's president was supported by metaphysical collectivists, who hold that corporations are as real as individual human beings. Metaphysical collectivism says that corporations are like living organisms that think, act, and direct the activities of their members and that, consequently, the corporation and not its members must be held responsible for its criminal acts. Legal experts are divided on this issue, some siding with individualism, others with collectivism.

QUESTIONS

1. What kind of reality does an organized group such as a corporation have? Is a corporate group nothing more than the sum of its members, or is it more like a living organism?
2. Which theory should our legal system use when determining punishments for corporate crimes: the individualist theory or the collectivist theory? Why?

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