



Northeast Ohio American Friends Service Committee
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**TESTIMONY ON SENATE BILL (SB) 214 BEFORE HOUSE STATE
GOVERNMENT COMMITTEE**

**Greg Coleridge
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My name is Greg Coleridge. I am the Director of the Northeast Ohio American Friends Service Committee, based in Akron. AFSC is a national Quaker social action organization. I have researched the history of corporations and democracy in Ohio and have written a book, *Citizens over Corporations: A Brief History of Democracy in Ohio and Challenges to Freedom in the Future*. I would be happy to supply a copy to any interested member of this Committee.

Thank you again Chairman Carmichael and other members of this committee for once again setting aside time once again to hear testimony on this important proposed legislation.

Senate Bill 214 addresses an important issue in Ohio of campaign finance reform. Financial scandals and “pay to play” deals at the state level have prompted demands for significant reform. As currently proposed, SB 214 is not significant reform. It is, in fact, as currently proposed a step backwards.

Greater disclosure of political contributions, the most widely advertised component of the bill, is good

So are laws, for example, stipulating food labeling. But knowing the amount of toxic substances in what we eat isn’t enough. Eliminating poisons in food we eat should be the ultimate goal. The same goes for campaign finance reform.

Large political campaign contributions or investment and direct corporate contributions from corporate treasuries are toxic to democracy. They deny the rights of human persons without money to be heard in the political arena.

SB214 would permit for the first time in nearly a century business corporations directly contribute or invest in politics from their corporate treasuries. How exactly is this “reform?” The original law outlawing direct corporate contributions in 1908 took place following decades of massive corruption of politicians and public policies by robber barons, monopolies and trusts.

Direct corporate contributions in politics flies in the face of Ohio’s founders whom via corporate charters limiting the purpose, duration, and function of business corporations. Corporations had no inherent rights, only privileges by we the people through their state legislature and backup by the courts.

Here’s what the Ohio Supreme Court said in 1855:

Corporations have such powers, and such only, as the act creating them confers; and are confined to the exercise of those expressly granted, and such incidental powers as are necessary for the purpose of carrying into effect powers specifically conferred. In no state of the Union have these principles been adhered to with more unyielding tenacity than in this.

Elias Straus and Brother v The Eagle Insurance Company of Cincinnati of Cincinnati, 5 OS 60 1855

Africa Initiative Program ~ Debra Calhoun, Director
Economic Justice & Empowerment Program ~ Greg Coleridge, Director

The American Friends Service Committee is a Quaker social action organization seeking non-violent solutions to human problems through promoting understanding and peace, and helping those ill and oppressed. AFSC is a 501 (c) (3) organization.

In another decision 35 years later, the state Supreme Court was equally clear:

The corporation has received vitality from the state; it continues during its existence to be the creature of the state; must live subservient to its laws, and has such powers and franchises as those laws have bestowed upon it, and none others. As the state was not bound to create it in the first place, it is not bound to maintain it, after having done so, if it violates the laws or public policy of the state, or misuse its franchises to oppress the citizens thereof.

The State ex rel. v The C.N.O. & T.P. Ry. Co. 47 OS 130 (1890)

That same year (1890), the Ohio Farmers Union was born with more than 1000 farmers in attendance. Their Declaration of Principle's stated in part:

Corporation, banks, syndicates have for years directed largely the legislation of this country... These interests gorged with the wealth wrested from the hand that earned it, manage still to have their say, no matter which political party holds the reigns of power. The farmers have waited long, too long, for the fulfillment of partisan pledges so lavishly made before the election and so soon forgotten afterwards.

How exactly does providing so-called corporate "persons" greater power and authority enhance the democratic rights of real human persons? Will it increase the confidence and trust of citizens that public officials are truly public and not owned, rented, leased, retained, or loaned to the wealthiest business corporations?

And how will passage of this proposed bill prevent further massive amounts of un-bid contracts previously awarded by the Governor, Auditor, and Treasurer to large political contributing construction corporations to (re)build schools, and to certain lawyers and law firms for the creation of "special counsels?"

In 1908, your predecessors passed a law prohibiting corporate political contributions. As stated in the preamble, its purpose was "to prevent the corruption of elections and political parties by corporations." Section 1 of that law stated:

That no corporation doing business in this state shall directly or indirectly pay, use or offer, consent or agree to pay or use, any of its money or property for, or in aid, of any political party, committee or organization, or for, or in aid of, any candidate for political office or for nomination for any such office, or in any manner use any of its money or property for any political purpose whatever, or for the reimbursement or indemnification of any person or persons for moneys or property so used.

Nearly 100 years later, what have we learned? Is it that Ohioans of all incomes and backgrounds have too much democracy? Too much power? Too much influence in determining what goes on in their lives and communities? That corporations don't have enough power to influence laws, public officials, and the general public? Are these the lessons you wish to send Ohioans by passing this bill in its current form? I hope not.

Follow the Senate lead. Strike this extreme/anti-democratic provision from the bill. Deal with the contribution limits and political party contribution issues as well. Make this real reform, not phony reform.

Thank you.