

PAUL KANJORSKI: GOVERNMENT CAN'T CONTROL MULTINATIONALS ANYMORE

I confess. When I read Zach Carter's account of his interview with Paul Kanjorski, my first response was to wonder why HuffPo had decided an interview with the former Congressman would make for the (admittedly very fascinating) article that resulted.

Turns out the reason is Bank of America's woes; as one of the champions of breaking up the banks in Dodd-Frank, this ought to be an "I told you so" moment for Kanjorski, because had we already broken BoA up, it would have forestalled some of the difficulties we're likely to experience in the near term.

And Kanjorski did address that, intimating that regulators who had left the Administration, like Sheila Bair, had been willing to entertain taking such step, but those who remain (Carter notes that Tim Geithner recently decided to stick around) basically made an agreement with the banks not to use Dodd-Frank's authority to break them up.

But Kanjorski framed all this within the larger question of whether multinational companies have simply become too big for mere governments to control anymore.

"Because [corporations] have become so international and global in nature, it's highly questionable whether governments can actually control corporations to a sufficient degree to prevent them from controlling governments," said Kanjorski,

And he then demonstrated that principle in his discussion of discussions about a tax holiday,

which would allow tax cheating corporations to bring money back into the US but only pay cut rate taxes.

“I’m not saying we shouldn’t adjust our tax code otherwise – there are things we need to do there – but to give them a free ride, what are you encouraging? The next guy who doesn’t like the law will just do the same thing,” Kanjorski said of the proposed tax holiday. “The reality is, why should we be bargaining with super-national corporations who are actually acting against our interest in avoidance of what our law is? We are impotent to get them to respond.”

This takes the argument of Treasure Islands—that corporations are using secrecy havens to avoid taxes—to the level where a former senior legislator of the world’s economic powerhouse admitting to impotence in the face of the corporations because of their size and multinational status.

And he notes something often forgotten in DC: that these are no longer American companies, and their interests do not coincide with our interests.

Of course, that’s not necessarily going to help us, given that Kanjorski’s watching from the private sector as top financial regulators still do act as if these multinationals’ interests coincide with ours.