Tyco Corruption Case Study: Targeting the Wrong Victim

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Tyco International was a security systems company that made the headlines in 2002 when its CEO Dennis Kozlowski and CFO Mark H. Swartz were taken away in handcuffs after being arrested for stealing in excess of $430 million from the company's shareholders (Daniel Funds Ethics Institute, 2011). We have been tasked in this paper with reacting to the Tyco case study and drawing lessons from it. Rather than focus on the Tyco corruption case in detail, however, this paper will argue that the crime committed was not one of stealing, lying, fraud, or corruption, since those attributes are built into the present economic system and have been used throughout its history as basic tools to sustain it, but rather that the accused in this case committed those crimes against their own kind, the company's shareholders, rather than against the population at large, and were punished for that reason alone. Had they stole from and lied to the public, and especially if they had targeted low income, black and latinx people, their behavior would have been unremarkable and would have gone completely unpunished.

In his book, *The Half Has Never Been Told: Slavery and the Making of American Capitalism*, Cornell University history professor Edward E. Baptist documents how efficiency in cotton picking by slave labor increased over the entire period of slave cotton production and fueled the wealth of the nation. The amount of cotton picked per "hand" rose by an average of 2.6 percent per year in the Southwest cotton region of the country for the entire period between 1811 and 1860 (p. 126) using innovations in what was called "the pushing system", which amounted to nothing more than the systematic, data driven application of torture to increase picking productivity. To quote Baptist, "Using torture, slavery's entrepreneurs extracted an
amount of innovation virtually equal in numerical measure to all the mechanical ingenuity in all the textile mills in the Western world" (p. 140).

None of this was illegal, despite the fact that it amounted to the theft of vast amounts of wealth under torture from fellow human beings. The wealth of the nation was built on the backs of slave labor using this torture. The horrific theft of the slave system was permitted because slaves were first robbed of their humanity, becoming mere appendages, "hands", for use by the slave holding power to enrich themselves.

Lest one be tempted to think that slavery may have been the law of the land one hundred and sixty years ago, but such naked theft of the powerless and vulnerable could not possibly happen today, we have the crash of 2008. The financial crisis in 2008 resulted in a huge wealth transfer from the poor to the rich, and from black and brown people to white people, in what may have been the greatest transfer of wealth in human history. In an article in Jacobin titled How Obama Destroyed Black Wealth, the authors state that "The Obama presidency was a disaster for middle-class wealth in the United States. Between 2007 and 2016, the average wealth of the bottom 99 percent dropped by $4,500. Over the same period, the average wealth of the top 1 percent rose by $4.9 million" (Bruening, M. and Cooper, R., 2017). As the Pew Research Center data makes plain, the situation has continued to worsen since 2008, with wealth inequality continuing to widen along racial lines in the years since (Kochhar, R. and Fry, R., 2014). These two massive thefts of wealth are linked. As Louise Seamster writes in Black Debt, White Debt, "White debt is key to racial capitalism; as an enabling force, it has often been created from Black wealth. Mortgages, after all, were first created to subsidize the slave trade" (2019).
What distinguishes these thefts from the theft in the Tyco case, which caused two rich white men to serve a bit of jail time, is that the theft in the Tyco case was committed against shareholders, viewed as worthy members of the system. It is not the absence of morality or willingness to steal and deceive that got Kozlowski and Swartz into trouble, those characteristics are core to our present economic system. Despite the theft of billions of dollars in 2008, only a single person, Kareem Serageldin, was ever sent to prison in the United States (Wikipedia contributors, 2018). No, Kozlowski and Swartz’s crime was in targeting the wrong victims. Instead of going after the powerless and exploited, those whom capitalism has long devalued and dehumanized, and against whom it has openly permitted the most heinous acts with impunity, our two perpetrators stole from the rich and powerful Tyco shareholders, and that is something which can not be tolerated.
References


