

Preface

In 1974, when I first became intrigued by the power of business corporations, and particularly by their ability to wrest concessions from national governments, it seemed perfectly possible to bring these concentrations of economic power under democratic control. Now I'm not so sure. It seems to me that many of the democratic gains fought for so heroically over the last 150 years have simultaneously created a set of nominally economic forces which have emptied many of those gains of real meaning. The truly worrying prospect is that those forces, call them corporate capitalism, managerial dominance or simply corporate power, have created new autocrats, immune from effective popular control. Business corporations are often creative and can be brilliant and enriching, but their economic and cultural achievements cloak their ability to dictate political choices. This is far from an original insight. It was expressed brilliantly by Charles Lindblom, and ironically by John Kenneth Galbraith, whose insights into the power of corporations in society have been a constant source of inspiration. Both Galbraith and Lindblom offered reform proposals to counter corporate power but that power has been, as argued in the following pages, vastly increased since the 1970s. The universal resort to market solutions, the emancipation of management, and the loss of faith in the active state, have conspired together to embed corporate power so deeply into our institutions that it appears invulnerable.

We used to be concerned about selecting a government we approved of and calling it to account. Now we should be concerned about our inability to exert influence over a government of corporations and to call them to account. And this matters. A national and a global society in which business corporations share in government has inherent dynamics which threaten economic collapse and environmental destruction, and also herald a destabilising new age of political activism including quasi-revolutionary struggle against corporate privileges. This slide towards the precipice is widely acknowledged but its causes are shrouded in confusion. To clarify those causes, in the shape of a clearer diagnosis of the nature of corporate power, is the motivation behind this book.

The origins of my deepening concern about the irresponsible business corporation began with my PhD on policy towards the British motor

industry and developed through research on industrial policy, switching to competition policy as Thatcherite market fundamentalism discredited state intervention and unleashed market forces. My engagement with scholarly research on relations between government and corporations has been tempered by practical involvement with the dynamics of markets and dilemmas of corporate strategies through the enforcement of competition policy. As a Member of the Competition Commission from 2000 to 2008, and subsequently as a Member of the Competition Appeal Tribunal, I have had the opportunity to contrast rational economic (and political) theories with the often messy realities of corporate ambitions, regulatory uncertainty and managerial misconceptions. Insight into the power of management and its ideologies was provided, somewhat unpredictably, by four years as Deputy Vice Chancellor of Exeter University. Business management is not confined to the business corporation.

Universities still allow for the luxury of the critical exploration of political change. I am grateful to my colleagues in the Politics Department at Exeter for, to put it bluntly, leaving me alone, and to the undergraduates for not leaving me alone. For the past eight years I have taught a third-year seminar on business and politics, which has allowed me to explore aspects of business power intensively and speculatively. My students have similarly become explorers. They have been enthusiastic, questioning, sometimes brilliant, and sometimes startling in their analyses and their attitudes. This book is for them and for their generation who will have to face the challenges summarised in its conclusions. To that extent this is designed as a textbook, aimed at critical advanced undergraduates. I hope it will also reach a wider audience of those many people who are similarly concerned about, or implicated in, concentrations of corporate power and challenges to democracy. An audience in business schools and in business – partly academic, partly lay – will, I hope, find material here which helps to re-conceptualise the corporation. Accordingly, although this is a research-based study, I have tried to avoid engaging in arcane disciplinary debates just as I have tried to avoid too much jargon and too many references overburdening the text.

Since the ideas feeding into this book have matured over a disconcerting period of time I have accumulated many debts, intellectual and practical. I'm going to avoid a roll call of the many sources of generous inspiration but I must mention one or two colleagues and especially David Coen (UCL), Mark Thatcher (LSE) and Paul Jones (Warwick), with all of whom I have discussed these issues and who have read parts of the draft book. Among thoughtful and creative students it is perhaps invidious to pick out individuals, but of the recent cohorts, Chris Ford, Alison O'Connor, Sam Knight and Aleksandra Fernandes da Costa provided

valuable insights as well as commentary on draft chapters. My thanks also go to Edward Elgar Publishers, in the shape of Alex Pettifer, who has been efficient, quietly supportive and above all patient. Finally, this book is dedicated to Philippa, for her heroically sustained encouragement, and to Laura, Susannah and Verity for their inspiration.

