Corporations in the Modern Era

The Commercial Transformation of Material Life and Culture

I hope we shall . . . crush in [its] birth the aristocracy of our monied corporations which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country.

—Thomas Jefferson (letter to Tom Logan, 1816)

Justice John Paul Stevens of the U.S. Supreme Court cited the third president of the United States in his strong dissent to the majority’s 2010 decision allowing corporations unlimited spending on behalf of political candidates.1 Quoting the court’s earlier McConnell decision, Stevens wrote, “We have repeatedly sustained legislation aimed at ‘the corrosive and distorting effects of immense aggregations of wealth that are accumulated with

1Jefferson’s animus may seem curious in light of the history of British corporations that financed the settling of the first North American colonies and, as discussed in this chapter, are often credited with providing the model for representative government adopted by the framers of the U.S. Constitution (Tuitt 2006).
the help of the corporate form.” The court’s decision, Justice Stevens continued, “will undoubtedly cripple the ability of ordinary citizens, Congress and the States to adopt even limited measures to protect against corporate domination of the electoral process.”

The essence of Justice Steven’s dissent in the *Citizens United v. Federal Election Commission* is that corporations are legally devised entities that organize activities and are given special legal protections similar to those afforded individuals. Their rights and obligations are a matter for the state to decide. Justice Stevens emphasized how the First Amendment’s guarantee of freedom of speech—the basis for the court’s majority to rescind a hundred years of legislative limitations on election spending by corporations and unions—applies only to real individuals and groups of individuals. Corporations are “not natural persons, much less members of our political community . . . Although they make enormous contributions to our society, corporations are not actually members of it. They cannot vote or run for office . . . The financial resources, legal structure, and instrumental orientation of corporations raise legitimate concerns about their role in the electoral process” (Stevens 2010).

Corporations are recognized by the law as having economic rights otherwise reserved for individuals, e.g., to own property, make contracts, and be represented in civil and criminal court. Many people associate corporations with a kind of personality, and certainly corporate publicists spend lavishly to “brand” corporations by associating them with favorable characteristics: innovative, caring, trustworthy, loyal, helpful, friendly, thrifty, optimistic, brave, and so forth. Individuals’ images are iconic—Betty Crocker for General Foods, Colonel Sanders for KFC, Ronald McDonald for McDonald’s, Mr. Goodwrench for Goodyear—and help endow them with human qualities. In some cases, real flesh-and-blood people are behind the corporate logo. Bill Gates is the face of Microsoft, Steve Jobs is Apple, and Oprah Winfrey is her media empire.

Corporations are often started by entrepreneurs who remain associated with the firm that bears their name or imprimatur. When ownership is made public through the sale of shares, or the firm is purchased by a large

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2David Korten, a former executive and now a critic of large corporations, rejects the idea of a corporation as “almost a living person.” It is an “illusion cultivated by corporate relations and given legal standing by court rulings . . . The corporation is not a person, and it does not live. It is a lifeless bundle of legally protected financial rights and relationships . . . It is money that flows in its veins, not blood. The corporation has neither soul nor conscience” (Korten 1999: 75).
corporation, the original owners may become corporate officers or are given special titles. Their role can evolve into meeting the public, giving speeches on behalf of the corporation, or lending their likenesses to company logos. Their power passes to boards of directors and shareholders who usually know little about the actual activities and operations of the firms, and to a managerial staff that does.

Corporations predate the nineteenth century, but their modern form and place in public, political, and economic affairs has changed and grown so enormously in the last century that it is impossible to understand contemporary social change without grasping the role corporations have played in the transformation of culture and social structure. Literally, they own most of the world and process most of its resources; they are the source of jobs and the vehicle for amassing wealth. They produce the goods and services that pervade our lives, disposing of the old and encouraging us to buy the new, better, faster, more efficient, trendier, safer, healthier, cleaner, fun things that make us happier, better looking, envied, sexier, and respected for our taste and ability to acquire them. William Roy, author of *Socializing Capital*, a study of the rise of corporations in the United States, observes that “few features of contemporary American society are more far-reaching or awesome than its large industrial corporations” (Roy 1997: xiii).

### Understanding Corporations and Social Change

How corporations themselves—and especially large multinational firms—direct change is rarely explored in studies of social change. Rather, the things corporations produce in the way of technology have been studied in depth. Social and political theorists seek to decipher the role of corporations in the operations of the state. Labor research focuses on the changing nature of work as corporations have grown, created jobs, and organized the labor process. Organizational analysts chronicle the strengths and liabilities of corporate bureaucratic forms, and business studies cover the map of what works best to capture and hold markets, foster innovation, and motivate workers. All of these contribute to an understanding of important aspects of corporations and are discussed in this chapter in terms of their impact on social change. Corporations themselves as agents of social change, however, have worked under the radar for many citizens and scholars who seek to understand social change. Ironically, this may be due to their being so pervasive. They just seem to be the natural order of things in modern times.
Corporations as Evolutionary Systems

Much writing about corporations and social change is within what is described in Chapter 3 as the evolutionary systems perspective. It emphasizes the arrangement of parts, how they work together in processing resources, and how the whole adapts, grows, reproduces, and subdues its adversary.

Typical is Alfred Chandler, one of the most articulate and respected historians of American corporations, who shows in *The Railroads* (1965) how the corporate form developed in the late nineteenth century in the face of new challenges and opportunities. Its chief manifestation was the railroad corporation that built tracks spanning the North American continent, linking thousands of towns and cities. The success of a few corporations over others was a consequence of their bold innovations and the amassing of both financial resources and political power. In Chandler’s account, they proved to be more fit than their competitors to do what the nineteenth century wanted and needed in order to progress.

The three basic elements of the evolutionary systems perspective—growth, complexity, and reproductive advantage—are prominent in Chandler’s accounts. Much of the basic technology for transcontinental railroads had been developed by midcentury. The successful railroad corporations, led by determined executives, developed complex organizational forms that were both flexible and resilient. Industries such as iron production and railroad car manufacture that supported railroads’ expansion also became corporate giants. A rapidly growing population eager to build farms and businesses across the vast continent provided the impetus. Those who owned the successful large corporations 125 years ago became fabulously wealthy, and it has remained so. Not just in the United States, Western Europe, and Japan, but throughout the world, “one’s relationship to corporations is now the most important determinant of wealth” (Roy 1997: 13).

Corporations in the Conflict Perspective

In contrast, a conflict perspective, also discussed in Chapter 3, tells a different story. It emphasizes power, contradictions, and the triumph of particular economic interests in conflict with others. In this view, corporations are one of many possible ways to organize economic activity. Explaining how they came to dominate the global landscape recognizes the ambitions of individuals and the entrepreneurial and technically innovative efforts the “Captains of Industry”—the 1920s moniker coined by Thorstein
Veblen—exerted in building business enterprises. They very consciously promoted the corporate form for businesses, sought and gained legal protection for their efforts, and established themselves as powerful forces in the social landscape.

Understanding large corporations as agents of social change requires the examination of politics, financial power, and the mobilization of public opinion. Efficiency and economies of scale gave some, usually the largest, corporations an advantage over others, but this doesn’t necessarily translate into an advantage based on a superior product or service. Dominating the story of corporations is the pursuit of wealth, not simply the desire to make a better mousetrap, satisfy peoples’ needs, or foster a society that works in harmony with the things human beings cannot control.

In the conflict perspective, the essence of major corporations is their power. Because of their size and the scope of the money and resources they command, large incorporated businesses configure much of the physical and social landscape of daily life. Corporate power gives them the means to confront the challenges facing the firm itself, the people who rely on it, and the environment. Because of their wealth holdings, the sophistication and size of their workforces, their resistance to state regulation, the instrumental focus of their efforts to advance the agenda of the corporation, and their global reach, studying corporations and social change is a study in power: its strengths and limitations, ebbs and flows, its positive and potential uses, and abuses.

Greater than any other force effecting social change today, corporations have the ability to “determine the context within which decisions are made by affecting the consequences of one alternative over another” (Roy 1997: 13). This is the essence of corporate power. It is sometimes startling when individuals reject what corporations determine as the good life. It can be perilous to oppose corporate-driven social change, either as an individual or a social movement.

Nonetheless, more than a few independent artists accept the consequences of working and living outside the corporate sphere. Biodynamic and small organic farmers, entrepreneurs in small family businesses, antiglobalization activists, spiritual communities, and committed environmental preservationists count themselves out as well. Those who actively reject popular commercial entertainment and commercial advertising as too mind-numbing, offensive, or intrusive to deserve their time and attention fall into this camp. Their awareness of corporate power and resistance to corporate-driven social change may be a rear-guard action, or it may be a harbinger of the future.
Businesses, Firms, and Large Corporations

As many as five and a half million organizations in the United States today are incorporated. Only a handful of them, and a few thousand across the globe, engage in business on a massive scale. They are the agents of change addressed in this chapter. These are the large national, and more often multinational, corporations that employ most of the people, own most of the business property, exert most of the political influence, provide most of the personal wealth, and generate most of the commercial media that structures working life and leisure in affluent countries and, increasingly, in less affluent countries today.

Corporate advocates consider the creation of this “technology,” the corporation, to be one of the most important innovations in the history of the industrial revolution and the expansion of material wealth of the past two hundred years. The advantages of corporations are many. For one thing, their method of organizational control, with a board of directors and a managerial staff, avoids what is seen by many as a too-personal management style of smaller family-owned firms. The elderly Henry Ford’s effort to be involved in all aspects of his automobile business nearly led to its collapse before his son took over and imposed a modern corporate management plan. Large corporations are continually tinkering with the technology of the corporate form as they move inexorably around the world and ever deeper into our lives.

The Pervasive Corporate World. Before the collapse of the Soviet Union in 1991 and the transformation of China following the death of Mao Zedong in 1976, it was possible to say that a large portion of the world’s resources and its industries and services were public endeavors. Since these events, however, much has changed. Emulating countries in the West, private ownership has taken a majority share in the economies of Eastern Europe, the Soviet Union’s former republics, Russia included, and increasingly in China.3

The corporate form, developed in the United States and Europe, has been adapted to what were formerly state-owned and publicly operated

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3Large corporations are not exclusively owned by individuals and other privately owned firms, as La Porta and his colleagues (1999) show. State ownership of corporate shares, sometimes known as sovereign funds, is substantial in Middle Eastern countries, as well as Austria, Portugal, Spain, Israel, New Zealand, Germany, Greece, Italy, Norway, and Singapore. In most countries, petroleum reserves and many other earth resources, as well as airlines, harbors, and railroads, are owned and operated entirely or in part by the state.
enterprises. In many cases, the former state managers have become the owners, while the workers under state socialism are now employees. Billboard, magazine, Internet, and television ads, along with glitzy stores and malls, exhibit a newfound consumerism in products and services provided by local and multinational corporations. Certainly the political changes in these countries are large, but the drive to “catch up to the West” in economic terms has fueled the changes most intimately experienced by ordinary people. The corporation has become pervasive in the everyday lives of Chinese, Kazaks, Russians, Hungarians, Croatians, Czechs, and Latvians.

The pervasiveness of corporations is easily seen in your immediate environment. The book you are holding is a corporate product, and the materials used to make it came from corporations that harvested the trees, produced the glues and dyes, and manufactured the computers on which it was written and then assembled by the publisher. Look around you. What can you see that is not the product of a corporation? Not much. Maybe you are eating a carrot from your garden. Maybe hanging on the wall is a dream catcher a friend made from scavenged twigs, feathers, string, and bits of debris. Maybe a small, hand-sculpted animal, bought in a far-away country, sits on your desk, or a bowl you made in art class, a shell from the beach, a crocheted potholder, or a crumbling doll made with garden weeds. Anything else?

Corporations “provide almost all our food, housing, transportation, entertainment, financial services, health care, communication, and national security items” in affluent countries (Tuitt 2006: xiii). Are you wearing anything that doesn’t have a corporate logo or tag? A friend’s knitted scarf? If your clothes were made abroad, they could well have originated in an unincorporated factory or clandestine sweatshop, but they were marketed by a corporation. How many corporate ads can you see in your immediate surroundings: informational messages, invitations to join in a sale, and brand names and logos posing as adornments? If your television or radio is on, or you are streaming on your computer, you are almost surely seeing or hearing ads and corporate messages. All of this seems so natural and hardly objectionable. It’s just the way things are. Such is the power of corporations.

Retail corporations large and small account for 90 percent of all sales in the United States, sales that make up 70 percent of all economic activity. Of all employed Americans, 95 percent work for someone other than themselves. In the United States, firms with 500
employees or more (less than 1 percent of all firms) employ about half of all workers.⁴

Many, if not most, of the consumer choices people make during the day are structured by corporate actions, both in terms of the products available for purchase and the perceptions that advertising confers of what is valuable, desirable, and necessary. When the CEO at Goldman Sachs, Lloyd Blankfein, told a congressional hearing investigating the financial meltdown that precipitated the Great Recession, “We’re doing God’s work,” it was widely ridiculed as hubris of the first magnitude. Religious references aside, the corporation is—along with the family and the nation state—the most important and influential social organization in the world today.

The Dominant Corporate Form. Even its critics recognize that the corporation is “an engine of economic growth.” The largest corporations usually do not have the dynamism and enthusiasm for innovation found in smaller businesses, but the corporate form has proved to be “uniquely effective in rendering human effort productive” (Micklethwait and Wooldridge 2005: xx).

In simple terms, a corporation is an organization held together and operated in terms of a set of contracts. Management staff, not stockholders, sign the contracts and represent the corporation for legal purposes. When a corporate scandal or other act occurs that jeopardizes the public, such as the April 2010 explosion of the Deepwater Horizon drilling platform in the Gulf of Mexico, it wasn’t BP’s largest shareholders (owners) who testified before Congress. It was BP’s executive officers. The corporation’s legal status gives it specific protections and collective rights and requires it to operate according to legally prescribed guidelines. Business corporations accept obligations in order to pursue profit-making activities that give immunity to shareholders from accidents, illegal corporate practices, and bankruptcy. And, they work very hard to ensure their profit-making activities can proceed with as little interference by the state as possible.

⁴Mark Granovetter challenges the idea that most people work in large establishments and shows how the actual workplaces of most employees are smaller than might be thought, given the dominance of large corporations. “In the United States, in recent years, at least one in four private-sector workers find themselves in establishments with less than 20 employees, one in two in those with less than 100.” In looking not at peoples’ worksites but rather the size of the firm, Granovetter concedes, “The argument that workers are parts of much larger operations now than fifty or seventy-five years ago is probably correct” (Granovetter 1984: 327).
A corporation, as a legal individual, has the advantage of being able to own property and pool capital. It does this by offering itself to the public through the sale of stock. Buyers then become owners of a portion of the company. Shares can be sold with no consultation with the company or its officers, at a price set by others’ willingness to purchase shares. Corporations in the United States and most other countries can own shares in other companies or own entire companies outright. They can borrow money and issue bonds in the form of debt that pay the purchaser a fixed return.

The prospect of profits lures investors to offer money that finances the operation and expansion of the corporation. More profitable corporations attract investors who speculate on future profits. Greater size and more capital give a competitive advantage, hence enhanced prospects for profitability. As a rational bureaucracy, corporations hire and fire employees as needed, barring agreements with unions that restrict their latitude, in order to remain profitable. They sell off parts of themselves and acquire new parts, spin off new corporations, and in myriad ways try to keep profits high, their taxes low, and investors satisfied.

Like actual individuals, a corporation has the right of privacy (e.g., proprietary knowledge critical to its being competitive) that keeps public eyes—as well as its employees’—out of its books, minutes of meetings, and laboratory secrets. Its actions are focused on generating profits, and it is legally required to do this as a responsibility to its shareholders. It is expected to abide by the law of the land, pay taxes, and conform to regulations, including scrutiny by governmental and regulatory bodies. Otherwise, it is free to do as it pleases and pursue profits wherever they may be found.

The greatest advantage of corporations is limited liability. Not only are risks of business failure shared, but responsibility for failure is limited to the corporation itself, not its investors. Bad corporate behavior does not taint or implicate investors. If sued in court, the corporation is represented as if it is an individual, though it cannot be sent to jail. Its debts and responsibility for lawful actions are confined to it alone. If it declares bankruptcy and must pay off its debts, these obligations extend only to its resources and not those of its shareholders. If its actions result in human injury or death, discrimination, or unfair business practices, it can be fined and must make amends, but its shareholders are not liable beyond what they have invested in the corporation.

Other Types of Corporations. There are several types of corporations, in addition to the business corporation just described. Closed corporations and “closely held” corporations are legally constituted to operate as corporations, but the stock is normally family owned and not publicly traded. Until 2006, the Cargill Corporation, a global giant in trading and shipping of grain, was the largest closely held corporation in the world. Today, Koch
Industries, owner of the major lumber company Georgia Pacific and a worldwide investor in energy, has this distinction.

Nonprofit corporations also provide limited liability, are represented by a board of directors, and are recognized as legal individuals in order to acquire, hold, and sell property, to sue and be sued, and so forth. They issue no stock and have no profit distribution beyond operating the organization and, thus, are exempt from paying taxes. Nonprofits range from the American Red Cross to the Catholic Church, the Ford Foundation, which supports philanthropic and research activities, the Rand Corporation, which does research for the Department of Defense, charities, private hospitals, communities, some schools, and condominium homeowners’ associations.

TORT VICTIMS AND THE ACTUAL PRICE YOU PAY

In The Corporate Paradox, Wouter Cortenraad examines the abuse of limited liability, what he calls “tort victims.” He defines tort victims as those affected by “activities and behavior patterns on the part of the firm that are desirable from the shareholders’ point of view but that adversely affect parties outside the firm” (Cortenraad 2000: 10).

Tort victims may be employees of a firm exposed to health hazards, injured, sexually harassed, unfairly terminated or reassigned, or who have their rights violated beyond what corporations are normally allowed to do for business purposes. Victims can be buyers or users of corporate products and services who are defrauded or harmed.

Penalties and restitution are limited to the assets of the corporation, not the personal wealth of those who own shares in the corporation. When committed by a large bureaucracy, responsibility for tort victimization (wrongdoing) is difficult to assign. Occasionally a company’s officers, staff members, and chief executives may be penalized if it can be proved that they are personally culpable of not providing “honest services.”

Jeffrey Skilling, past CEO of Enron Corporation, was tried for conspiracy, security fraud, insider trading, and making false statements to auditors. He went to prison in 2006 and is serving a 292-month sentence. In June 2010, the U.S. Supreme Court ruled in favor of Skilling whose lawyers challenged “honest services fraud” legislation, throwing into uncertain legal territory the question of responsibility of corporate officers. The court agreed that language in the legislation is too vague. Though it has been applied by the courts for four decades and most recently redrafted in 1988 to specify the meaning of honest services fraud, only bribery and kickbacks are clearly prohibited by the legislation, according to the Court. In the absence of more specific legislation, it is not illegal if corporate officers defraud investors, have a conflict of interest, and misrepresent their conduct in managing the business (i.e., causing “reasonably foreseeable economic harm”).
The ability of corporations to externalize many of the costs of operation creates tort victims. These are much harder to identify for legal indemnity. Environmental damage and indirect harm to the health of persons adversely affected by a firm’s activities are externalized costs. A factory’s toxic discharge that gets into a stream, killing fish or making them dangerous to eat, is a cost but one that may be difficult to prove, especially if many other firms are doing the same thing and there is runoff from upstream farms and highways as well.

David Korten (2001) cites figures for annual medical costs from smoking cigarettes ($53.9 billion), unsafe vehicles ($135.8 billion), injuries and accidents in unsafe workplaces ($141.6 billion), and cancer caused by toxic exposures in the workplace ($279.7 billion). Most of these are never recovered by those who are hurt or become ill, or by their dependents. In that sense, the companies have been able to avoid the costs by shifting them outside their responsibilities, e.g., externalizing the costs, usually on to individuals and the state.

When purchased, an item will cost less if externalized costs have not been factored in. The purchaser is probably unaware of the externalized costs, inasmuch as these can be buried deep inside the production process. When consumer advocates or environmentalists raise the issue of paying for externalized costs, firms cite the additional expenses paying for them will incur and how this will bear on retail prices. It can be enough to dampen the public’s concern for tort victims.

The Corporation’s Varied History

*People who now protest about the new evil of global commerce plainly have not read much about slavery and opium.*


After 1555, the Dutch, British, and other powerful trading corporations operated under state charter to raise money for voyages, carry on trade, and repel any resistance they encountered from other countries’ trading companies and the local people at the sites of their excursions. To accomplish its task of establishing dominance around the world, the British East India Company, a privately owned corporation, at one time had more than a quarter million troops under its command. Put quite succinctly, the British
crown, like the Dutch Crown, outsourced or “subcontracted imperialism to companies” (Micklethwait and Wooldridge 2005: 35).

**Early Chartered Corporations.** Trading corporations orchestrated colonialism and imperialism on behalf of states and for private gain. They carried out the slave trade, claimed most of the world’s territory as belonging to their nations, decimated indigenous people, set up courts and imprisoned malefactors, created currencies and overrode traditional economic order, crushed or co-opted local political rule, and created their own governing administrations. Such was the power of the corporate form in partnership with the state. As today’s antiglobalization activists are fond of pointing out, corporations continue to spearhead the global economy, though with somewhat greater oversight and less latitude to directly engage in war on their own behalf.

Corporations have a history that goes back centuries before imperial adventures. The problem of property—how to continue its legal status despite the deaths of those who operated it—was addressed by creating state-approved corporations in the Middle Ages. The corporate form solved the problem of perpetuating property rights outside the limitation of the human life cycle, a problem that didn’t exist until private property had become a fact of life, and well before it seemed like the most natural thing in the world. A town, church, group of artisans, or university acquired property and kept it, withstanding death in a way humans cannot. Some of the earliest corporations continue today. Stora Enso, a Swedish mining corporation begun in 1347, still exists. The Corporation of London, not quite as old, continues to own the land of the city’s financial district, three schools, and four markets.

For hundreds of years, corporations required the permission of the sovereign (the king or crown) to operate, in order to accomplish “a task considered critical for the public. They were given such privileges as monopoly rights, eminent domain, and the exemption on liability” (Roy 1997: 16). They could even be exempt from taxation. The Jamestown Settlement was founded by a corporation, the Virginia Company, chartered by England’s King James I in 1607. In 1619, its democratic character—shared voting, the choice of co-officers, and approval of policies—became the model for the first government in that settlement. This move toward democracy angered the king, however, and he revoked the Virginia Company’s charter.

Also established by a chartered corporation and equally problematic was the Plymouth Colony. These are the same Pilgrims celebrated at Thanksgiving for their 1620 founding of a colony at Plymouth, Massachusetts. The religious dissenters rejected democratic governance as
well as private property, preferring what they believed to be a biblical form of communism and communal property: from each according to his ability, to each according to his contribution. In 1623, Governor William Bradford decried their practices and, to improve the colony’s economic performance, established private property in place of communal property.

More favored than Jamestown and Plymouth, in 1629 the Massachusetts Bay Colony—actually a trading company—became a commonwealth of representative government. Accountable only to the crown and its stockholders, the corporations’ pursuit of wealth guided much of the settling of the early North American continent by Europeans. They made it possible for newcomers to colonize the land by displacing, often with violence, the indigenous people (Tuitt 2006).

From Public Service to Personal Fortune. In 1791, private corporations were established in the United States, nearly a century before the first manufacturing corporations. They were intended to advance the public good, especially economic expansion. Corporate shares for investors were first bought and sold in 1798. Prior to the mid-1800s, corporations were much more likely to be formed in order to perform “tasks governments felt could not or should not be conducted privately.” These tasks were “too risky, too expensive, too unprofitable, or too public.” In short, corporations were chartered “to perform tasks that would not have gotten done if left to the efficient operations of markets” (Roy 1997: 41).

By 1800, there were 335 corporations in the United States, most financed with government bonds to build canals, toll roads, and bridges. The watershed came with the federal Companies Act of 1862, allowing corporations to form by filing the necessary documents with the courts in order to operate for general business purposes. No longer was “serving the public good” the prime role of corporations. The principal goal was wealth creation.

The corporation was transformed further with the building of the transcontinental railroad, an endeavor replicated in Europe. As in the United States, massive state support was budgeted for railroad construction in France, Germany, and England. They, too, provided limited liability for business failure and accidents and to raise the capital needed to get railroads built (Herrera 2006: 58, 108). Railroads not only pioneered modern corporate organization and governance; they created a model for shareholder finance, the creation of wealth, and the collaboration of the state and private investment that became integral to industrial corporations of the twentieth century.

By the 1880s, there were declining railroad profits, and a roller-coaster economy had wiped out fortunes made in both speculation and sound
enterprise. The railroads linked cities and towns across the continent, but once built there was less demand for iron and steel and the products of manufacturing firms that railroad construction had supported. In order to increase prices in the face of declining demand, corporations created trusts—collusion among private businesses to set prices, divide markets among trustees, and in other ways control competition favoring those belonging to the trust. They were declared illegal with the 1890 Sherman Antitrust Act. The pursuit of personal wealth moved on.

Richard Edwards’ *Contested Terrain* (1979) explains how the unfettered competition, spurred by antitrust legislation, led thousands of companies to ruin in the last years of the nineteenth century. This problem was solved by innovations in the corporate form. Corporate operations encouraged mergers, developed vertical integration, initiated a legal patents regimen, and learned how to use their power to solicit advantageous legislation favoring the largest of them.

Tobacco firms characterized the new large corporations’ vertical integration. They produced or purchased directly the raw materials they needed, processed these to manufacture finished products, and then distributed the goods to retailers for sale. The emerging chemical corporations did the same. “Alkali producers secure[d] their own extractive plants to supply them with raw materials . . . [T]hree of the first five ammonia-soda plants were financed by glass interests, and the very first electrolytic plant was bought by a paper maker (Noble 1977: 14–15). Ohmann explains this shortening of the chain between production and final sales as a means for “corporations to achieve autonomy—control from inside . . . partly because they stabilized and controlled distribution” (Ohmann 1996, 74).

Critical to corporate success is what Roy (1997: 74) calls marketing capitalism, the integration of production and sales. Large corporations developed their own distribution systems and did their own advertising. Montgomery Ward, Sears, Woolworth, and other retail corporations were summarily created to sell the products of large corporations. Over the years, advertising agencies relieved the corporations of the task of figuring out how to sell their products to the public, themselves becoming a major corporate sector in the economy.

As corporations grew, they were able to acquire manufacturing technologies larger and more expensive than what smaller companies could

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6Vertical integration reduces the number of business transactions between production and final sales. Large corporate manufacturers bought forests, mines, and whatever else was needed to become their own source for production. In time, vertical integration extended to distribution and marketing.
afford. In order to fully take advantage of economies of scale and benefit from lower per-product costs, large corporations had to increase market share. In time, corporations wanted not only to reduce competition but, as much as possible, actually control the demand for the products they made and the services they offered. Advertising was and remains one of the most important means for doing this. Corporations “sought not so much to supply the market as to organize it” (Williams 1980: 191).

In William Roy’s phrase, private capital was transformed into “social capital,” collectively administered by an executive board, and the corporate form took off. “Industrial capital merged with investment capital and sparked the corporate revolution.” He calls this a “liminal period for the American economy,” i.e., a period of uncertainty and indeterminacy, when the rules were changing and no one knew what wealth or penury the changes would bring (Roy 1997: 198, 257). The day of the giant corporation was dawning. “Capital in publicly traded manufacturing companies . . . jumped from $33 million in 1890 to $260 million the following year . . . and hit over seven billion dollars in 1903” (Roy 1997: 4–5). Between 1890 and 1905, ten large corporations were joined by what had been family-owned businesses and partnership industries, becoming corporate giants.

Though corporate growth temporarily slowed down after 1905, the new corporations of the emerging automobile industry—including Studebaker, General Motors, Standard Oil, and BF Goodrich—increasingly found support from a sophisticated set of corporations in electrical manufacturing and industrial chemistry. The corporate form, organized with an intention of societal improvement and economic expansion, was now adapted for a much more direct economic function. Corporations were the key to personal fortune.

Monopoly Capitalism

There was and is a great deal of competition in the entrepreneurial sector of twentieth- and twenty-first century economies. Small manufacturers, local retailers, cafes and restaurants, repair shops, building contractors, and

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The direction in which modern economic activity goes is obviously neither natural nor inevitable. In a capitalist economy that followed the trajectory outlined here, a path-dependency analysis helps to show why consumer goods and an emphasis on sales to growing and new markets has guided the mobilization and use of economic resources. Less profitable areas of social life—such as the needs of the poor, public services, and environmental protection—have been much less the focus of private economic activity.
installers are mostly family owned, even when taking on the corporate form. They are highly vulnerable to the larger economic environment, often borrowing money on a regular basis, sometimes expanding and hiring when opportunities occur and cutting back during downturns, and with a high rate of bankruptcy for new businesses.

Much of an affluent nation’s economy, however, is dominated by large corporations that operate in a far less competitive environment. Their power over capital, labor, markets, and legislation confers advantages in ways unavailable for smaller businesses. Most important is their ability to dominate a market with the goods and services they provide. “Technically, such a situation is called an oligopoly (dominance by a few firms), but the economic power these few firms exercise is virtually identical to that of a true monopoly . . . On the basis of market domination, monopoly firms are able to restrict competition and charge higher prices for their goods” (Hodson and Sullivan 2008: 359). This happens despite decades of legislation designed to enhance competition and reduce monopolistic practices.8

Technology plays a role in this dominance, given the cost and complexity of many economic activities. Economies of scale, i.e., the ability to produce a good or service at a lower cost by having the capacity to produce more of these than a competitor, is often possible only when a massive amount of capital is available, when huge research and development efforts can be undertaken, and when the high cost of production and marketing can be absorbed until sales receipts begin repaying the investment.

Size is not always an asset for corporations, but it has many advantages. Among them are economic diversification and the capacity to move investments from one activity to another, to acquire competitors’ businesses through mergers, to price goods below cost (“predatory pricing”) in order to gain market share and diminish a competitor’s earnings, to engage in effective public relations and ad campaigns, and to influence regulations and legislation through access to political power. These activities all favor larger, wealthier corporations.

8The Interstate Commerce Act of 1887 recognized the state’s obligation to regulate businesses involved in interstate commerce. The 1890 Sherman Antitrust Act led to the breakup of Standard Oil into thirty companies, and the 1914 Clayton Act and Federal Trade Commission Act prohibited monopolistic practices, establishing the Federal Trade Commission to enforce antitrust laws. In 1945, the Corporate Control Act extended government oversight of U.S. public corporations, and in 2002 Congress passed the Sarbines-Oxley Act, in response to the recession following the dot-com bubble, providing government oversight of the auditing and accounting industries.
Finally, the largest corporations have become so integral to the economic well-being of a nation that the state and the public, including labor unions and workers, are highly dependent on their profitability. Tax revenues and government services, jobs, retirement benefits, and the economic health of communities are tied to large corporations. There is a collective loathing to let large corporations fail when the state can keep them afloat with supportive legislation, loan guarantees, tax breaks, regulatory concessions, and tariff controls. With their new power to give unlimited sums for and against political candidates—the *Citizens United* decision Justice Stevens bemoaned—their power is enhanced further.

**Who Runs the Corporation?** A debate about who actually controls the corporation has been going on at least since the Companies Act of 1862 was passed. When family-owned and partnership companies dominated the economy, it seemed clear who was in charge. But when Quaker Oats became part of the American Cereal Company, Carnegie Steel became United States Steel, the Deering’s and McCormick’s farm implement enterprises became International Harvester, and Shredded Wheat merged into the National Biscuit Company, things seemed to change.

David Nobel describes the bold entrepreneurs of the electrical industry.

In the period between 1880 and 1920 the first and second generations of men who created and ran the modern electrical industry formed a vanguard of science-based industrial development in the United States. These were the people who first successfully combined the discoveries of physical science with the mechanical know-how of the workshop to produce the much-heralded electrical revolution in power generation, lighting, transportation, and communication; who forged the great companies which manufactured that revolution and the countless electric utilities, electric railways, and telephone companies that carried it across the nation. (Noble 1977: 6)

The fields of industry were enormously competitive, however, and falling prices threatened growth and investment. Through mergers, acquisitions, and the buying of hundreds of patents—and thus keeping them from competitors—the largest corporations shifted from “entrepreneurial capitalism to financial capitalism to managerial capitalism . . . The nineteenth-century individualistic entrepreneurs, the traditional captains of industry who had jealously guided every facet of their companies’ activities, largely lost their domination over large-scale U.S. business” (Laird 1998: 203–204).

Managers with skill sets different from the companies’ innovative and inventive founders were required for firms larger in size and increasingly
dependent on new scientific possibilities. With greater technical and organizational complexity, a new managerial class developed, educated in science-based engineering. William Wickenden’s 1930 study found that between 1884 and 1924, “two-thirds of the [engineering] graduates had become managers within fifteen years after college” (cited in Noble 1977: 41). The chief proponents of a progressive reformism saw in the engineers-as-managers a source of scientific socialism, combining industrial might with universal social welfare and the development of human potential (Veblen 1967; see also Berle and Means 1932; Chandler 1977). The new executives and managers, however, remained answerable to shareholders who focused on profits, stock prices, and dividends, rather than the operations of the company as a source of innovation, providing enriching employment, and remaining integral to a healthy community.

The modern corporate form also appeared to separate ownership from control by making an executive staff answerable to a diverse board of directors. Bankers began investing heavily in industries transitioning from family to corporate ownership, the most prominent being U.S. Steel. The (Alexander Graham) Bell system that spawned the American Telephone and Telegraph Company and General Electric that originated as (Thomas) Edison Electric Light Company were heavily financed by the wealthiest bank in America, that of J. P. Morgan. The bank, like others, put its people on the boards of directors (Noble, 1977: 9, 12).

The suspicion was that financial interests would become paramount, eclipsing the firms’ focus on providing innovative products of high quality. In hindsight, anxiety over financial establishments controlling corporations assumed a difference of interests among corporate elites. In reality, financiers share with executives, top managers, and major shareholders an outlook and set of interests about the operation of large corporations and their role in society and the world. All of them work hard to ensure the dominant ideology remains in practice.

Financial considerations once again seem to guide the operations of large corporations today, especially firms whose boards of directors and finance offices are packed with executives and experts who recognize the firm less in terms of what it makes or the service it provides and more as a balance sheet and source of profits. The growth of finance and banking as a portion of the U.S. economy, and the strategy of improving the value of company stock by selling off less productive assets and replacing long-term employees

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9William Roy writes about a period of financial control at the turn of the twentieth century, but one that was short-lived: “The power of financiers relative to that of other economic actors was transitional, a temporary stage of finance capital between family capitalism and managerial capitalism” (Roy 1997: 250).
with contract, temporary, and contingent workers, has again raised the question, Who controls the corporation?

How independent are managers of major corporations today? The “managerial revolution” that gave rise to highly visible corporate executives who seemed to speak for the company and found little opposition to their authority from shareholders, including banks, separated ownership from control in ways long felt to be threatening to capitalism. Managers are, in the final analysis, employees, and their power can be interpreted as worker self-management, a hallmark of democratic socialism. In the real world, management is more often pitted against the workforce that competes for profits, better working conditions, and a greater voice in company affairs. Paying executives with company shares makes them owners as well and has been an opportunity for their amassing great personal wealth in recent decades.10

The Ways Large Corporations Direct Social Change

Rather than orderly change within an existing institutional structure in which many tactical adaptations accumulated into substantial change, [corporate-driven] change took the form of restructuring the American industrial order.

—William Roy (1997: 257)

In social science terminology, the economy is a social institution, and specific corporations are organizations; the corporation is an organizational form. Similarly, the family is an institution. Nuclear families, extended neolocal families, and so forth are different forms of social organization. But there is a major difference between corporations, as powerful drivers of social change, and families. The family is the repository of tradition, the first agent of socialization, and a primary investor of culture. It is tasked with the most important responsibility of the human species: reproduction of its own kind, not just biologically but culturally. Families change, and older family forms, e.g., extended family households, patriarchy, generations living in the same community, give way to new forms. The family, however, is not a force for

10La Porta and his colleagues (1999) also find that, worldwide, a great deal of shareholder control exists by virtue of one family (often the company’s founders) or a small group of people holding a controlling interest in the corporation. Indeed, worldwide major shareholding families often assume managerial roles. The United States is a significant exception, in part because of its having better “shareholder protection” legislation.
social change. Just the opposite: it is a force of permanence, predictability, replication of its own kind, and stability.

In contrast, the large corporation is very much an instrument of change. Despite the ways corporations may resist change to themselves and the supporting structures that make their operations possible, as will be seen later in the chapter, their current form developed in the rapidly changing environment of industrialization. They both took advantage of and fostered a robust era of technical inventiveness and scientific achievement, applying these to new products and services that found or created a buying public.

In search of new markets and greater market share, large corporations have devised organizational operations, product development strategies, advertising and public relations, labor management regimens, and ways to influence the political system unimagined 150 years ago. Most obviously, the everyday life of anyone living in an affluent or aspiring nation is constructed by and adorned with corporate products. These products, not the natural world, are the environment most people live within. Their messages, music, and images are the most real thing, linking people into communities of consumption, channeling both public and private desires (Ewen and Ewen 1992).

Large corporations are a force guiding social change in at least five ways. First, they are intimately involved in reconfiguring and finding uses for existing technology and developing new technologies that facilitate and guide what we do as users and consumers. Second, for more than a century corporations have organized and contested labor, deciding how work will be done and the terms governing working life. Third, their size and economic power rest on the control of capital and the purposes to which capital is applied. Fourth, major corporations dominate the aesthetic landscape with images of themselves, their products and services, and the sensibilities that encourage everyone to participate in the world of material consumption to the best of his or her ability, and beyond. Finally, they are integral to the political process and play an outsized role in advancing legislation that benefits themselves and opposing legislation and regulation that could diminish or impair their operations as privately owned, profit-seeking organizations.

Technology and the Corporate Dynamic

Technology does not occur in a vacuum, nor is it neutral to those who possess and use it. Discoveries, inventions, and technological applications acquire their significance in the ways they are used and the social contexts of their uses. One context confers social distinction on the inventor, another envelopes him in a cloud of social ridicule. Ideas of what is sacred, immoral, socially inappropriate, or threatening have scuttled new practices and made
their adherents infamous. Ideas about what is important, beautiful, pleasurable, and empowering have the opposite effect. In today’s world, corporations play a major role in deciding which technologies are developed and adopted, and which are not. Corporate interests have been the most important advocates for new technologies, a creative force for research and development, and insatiable advocates for innovation. Much of the contour of modern societies owes its form to corporate embrace of technological change.11

Corporations and Profitable Technology. Seeking efficiency, being able to produce a good or service at lower cost, more quickly, or of better quality, can mean more profits. When technological development is costly, large corporations have the resources to invest in it. Joel Mokyr, in The Levers of Riches (1990), argues that material “progress” is a primary reason the state facilitated the corporate form of business ownership (itself a technology) in the nineteenth century. It has been a recurrent argument for lenient enforcement of antitrust laws throughout the past century. A corporation that can convincingly show its need for large market share in order to have the resources to invest in new technologies makes a good case. The largest pharmaceutical companies, for example, are allowed many exceptions to normal competitive practices by the countries in which they operate, given the research cost of developing new drugs and the expensive field trials required before new drugs can be marketed, to say nothing of research that meets a dead end.

In the social context of a highly commercialized economy, technologies are most likely to be evaluated by corporations on the basis of expense and profitability. Technology research and development, however, is a contested terrain. A technology of a weaker competitor that threatens the profits of powerful economic interests can face barriers of restrictive laws and negative public relations campaigns. Patents and copyrights for rival technologies can be acquired and squirreled away in order for them to be forgotten.

James Duke, namesake of Duke Tobacco and the founder of the American Tobacco Company trust in the late nineteenth century, purchased the Bonsack

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11Sometimes pioneering corporations use cutting-edge technology to expand their market. Taking a bold lead, however, may find them embroiled in cost overruns or out of sync with existing systems of distribution and application, what Danny Miller (1990) calls the “Icarus paradox” in reference to the mythical Greek inventor who mastered flying but lost his son who flew too close to the sun.
machine to make cigarettes but also purchased the patent rights to the potentially competitive Allison machine, keeping it out of the hands of his competitors. Senator Frank Church of Idaho conducted hearings in the 1970s on patents and copyrights for alternative energy technologies, what are now called green technologies. *Petroleum Industry Involvement in Alternative Sources of Energy*, prepared for his Subcommittee on Energy Research and Development, documented how energy companies and others who were heavily invested in carbon-based energy purchased sustainable energy technology patents, ostensibly to develop them, but many were left undeveloped and languished for decades (Crane et al., 1977).

It is an economic truism that greater profits accrue to the replacement of human with mechanical production. Machines can be more precise, work longer hours, require no retirement benefits, and get a tax write-off as they age. Integrated machine tools, computer numerical control machines, and robotics have reduced labor costs, just as Duke’s Bonsack machine allowed three workers to do the work of forty or fifty people hand-rolling cigarettes (Roy 1997: 227). As is discussed shortly, however, shop-floor technologies have resulted from choices and corporate decisions about how to organize labor, not only for greater efficiency but for greater control over the labor process.

**Technologies as Consumer Goods.** One of the most fascinating aspects of corporations and technology is the way in which things previously unknown have become objects of necessity. The search for new markets is not only the search for new consumers. Current consumers are available for new products. Corporate advertising helps them learn what they don’t know. Who thought they needed a reaper? Cyrus McCormick had to show farmers a better way to do what they had been doing for centuries. Who needed a sewing machine? Only when the wonders of owning a Singer machine were demonstrated to women could a family have a conversation about what it really needed, which turned out to be a sewing machine (Sivulka 1998).

Today’s technologies that facilitate social networking go well beyond improvement in the basic telephone. Smartphone users can access a vast store of information in any locale with a few taps of the thumb. They make it possible to communicate experiences almost instantly. Being able to stay informed about the comings and goings of nearly anyone has become a necessity that no one thought important a few years ago. Like
scores of other technologies, smartphones are changing the way people live, interact, communicate, and think about the world. Their source is corporations vying for consumers by producing new, unimagined technologies of consumption.¹²

Control and Investment of Capital

Like human beings and natural resources, capital is a valued resource. Poor countries are desperate to obtain investment capital. Small businesses can respond to new opportunities only by obtaining capital. Families go hat in hand to get the capital needed to buy a home or car, pay for college education, or get through a health crisis. Major corporations possess and control the use of much of a nation’s available capital, allowing or requiring them to decide what products and services will be produced, how they will be marketed, what resources will be used to operate firms, what buildings will be built, how the landscape will be designed, what jobs will be available, and how much people will be paid.

Growth of Capital. A single modern corporation’s holdings can exceed the size of many countries’ economies. Globally, corporations are fifty-one of the one hundred largest economies in the world; national economies are the other forty nine. This means that nearly 150 nations have economies smaller than the fifty-one largest corporations. Except for ten nations, the two hundred largest corporations have greater holdings than all other countries in the world combined.¹³ Their annual sales are more than a quarter of the world’s gross domestic product (GDP). In 1999, the two hundred largest corporations in the world specializing in services, such as banks, financial companies, and telecommunications, accounted for nearly half of all sales in services

¹²A fascinating example is the man’s wristwatch. With the proliferation of cell phones and smartphones, a finely made wristwatch has lost much of its utilitarian value. For those who want to wear a watch, digital watches are superbly accurate and inexpensive. The economic threat to mechanical watchmakers was obvious, and corporations responded creatively. Using movie stars, golf pros, and brilliant intellectuals in glossy ads, they transformed the mechanical analog display watch into an expensive object of adornment and status for men.

¹³In response to its advertising restrictions on cigarettes, Philip Morris International threatened to sue Uruguay. As Duff Wilson (2010) pointed out, that can be intimidating. Philip Morris’ annual sales are twice the size of Uruguay’s GDP.
Corporations in the Modern Era


In the 1870s and 1880s, railroads were engines of growth and the greatest source of capital accumulation the world had ever known. The steam engine itself was so expensive to build and operate that, despite being recognized as a practical invention in 1804, it was not used widely until decades later (Herrera 2006: 54). Thousands of investors, including states like Pennsylvania and dozens of communities, lost money on railroads that failed, but those who became the dominant builders and operators were well rewarded. In England, investing in railroads became so popular it was given the name “railway mania.”

Rather than being a historical anomaly or blip, railroads became the model for accumulating capital and applying it to wealth creation that corporations emulated for the next century. In 1870, when the U.S. GDP was less than $7 billion, twenty-five railroads had capital holdings of more than a billion dollars. By 1889, the railroad industry was worth $8.56 billion, far eclipsing the $5.7 billion total value of the nation’s manufacturing industries. “One of the preconditions for the corporate revolution at the end of the century was the centralization of wealth into a form accessible to publicly traded corporations. The railroad system mobilized and centralized the expanding quantities of wealth” (Roy 1997: 97, 104).

William Roy’s illustration is telling of this economic power and its significance. “Half of every dollar a farmer or merchant paid to ship a bushel of wheat or a barrel of nails was expropriated into corporate capital . . . Instead of millions of farmers and merchants making the decisions that determined how the wealth would be appropriated, a few hundred railroad executives and financiers decided” (Roy 1997: 105). That power has only increased. In their use of vast sums of capital, corporations play an enormous role in directing and blocking social change.

**Corporate Concentration and Capital Accumulation.** Concentration and wealth holdings go hand in hand. Data collected for the Bureau of the Census’ Statistics of U.S. Corporations document that 891 large firms had sales/receipts of $2.5 billion or more in 2002 (a tiny fraction of the 5.6 million U.S. firms). These 891 companies employed more than twenty-six million people, or 23 percent of the U.S. workforce, and had sales of $9 trillion, 42 percent of all sales of U.S. firms.

Mergers of several firms have been one of the chief means for this enormous growth in receipts for a handful of corporations. This is especially the case in the financial industry. As Jane D’Arista’s research shows, the top ten
financial institutions in the United States all were created by mergers with other financial institutions. Their operations manage money in such a way that profits accrue to investors, while company officers and employees share the rest.\(^\text{14}\) The more money they manage, the greater the profits. “In 1984 the top 10 banks account for 26 percent of the total assets of the sector, with 50 percent held by 64 banks and the remaining 50 percent spread out among the remaining 11,387 smaller institutions” (D’Arista 2007: 4). An average of 440 bank mergers per year reduced the number of banks by four thousand in 2005, and by then five banks controlled the lion’s share of all capital available for investment.\(^\text{15}\)

**Transformation of the Labor Process**

A basic sociological principle is that we *are* what we *do*. That simple idea has many meanings. It can mean that, from the perspective of others, our identity is based on our actions: rob a bank and you are a robber. Grow a garden and you are a gardener. Win a sporting event and you are a winner. Care for your sick mother and you are a saint. Another meaning of the simple idea is that we become the person we are because we engage in activities that mold our worldview, forge our self-concept, engage us with a select group of others, and place us in the social hierarchy. Because so much of our life is spent working, the work we do is a major determinant of who we are. That is why, beyond the rewards of pay and promotion, it’s good to do work that helps you become the person you want to be.

One of the most important ways large corporate organizations have effected social change is by organizing work and the labor process, profoundly

\(^\text{14}\)The twenty-five best-paid hedge fund managers took home on average $1 billion each in annual compensation for 2009, led by David Tepper’s $4 billion from Appaloosa Management. Other corporate executive pay “winners” in 2009 included Oracle’s Lawrence Ellison, who received $84,501,759, and Viacom’s Philippe Dauman and Thomas Dooley, who received $84.5 million and $64.7 million, respectively, in pay, stock awards, and other compensation. Occidental Petroleum’s Ray Irani got $31,401,359, Robert Iger at Disney took home $25,578,471, and Robert Stevens at Lockheed Martin received $20,473,451 in the depths of the Great Recession. The CEO of an average-to-large corporation today takes home more money by noon on January 1 than the average employee will earn in an entire year.

\(^\text{15}\)“By mid-2008, five banks had become the dominant institutions in the market in terms of total assets and as holders of ninety-seven percent of the total amount of notational derivatives such as interest and exchange rate swaps, collateral debt obligations (CDOs) and collateral default swaps (CDSs)” (D’Arista 2007: 4).
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and intimately influencing peoples’ lives, including the sense of who they are, their social worth, their friendships, health, and life chances. Because the labor process has changed so much over the past century, it is only reasonable to think that people and the lives they live, too, have changed a great deal.

The ability to control the labor process, vested in the power of the corporation, has significant structural consequences as well. For example, the U.S. educational systems’ curriculum, as well as its methods of evaluating and sorting young people, serves the corporate world that hires individuals on the basis of certified qualifications. Schooling prepares employees to accept regular evaluations of performance that determine promotion or dismissal. Classroom discipline and a tolerance for routine, timed tasks in schools can be readily applied in the workplace (Bowles and Gintis 1976).

What is taught in universities, which departments grow and receive additional resources and faculty positions, and what research agendas receive institutional support and encouragement increasingly reflect a fluctuating job market and the need for corporations to have well-trained employees. This is especially true in for-profit universities, community colleges, schools of engineering, agriculture, business, and law, and it is increasingly influencing the liberal arts and sciences. In order to prepare students for jobs, institutions of education respond to the decisions of corporations that determine demand in the job market, the kind of work employees will do, and the way it will be done.

From Agriculture to Industry to Services. Iris Summers grew up on a farm. Her husband worked in industry. Her training was in nursing—a service—and nearly all of her grandchildren provide services, e.g., teaching, retail sales, health care, insurance. Her family is a microcosm of the changing labor market of affluent countries. Two out of five workers were engaged in agriculture a hundred years ago. Today, about two out of a hundred do the work of growing food. The agricultural labor market shifted first to manufacturing and industry and then to services, with a bifurcation of services into personal and retail services and professional and highly technical services. Currently, more than three-quarters of all workers in the United States provide a service. Information rather than machine tools is the material with which they are engaged—creating it, using it, and providing it to others. This has fundamentally altered the way work is performed.

In addition to the migration of people off the farm, many immigrants had agricultural skills when they came to the United States a century ago. They and their children entered a new world of work. African Americans left the South by the thousands during and soon after World War I, many finding jobs in industry. In the mid-1920s, 90 percent of Detroit’s African American
men employed in industry were working for Ford Motor Company (Edwards 1979: 127). This is social change on a massive scale.

In the nineteenth century, domestic work often meant farm work. As farms were consolidated and families moved to towns and cities, domestic work was (compared to the skills needed on the farm) deskillled. The answer to the decennial census question about the occupation for nonfarm women working in the home was “no occupation,” despite their caring for children and elderly parents, shopping and preparing food, doing laundry, and cleaning for their families. In the public mind, and increasingly in her own, the “unoccupied” or unemployed housewife was a consumer.

Women have always worked. Between 1905 and 1930, a quarter or more of all women in the United States were in the paid labor force, disproportional numbers of whom were unmarried white women, poor women, single mothers, and women of color (Domenico and Jones 2006: 2). Farm girls like Iris Summers and her sisters trained to be nurses, secretaries, bookkeepers, telephone operators, and teachers, joining the urban labor force of factory workers and office staff. The character of their work, along with that of their brothers and husbands, changed as well, as corporations developed new ways to use their labor power.

**Technology and the Struggle for Control.** Richard Edwards’ (1979) study of the transformation of the labor process explains how forms of corporate control evolved in the making of a modern workforce. Early factories were often not much more than the gathering of dozens of artisans who previously had been in separate workshops. They came with their experience, knowledge, apprentices, and tools. Owners were largely powerless to control the speed with which they worked, and there was little management of the production process. Only a coercive foreman and piecework pay could wrest control in the company’s favor, and never satisfactorily.

In contrast, water-driven power looms created a labor process where machine tenders, often children with minimal skill, worked according to the pace of the machine. Adult newcomers to factory labor balked at such conditions, as well as the low pay for a sixty-to-seventy-hour workweek. Corporate authority over the mechanized labor process was not assumed to be a natural phenomenon. From 1880 to 1920, the United States saw a massive resistance of workers across industries and regions of the country. Labor stoppages and worker strikes erupted in response to long hours and low wages. Objectionable, too, was the regimentation of work and the discipline that enforced the work regimen.

In the scholarship of labor historian David Montgomery (1979), three periods of labor activism were especially tumultuous: 1901–1904, 1916–1920, and 1934–1941. The strikes, lockouts, sit-ins, and boycotts were usually not
initiated by an organized union but broke out when groups of workers refused to continue working under intolerable conditions. They were likely to be successful when other workers joined in sympathetic support based on their own work experiences. As Edwards describes,

After the 1901 steel strike, leadership in aggressive unionism passed from the craft to the industrial unions. With the formation of the Socialist Party in 1901 and the Industrial Workers of the World in 1905 . . . [and] particularly after the IWW’s Lawrence [Massachusetts, textile mill] victory and Eugene Deb’s impressive tally in the Presidential election—both in 1912—the future shape of industrial control appeared to be much in question. (Edwards 1979: 51)

**Corporate Liberalism.** In response to labor militancy, hundreds of corporations tried to develop a safer, cleaner, and more habitable working environment, what urban reformers and critics of corporations were demanding both inside and outside the factories. Firms adopted policies—James Weinstein (1968) dubs this the “corporate ideal in the liberal state”—that would not only improve the health and safety of the workforce but generate worker loyalty and dissuade workers from forming and joining unions. “They promoted social-welfare legislation in order to reduce the burdens and antagonism of working people . . . thereby hoping to substitute orderly and predictable negotiations for industrial warfare” (Noble 1977: 61).

Corporations provided “recreational services, clinics and health care, pensions, stock-sharing and other savings plans, housing, and educational and other benefits and services” (Edwards 1979: 91). One 1926 survey of 1,500 firms, not all of them corporations, found that 80 percent had some form of company welfare program (benefits) costing, on average, about 2 percent of workers’ income (Edwards 1979: 95). Justified as cost-cutting measures and because they had not been effective in quelling worker dissatisfaction, in time most of these practices were diluted or shifted to the responsibility of the state. In the 1930s, they took the form of Workman’s Compensation and Social Security.

**Machine Control.** More effective for corporations were the changes involving the application of machines that shifted worker hostility away from disciplinary foremen. Machine technology reconstructed the workplace to make the routinization of jobs appear both rational and impersonal. Technology played a major role in what Harry Braverman (1974) calls the “habituation of labor,” i.e., training people to work with machines that set the pace, determined the routine, and in effect became the repositories of the knowledge and skills previously possessed by artisans. Becoming
habituated to the routinization of jobs also involved gaining workers’ acceptance of corporate authority.

The effort to closely manage work led corporations to employ time-and-effort studies, the most famous going under the title of Taylorism, named after Frederick Winslow Taylor. Taylor’s nemesis was “soldiering,” i.e., the practice of working with less than maximum effort or giving less than “a fair day’s work.” Taylor’s plans for the work process reflected his bias against the working class and their apparent unwillingness to work as hard as he thought they should. Taylorism was a largely impractical scheme to dissect the motions of work and reduce tasks to a few repetitive actions, with many individuals doing simple bits of standardized activity previously performed as a complex skill set by one person. Taylor’s efficiency calibrations extended to speed and endurance studies in order to determine what was possible, rather than accepting what workers actually did and the practiced skills to do them. Deskilled labor was more calculable and controllable.

Few companies ever tried to fully adopt Taylorism, but they did learn the importance of management having the knowledge previously monopolized by artisans. Companies seized upon the economic benefit of hiring unskilled workers, training them in a day or two and paying them the bare minimum under threat of being easily replaced. Finally, Taylorism recommended a workplace entirely outside the workers’ control. Braverman (1974: 114) describes this as the complete “separation of conception from execution” with owners and managers making the plans and devising the activities and workers carrying them out.16

Continuous-flow production, commonly thought of as the assembly line, didn’t need Taylor’s studies. The idea emerged decades earlier with the standardization of parts for the assembly of firearms, the disassembly of animal carcasses in meatpacking plants, and in response to the popular demand for bicycles. Continuous-flow production was developed most extensively in automobile production after the turn of the century. Henry Ford’s massive automobile works were built to organize labor into stationary tasks while the product moved through the factory on carts or conveyor belts. It proved to be very profitable. Even into the 1920s, nearly every Model A was sold before it was made (Gartman 1979). Labor turnover was

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16Based on his fieldwork and analysis, Michael Buroway takes issue with some of Braverman’s ideas. Much ethnographic research (e.g., Hodson 2001) supports Buroway’s conclusions that workers do not remain passive and totally acquiescent in situations of technical control. Their latitude is “within narrow limits” and often takes the form of hidden resistance and sabotage that amounts to no change in the labor process itself (Buroway 1979: 94).
high, exceeding 100 percent annually, despite Ford’s paying workers the astronomical figure of five dollars a day. Nonetheless, technical control grudgingly but inexorable came to be accepted as the way things are done.

**Bureaucratic Control.** Workers who objected could work in other sectors of the economy, most obviously in small businesses that retained more familial relations and in which the labor process was less regimented. They could also avoid what Edwards describes as the final form of labor control, bureaucratic control. This organizational technology puts the labor process within a rational scheme of rules and procedures, provides an elaborate classification of jobs, and offers the means for individual, rather than group, advancement in pay and responsibility.

By retaining some elements of corporate welfare benefits, increasingly relying on sophisticated machines, and embedding work within a bureaucratic maze, labor was transformed into something that was done for someone else, in the way he wanted it done. By the time industrial unions entered the U.S. economy as major players in the 1930s and 1940s, there was little argument about this. Unions wanted a say in work rules, the setting of pay, and the generosity of benefits, but the legitimacy of corporations controlling the labor process was rarely in dispute.

Michael Buroway’s aptly titled *Manufacturing Consent* (1979) captures the habituation to the labor processes that large corporations design and carry out. Most people came to see themselves as employees, not workers. They belong to the middle class, not the working class. They are more comfortable emphasizing individual achievement rather than group solidarity. Conflict in the workplace is overwhelmingly a matter of grievances over management’s breaking or ignoring rules, not management’s making the rules in the first place.

Most people do not work on an assembly line today, but technical control is everywhere, enveloped in a seemingly rational bureaucratic maze. It is accepted by most people as the consequence of undisputed technical rationality. As the economy has moved more and more toward the provision of services and the ranks of professions have grown, the routines and

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17Surveys have for decades found that, when asked to which social class they belong, most people identify themselves as being middle class, even some who are exceedingly wealthy and many whose income and type of work would appear to place them in the working class. “Middle class” self-identifies people, rich and poor, with a particular lifestyle, set of values, and admired but reasonable aspirations. It has become more a cultural shorthand for widely respected personal virtues, character traits, and attitudes.
bottlenecks of bureaucracy might be castigated, but bureaucratic control, too, has become a fact of life.

**From Workers to Consumers.** Work is not interesting for a great many people. It is neither challenging nor fulfilling, and it may be done better by machines in the not-too-distant future. Still, most people are happy to have a job, any job that pays the bills. This frame of mind is what British sociologists (Goldthorpe et al. 1969) first called an “instrumental orientation to work.” A job lets them do what they need and want to do when they are away from their job.

Whether instrumentally or not, most people work very hard. And they work long hours. Juliet Schor’s statistical studies of *The Overworked American* (1991) and Arlie Hochschild’s more ethnographic *Time Bind* (1997) portray lives tied to work, not for its intrinsic value but for what it provides in the way of material goods and services. By almost any measure, full-time employed persons in the United States are working more than ever before and more than anyone else in the world.

Hochschild’s studies also reveal the irony of the modern intersection of work and family. Work itself can become the “family” that has been lost or diminished in two-earner households where commuting long distances, microwavable meals, and the household’s information and entertainment technologies allow everyone to escape into personal domains. The increasing number of hours family members spend working and commuting, added to by the hours spent using hand-held and desktop computers at home, have greatly contributed to changes in home and family life.

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18The concept of an instrumental orientation may be a naïve or nostalgic image of an earlier time when work was meaningful and empowering and not merely a means to enjoying life away from work. Or it may be visionary, akin to Karl Marx’s idea of transcending alienated labor in a socialist future when machines do the drudgery and people are free to work creatively, spontaneously, and as masters of their own efforts. Richard Sennett’s *Corrosion of Character* (1998) paints a compelling portrait of work today as insecurity, unreasonable expectations, and coping. Not everyone agrees, preferring to emphasize the way employees create a satisfying social atmosphere and insert personal meaning into their work, no matter how routine or insecure. “There is little evidence that people are less concerned about, interested in, or committed to work . . . [T]he notion that work is a purely instrumental activity and that people work simply in order to consume is difficult to sustain” according to Paul Edwards and Judy Wajcman (2005: 41).

19Robinson and Godbey (1997) analyzed multiple cross-sectional studies done every ten years between 1965 and 1985. The time diaries data led them to conclude that people in 1985 were working fewer hours than in the past. This finding is not borne out by other research and data, including that of the U.S. Bureau of Labor Statistics.
Many people would like to work more than they do in order to earn the money they need to live. Some of them are the underemployed and the working poor whose wages cannot keep them out of the ranks of poverty. Others are not poor but are barely able to make ends meet. They have little or no savings, huge credit card debt, and may be carrying a mortgage that makes them homeowners in name only. At the other end of the spectrum, many people in affluent societies work beyond necessity, putting in long hours in order to acquire things that define the good life. Parents lavish their children with goods as a consolation for the time they cannot spend with them (Pugh 2009). People gauge their worldly success by vacation locales, wardrobes, homes, automobiles, season tickets, and any number of expensive objects and experiences. As Thorstein Veblen (1899) described more than a hundred years ago, tapping into people’s pursuit of social repute through material consumption is one of the corporation’s greatest triumphs.

Advertising and the Corporate Creation of Culture

Think for a moment about something you would like to have. It may be physical fitness, a close friendship, better communication with your parents, or more sleep. Can you buy what you want? Is there a product that can help you get it? Not everything, perhaps, but a remarkable number of the things you want have a corporate commercial solution. That is, they can be acquired, learned, experienced, or facilitated by purchasing a thing or a service. If it has commercial value, it is probably made available by a large corporation. If you don’t know it is available, you may not be paying attention. Attention to what? Corporate advertising!

Advertising as Information and Persuasion. In its simplest form, advertising is information. Commercial information communicates the availability of products and services for purchase. From its earliest inception, advertising has sought to make people aware of things they might not know are available. Better yet, it helps people know what they need to have. Maybe they didn’t perceive the need or didn’t know there was a way to satisfy the need. As soon as the need is recognized and the option of satisfaction presents itself, there is a want. It may be weak or strong. The purpose of advertising is to enhance the desire to fulfill the want. Persuasion characterizes all advertising, even the most subtle or factually accurate.20 The Rolling Stones

20World War I is sometimes seen as a watershed in advertising. Raymond Williams (1980) and Pamela Laird (1998) attribute the success of building public opinion in favor of the U.S. entrance into the European war as yielding valuable new persuasive techniques for commercial advertising.
are wrong. You can get satisfaction. It is affordable, it is necessary, you deserve it, it will have additional benefits, and time is short, so buy now!

Persuasion to buy products and services is a staple of affluent societies dominated by the corporate-driven culture of consumption. Like corporate power more generally, it has become so pervasive that it may barely be noticed (Galbraith 1956). Its challenge is to “cut through the clutter” to gain the buyer’s attention. Advertising is clever, employing the finest writers, digital animators, videographers, dancers, and technicians. It is often very funny. The best advertising strikes at the core of feelings about love, family, responsibility, excellence, security, beauty, and the other things people cherish. It speaks to them and for them.

Believe it or not, body odor (BO) is a commercial invention. Its entrance into the nation’s lexicon dates from the 1920s, following the successful campaign to solve the newly discovered problem of bad breath. What a Chicago ad agency dubbed “halitosis” was solved by using a new product, Listerine, every morning. Responding to “the new urban attention to cleanliness,” Lever Brothers promised not only to clean and disinfect, but to “protect the regular user of Lifeboy soap from the disgrace of smelling like . . . a body” (Sivulka 1998: 158). Later to come were deodorants, followed by antiperspirants, i.e., metal-laced scented aerosols to clog your pores.

One of advertising’s most persuasive techniques—instilling fear and anxiety and then “stilling” it, as Sivulka (1998) terms it—became a staple of selling. This has proved to be especially effective in selling to women who can never be thin enough, young enough, or sexy enough, even when dutifully applying themselves to commercial products in pursuit of the “beauty myth” (Faludi 1991).

Advertising for Economic Gain. The benefits of advertising for large corporations are indisputable. Corporations spend hundreds of billions of dollars worldwide to ensure their products are recognized and selected. In the competitive sphere, brand loyalty keeps buyers from going elsewhere. Targeting new buyers, especially preteens and adolescents, is key to maintaining and expanding market share.

When cigarette companies argue that they advertise to keep smokers from switching brands, not to lure young people into acquiring an addiction to nicotine that will keep them buying the product for a lifetime, they are being only partially disingenuous. As George Duke knew long ago when he pioneered the first massive effort to market the cigarette as a nicotine delivery device new to most people, advertising works. Somewhat ironically, Duke learned this when he engineered the American Tobacco Company trust by
incorporating many of his competitors into a single company. The effort to
stifle competition by creating a massive monopolistic corporation should
reduce the need to advertise, but Duke thought otherwise.

As Pamela Laird (1998: 243–245) explains, advertisers in the 1890s were
initially hostile to trusts because they replaced dozens or hundreds of busi-
nesses with a few behemoths. They stifled competition. There were hundreds
of competing bicycle companies, and they advertised intensively during the
years of 1890–96 when bicycle sales increased from 100,000 to four million.
On the other hand, Standard Oil, a trust engineered by John D. Rockefeller
that controlled 90 percent of the U.S. petroleum business, advertised little.
Advertisers set about to convince the monopolistic corporations that people
would buy more of their products if they advertised.

Duke knew people didn’t need cigarettes, so he needed to convince them
to smoke. The most popular tobacco product at the time was the plug or
chew. A chunk of processed tobacco was bitten off or a bunch of shredded
leaves were lodged in the mouth, requiring occasional spitting to expel
unwanted brown saliva. Duke presented cigarettes to the public as cleaner
and of higher quality than a plug or chew. They were even higher quality
than roll-your-own cigarettes, as evidenced by the manufacturing they
required and their packaging. When Camels targeted women in the 1920s,
the message was enlarged to include images of sophistication and independ-
ence, decades before a similar tactic was taken to sell “liberated women”
Virginia Slims cigarettes. The economic impact was a successful expansion
of the tobacco-consuming market to the other half of the population that
could increasingly afford to buy cigarettes.

Newspapers were the first to recognize the economic importance of
advertising and gradually changed their format to accommodate larger
images and messages than could be placed in a column of type. With the
benefit of increasing public literacy and growing affluence, by 1900 maga-
zines became the most popular way to advertise. The 3,500 magazines,
previously dependent on subscriptions and newstand sales, began to
develop a reliance on advertising revenue. This is the mainstay of magazine
publishing today and possibly Internet publishing in the future.

Andy Warhol and others who went on to great fame began their
careers in advertising, but many thousands more have found it impos-
sible to engage in their art “for art’s sake” or as a viable artistic
endeavor. In affluent nations today, advertising is the largest employer
of persons trained and working in the arts. Graphic artists and design-
ers, musicians and composers, actors, dancers, writers, filmmakers,
and others in the creative fields spend their lives in the service of utili-
tarian commercial interests. Their talent has generated a very powerful
force on contemporary culture. Raymond Williams (1980: 184) is not far off the mark when he says that “advertising is, in a sense, the official art of modern capitalist society.”

Advertising’s Creation of Culture. “Advertising is transformative . . . of culture, and over the course of the last century it has, in its own way, transformed the way in which Americans live” (Cross 2002: xiv). Mary Cross could extend her observation internationally to include countries that only a few years ago were devoutly anticapitalist. Not only in the United States and other affluent nations, advertising increasingly displays a life to which even the world’s poorest individuals aspire. Everywhere, short of the most remote regions, advertisements are ubiquitous. Billboards festoon highways, logos proudly adorn clothing, and company banners are the scenery of sporting events. What to buy is announced in store windows and on buildings, with product placement insinuating brands into movies, online games, dramatic plays, fast-food meals, and musical performances. Advertisements flood the airways and are pushing hard to dominate the World Wide Web. A typical thirty-minute excursion in a supermarket exposes a shopper to about thirty thousand items that carry a commercial message. As Juliet Schor’s Time to Buy (2004) shows in detail, children are inundated with commercial pleas even before they are school age, and this never ends.

Not confined to the present, advertising often looks back, nostalgically suggesting a way to return to better days. And it looks forward, to a future that is both unknown and full of possibilities—good and bad. Financial planning and insurance present a forked road, with one path leading to security and contentment and the other filled with despair and ruination. Commercial ads for health and weight loss products contrast past or present misery with a new you, if only you will buy in. Tranquility, if not the outcome of a life well lived, fortunately can be purchased.

Corporate advertising is part of the culture because its messages and images are communicated, understood, repeated, and acted upon. They deeply color the cultural landscape. It is very difficult to systematically measure the degree to which advertising has created modern culture, but it is indisputable that a large portion of everyday material culture, language, and dominant attitudes about relationships, status, well-being, and happiness involve the ideas and images purveyed through corporate advertising.

A half century ago there was much discussion of mass society and mass culture. Everyone seemed to be moving toward the same things, speaking the same way, eating the same food, wearing the same clothes (Olson 1963). Regional and ethnic differences were being lost, and the intellectual and
aesthetic levels of what was considered dominant culture were declining. Slang, poor taste, cheap goods, popular music, bad manners, casual dress, and celebrity worship were crowding out everything of real value. The critics charged large corporations with bringing a kind of consumer democracy to the provinces and the heartland, born on the wings of advertising. The worry about mass society (e.g., Kornhauser 1959) gave way to the counter-culture of the 1960s, and little has been heard about it since, but no one has retracted their earlier view that advertising tries to sell all of us the same things. Essentially, it feeds the same hopes and anxieties we all experience. That is what expanding market share is all about.

**Consumer Dreams.** If the labor process left little to be desired for many workers, there was always the consolation prize: consumption. Corporations are no less powerful because those who take up the message want to be consumers. The integrated corporation reaches out beyond final sales of commodities to a metamorphosis of aspirations and imaginations (Ewen and Ewen 1992; Ohmann 1996: 91).

The idea of self-consciously embracing the identity of a consumer goes back a century, with the birth of the consumer movement of the Progressive Era that focused on deceptive advertising and defective products. It was part of the social and political movement that sought to have the state assume more responsibility for public health, workplace safety, banking practices, and standards of urban housing (Sivulka 1998: 117–119). It accepted the structural relationships of the modern era in which most people work for others, with their wages paying for what they need and, increasingly, what they want as consumers. Most importantly, it accepted the corporate domination of the economy. Its radicalism was in espousing a corrective to corporate abuse, excess, and neglect. Akin to the public interest movement with which its social movement organizations often align, the consumer movement grew throughout the twentieth century, and it continues to lobby for legislation and regulation enforcement on behalf of all of us consumers.21

The most effective advertising today has to contend with an increasingly sophisticated audience. At its most effective, it doesn’t appear to be advertising

21“‘It is as consumers that the majority of people are seen. We are the market’ (Williams 1980: 187). Certainly, this is the image held by advertisers and professionals who work in advertising. James McNeal, author of *On Becoming a Consumer*, explains in approving academic language how children “perform in the consumer role constantly from the day they are born . . . Most kids are reared in the company of markets and are expected not only to accept this environment but to be glad of it” (McNeal 2007: 257, 274).
at all. Among the best at this is the Nike Corporation, deconstructed by Robert Goldman and Stephen Papson in *Nike Culture*. Nike and similarly successful corporations say little about their products, but they say a great deal about hopes and dreams. “Advertisements are structured to boost the value of a product brand name (a commodity) by attaching it to images that possess social and cultural value (sign value) . . . Disconnected signifiers (images) and signifieds (meanings) are fed, broken up, then recombined to create new equations of meaning” (Goldman and Papson 1998: 24). The flag, provocative dancing, a lover’s embrace, laughing children, amber waves of grain, beautiful youth, hip celebrities, extraordinary athletic feats—these need only to be associated with a company brand in a kaleidoscope of images and sounds. Products hardly need displaying.

Ads tell a story, and the story becomes a popular myth. Like myths for all times, “it tells us who we are . . . It provides vignettes of social life, ways of dealing with relationships, a great deal of advice about work, maturation, marriage . . . In the absence of traditional authority, advertising has become a kind of social guide . . . in conditions of incessant change” (Berman 1981: 12, 13).

**Political Power and Agenda Setting**

The fifth and fundamental way corporations influence the direction of social change is by exerting power in the political sphere. The state’s power is formidable, especially given its authority over coercion, taxation, and regulation. The historical challenge of democratic governments has been to wrest control of the state from a small group of elites, at the top of which are aristocrats, dictators, or both. Once democracy is undertaken, modern nations cultivate multiparty electoral politics, inquiring independent media, and civil society organizations. The democratic state responds to the constellation of power and the pushes and pulls of social forces and economic interests. Corporations are among the most powerful organizations in determining what the state is, does, and does not do.

A small change in the corporate tax rate can mean the difference between having millions or billions of dollars to reinvest and distribute to stockholders and executives or these same moneys going to public infrastructure, social programs, and the military. Financial regulations and the willingness of the state to “securitize” or back investments and wealth holdings may be esoteric to the average person, but they are enormously important to those who own large stakes in major corporations. Keeping national monetary policy and global markets favorable to corporations, especially ensuring their access to
petroleum reserves, ores and minerals, and forest products and other commodities, can require the state’s diplomatic effort or military force. The state is a site of “contentious interaction,” and corporations are very successful contenders.

**Tracking Power and the Power Elite.** In no society will everyone participate in politics, and in many mature democracies at least half the population doesn’t bother to vote regularly, the political act that requires the least effort, understanding, and involvement. Among the voting half, the amount of influence varies widely. Beyond voting, some people contribute money and time to candidates and causes, read political news regularly, attend political events, write letters and e-mails to representatives and newspapers, or do any combination of these things. Others who contribute large amounts of money are invited to dinners, symposia, and other gatherings where they see, meet, or talk with political representatives. Still others are consulted by members of the political bureaucracy about issues, legislation, and regulations, while a few write documents that analyze and encourage policies and legislation favorable to the organizations for which they work. In some cases, powerful organizations and major corporations are able to write documents that are introduced as bills to be passed.22

Knowing who these powerful organizations and people are, what they are seeking, how they do their work, and how much influence their actions wield has occupied political scientists, sociologists, and journalists for decades. A key part of understanding how corporations drive social change involves tracing the power of corporations to influence politics and the actions of the state to advance or limit what corporations do.

**Corporate Elites and Social Class Interests.** Because great wealth comes through corporate ownership, the small group of a nation’s ultrarich has much to benefit from their political influence. These people are often seen as an upper class who share a similar level of great affluence, live in exclusive

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22For example, the American Legislative Exchange Council (ALEC) staff crafted Arizona’s controversial 2010 legislation aimed at illegal immigrants, the Support Law Enforcement and Safe Neighborhoods Act. Along with elected legislators, ALEC participants include dozens of corporations and nongovernmental groups, e.g., the National Rifle Association, that pay tens of thousands of dollars to belong to ALEC and participate in its conferences. Through ALEC they are able to help write legislation that is then taken by legislators back to their assemblies. The nation’s largest private prison corporation, Corrections Corporation of America, a longtime ALEC member, was among those participating in the ALEC meetings where the Arizona bill was crafted at ALEC headquarters outside Washington, D.C., and later lobbied for its passage (Sullivan 2010).
communities, vacation in many of the same resorts, are educated at and send their children to elite schools, help one another socially network for opportunities, and occupy positions on the same corporate boards of directors. G. William Domhoff (1967) provides compelling evidence that they constitute what C. Wright Mills earlier designated a “power elite.” Michael Useem (1984) calls them an “inner circle” that is only a segment of the upper class but is not in conflict with others of their class. They coordinate major business associations, not in pursuit of small-business interests, but on behalf of issues important to the largest, increasingly globalized corporate firms.

They share the same interest in influencing the state and are vastly over-represented in government, not so much as elected officials but as appointed directors, senior staff members, and advisors where their influence garners less public scrutiny (Domhoff 1990: 20). They move in and out of governmental posts, running corporations, Wall Street financial firms, and partnering in prestigious law firms when not occupied in government.

Individually, their particular business concerns may diverge from those of others in their social class. In terms of overall economic interests, however, they support one another and work on behalf of corporate capitalism. Their opponents are populists who champion smaller businesses, environmentalists who challenge their operations, labor unions that vie for a greater share of corporate profits and oppose the movement of jobs overseas, and any other advocates who seek to limit their discretion and ability to pursue corporate activity. Those who see a power elite at work think they know who runs the corporation. They argue that executives and senior managers, as much as owners, share the same ethos of corporate capitalism. Like the major owners, they benefit handsomely when the value of a corporation’s stock grows.

**Avenues to Political Influence.** How, then, do corporations and their interests find a willing ear and helping hand in the halls of government? Domhoff (1978) offers a list of four ways this is done: acting as a special interest; involvement in the policy formation process; participating in candidate selection and elections; and sustaining the pro-corporate ideology. These capture most of the tactics by which corporations influence the political process, directing social change in ways that advance their agendas.

**Special Interests.** Corporations, unions, public interest groups, foreign governments, and others use what is broadly known as lobbying to achieve their goals. They seek audiences with political representatives; offer legislation and help to write legislation; hold receptions, parties, and fundraisers for candidates; and host travel junkets and golfing vacations where they spend time with legislators and their staffs. They buy print ad space and broadcast messages that encourage people to “write or call your congressman.”
Instigating what was described in Chapter 6 as “Astroturf” (in contrast to grassroots) social movements, they often work with minimal visibility (Vogel 1996; Walker 2010) to gain access to and sway legislators.

When actual figures are tabulated, it is clear that, with some competition from labor unions, corporate interests overwhelm the opposition in terms of money spent, number of lobbyists, the range and sophistication of their efforts, and effectiveness. For example, the oil and natural gas industries, recipients of a complex and vast set of tax breaks, spent $340 million for lobbying from 2008 to July 2010. In 2009, the pharmaceutical industry spent $188 million ($67 million for television ads), and the U.S. Chamber of Commerce spent $144 million—mostly from large corporate donations—to lobby Congress (CRP 2010; Lipton, McIntire, and Van Natta, Jr., 2010). This included $86 million from the health insurance industry to defeat health care legislation. Wall Street financial firms spent $2.7 billion from 1999 to 2008 on lobbying (Madrick 2011: 70).

When the national health care bill was being prepared in 2009 and 2010, pharmaceutical companies, hospital corporations, medical equipment firms, and of course insurance corporations lobbied heavily for their interests. The final bill was highly favorable to both insurance companies—that now will be insuring millions of new policyholders—and pharmaceutical companies that negotiated an agreement prior to the final bill being written. The 2010 financial regulatory legislation, passed in the wake of the financial meltdown that triggered the Great Recession, was intended to prevent another financial crisis in the future. Half a billion dollars was spent by financial corporations—banks and investment firms—to pay for a battalion of lobbyists to work the halls, cloakrooms, and offices of Capitol Hill. They successfully beat back the most onerous regulations that would tax stock market activities, make financial transactions more transparent, and restrict the speculative practices of banks and financial corporations.

Hundreds of high-ranking men and women in the armed services find jobs as lobbyists when they leave the military, working for industries that rely heavily on military spending. They lobby for weapons systems and other budgetary matters that benefit their new employers. When the extension of federal oversight by the Federal Communication Commission of broadband Internet communication came before Congress, the major

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23Bryan Bender (2010) studied the careers of 750 four- and five-star generals and admirals who retired over the past two decades and found an increasing proportion working as consultants or defense industry executives over this period. Four out of five senior officers who retired between 2004 and 2008 were working in some capacity for defense corporations, many lobbying the Pentagon on behalf of their corporate employers.
corporations that would be affected began a major lobbying campaign. “The Sunlight Foundation, which tracks industry lobbying, reported that cable and phone companies had 276 former government officials lobbying for them in the first quarter, including 18 former members of Congress and 48 former staffers of current members of Congress on committees with jurisdiction over the Internet” (NYT 2010).

**Policy Formation.** Given the myriad problems in the world and issues facing communities, how is attention directed at some problems, and not others, in order to effect a change? Policy formation is contested terrain to determine what things are worthy of the state’s attention and how these can best be addressed. Corporations do this in many ways, not the least of which is through the activities of their policy centers. Through research papers, websites, newspaper and magazine articles, and policy recommendations drawn up by people in their employ, corporations seek to frame problems as well as solutions that reflect their perspective and promote their interests.

“Think tanks” and organizations of like-minded corporations—e.g., the Business Roundtable, Heritage Foundation, and American Enterprise Institute—are funded by firms and individuals with the explicit purpose of formulating and advocating for policies favorable to large corporations. These organizations employ people with the academic degrees and experience to make credible their views in the offices of legislators and government agencies and the court of public opinion. Sheathed in an aura of expert opinion and objective analysis, their impact on policy formation is less obvious because it “avoids special interest pleading” and the “helter-skelter special-interest process” (Domhoff 1978: 61).

**Campaigns and Elections.** Given the enormous amount of television time candidates and issue advertising occupy before elections, these contests may seem to be very public events. Only a small portion of the public, however, is aware of and involved in the full scope of electoral politics. The campaign and election process varies widely from state to state, with different procedures for political parties to select their candidates and different means for other candidates to appear on the ballot. Regardless of the process, candidate selection, campaign financing, and prominent endorsements are important everywhere. Corporations are involved in the entire process.

In many countries, campaigns are of short duration and largely or entirely paid for with public funds. Not so in the United States. This provides an opportunity for individuals to contribute, as millions of people do in every election. Most money, however, comes not from small donors but rich
individuals and large organizations. Most candidates spend an inordinate amount of time raising funds, most often from corporate donors, unions, and wealthy elites. The expectation of such donations is that candidates will be sympathetic to their interests. In planning for the next election, politicians stay in touch with the most generous campaign donors and vice versa. For example, in anticipation of his becoming the House majority leader, John Boehner of Ohio received more money in 2010 from Wall Street financial corporations than the 434 other members of the U.S. House of Representatives, including those representing New York City and Wall Street.

Corporations are, along with labor unions and employee associations, the largest contributors to candidates and campaigns. The U.S. Chamber of Commerce spent $64 million in the 2010 midterm elections, while the Federation of State, County, and Municipal Employees spent $11 million and the Service Employees International Union spent $10 million (Luo and Palmer 2010). The U.S. Supreme Court’s Citizens United decision allows corporations, wealthy individuals, and unions to spend unlimited sums on elections with no paper trail of who gave how much to whom. Anonymous donors gave $135 million this way, helping make the 2010 elections by far the most expensive midterm elections in history. More than $4 billion from all sources went to candidates, political parties, and organizations that orchestrate publicity to elect and defeat candidates and ballot measures.

**Corporate Ideology Formation.** This is the fourth means by which corporations exert political influence. In the United States, notions such as “individualism, free enterprise, competition, equal opportunity, and a minimum reliance upon the government” are staples of the dominant ideology and are identified with everyone’s interests, but they are particularly vital to the narrower interests of large corporations (Domhoff 1978: 170).

An ideology is most effective when it is nearly invisible. Ideas taken for granted are the most powerful in providing a foundation for particular policies. Whether these ideas are learned in the standardized, one-dimensional version found in school textbooks, becoming the right answer to a quiz, or the one thing everyone can agree on at the outset of a heated discussion, the dominant ideology of “fundamental truths” is rarely a topic of discussion or debate. In a capitalist society, and increasingly in a world where large corporations are such an integral and major part of political, economic, and cultural life, their way of seeing the world becomes the dominant ideology everyone recognizes as second nature.

Today’s talk radio hosts and cable TV pundits, magazine and newspaper editors and writers, and online bloggers provide an endless stream of
platitudes and bumper-sticker-size political messages, invectives, and attacks on ideas, urging support, opposition, praise, and ridicule. Almost no one, however, questions the corporate form. For those on the left of the political spectrum, “corporate” is a negative term and comes in for criticism, being linked to a variety of social, economic, and environmental ills. Moderates and those on the political right rarely use the term, favoring instead the image of corporations as merely successful businesses with which we can all identify. They are the creators of jobs and community well-being. When they leave a community for a foreign locale where labor is cheaper, taxes are lower, and environmental regulations are more lax, it is less of their own volition than a necessity based on sound business principles or the failure of a state or community to be sufficiently business friendly.24

Large Corporations and Resistance to Social Change

As with technology, social movements, and other drivers of social change, there are cases of opposition to social change on the part of large corporations themselves. There is also resistance to the social change process brought about by the activities of corporations.

Corporations Working Against Change

Most large corporations can be counted on to support the status quo. After all, they are much of the status quo. Journalists and scholars have for years tried to explain how corporations block or diminish policies aimed at regulating their power and control of resources. Public interest groups have recommended diminishing their influence over such things as tax policy and trade legislation, imposing more regulations, and increasing government and citizen oversight. Corporations, acting alone or through trade groups, often successfully oppose these measures and any change in their operations. In this way they are resistant to social change.

Corporate opposition to legislation addressing climate change (carbon taxes, cap-and-trade, mileage standards, and reducing emissions from burning fossil fuels), smoking and secondhand smoke, ozone depletion, and acid

24Many excellent studies have chronicled the demise of communities that experience the loss of a major corporate employer. One of the best is Dimitra Doukas’ historically fascinating Worked Over (2003), the story of the Remington Company, for more than a century located in Ilion, New York, that was bought by, and became a subsidiary of, the DuPont Corporation.
rain are well documented (e.g., Oreskes and Conway 2010). Adoption of a single-payer health care system that would effectively extend Medicare to everyone in the United States, and less sweeping changes in health care access and delivery, saw hundreds of corporations line up in opposition. This opposition is expressed in all the ways examined earlier that corporations influence the political system.

In some cases, their interests in government action include deregulation or nonregulation of economic activities, i.e., having the state do nothing. Evidence and analysis are marshaled to demonstrate the folly of any restrictions or regulations. Better than beating back unwanted proposals about how the state should deal with a problem, it is sometimes preferable to large corporations that the problem never receives an airing. Any suggestion of a problem is dismissed outright as a nonissue or outside the bounds of the state. This is what Peter Bachrach and Morton Baratz (1970) call “non-decision making,” the ability to determine what is not considered in need of, appropriate for, or worthy of the state’s attention.  

Organizational Entropy

The economics of capitalism impel many companies to grow in order to survive. Controlling competition may necessitate mergers with and buyouts of one’s competitors. New and expensive technologies, research and development, and market testing are more affordable for a large firm. The irony of size is that it is usually inversely related to flexibility and tolerance for new, bold, and certainly idiosyncratic initiatives, in part because greater size requires expanded bureaucratization in order to coordinate the organization’s communication and flow of resources. It’s harder for new ideas to get a hearing.

Farsighted corporations look upon social trends as economic opportunities. Richard Ohmann’s description of early corporate advertising remains true today. “Manufacturers advertised on a large scale when they saw a chance to situate their products with a way of life that was becoming the norm (Ohmann 1996: 91). Rarely do large corporations deliberately engage their resources as agents of social change. The corporate form is a kind of technology that accumulates power and, if used well, provides a long life for a corporation. They are, as bureaucratic organizations whose prime purpose

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25“A nondecision is a decision that results in the suppression or thwarting of a latent or manifest challenge to values or interests, [thus] preventing demands for change in the established order from entering the political process” (Bachrach and Baratz 1970: 44).
is to make money, conservative and careful not to venture too far from what has been working for them and others.

When originators of successful businesses merge with or are bought out by larger corporations, a consequence can be organizational entropy. The people, ideas, and organizational culture of the acquired firm are marginalized. Security and stability are valued over uncertainty and change, as the story of the Xerox Corporation and the home computer illustrates.

**CORPORATE CULTURE VERSUS INNOVATION**

Douglas Smith and Robert Alexander’s *Fumbling the Future* (1988) documents a famous case of playing it safe and bureaucratic obstruction in the Xerox Corporation’s rejection of the opportunity to develop the desktop computer. The story they tell starts with the Xerox Corporation having the foresight and good fortune to invest heavily in a new research facility located in what became Silicon Valley, California, far from Xerox’s corporate headquarters in Connecticut. The Palo Alto Research Center (PARC) hired the best of the early computer scientists to experiment with ways to apply the recently invented microchip to process and store information. Xerox was waging a small bet on the future.

Computers at the time were massive machines filling large rooms that operated with information received on punched cards. This would soon change dramatically, and Xerox expected to be part of it. With ample resources at their disposal and a very casual, egalitarian management style, PARC researchers in California experimented in a very open and intellectually vibrant atmosphere. They engaged their computer experiments to do their day-to-day work, modifying them as they used them to develop designs and solve technical hardware and software problems. In a few years, PARC created the world’s first desktop computer. By this time, however, Xerox wasn’t particularly intrigued.

Xerox’s corporate culture was—typical of bureaucracies—hierarchical. There were well-defined lines of communication and a pecking order that encouraged employees to defer to the executives who had made Xerox the number-one manufacturer of copying machines in the world. Its success made its owners and executives very wealthy, perhaps causing them to be less interested in developing a new product that, unlike everything else at Xerox, was not a copier.

According to Smith and Alexander, the laid-back style of work at PARC offended some coat-and-tie Xerox executives. PARC’s director was not the best person to convince them about the new ideas and
innovative technologies. As well, Xerox’s other divisions were completely unfamiliar with computer technology and had little interest in establishing new marketing and manufacturing capabilities. They, too, were doing very well with copiers. Why change?

It didn’t take long for the young Steve Jobs to see, when visiting PARC, the potential for a brand-new product, one that would become a staple in American households, businesses, and schools within twenty years. He hired several of PARC’s staff to develop and launch his Macintosh computer from the new Apple Corporation. The rest is a well-known story of entrepreneurship, innovation, and social change. Steve Jobs has continued to lead his corporation and invest in technological innovations, maintaining an atmosphere of creativity and organizational flexibility that eludes most major corporations. If history is any guide, when Jobs finally departs the Apple Corporation, it too will succumb to bureaucratic entropy.

Resistance to Corporate-Driven Change

The Southern Baptist Convention and other Christian evangelical churches, normally aligned with conservative political sentiments, are increasingly rejecting the corporate message of the limitless pursuit of material goods, recognizing and criticizing the environmental costs this incurs (NPR 2010). They are not alone.

Personal Resistance. In Walden, Henry David Thoreau’s 1854 account of his two years at Walden Pond (with many forays back and forth to his mother’s home), the message is clear: live a simple life. Looking around at all the things corporations create and market, you might ask yourself, “Who needs all this?” Most Americans tell researchers they are in too much of a hurry. They are too busy to have a casual conversation, read a book, or sit back and think. The pace of life, the stress of multitasking, and the feeling that there is never enough time seems to be accelerating. Certainly, the promise a century ago of expanding leisure that accompanied early hopes for new industrial and household technologies has not borne fruit. The only people who have time are too often the unemployed and underemployed.

Individuals, social movements, and subcultures that yearn for a reorientation of personal and societal priorities have long targeted corporations as their nemesis. An extreme form of resistance goes under the title of communitistic societies, often religiously inspired before and after the Pilgrims landed at Plymouth Rock. From the nineteenth century Oneida community to
twentieth-century counterculture, communal groups have rejected the pursuit of material goods, faith in technological solutions, and the social, political, and economic relations that support and accompany private rather than social property (see Fogerty 1972; Nordhoff 1966).

There are many less radical forms of personal resistance. Most people accept commercial advertising as a fact of life, but others take pains to ignore or even avoid it as much as possible. Households turn off their televisions or use software to skip the ads when recording programs. Pop-up ads are blocked on the Internet, and no-call lists prevent advertisers from soliciting by phone during specified hours. A few magazines, especially literary and arts magazines, depend almost entirely on subscriptions and newsstand sales rather than advertising revenue. City councils restrict or ban billboard advertising. Public radio and television stations exhort people to donate to them in order to avoid commercial advertisements. In these and many other ways, individuals are directly and indirectly resisting the power of large corporations to define the good life and prescribe the route to getting there.

The corporate world itself is stressful, demanding, and often unforgiving. A large corporation is what Lewis Coser (1967) calls a “greedy organization” that takes as much as it can, and everything it gives carries a high price. Less radical resistance than communitarian “dropping out” can be found in thousands of businesses that deliberately remain small, operate in a highly competitive environment, and hire, train, and remain loyal to employees who work alongside the firm’s owners and their kin. Not only small businesses but workers themselves reject careers in large corporations and the changes in their own work and family lives demanded by large corporations and other greedy organizations.

It is a recurrent, uplifting story that a successful corporate executive, after years of toil, departs the firm and starts a new career. She may have decided to direct her talents to problems of health care, education, or the environment. She will commit herself to cleaning up her city, state, or nation’s political system. Or she could be venturing into a cutting-edge and highly interesting new business venture that will remain small and intimate, free of the stifling bureaucracy and worship of the bottom line. This, too, is a form of resistance, though few such adventurers see themselves as anticorporate. It’s just no longer what they want to do. But in creating startups or going into social entrepreneurial ventures, many talented people are creating social change in a new way.

Social Movement Resistance. Sarah Soule begins *Contention and Corporate Social Responsibility* by recounting the Boston Tea Party, pointing out that
it was an anticorporate social movement. “At the most basic level, the tea-
dumping activists in 1773 were frustrated with the East India Company’s
ability to exert influence over the government and they were angry, more
generally, at the unchecked growth of corporate power—power that was
coupled with political influence” (Soule 2009: 2).

Anticorporate movements want to make corporations act with more
social responsibility, i.e., to behave “in a way that benefits the greater
society” (Soule 2009: 19). A common refrain in anticorporate social
movements bemoans the size and power of corporations and the lack of
public oversight. In many cases, the culprit singled out by anticorporate
social movements is enabling legislation, a failure of the state to regulate,
or state approval of a corporate practice, in which case the state itself is
 targeted. Soule describes three categories of anticorporate protest that
oppose the direction of social change driven by large corporations (Soule

The first category, antinegligence social movements, takes aim at corpora-
tions that “cut corners, leading to accidents, loss of life, destruction of the
environment, and, in general, the harming of health and welfare of citizens”
(Soule 2009: 62). Mountaintop-removal mining in Appalachia is seen by
environmental activists as a shortcut, in lieu of more responsible but more
costly ways to mine coal. The second category, antiproduct movements, is
the most common. Like the Nestlé baby formula boycott and 1960s antiwar
protesters’ focus on napalm and Agent Orange made by Dow Chemical,
these movements draw attention to a product made by a corporation. The
campaigns reject particular products, not only for their immediate impacts
but as jeopardizing the future in ways they collectively oppose.

Anticorporate policy movements, the third category, mobilize public
opposition to corporate practices that adversely affect a group of people
either within or outside the corporation. Social movements against policies
that maintain the gender “glass ceiling,” aimed at the Sears and Wal-Mart
corporations in recent years, have implications for women’s opportunities
throughout the economy. The social movement against corporations that are
aggressively marketing unhealthy foods to children is of this type, as well as
having a larger goal of changing children’s eating habits and ending the
“obesity epidemic” in the United States.

Corporations are criticized for being too large, too influential with politi-
cians and newspaper editors, too immune from prosecution, too big to let fail,
too generous in paying their CEOs, and too impervious to the public interest.
Though many unpleasant things may be said about the corporation, the cor-
porate form per se is rarely at issue. What is at issue is their seeming acts of
aberrant behavior. They are moving events in the wrong direction, events that can have negative implications for more widespread social change.

**Antiglobalization and Corporations.** A fourth type of anticorporate social movement, probably the most “transgressive,” focuses on the corporate form itself, especially the very large, multinational corporation. Much of the antiglobalization movement voices opposition to the cumulative effect of global corporate domination. Movement organizations object to the spread of a commercial culture that suffocates local art and traditions. Corporate control of capital, ownership of patents and copyrights, links to unpopular governments, unfair labor practices, and corporate actions that threaten human rights, health, and the environment are targeted (Burbach and Burbach 2000). The corporate form promotes industrial agriculture rather than healthy local food, creates sweatshops, ignores human rights violations, generates pollution, and despoils the environment.

Three decades ago people in the United States stopped being surprised to learn that various countries participate in the assembly of an automobile marketed by major American automakers as their own. “Made in Japan” had lost its pejorative connotation, and people were getting used to clothing tags with the names of countries they couldn’t find on a map. Only gradually, and with conflicted feelings, did they recognize that jobs were “going south” as corporations pursued cheaper labor costs. The tradeoff, through no democratic discussion or vote, was the elimination of jobs long performed by American workers, in return for goods they could more readily afford. The processes of wage stagnation and the national imbalance of trade, shifting billions of dollars to China, Taiwan, and other emerging economies, had begun. This continued, grew, and became a focal point for antiglobalization resistance by the 1990s.

Even the positive changes corporations can claim to be making are insufficient to justify their many negative consequences for antiglobalization

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26 The G-20 Conference in Toronto in July 2010 was the “most expensive day in Canadian history” (Democracy Now 2010), costing $1–2 billion, mostly for security: 19,000 security personnel (five times the number at the Pittsburg G-20 Conference in 2009). A four-mile security wall was erected around the convention center where the conference was held. The G-7 Summit prior to the G-20 was in a remote Canadian town, as has been the practice since the “Battle of Seattle” World Trade Organization meeting in 1999.
activists. They should be replaced with some version of economic democracy, local control, reduced consumption, and environmental stewardship (Buttel and Gould 2006). The sum of antiglobalization issues leads some people to the conclusion that corporations themselves are the problem.

The Environmental Crisis and Corporations of the Future

*The ultimate purpose of business is not, or should not be, simply to make money. Nor is it merely a system of making and selling things. The promise of business is to increase the general well-being . . . Businesspeople must either dedicate themselves to transforming commerce to a restorative undertaking, or march society to the undertaker.*


Today, a principal opposition to the way corporations operate comes from what is loosely called the environmental movement. From April to August 2010 nearly a quarter of a billion gallons of crude oil and gas spewed into the sea a mile under the surface of the Gulf of Mexico when BP’s oil and gas well exploded. The worst environmental disaster in U.S. history once again made clear that large corporations are not in the business of making sure the environment is protected. Many people running corporations, however, no longer agree with Milton Friedman (1962: 133), one of the twentieth century’s most important conservative economists. “There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase profits so long as it stays within the rules of the game.”

Corporations have led the way in the trajectory of an environmentally costly and totally unsustainable way of life. One does not need to join or even sympathize with antiglobalization protestors to recognize the tremendous toll on the environment—from global climate change to catastrophic oil spills, from the Bhopal disaster to the fouling of Nigeria’s Gulf of Guinea—that comes with the way affluent nations acquire, process or manufacture, consume, and dispose of earth resources and goods and the role large corporations play in encouraging and facilitating this activity. As the world’s natural environment changes, at least in the short term for the worse, efforts to alter the current direction in which global corporations are effecting change will surely intensify. On occasion, these efforts come from corporations themselves.
Older corporations like Johnson and Johnson, and many newer firms often headed by young entrepreneurs, take seriously corporate destruction of and threats to the environment. They are finding ways to be profitable and also socially responsible (Vogel 2005). Corporate social responsibility can be nothing but a public relations ploy. If taken seriously, however, it can lead to more sustainable practices while benefiting a corporation in tangible ways.\footnote{Practically all major multinational corporations today have embraced some aspect of corporate social responsibility (CSR) or corporate citizenship, ambiguous concepts variously defined as voluntary efforts to “do more to address a wide variety of social problems than they would have done in the course of their normal pursuit of profits” (Vogel 2005: 4). The World Economic Forum identifies not only those directly associated with the firm but “communities and future generations” as part of the relationships that obligate corporations as significant forces in societies (Zerk 2006).} It recognizes that corporations are the most powerful organizations in the world. If solutions to major problems are to be found, corporations must point the way.

Some successful businesspeople have reached the conclusion that the ways goods currently are being produced are too unsustainable to continue indefinitely (e.g., Hawken 1993, Korten 1999). Well-known activists who have charted innovative, more sustainable business models, from microfinance to small-scale appropriate-technology manufacturing, argue that economic pursuits are the key to improving peoples’ lives in the poorest parts of the world. Because the problems are often linked to economic activity, so must be the solutions.

Social entrepreneurship is sometimes described as the creative application of business sense to problems that have little likelihood of profit but offer improvements to seemingly intractable issues like global poverty, illiteracy, and hunger (Bornstein 2005). The term also describes similar nonprofit efforts that combine with profitable activities, such as the Newman’s Own Foundation that makes a range of food products and gives all profits to charities. When an organization of women in a remote area of India produces objects of traditional art—figurines, baskets, jewelry—for a tourist market, profits can go to the women’s households but also fund a health clinic, a school, or a safe house for abused women. A coffee import company selling raw beans to roasters can plow back some of its profits into the health and well-being of coffee producers in poor countries. It can work with coffee farmers on improved, sustainable farming methods. Can this be done by large corporations? Is the corporate form a possibility in social entrepreneurship only when the organization is of modest size? This has
been a challenge, inasmuch as size, managerial control, and the requirement to maximize shareholder profits that seem inevitably a part of large corporations conflict with social entrepreneurship (Light 2008).

Paul Hawken and others insist on a radical alteration of thinking and practice, replacing the “delusion that business is an open, linear system: that through resource extraction and technology . . . economic growth can be extended indefinitely into the future” (Hawken 1993: 32–33). Rather, a much stronger commitment to the reality of natural limits and honesty about what has been done, possibly irrevocably, to despoil the environment require thinking and practices that embrace cycles of growth and decay, building and dismantling, using and restoring. As a very successful corporate entrepreneur, Hawken is a realist about the power of corporations. “Business is the problem and it must be part of the solution . . . Ironically, business contains our blessing. It must, because no other institution in the modern world is powerful enough to foster the necessary changes” (Hawken 1993: 17).

Topics for Discussion and Activities

for Further Study

Topics for Discussion

1. The labor process and labor market have changed a great deal in the last hundred years and will continue to change in the twenty-first century. Discuss the changes you think are most significant. Given the trends discussed in this chapter, what should a young person do to have a satisfying, secure livelihood? What grievances could a social movement address that would help to ensure a decent working life in the future?

2. How have lifestyles changed with the proliferation of a consumer technology? You can start with the obvious: hand-held computers with myriad applications. Discuss other consumer technologies. What do they allow people to do that they couldn’t do before? Have they created a new sense of want (i.e., urgency to satisfy a need)? What lifestyle changes do you perceive?

3. The film *The Corporation* covers several of the topics in this chapter. If your school has a copy, watch it and discuss it. The film is divided into several segments. You might want to watch only a few and have a discussion about these before proceeding on.

4. Some people argue that no matter how sustainable corporate operations become, the very idea of corporate-driven material consumption will always threaten the environment. No matter how energy efficient affluent societies
become, they will inexorably be on a dead-end path. If they are right, what is the alternative? If they are wrong, discuss the ways they are wrong.

5. Talk about ads. Do they matter? Many people say no, that sophisticated audiences make choices based on what's best for them and in line with their values. Is advertising able to alter this? Does it?

Activities for Further Study

1. In 2010, the Cargill Corporation led a campaign against reducing salt in food. Given the health risks of eating too much salt, this campaign seemed narrow-minded. Specifically, the salt industry (Cargill processes and transports salt) objected to any food additive guidelines on package labels and other regulations. Look at this or another instance of a corporation campaigning for its interests, in competition with health, safety, environmental, or financial regulation, or any other public interest advocates who have sought (and perhaps succeeded, as with tobacco) to regulate corporate behavior. Note: there may be corporations lining up on the side of the advocates.

2. Much has been said in this chapter about corporate influence on the political process: the revolving door of corporate executives going into and leaving government; funding campaigns and causes with large amounts of money; creating “think tanks” to carry out research that is widely publicized to promote a corporate interest or counter an unwanted issue. Books like Naomi Oreskes and Erik Conway’s Merchants of Doubt explore this with skill and critical zeal. Do some research on corporate political influence regarding an issue that interests you and try to answer the question, Is this how democratic governance should work?

3. Many corporate officers and entrepreneurs are as critical of corporations as their most vocal opponents. Some are part of very successful corporations, e.g., Patagonia, Smith and Hawkins, Newman’s, or Thanksgiving Coffee. What are the corporate critics doing that is different from corporate business as usual? Why are they doing this?

4. Opensecrets.org is the website of the Center for Responsive Politics (CRP). It is a fascinating compilation of fundraising and spending for lobbying, campaigns, and other activities. Do an original project with these data. Look into an issue that garnered contributions from major corporations. Use a good newspaper electronic index to find some newspaper articles on this issue, and see how the reported figures (if any) compare to those collected by the CRP.

5. In pairs, take opposite positions on the question of information technologies and family life. What is sometimes called “web-centric homelife” is decried by scholars like MIT’s Sherry Turkel, author of Alone Together (2011). Not everyone agrees. Do some reading pursuing opposite viewpoints. Read each other’s analysis and respond, either in writing or a class debate.