Organizing the 1%: How Corporate Power Works


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In Organizing the 1%: How Corporate Power Works, Carroll and Sapinski (2018) argue that corporations unify the interests of the one percent, are the root of economic inequality, and shape the agendas of governments and public institutions, such as universities. The book has seven chapters and is written in a way that will likely be accessible to most undergraduate readers. The first chapter focuses on the concept of corporate power and begins with the authors’ main objectives: to “provide an overview of how corporate power operates in Canada today” and to “lay out a basic history” (p. 2). The authors define many of their key concepts such as capital and corporate power early in the book. They also discuss how civil society and the family are central to the reproduction of labour and intergenerational class stratification. In Chapter Two, Carroll and Sapinski trace Canada’s early corporate history from its settler-capitalist roots and the “dispossession of land from its original occupants” (p. 23). The authors periodize Canadian corporate development into three epochs (European colonialism; early industrial capitalism; and the rise of modern corporations), highlight major corporations established around the turn the twentieth century, and draw attention to powerful industry lobby groups that have advanced interests of large corporations, such as the Canadian Manufacturers’ Association and the Canadian Bankers Association.

Carroll and Sapinski detail their power-structure empirical framework in Chapter Three and use it to illustrate how major Canadian corporations are
connected through a web of corporate board seats and cross-ownership. In Chapters Four, Five and Six, they discuss how the priorities of the corporate elite are turned into “common sense” cultural norms through corporate public relations campaigns, corporate-friendly government policies, and corporate-friendly research by universities and think-tanks. Interestingly, it is not until well into Chapter Five that the authors define Gramsci’s concept of hegemony, despite using the concept in the preceding pages and chapters. Much of Chapters Five and Six focus on how hegemony is constructed by legitimating and positioning elite and corporate interests as congruent with interests of the poor and working classes. They also briefly address how hegemony can descend into sheer domination using the examples of Bill C-51 (that classified some activists as terrorists) and the collaboration between the Canadian Security Intelligence Service (CSIS), the Royal Canadian Mounted Police (RCMP), and fossil fuel companies.

The book concludes, in Chapter Seven, by discussing resistance and alternatives to corporate domination. The authors point to community-based ways of life and Robert Albritton’s concept of human flourishing as a utopian goal worth striving for. They argue that civil society can push corporate power back, through union activism, cooperative business models, and shareholder activism – divestment in particular. Corporate influence over governments can be curbed, they argue, by shutting “big money” out of politics, monitoring and restricting corporate lobbying, and ending corporate participation in regulatory bodies.

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I am sympathetic to the authors’ objective and was excited to read this book. The overarching issue with the book, however, is that Carroll and Sapinski present little new information, with the exception of some interesting power-network maps. Most of the book is a literature review. This raises the question: who is the intended audience? If the intended audience is first- and second-year undergraduate students, then this book would suffice as an introduction to corporate power, some basic Marxian concepts, and the authors’ method of power-structure analysis. If the intended audience is academics, then readers somewhat familiar with the Corporate Mapping Project (2019) that Carroll is a part of, Carroll and Huijzer’s (2018) Canadian Centre for Policy Alternatives paper “Who Owns Canada’s Fossil-fuel Sector?,” the vast academic literature on corporations, and basic concepts in Marxian analysis, will find little new material here.

Aside from these broad issues of content and audience, there were several specific areas where the book’s arguments could have been strengthened. First, the authors could have expanded their discussion of corporate personhood beyond limited liability. Limited liability corporations were introduced in 1862 via the English Companies Act (Pulbrook, 1865). An important aspect of the Salomon v. Salomon & Co. (1897) case, which was
decided in England but applied to Canada (Ross & Yolles, 2018), is that it affirmed the principle of corporate personhood. In the words of Lord Herschell, one of the Lords who decided the case, a corporation is a “distinct legal persona” (Salomon v. Salomon & Co., 1897: 42). In the US, corporate personhood was established in 1886 by the US Supreme Court case Santa Clara County v. Southern Pacific Railroad Co. (1886) and affirmed most recently in the Citizens United v. Federal Election Commission (2010) case. When Canada and several provinces updated their corporate laws in the 1970s and 1980s, the corporate laws they adopted seemed to reflect a mixture of British and US corporate law on the issue of corporate personhood. Today, the federal Canada Business Corporations Act (2019) defines corporations as follows: “A corporation has the capacity and, subject to this Act, the rights, powers and privileges of a natural person” (Part III, section 15.1). Similarly worded laws exist at the provincial level. Corporate personhood gives corporations the same rights as individuals, meaning they are not limited to a specific charter (e.g., to log forests or make gin). As “natural persons” they can do virtually anything a citizen can do, with the exception of voting (at least directly). Unlike flesh-and-blood people, however, large corporations can pool vast sums of capital beyond what anyone, except a scarce few ultra-wealthy, ever possibly could. This makes them the most powerful citizens in the country, not just limited liability shells. I expected the authors to delve into this most fundamental aspect of corporate power, and perhaps to identify it as an area of resistance and reform.

Second, the authors make several statements throughout the book that could have been further explained or supported with evidence. Some examples among many include: “Corporate power is so pervasive that, like fish swimming in water, we may be altogether unaware of its presence” (p. 2); “At the same time, as production becomes more capital-intensive, the actual basis of profit – labour – shrinks relative to investments in machinery and technology, and this dampens the overall rate of profit” (p. 9); “This shift from the ‘patient money’ of long-term loans to transaction-based finance has weakened the institutional relations between banks and their corporate clients” (p. 86). Are people unaware of corporate power in their lives? How does capital intensity dampen profit? Is money really less patient now than before and why? These claims raise more questions than they answer. It is not that I disagree with the authors – although in some places I do – but without careful explanation or evidential support these are hollow assertions and metaphors. For example, as production becomes more mechanized the proportion of labour needed to produce the same output typically goes down (e.g., agriculture and automobile manufacturing). It is not clear how increased mechanization “dampens” profit. If the authors mean that less labour means less income, and less demand in the big macro-economic sense, then this argument should have been made. By contrast, mechanization can enhance a firms’ profitability by augmenting labours’ productive capacity,
using the labour embedded in machines to exploit labour further, which is why some capitalist enterprises are incentivized to do so.

Third, the authors do not discuss the culture of shareholder value as an aspect of corporate hegemony that implicates institutional investors, like pension funds. Carroll and Sapinski talk about institutional investors at a few points in the book, notably Chapter Four, but quickly move to describe them in the most general terms of how institutional investors have become “more financialized.” An opportunity is missed here to specify how pension funds have shifted from defined contribution to defined benefit plans, and how this shift made pension outcomes more tied to investment performance and less like deferred wages to which employers were required to contribute. They also miss an opportunity to define what they mean by financialization, a term that has been defined in various and ambiguous ways (Christophers, 2015), including the reliance of firms or national economies on the financial sector to produce economic growth; the orientation of corporate managers toward financial metrics (rather than operational metrics) to measure corporate goals; the proliferation of financial speculation since the latter part of the twentieth century, and the proliferation of “investor culture” amongst the middle classes that have been pushed into individualized retirement savings. Linking financialization to how the fate of pensions is increasingly tied to swings in the stock market, for example, would have clarified their argument.

Fourth, the authors do not define the concepts of neoliberalism or ideology. If the book is intended for students, defining these terms and their origins would have been helpful. Laidlaw, in Venkatesan, Laidlaw, Eriksen, Mair, & Martin (2015, p. 913), for example, has referred to neoliberalism as “a handy tool for attributing a virtually unlimited range of bad states of affairs in the world to the same undefined cause.” Neoliberalism, however, has a specific genealogy that connects political economic ideology, people, governments, and policies over time and across places. Foucault (2008) and Peck (2010) trace the genealogy of neoliberalism from academia to policy and social norms. Ganti (2014, p. 91) has shown that neoliberalism has intertwined manifestations as an ideology that values market exchange as an “ethic in itself”; policy reforms (concerned with deregulation, trade liberalization, and privatization); prescriptive policies for economic development; and a form of governance that embraces the “free market,” competition and self-interest as a mode of “effective and efficient government.” Some discussion around what neoliberalism is and how it has been adopted in various ways in Canada would have strengthened the authors’ arguments.

Finally, the authors fail to address issues of gender and race, except in the introduction and conclusion. Referring to unpaid domestic labour and the social reproduction of the labour force, the authors say “the predominant assignment of these activities to women has been a continuing source of gender inequity” (p. 19). Arguing that there is “much common ground” between feminist, anti-racist, environmental and other social movements, they say “capitalism as a way of life intersects with and reinforces gendered,
racialized and other inequities while posing the greatest barrier to recuperating the health of the Earth” (p. 122). While these assertions are hard to disagree with, these are the only places where the intersections of gender and race with class struggle are mentioned, and then only superficially. In their analysis of how the one percent organizes itself, the authors could have examined how gender and racial diversity unfold (or not) in the corporate boardrooms and c-suites of the firms they examine, and contrast that diversity (or the lack thereof) with the diversity reflected in the Canadian population.

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This book is a fine introduction to corporate power in Canada and has some good examples. However, I had hoped that Carroll and Sapinski would not only present new primary data, but also suggest new ideas for shaping future alternatives. For example, ethnographic data could have complemented the authors’ analysis and broadened their recommendations for affecting change. While ethnographic data is not easy to obtain when studying elites, it could have illuminated the social and cultural factors that also connect and organize the one percent, such as social clubs, family connections, education, schools of thought, cultures of masculinity, and cultures of whiteness (see e.g., Ho, 2009). How the one percent are organized through boardrooms and c-suites is vitally important, as the authors illustrate. On its own, however, the book provides a limited analysis of how elite organizations and corporate power works, and how it might be challenged. Future alternatives will depend not only on structural changes to the economy and government, but will also require challenging elite corporate social and cultural norms.

References


