

Reading of Early Draft Preface and Chapter of *The Corporation II* book at

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I'm an academic and a writer, here on an academic writing residency, academically writing and writing academically, but struggling, as I always do with it – because lurking within that neat and seemingly benign term 'academic writer' is a battle that chronically roils within all of us academic writers who also write for popular audiences.

Are we academics first – analysts, critics, predictors; or are we writers first – storytellers, image-makers, emotion-tappers? In writing my last two books I eventually found what I felt was a happy medium – but it took a lot of revising and fussing around, endless drafts and internal dramas to get there.

Which is why it's with some trepidation – especially because of the brilliance of all your presentations, preceding this one – that I'm going to read for you today from what I've written while here in Bellagio – albeit it's still a first draft.

I'm going to read this unfinished work for you because I made a deal with myself at the outset of this residency: I would do my talk late in the residency; I would read from the chapter of my book that I'd undertaken to write while here – which meant I'd have to at least get an initial draft of that chapter done – which I now have.

I'll read you a few pages from what will be part of the preface or introduction, followed by the first of four sections from the first draft of the first chapter – all still in need of ripening

Draft Preface/Introduction to Book

Corporations are not part of nature. They're not created by the market's invisible hand, nor by any other supernatural entity. They didn't evolve out of the universe's baryonic matter, nor the equations of micro-economics.

They are creations of law – of nations and governments. Law makes corporations, establishes their mandates and missions, deems them to be 'persons' and protects their rights as such, shields their managers, directors, and shareholders from legal liability when things go wrong, compels their officers to prioritize shareholders' interests' in all decisions and actions, articulates and enforces their contract and property rights, and represses, often brutally, strikes and protests against them.

Corporations—indeed, corporate capitalism—could not exist without these legal supports, which, taken together, represent a massive intrusion of state power into society – not, as many would have it, a free market.

I became interested in the corporation because, as a *legal* institution, it does two world-defining things. It institutionalizes the core values and imperatives of capitalism – self-interest, individualism, competition, commoditization, profit, and growth; and it also serves as the flag-ship and operational arm through which modern capitalism gains power, rules society, and widens and deepens its domain.

It's been nearly a decade and a half since I released *The Corporation* film and book, and during that time corporations' influence and power have grown substantially.

When researching and writing that first book and film in the late 1990s and early 2000s, it seemed to me that we were a society that imperfectly contained corporations. But today it feels like we've become a society that's almost perfectly contained by them. That difference, over the last decade and a half, is really the story of this sequel – this unfortunately necessary sequel, as I've subtitled it.

Over the last decade and a half, we, as societies, have fully embraced the capitalist catechism. It's strengthened its grip on our political imaginations and institutions, to the point of crowding out competing narratives about how we might live our collective lives

and solve our collective problems. It's become, in the words of Frederic Jameson, "easier to imagine the end of the world than it is to imagine the end of capitalism."

Philosopher Wendy Brown describes the 'economization' of society – the replacement of *homo politicus* by *homo economicus*. Michael Sandel speaks of society's 'marketization'. Antonio Negri and Michael Hardt describe global trends of 'privatization', 'commoditization', and 'de-democratization'. Max Haiven worries about society's 'financialization'.

All of these 'izations' are iterations, with slightly different emphases, of the same worrying dynamic – a world where everything is reduced to the capitalist logic.

And the anxiety these observers feel, as do I – as did Karl Marx in his time – is that the vast, messy, and beautiful terms of human life, agency, community, and connection, of our needs, of our nurturing, of our souls, of our love and compassion, not to mention our survival on this planet – that all of this is being reduced to commoditized, and exploitative, exchange relations.

That, as Marx described it, capitalism "[is tearing] up all genuine bonds between people and replac[ing] them by selfishness, selfish need, and dissolv[ing] the world of people into a world of atomized individuals, hostile towards each other."

So these are my background concerns. In the foreground is a narrative about the contemporary corporation, the kind of society it's creating, and how people are resisting and struggling against it.

The corporation's resilience, and that of the fundamentalist brand of capitalism it increasingly sustains, is matched, and will – I hope, and I believe – eventually be superseded, by a more powerful resilience of human spirit, democratic instinct, communitarian compassion, and desire to create just, caring and sustainable societies. That is the story of the final part of the book.

Now I'll read the first part of the first draft of the first substantive chapter, *The New Corporation*.

Draft Chapter II

The New Corporation

The New Corporation

The early years of the new millennium were difficult for corporations. Enron and Worldcom had collapsed in fiery implosions of hubris and greed. Protestors were in the streets of cities worldwide marching against globalization-fuelled corporate rule. And corporate leaders, unusually self-critical, were conceding all was not well, that it was time for things to change.

I, in the meantime, was making a film and writing a book that claimed corporations are psychopathic institutions.

The project reflected the zeitgeist of the time, but it was really another film, released around the same time, that turned out to be truly prescient of what was to come.

That film, an animated children's tale called *Monsters Inc.*, tells the story of a sad and dreary authoritarian city-state called Monstropolis. Home to a varied assortment of monsters, the city is ruled by its energy company *Monster's Inc.*, which, in turn, is run by a dictatorial CEO, Mr. Waternoose.

No humans live in Monstropolis – the city is not part of the human world – but the monsters can enter the human world through portals that exit into children's bedroom closets. Employees of the energy company, including the monster protagonists Sully and Mike, do this each night to frighten the children sleeping in their bedrooms, not out of any animus towards children, but for purely economic reasons. Children's screams are the fuel that runs the energy company, and hence the city. Terrifying children is how those screams are harvested.

This being a Disney film, the apparently terrifying Sully and Mike actually have hearts of gold. And through a series of plot twists and turns, their latent goodness bursts to the surface. They realize they love children, and that the energy company can be fuelled, even more effectively, by children's laughter. In several action-packed sequences they overthrow the evil CEO, Mr. Waternoose, take over the company, and, with Sully now in charge, remake the business to be fuelled by children's laughter rather than their

screams. Everybody lives happily after ever – the company thrives, the city thrives (it's no longer dreary and sad), and the children are happy.

At the end of the film the energy company, Monsters Inc. – now good rather than evil, and run by a warm and (literally) fuzzy Sully, rather than the scary multi-tentacled octopus-like Mr. Waterhouse – is still in total control of Monstropolis. The company has absolute power, and 'the people' – or, more accurately, 'the monsters' – have none.

Monstropolis remains a corporate dictatorship, albeit, with Sully in charge, a benevolent one. That's the happy ending. That's the parabolic message – there's nothing wrong with corporate rule, so long as it's nice.

Now, fast forward a decade and a half from Monstropolis to Superbowl 2016, one of the greatest sport comebacks in history with Tom Brady and his New England Patriots rallying from a record 25-point deficit to beat the Atlanta Falcons in overtime. But what also had people cheering on that day were the TV ads. Major corporations – including Budweiser, Coca Cola, and Google – had paid top dollar to take subtle and not-so-subtle swipes at America's own Mr. Waterhouse, Donald Trump. The ads promoted diversity, immigration, and globalism while Trump was aggressively, and notoriously, pushing in the opposite direction.

In the meantime, beyond the Superbowl, Nordstrom's was refusing to carry a Trump brand; Amazon was, with the state of Washington, suing Trump, successfully as it turned out, for the executive ban on travel from Muslim countries; and companies like Mars, Staples, and The Gap were protesting Trump's reversals on climate change.

"Isn't that wonderful," remarked Dick Matten, a business school professor. "In some ways, it is surprising. Business is about business, about caring about shareholders. And suddenly we see them deeply involved in the political arena."

Yet it's not really that surprising. For years before Trump became president major corporations and their CEOs had been emulating Sully and Mike. They were good guys – and, yes, they were mainly guys – trying to do the right thing, like protesting discrimination against LGBT people, championing climate change mitigation, and disassociating themselves from the evil Koch brothers by leaving the Koch-sponsored American Legislative Exchange Council (ALEC).

These initiatives were, in turn, part of a much larger movement among major corporations, unfolding over the last dozen years, squarely aimed at changing the very nature of the modern business corporation – transforming it into a *new* corporation.

Beaten down by the anti-globalization protests, discredited by the mind-boggling skullduggery of Enron and Worldcom, and targeted by a growing chorus of critics (including me), corporations and those who ran them knew things had to change, and fundamentally.

They began calling for and initiating such change. And when things got even worse – with more corporate rot revealed by Wall Street’s spectacular collapse in 2008, prompting new rounds of protest and criticism, not least Occupy Wall Street – the call for change became even louder.

But change is an elusive concept. While critics and protestors were, in the wake of 2008, demanding curbs on corporate power, new corporate taxes, measures to narrow the gap between the 99 and the 1 percent, and restrictions on corporate campaign financing and personhood, business leaders had a different plan.

Like Mike and Sully – who could have started a revolution to wrest power from Monsters Inc., and give it to the people, or the monsters, but instead chose to leave power where it was, in the corporation, while making its exercise more benevolent – business leaders similarly saw the solution as making corporations more benevolent. Self-improvement and self-help for the corporate ‘person’ was the way to go, not far-reaching political and economic change; not challenging the fundamentals of corporate capitalism.

More particularly, what had to be done, business leaders said, was to move social, environmental, and ethical values from the periphery of corporate culture – which is where they had been placed by earlier corporate social responsibility programs – to the core of companies’ business models and operations.

Corporation’s should be committed to those values, they said, “not as a CSR strategy, not a sustainability strategy,” as Unilever VP John Coyne described it to me, but rather as “the corporate strategy for the company.” Things like CSR and sustainability would no longer be programs at the outskirts of a company, but would constitute *the* program for the company

In the early 2000s – when I was working on *The Corporation* film and book – only a handful of companies had, albeit with much fanfare, adopted this kind of approach – Ben & Jerry’s, Tom’s of Maine, Nature’s Gate, Whole Foods, Ray Anderson’s Interface (which we prominently featured in the film). But all were relatively small companies and not publicly-traded at the time.

Now, just a dozen years later most of the world’s major corporations are claiming they’ve remade themselves along these lines, a kind of Ben-and-Jerryfication of big business that’s seeing them embed social and environmental values deep in the cores of their business plans, operations, and cultures.

It began in earnest around 2005, according to political scientist and sustainability expert Peter Dauvergne. “We began to see,” he says, “many of the world's biggest branded companies, from Walmart to Coca-Cola to Proctor & Gamble, suddenly making very sweeping promises of full sustainability, promises such as 100% carbon neutrality, zero waste to landfills, 100% recycling.”

Walmart, for example, pledged in 2005, “To be supplied 100 percent by renewable energy; to create zero waste; and to sell products that sustain people and the environment.” Dauvergne says he initially thought, “Oh, this is just more greenwashing,” but on closer inspection he realized it was something more, “a proactive, real and significant shift in how the biggest companies were dealing with sustainability.”

And it was not just sustainability, but also human rights, climate change, biodiversity, and other public goods. Companies were now becoming advocates and protectors of social and environmental values, not just business values.

They were claiming to be the solutions to global ills, no longer the problems. Now they would partner with governments rather than be recalcitrant subjects of them. It was a “new frontier in corporate global citizenship....a new era in public-private partnership,” according to a declaration of CEOs from fourteen major companies, including Nike, Microsoft, and Coca-Cola, at the 2008 Davos World Economic Forum. Corporations would now not only govern themselves more responsibly and sustainably, the CEOs declared, but also help “build better governance systems and public institutions” for society as a whole.

Thus, from the ashes of early millennial corporate scandals and malfeasance arose a phoenix, the *new* corporation – progressive, socially and environmentally-minded, and

ready and able to take on the world's most pressing problems – including, as it turns out, Donald Trump.

But should we celebrate? I don't think so.

To begin with, there's a real question whether the corporation has truly changed – whether it in fact remains a psychopathic institution as we first diagnosed it in *The Corporation*, the question I explore in the next chapter.

But even putting that question aside for the moment, there's another issue, which I explore more fully in subsequent chapters, but will introduce here.

When the lights came up and the final credits rolled at the end of *Monsters Inc.*, I felt uneasy. My kids, who I had taken to watch the film, were smiling widely, as was every other kid in the theatre, and most of the parents too. Nearby a grown man was wiping tears from his eyes, as his equally emotional wife handed him wads of Kleenex. Audience members were slow to leave, some floating down the aisles in silent reverie, others rambunctiously laughing and joking around, all very joyous.

I, on the other hand, wanted to jump up on the stage and scream: “Don't you see what's happening here?” – but I refrained, worried the ensuing humiliation would permanently damage my kids' psyches – “This is not a happy ending,” I wanted to shout. “Monstropolis is still an authoritarian corporate dictatorship.”

But I stayed in my seat, ate another handful of popcorn, took a sip of my Coca Cola produced Dasani water, and settled down.

Today, a dozen years later, when I hear about how corporations have been transformed, how they're now benevolent, caring, concerned, like Sully and Mikes' transformed *Monsters Inc.*, I again feel like screaming, “This is not a happy ending!”

It's not just that the world's major corporations haven't really changed, at least not fundamentally – which is the argument of the rest of the chapter – but that, just as in *Monsters Inc.*, the change that has occurred, far from being aimed at curbing corporate rule, is serving to further entrench it.

The corporation is being remade to be putatively worthy of its growing power; to assuage our fears and dampen our outrage about its widening and deepening role in

ruling society; to encourage us, 'the people' to, like the monster-citizens of Monstropolis, celebrate its rule.

That's the true message of the new corporation, as it was of the Monsters Inc. movie – that the corporation's tightening and totalizing grip on society is not to be feared as a threat, but to be embraced, as a warm and fuzzy hug.