

***Corporations and Citizenship*, edited by Greg Urban. Philadelphia, University of Pennsylvania Press, 2014. 392 pp. ISBN: 978-0-8122-4602-5**

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*Corporations and Citizenship* is part of a series developed by the Penn Program on Democracy, Citizenship, and Constitutionalism at the University of Pennsylvania. This edited volume facilitates a critical discussion across disciplines about corporations, governments, citizenship rights, and the very meaning of citizenship in a global economy. Anthropologist Greg Urban, as editor, capably facilitates this discussion. The book is divided into two parts. In the first, contributors grapple with questions of whether for-profit corporations should and do serve the public interest. The second deals with how governments can and should regulate corporations.

Many of the contributors to part one present well-reasoned variations of the argument that profit should not be the over-arching goal of corporations. Urban argues in the introductory chapter that profit is a reward for a corporation's successful provision to society of "the goods and services people want and need" (13). In "Corporate Power and the Public Good" Lynn Sharpe Paine allies herself with such an argument by highlighting the responsibility and capabilities of corporations to contribute to democracies. Paine presents the results of a study of global corporate leaders, which suggests that there are three main challenges facing the global economy: the instability and complexity of global financial systems, income distribution, and the natural environment. Without romanticizing the ability of corporations to alleviate these problems, Paine highlights three powerful corporate initiatives addressing these global challenges to demonstrate that corporations can indeed "do good while doing well."

Departing from such optimism, Joel Bakan argues that corporations in fact exacerbate and even construct social issues. Well regarded from his publication of *The Corporation*, Bakan draws from his newest book, *Children Under Siege: How Big Business Targets Children*, to focus on corporations' harmful effects on children's health, development, and well being. Bakan explains that marketing and the media, pharmaceuticals, and chemical overexposure are three leading causes of harm to children perpetuated by corporations. Ending the chapter more optimistically, Bakan highlights existing regulation aimed at limiting negative effects of corporations on today's youth.

In another strong, critical essay in part one titled, "Education by Corporation: The Merits and Perils of For-Profit Higher Education for a Democratic Citizenry," Amy Sepinwall shifts the conversation away from traditional business corporations and provides a well-reasoned critique of the rise of for-profit higher education and its controversial aims of serving both public and private interests. After a practically and theoretically rigorous analysis, Sepinwall concludes that the state of higher education is far from what it should be in an ideal democracy. So while perhaps failing the standards of an ideal democracy, for-profit education

provides a practical service to citizens who are marginalized in flawed traditional educational channels.

Departing from specific cases to explore the role of corporations in advancing social welfare in a chapter titled “Corporate Social Purpose and the Task of Management,” Jeffery Smith provides a theoretical account of the “alignment thesis” in order to consider the social purpose of corporations in conjunction with the responsibilities of individual managers. Smith traces the history of business ethics literature to understand how the purpose of corporations is legally and morally tied to a number of stakeholders. The alignment thesis holds that institutions allow corporations to pursue profits so far as they comply with important social values and avoid exploiting market failures. This begs the question, should government simply *expect* that corporations and their managers will preserve society’s social values? Or should they play a more active role in ensuring that corporations adhere to those values?

The focus of part two is the regulation of corporations and here the authors have much to say about the role of the state in governing corporations in order to sustain healthy and robust democracies. There are strong contributions, which argue that the decline of effective U.S. government policy and regulation has led to a decline in the health of its democracy. There are also similarly strong contributions exploring the role of multinational corporations (MNCs) as regulators that enhance, detract from, or maintain democracies across countries in which they operate.

In “Citizens of the Corporation? Workplace Democracy in a Post-Union Era,” Cynthia Estlund critically addresses the complicated U.S. history of corporate regulation and workplace democracy by examining U.S. worker representation and collective voice. Estlund considers what workers want and need in terms of workplace representation and subsequently highlights how the lack of government regulation creates a “representation gap.” This gap has left workers with a democratic deficit in the workplace. Estlund’s analysis builds to a contentious conclusion in which she outlines a model of cooperative worker collectives institutionalized *inside* corporations and facilitated *by* corporations. Indeed, Estlund re-conceptualizes the role and structure of a company union. Though she remains an advocate for trade unions, Estlund concedes that collective bargaining, as we know it in the U.S., is not likely to be embraced again by political or corporate leaders. As such, an argument for responsible internal structures dedicated to workplace democracy is not a substitute for traditional trade unions. Rather it is a supplement for a workforce that is dangerously close to losing all worker representation and the historical gains made by the labor movement.

Continuing the critical discussion on how U.S. government has affected labor, Karen Ho contributes an important chapter titled “Corporate Nostalgia? Managerial Capitalism from a Contemporary Perspective” that integrates much of her well-known work on the financialization of the economy. Ho nostalgically recalls the virtues of managerial capitalism (while being transparent about its vices) and considers the trade-offs during the 1970’s transition from managerial to shareholder capitalism. While meant to ameliorate a stagnant and rigid economy from the grasp of bureaucracy, shareholder capitalism led to the institutionalization of short-term

shareholder value and a weakening of internal labor markets. Subsequently, while not arguing for a return to managerial capitalism, Ho does invoke its strengths as a social institution to address workplace inequality. In particular, Ho argues that for all its bureaucratic shortcomings, managerial capitalism allowed workers far more control over their careers than they enjoy today. Today, power in corporations is shifted upwards into the hands of financial intermediaries. These intermediaries have systematically dismantled the stability and predictability of the bureaucracy that offered workers career mobility and security in favor of a workplace characterized by career instability and insecurity.

Both Estlund and Ho suggest that there have been significant negative, though often unintended, consequences of deregulation. Conversely, Jonathan Macey highlights the role of *increased* regulation in detracting from economic and social well-being in “The Nature and Futility of Regulation by Assimilation.” Deftly presenting an analysis of complicated phenomena in an easily intelligible manner, Macey draws on four cases in the U.S. financial markets to illustrate his point: credit ratings, fairness opinions, external audits, and internal risk assessments. Macey first describes how, facing the threat of financial scandals and recessions, the U.S. government has mandated the use of these internal firm market mechanisms to induce more transparent and sustainable financial markets. Individual firms created these originally internal enabling mechanisms to signal specific information, such as a firm’s investment risk, a forecast of a firm’s potential acquisition, a firm’s financial health, or internal firm controls. Macey persuasively argues that the co-option of these mechanisms by the state into mandatory regulatory mechanisms has led to their corruption and a decline in their ability to offer useful information. Once useful market mechanisms, these mandatory practices have largely turned into compliance driven mechanisms that have each uniquely given way to an arguably easier path to corruption than before mandatory compliance. To avoid such distortions, Macey argues that governments should carefully design regulations to take into consideration their potential for corruption, as happened with the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Looking beyond US boundaries, Katharina Pistor takes up the challenge of addressing the democratic voids that exist with MNCs that operate across nations. Specifically, Pistor explores conditions where government has been unable to regulate MNCs in ways that help achieve and maintain a healthy democracy. Absent strong government, MNCs often undermine national sovereignty and democratic ideals by operating as regulatory regimes themselves. In these conditions, citizens often lose their right to deliberate on and make decisions about their preferences and priorities. In response, Pistor advances the normative concept of “regulatory capabilities” as a framework within which affected citizens can contest and contribute to MNC regulatory regimes to promote their rights to self-determination. The power of MNCs, Pistor argues, comes with a standard of allowing citizens a voice to determine their rights, the ability to contest the means of a corporate regulatory regime, and the ability to exit the regime.

Finally, in one of the most thought-provoking chapters of the book, “Ethnicity, Inc.,” anthropologists Jean Comaroff and John Comaroff explore globalization,

corporations, and government regulation via a sobering account of the global commodification of cultural identity. Condensing arguments made in their book of the same title, Comaroff and Comaroff argue that the perpetuation of market driven economies has enabled corporations to outright co-opt ethnic populations' identities for capital accumulation. The diminished roles of the state pave the way for both corporate and state commodification of ethnicity. Though largely framed as problematic, the authors highlight the potential of the marketization of identity to enrich cultures and sustain cultural authenticity amidst otherwise fragile conditions.

As editor, Urban pulls together contributions that are insightful and that integrate multiple literatures. The book is not, however without shortcomings. The inclusion of several of the chapters creates discontinuity and an uneven understanding of the issues that are the ostensible focus of the book. Despite being well-written and insightful, chapters that analyze corporate discourse, explore the unpredictability of markets in response to natural disasters, review the history of corporate governance and regulation, and summarize a panel discussion, stick out as only tangentially related to the themes of parts one and two. Additionally, Urban may have better organized the book's chapters so as to take readers on a more linear journey.

The strongest contributions to *Corporations and Citizenship* come in part one, which largely focus on specific illustrations of the ways in which corporations both contribute to and detract from healthy and robust democracies. These chapters highlight the role of corporations in affecting the development of global financial markets, income inequality, children's health, higher education, and the natural environment, for better or for worse. Part two also contributes greatly to the aims in *Corporations and Citizenship*. Whether through discussion of worker rights, workplace inequality, cultural appropriation, the corruption of financial markets, or citizenship rights, the authors provide reasoned insight into the role of state governments in regulating corporations toward democratic goals. Together, parts one and two offer timely insight into important issues of development facing nations across the globe as *Corporations and Citizenship* offers both a theoretically rich and practical, illustrative discussion on the interactions between corporations, governments, and citizenship.