



A Critical Look at the Corporation's Dominant Role in Society

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During a scene in the new documentary film, "The Corporation," the tactics of strategic product placement are cleverly depicted.

As the cameras follow the movements of an unnamed consumer, we see packages purposely arranged at the feet of an apartment house doorman. The boxes prominently display the logo, "The Corporation." Moving along the street, a new music CD is being discussed by people paid to promote it in their conversation. The CD is emblazoned with the logo, "The Corporation." And when the anonymous protagonist opens the door of the refrigerator at his office, he finds it stocked with a new brand of bottled water, the label bearing the now-familiar logo, "The Corporation."

The point here is obvious. Corporations and their dominant, often domineering, place in modern society are omnipresent. Consumers, conditioned by the sheer scale of corporate advertising, might miss this point. But the film-making team of "The Corporation" is not about to let ignorance equal bliss.

"The Corporation" is the joint effort of Canadian filmmaker Mark Achbar and Joel Bakan, a law professor at the University of British Columbia. Achbar co-directed the film with Jennifer Abbot. Bakan is the author of the film script and companion book, called *The Corporation: The Pathological Pursuit of Profit and Power*.

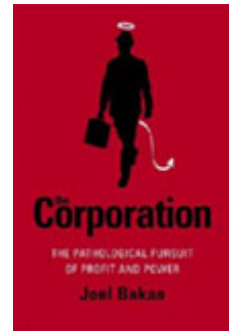
Curiously, the impetus for the film/book venture began at a chance meeting in 1997, two years before the riots in Seattle against the World Trade Organization. The U.S. economy was in high gear, countries of the former Communist bloc were embracing the principles of capitalism, and plunging stock prices seemed a distant memory. Bakan, however, was already planning a book on corporations while Achbar was interested in making a documentary about economic globalization. As events like the Seattle riots and the Enron scandal unfolded, Achbar and Bakan's sense of timing looked, in hindsight, to be inspired.

The film and book versions of "The Corporation" are closely related in theme and presentations. The book uses many direct quotes from the film and most, though not all, of the incidents depicted in the film also appear in the book. The effort is truly a partnership of documentary filmmaking and scholarship, but it is perhaps wisest to see the film version first. Bakan's text presents an amazing amount of research for general reader and specialist alike. However, the interview segments in the film are conducted with a degree of intimacy, insight and power that transcends their use in the book.

Now a hot topic, "The Corporation" evolved into a successful television mini-series and a feature length film in Canada. Following a spate of awards, such as one from the Sundance Film Festival, "The Corporation" is now appearing in U.S. theaters. Reviews, including ones in *Forbes* and *The Wall Street Journal*, have been generally favorable.

The book's subtitle, *The Pathological Pursuit of Profit and Power*, is emphasized in the film, which analyzes corporations according to psychological personality profiles, assessing their behavior in terms of "reckless disregard for others" and "incapacity to feel guilt." How could "The Corporation," with harshly critical judgments of business ethics in both of its versions, earn accolades from leading business journals?

The answer lies at the heart of Achbar and Bakan's endeavor. "The Corporation" is a cogent, information-rich and artfully crafted probe of the most powerful business entity of modern times. It is a serious film, tempered by moments of levity produced by the juxtaposition of excerpts from "gee whiz"



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business films dating back to the 1940s and 1950s. Despite the searing quality of some of the scenes from the film, the overall tone is not one of cynicism or heedless condemnation. Achbar and Bakan offer hope that corporate society may escape the fate of other imposing institutions like imperial regimes of the past or the Communist party, which seemed to be unstoppable juggernauts only to crash and burn in short order.

For corporations to rise from the debris of the Enron era, significant reforms are necessary - and that will not be easy. The film version of "The Corporation" argues that the recent business scandals are not the result of a "few bad apples" but stem from a systems flaw that can be traced directly to the profit motive.

Modern corporations are set up to make money, a significant departure from the 18th and early 19th centuries. In the period between the American Revolution and the Civil War, corporations in the U.S. were primarily established to secure a public good for society at large, such as the building of bridges, canals and turnpikes. Earning a profit was only a secondary consideration. This changed dramatically with the coming of the railroad age and the heavy industries which supported it - coal mining and steel manufacturing. Corporations began earning huge profits in an age of low taxation. Astute manipulation of laws, like the 14th amendment which was designed to establish the rights of former slaves, gave U.S. corporations the legal protections of private citizens. Combined with their growing wealth and political clout, the legal maneuvers in favor of corporations enabled them to claim a position of dominance unchanged to the present day.

The text of Bakan's book analyses corporate history and, like the film version, makes it clear that corporate leaders are legally bound to make profits, not to act ethically. Their actions are constrained by the "best interest of the corporation" principle which was established by the landmark 1916 case, *Dodge v. Ford*. Henry Ford was successfully sued by his business partners for canceling a dividend so that he could lower the price of the Model T in favor of his customers. The ruling established that the benefit of a company's stockholders transcended any other corporate consideration. Like Mae West's diamonds, "goodness had nothing to do with it."

Noam Chomsky, one of the 40 economists, philosophers and business experts interviewed in the film, analyses the dilemma faced by corporate leaders trying to balance the needs of society with their drive to maximize profit. Chomsky compares their situation to that of slave holders during the 18th and 19th centuries. The institution of slavery was monstrous, Chomsky states, though many of the slave holders were decent and moral individuals.

It is one of the many virtues of Achbar's and Bakan's joint effort that they provide a meaningful dialog and practical solutions for resolving this dilemma. Properly understood, "The Corporation" is an attempt to create a new definition of goals and responsibilities for the business world consistent with the realities of the 21st century. The key to this reappraisal is the concept of a "sustainable economy." And the most powerful and persuasive voice arguing on behalf of this view is that of Ray Anderson.

Founder and chairman of Interface, Inc., the world's largest commercial carpet maker, Anderson has become an ecologically minded leader with ideas vastly different from those when he first built his firm. Like Shelby Foote in Ken Burn's documentary, "The Civil War," Anderson relates his views in the film with a charming Southern drawl and evident sincerity.

In 1994, employees at Interface pressed Anderson for a formal statement of the company's environmental policy. Anderson confesses that "I didn't have an environmental vision." This led ultimately to serious soul-searching and a change of heart. While reading *The Ecology of Commerce* by Paul Hawkins, Anderson became fixated on the phrase coined by the noted biologist, E.O. Wilson, "the death of birth." Realizing that business policies can threaten future generations with extinction as well as harm people in the present, Anderson reached his moment of truth. It's a key moment in both the film and the book. "It was [the] point of a spear into my chest," Anderson said, and as he read on, "the spear went deeper, and it became an epiphanal (sic) experience, a total change of mind-set for myself and a change of paradigm."

Anderson's words are eloquent but his actions speak even louder. Acting to make Interface an entirely self-sustaining and ecologically responsible firm by 2020, he has guided his company to a record of remarkable achievement. In the July 19, 2004, issue of *BusinessWeek*, data supplied by Interface show that waste produced by the company has been reduced by 80%, water intake is down by 78%, emissions

of greenhouse gases down by 46%, energy consumption cut by 31% and use of petroleum-based materials by 28%. The final figure is in some ways the most persuasive, detailing a total savings of \$231 million. Ethics and profits are indeed compatible.

The example of Interface proves the wisdom of a shift in the corporate paradigm from a 19th century emphasis on maximizing profits to a 21st century ideal of sustaining long-term growth. The alternative to sustainability, on the other hand, is only too easy to grasp from other incidents depicted in "The Corporation," such as Bolivia's "War for Water." Analyzed in considerable detail in Bakan's text, its depiction on film is even more powerful.

In 1999, the government of Bolivia, under pressure from the World Bank, privatized the water system of the city of Cochabamba. The control of the water supply was placed under the firm, Aguas del Turnai, which was linked to a subsidiary of a U.S. corporation, Bechtel. Water rates escalated, people were charged for using water from their own wells and, in what must be one of the most surreal laws of modern times, the Bolivian government prohibited the collection of rain water in this arid and impoverished region. Widespread protests a year later succeeded in reversing the privatization policy.

The Bolivian incident is but one of the sobering examples in "The Corporation" of what happens - and is likely to reoccur - when 21st century realities are made to conform to 19th century concepts. "The Corporation," in both its film and book versions, is strong medicine, yet Achbar and Bakan are worthy of praise. By envisioning a more democratic and sustainable future for corporations, they are showing business leaders, in the words of Ray Anderson, how to "get it right this time."

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