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Introduction to the themed issue. Corporate power: Agency, communication, influence and social policy

Abstract

This paper introduces this themed issue of *Critical Social Policy* on the question of corporate power. Corporate power is recognized as an important agent in social policy making and delivery. However, to date there has been comparatively little attention to the crucial role that lobbying and corporate 'spin' play in helping to shape policy making contexts. This special issue of *Critical Social Policy* is concerned to bring such issues to the mainstream of social policy analysis. It is argued here that the rise of spin and public relations is a key feature of neoliberalism in the past two decades. These have worked to reshape policy making, resulting in pronounced changes in the content and process of policy making and it is argued that these have tended to marginalize or undermine democratic processes.

Key words: communication and social policy, globalization, lobbying, neoliberalism, public relations, sociology of corporate power

Introduction

The rise of the corporation as a social and political actor is widely cited as one of the cardinal features of recent world history. While it is widely acknowledged to be important, there is an uneven awareness of corporate power in the field of social policy (cf. Farnsworth, 2004, 2005; Holden and Kelley, 2009; Whitfield, 2001) and in particular sparse attention to the importance of lobbying, spin and public relations as key, communicative, elements of corporate agency.

This special issue of *Critical Social Policy* opens these issues up for analysis in an attempt to mainstream them in social policy scholarship. It builds on recent work in the field that has focused on the role of business in social policy (Farnsworth, 2004, 2006a, 2006b, 2008; Farnsworth and Holden, 2006) by focusing on corporate agency in policy processes. In particular the rise of spin, public relations and lobbying is a key feature of the growth and spread of neoliberalism in the past 20 years.

The opening up of the public sector and of key areas of government and the civil service to the market or to 'market like' processes has been accompanied by an increase in the role of corporate public relations professionals and lobbyists. These processes have resulted in very marked changes in the content and process of policy making and have tended to marginalize or undermine democratic processes. On the one hand this is a question of the rise and importance of communications and ideas in social policy and on the other a question of the implementation of particular policy solutions (Miller and Dinan, 2008). Although issues like spin and public relations are now attended by a substantial literature, much of the work in this field either deals with areas of decision making such as party politics or government news management on the one hand, or focuses on issues outside the realm of social policy on the other. The aim here is to focus on a number of substantive areas of social policy and to use these as a means of highlighting the very significant role that corporate communications, lobbying and PR now play across the social policy domain. This means examining corporate strategy and how corporate agency feeds through into education, health, welfare and broader social justice agendas. This also necessitates examining issues such as 'spin' from a broader perspective than is usually the case. In particular it means focusing on the use of a wide range of institutional forms through which corporate strategy is enacted. So, rather than centring the mass media in the analysis, the issue of corporate communication channels is central. Lobbying, think tanks, elite networking and policy planning groups, corporate social responsibility (CSR) and corporate philanthropy are all important areas for this examination.

Each of these has played key roles in the development of social policy agendas in recent years, at the local, national and at the transnational and global levels. For example the policies of PFI (Private Finance Initiative) and PPP (Public Private Partnership) were both thought up and promoted by particular business alliances. At the international level, global agreements (such as the General Agreement on

Trade in Services (GATS)) with very significant implications for social and public services have come about after fierce lobbying by transnational lobby groups. The articles in this special issue will focus specific attention on these processes showing their importance and why such issues should be on the agenda of a genuinely critical social policy.

This special themed volume is being produced against the backdrop of the greatest financial crisis since the Wall Street crash and great depression of the inter-war period. The crisis of 2007–2009 (and continuing) is of great importance not least for the ways that it has impacted at a global scale – affecting huge swathes of the world economy, and bringing with it dark pronouncements on a prolonged economic slump and a new age of ‘austerity’. While there are many different explanations for the financial crisis, there is a largely shared understanding that the neoliberal economic consensus has been undermined to some degree, though it is not clear what this means in terms of the longevity of neoliberalism. It is beyond the scope of this Introduction and the papers in this issue of *Critical Social Policy* to explore such debates and arguments (see Bellamy Foster and Magdoff, 2009; Callinicos, 2010; Harman, 2009; Harvey, 2009). The crisis – and the reactions to it by different governments and transnational organizations (for instance the International Monetary Fund (IMF)) – has profound implications for our understanding of social policy and for our understanding of the ways in which the power and influence of corporations work to shape social policy.

However, these implications are in many respects simply the logical consequence of the changes in the international economic and political order ushered in by corporate led globalization and the ideology of neoliberalism which has justified and advocated it. These changes, as is well known, have had the effect of increasing the mobility of capital across borders and – as most observers agree – increasing the power of the corporations.

For our purposes we can see these processes as consisting of both economic (structural) and political (agency/influence) elements. The domestic impact of international capital mobility has been the subject of a significant debate in political science and international relations (Cohen, 1993; Cohen and Lipson, 1999; Keohane and Milner, 1996). While there are a range of contending schools of thought, variable emphases and differing empirical bases, it is clear that the economic impacts of international capital mobility – the ability of capital to leave – have also been accompanied by efforts by both corporations and

international financial institutions to influence policy with domestic effects. Swank argues that the 'economic logic' of international capital mobility is accompanied by two political mechanisms which relate to, firstly, enhanced power in the domestic arena 'as a result of the "exit option"' and secondly the 'ascendance of neoliberal economic orthodoxy' which are reinforced by 'appeals for policies that improve international competitiveness and business climate' (Swank, 2002: 21). Swank's summary of the debate concludes that:

the ascendance of the new neoliberal policy regime was significantly influenced by the political action of a 'neoliberal coalition' of internationally mobile enterprises, international organizations such as the World Bank and the International Monetary Fund, and government central bankers and finance ministers. In sum pressures on the welfare state from the political logic of globalization may significantly augment the social policy pressures from the economic logic of globalization. (Swank, 2002: 26)

This account, which challenges certain versions of the thesis of globalization as an inevitable process, also raises the issue of 'voice' or influence and the potential for regulatory capture both of specifically regulatory agencies and also of governmental institutions. It shows the signal relevance of globalizing processes for the analysis of social policy at the national level.

In the UK much of the critical and pioneering work around the interrelationships between corporate power and social policy is associated with Kevin Farnsworth and Chris Holden (see Farnsworth, 2004, 2006a, 2006b, 2008; Farnsworth and Holden, 2006). Farnsworth and Holden differentiate between three forms of corporate inputs into social policy: direct political engagement (for instance through networks that comprise business leaders and politicians; lobbying, either directly or indirectly; funding think tanks, research units etc.); institutional participation (most evident in the number of business representatives who sit on the boards of hospitals, schools, quangos, government agencies and advisory committees); and, of particular importance for social policy, direct provision or production (see the papers by Beder, McCafferty and Ruane in this volume). The role of business in the direct provision of heartland social welfare services has been widely documented in the pages of *Critical Social Policy* and other leading journals, not to mention in numerous reports. This has contributed to a more critically informed

appreciation of the ways in which social policy is increasingly shaped by what might be termed a 'business-first' approach.

However, this collection is also concerned with another particular aspect of the exercise of corporate power – the role of communication on the part of business and global corporations (see the papers by Sklair and Miller, and Miller and Harkins in this volume) and this has thus far received comparatively little attention remaining largely under-theorized in the mainstream social policy literature. A search of the main social policy journals (*Critical Social Policy*, *Social Policy and Administration*, *Social Policy and Society*, *Journal of Social Policy* and *Policy and Politics*) over the last decade shows that there are no papers that consider corporate spin, broadly defined, or the role of lobbying and public relations in helping to shape and legitimize the role of business in social policy.

We contend that corporate agency depends on both communication and action. Indeed we see communication as itself a matter of agency. This is not to suggest that discourse is all or that 'ideas' and communication are more important than extra discursive action. On the contrary we see agency as necessarily made up of discursive and non-discursive elements and it is for this reason that we argue that communication is a necessary focus for work on corporate agency and corporate influence. This means treating instances of corporate agency such as lobbying, philanthropy and corporate social responsibility etc. as centrally matters of communication. We can follow this argument through by developing a model of the interaction of business and society by examining the idea and practice of lobbying.

Lobbying as corporate agency

Perhaps it is best to start by outlining what lobbying is. Lobbying is the attempt by organized interests to influence policy and the decision making of governmental or other similar institutions. Lobbying can and does take place in political systems without any or significant formal democratic mechanisms. However, it is in formally democratic political systems that it has become a significant industry and indeed public issue. Lobbying does not, indeed could not, flourish in systems operating on the principles of direct democracy, where all (or most significant) political decisions are taken by the populace or through local systems of decision making. This is because lobbying is

an attempt to exert direct influence on decision makers as opposed to through democratic mechanisms. This is not to suggest that lobbying is inherently undemocratic.

In theory democracy means the rule of the people. To the extent that lobbying facilitates popular rule, it helps democracy. But equally to the extent that it allows vested interests to gain special favours, it undermines democracy. In other words lobbying is not intrinsically fundamental to the health of even representative democracy. In fact it can be argued that the more that the lobbying industry grows and influences politics, the less chance that there is for even liberal representative democracy to work to represent the voters.

In principle anyone can 'lobby' politicians and decision makers. In practice a wide range of organizations – including non-government organizations (NGOs) and trades unions – do attempt to influence decision making. But it is overwhelmingly the case both that business is much more active than other actors and that the lobbying industry works overwhelmingly for business – predominantly big business (Miller and Dinan, 2009).

The recent rise of lobbying as an industry has occurred in close relation to the rise of neoliberalism, which can be defined as 'the doctrine that market exchange is an ethic in itself, capable of acting as a guide for all human action' (Harvey, 2005: cover). The lobbying industry and neoliberalism are entwined because neoliberal ideas have changed the rules of the game in liberal democratic regimes. Lobbying has not just been important in influencing political decision making in 'ordinary' politics and in taking advantage of neoliberal reforms but has crucially been engaged in the reshaping of the architecture of the political system. In other words the constitution of rules and regulations within which democracy, politics and the economy operate are influenced and indeed have arguably been captured by lobbying for sectional interests. Lobbying has been – in other words – one of the midwives of neoliberalism (Miller and Dinan, 2008). There are a significant number of studies on the transition to and impact of neoliberalism and the role of lobbying, think tanks and ideas in this in a wide variety of disciplines, particularly in sociology, anthropology, politics and international relations and increasingly in geography (Frank, 2008; Wedel, 1998). However, the direct investigation of the role of corporate political agency in this area has been underdeveloped and this is also true in social policy as Farnsworth notes (2004: 3).

Understanding communication and corporate influence

Any society is made up of a number of differing arenas of action and decision (science, health, law, education, etc.). Communication is central to these both in the sense that the mass media impinge on all arenas and in the sense that each arena has its own specific relations of communication. Each arena overlaps and interacts with the others in specific ways but it is important to conceive of the 'public sphere' in this wider frame rather than focusing only on the mass media (Miller and Dinan, 2009).

Such an approach depends on a multidimensional model of power for which Lukes' (1974) model provides the most obvious reference point. Because we are discussing communication and power we also need to have an understanding of relations of dominance and subordination and questions of ideology. The concept that condenses a lot of this for us is hegemony. But we do not follow the dominant approach to this in seeing hegemony as a question of the struggle for popular consent alone. Rather it is our view that the fundamental import of lobbying is its role in hegemony above all in terms of the leadership of allied classes and fractions as opposed to winning popular consent (Miller, 2001). The functions of PR and lobbying are, therefore, two-fold – to manage, manipulate and mystify popular forces and popular opinion and to solidify or mould elite unity. Speaking generally about advanced neoliberal political systems, the second function is usually more effective than the first. But this is not simply a question of ideology and 'structure in dominance'. Rather it is fundamentally about winning to a dominant-bloc elements of the elite which will not always follow by dint of interests alone. Rather they have to be persuaded, cajoled and if necessary lied to and coerced.

So when we turn to social policy and the role of PR and lobbying we are interested in the whole range of corporate tactics and techniques for pursuing influence and power. It is our contention that PR and lobbying are not separable from the wider strategies of the corporations (such as their role in policy planning coalitions, classwide lobby groups, involvement in education, or funding of think tanks and similar organizations as discussed elsewhere in this volume) and we should not see coercive actions and economic decision making as somehow entirely separate from 'ideological' or 'cultural' or 'communicative' activities.

Corporate lobbying strategies

The lobbying industry has a history going back at least to the early years of the 20th century (Miller and Dinan, 2008). As an industry it is a component of the wider promotional industries of advertising, marketing and public relations. In fact most of the lobbying firms currently operating out of K Street in Washington, around the Rue de la Loi in the Euro Quartier in Brussels and in the back streets around Westminster in London, are actually owned by transnational communication conglomerates, including most of the globe's advertising, marketing and PR firms as part of their corporate structure. Both at the top and at the bottom of the chain of ownership the firms are deeply obscure. Most citizens would struggle to name more than one or two of the biggest lobbying firms, but the parent companies are even less well known. The top four which, from 2001 owned more than 50% of the world market are Interpublic, WPP, Omnicom and Publicis (Miller and Dinan, 2003).

The firms operating in London – such as Weber Shandwick (owned by Interpublic), Fleishman Hillard (Omnicom), Hill and Knowlton (WPP), Burson Marsteller (WPP), Manning Selvage and Lee (Publicis) – are the same firms operating in Beijing, Brussels, Washington and indeed all over the world. But it would be wrong to imagine that the lobbying industry is the extent of the problem of lobbying. It is the most visible manifestation of lobbying, but is only the conduit for neo-liberalism. The interests which fund much of the lobbying industry are the corporations and their assorted lobby groups and think tanks. Some of these are perennially at or about the summit of the power structure, able to drive initiatives and head off threats, while others are formed for specific purposes and are then consigned to the margins once their job is done. Briefly outlined, there are a number of varying formations created by corporations for these purposes. We can divide these up according to the sphere of society in which they operate. For ease of comprehension we have done this in terms of the relations between business, civil society and government.

Figure 1 illustrates this represented schematically as three 'spheres' of action, communication and potential influence. As is evident each sphere has internal relationships between differing elements of the sphere and external relations between spheres. We have represented the sphere of business as being those organizations and activities over which business has direct control (notwithstanding internal divisions,

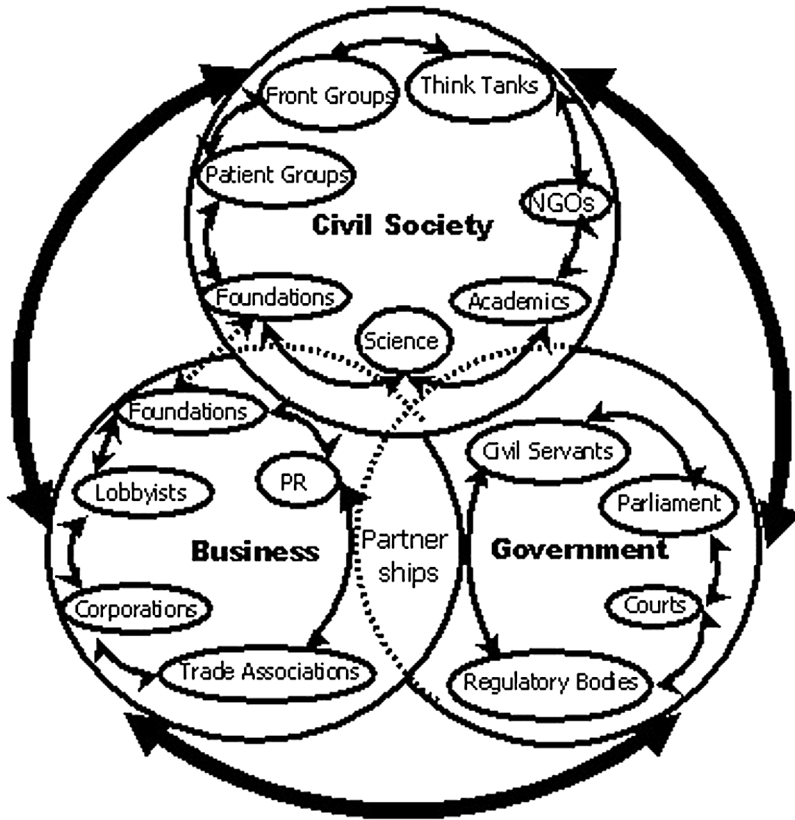


Figure 1 Spheres of action, communication and influence

conflicts or controversies). The sphere of civil society contains countervailing institutions formed on bases in principle independent of business such as trades unions and NGOs, which in practice may be critics of business, or may not. The point is that they have at least some claimed independence from business. Some institutions may exist in both spheres or may straddle the spheres such as foundations, which can be simple instruments of business or can have a more diffuse relationship.

In civil society we have included organizations which may claim independence but whose claims are difficult to take seriously. Think tanks, patient groups and front groups are varying cases in point. On the other hand academia and science may have a greater claim to independence, although of course the impact of neoliberalism here is well known to be significant.

The sphere of government

We have represented these spheres as equal in size, but that is purely a presentational issue as the relative size or power of a sector of organizations will vary as can the relative influence of one sphere over another. It can also be noted that the three spheres overlap. This indicates those areas of partnership between each of the three spheres including, in the very middle, three-way partnerships between government, civil society and business. Obviously the relative size of the overlap will vary according to forms of political organization and historical period. It is important to note that the partnership mode of governance is a signature mode for the era of neoliberalism.

The diagram is also intended to relate to a particular political unit and thus in reality might overlap with a number of other political units. In the cases mentioned in this volume this might include vertical nested relationships between the national (Scotland) the Statal (UK) the Regional (EU) and the global (UN, WHO, IMF, WTO) levels. Lastly, we should draw attention to the arrows which run between the various spheres which represent direct and indirect relationships between the sectors. We have not included the mass media in this diagram, in order to focus attention here on the communicative activities which weld the constituent parts together in addition to the additional complexity implied by the news and entertainment media. Our point is to show that corporations can communicate in a variety of ways both directly and indirectly in order to influence or manage governmental process.

Vehicles and channels for corporate influence

The diagram also highlights the differentiation of avenues for strategic corporate action. Given this differentiation, the papers in this collection focus on a range of strategies in varying areas. Thus there is a paper by Sklair and Miller on corporate social responsibility as a key element of contemporary corporate discourse. It examines how the discourse operates and how it relates to policy discussion particularly via peak business association and lobby groups. These groups, operating at the transnational level, are examined by Sharon Beder who analyses their role in the emerging architecture of global governance over the past two decades. Her paper examines the role of transnational corporate agency in social policy by focusing on attempts to foster unity

amongst corporate actors and in helping to socialize political and other elite factions of the ruling nexus. The example of the General Agreement on Trade in Services is used to examine how corporate agency is wielded through elite networking organizations and how this may help to undermine social justice at the national level.

Stepping down a level to the UK, Sally Ruane interrogates the role of think tanks and policy planning in the introduction of the policy of PPP/PFI in the UK. What were the social forces and the concrete political agency which dreamt up the policy, pushed it through and implemented it and with what effect? Ruane's paper examines the role of think tanks and other policy planning groups in taking forward an unpopular policy.

Corporate agency can also be seen in the introduction of 'enterprise education' in schools throughout the UK. There is a new emphasis on teaching students the skills involved in entrepreneurialism and in inculcating the 'values' associated with 'enterprise'. The paper by Patricia McCafferty asks in particular about the impacts and effects of enterprise education on the curriculum and on the adoption of 'market values' in education.

Corporate agency is visible in every policy area where there is potential for positive or negative outcomes for business. The higher the potential, the greater the investment. The threat to public health and other social ills from obesity and alcohol misuse pose a grave challenge to the food and drink industry. The final paper in the special issue by Miller and Harkins examines how industry attempts to capture civil society, the media and policy in its efforts to blunt the edge of public health policy.

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