

## *The Corporation: The Pathological Pursuit of Profit & Power*

*Directed by Mark Achbar and Jennifer Abbott; Written by Joel Bakan; Produced by Big Picture Media Corp., 2004)*

*Reviewed by Pratima Bansal, Tom Ewart, and Marilyn Earl*

*The Corporation* is a thought-provoking documentary that presents a controversial and well-informed discussion of the positive and negative influence of corporations in today's society. The film is entertaining, irrespective of the viewer's position on the issues it presents and it has received dozens of awards in movie festivals around the world since its release in 2004.

Inspired by Joel Bakan's eponymous book, the film's premise is that, since the corporation has been given the rights of a legal person, we can evaluate what type of person it is. The filmmakers' diagnosis? The corporation is a psychopath. They support their arguments with case studies, vignettes, and interviews – some of which are with individuals who have been adversely affected by the actions of large corporations. The filmmakers present the corporation as a paradox: “an institution that creates great wealth but causes enormous and often hidden harms.” As these harms become increasingly apparent to governments and civil societies there is greater pressure on businesses to respond; the rise of the concept of *corporate social responsibility* attests to this development. This film provides an opportunity to engage managers and students in debate around critical issues that will affect their careers. Below, we discuss five particularly provocative issues the film surfaces.

### **The Corporation: Individual or Institution?**

One of the most compelling aspects of the film is this question: “Is the firm an individual or an institution?” The historical development of the corporation as a legal entity, neatly summarized in *The Corporation*, reveals that the answer is not clear-cut. Although a corporation has the legal status of a person, it is not expected to meet the commensurate responsibilities of an individual. A corporation cannot, for example, be imprisoned for criminal activities. Moreover, as Bakan observed in his book, the law requires corporations to “prioritize the interests of their companies and shareholders above all others and forbids them from being socially responsible—at least genuinely so.”<sup>1</sup> Are corporations responsible for their impacts on nonshareholder stakeholders? The film offers contrasting opinions.

Economist Milton Friedman asks to whom the corporation is responsible: “If a building can't have moral responsibility, what does it mean to say that a corporation can?” But, Noam Chomsky argues that: “corporations are special kinds of persons, who have no moral conscience. They are designed by law to be concerned only for their stockholders.” As Chomsky puts it: “The individuals participating in [corporations] may be the nicest guys you can imagine, but in their institutional role they are monsters because the institution is monstrous.” Former Royal/Dutch Shell Chair, Sir Mark Moody-Stuart, reminds viewers of the economic responsibilities and benefits of the corporate entity, “There is no organization on this planet that can neglect its economic foundation, even someone living under a banyan tree.”

<sup>1</sup> Bakan, Joel. *The Corporation: The Pathological Pursuit of Profit and Power* (Toronto: Penguin Group, 2004): p. 35.

Perhaps one of the great insights *The Corporation* yields is that true corporate social responsibility is achieved only through individuals' actions. Institutions are comprised of individuals and it is the character of these individuals that defines the institution. Whereas corporate social responsibility is assigned to the institution, it must be directly owned by the individuals within corporations, lest it become diffused in the abstract entity that is the corporation.

## **Advertising and Marketing**

The filmmakers raise a number of ethical questions about advertising and marketing. For example, the “Nag Factor” sheds light on how corporations advertise to teenagers and children and help them “nag for their products more effectively.” Quite simply, corporations, through television, and other media sources, influence the behavior of children, and in turn, their parents, through the antisocial behavior of nagging. The segment includes a revealing interview with Lucy Hughes, a market researcher who helps corporations “manipulate consumers into wanting and buying your products” or, as Chomsky describes it, helps corporations turn people into “completely mindless consumers of goods that they do not want.” Jonathan Ressler, CEO of Big Fat Inc., also explains “stealth marketing,” a relatively new marketing strategy that uses paid actors to endorse products in apparently casual conversations and interactions in public places. Ressler is a provocative interviewee, arguing that if stealth marketing is “showing you something that makes your life better in some way, then who cares—just say thanks!”

The film opens viewers' eyes to the pervasiveness of corporate advertising. The visceral responses that stealth marketing may evoke reflect the discomfort many people feel when advertising spills into all aspects of their daily lives. The film asks us to consider the potential risk that stealth marketing poses by fraying the social fabric of our community. What happens when we can no longer discriminate between the messages from which the messenger profits and those in which the messenger merely offers an opinion not designed to make a sale? For managers, the film highlights the importance of honesty in customer relationships – and the increasing difficulty of building that trust.

## **The Corporation as Government**

*The Corporation* illustrates convincingly how the roles of corporations and government can overlap by critically examining privatization—an issue that is always divisive. Interviews with intellectuals, executives and labor leaders introduce viewers to the complex economics and ethics of public goods and services. For example, Elaine Bernard, Executive Director of Harvard University's Trade Union Program, broadens the definition of wealth from privately-owned goods and resources to include public wealth like clean water and a safe environment. Philosopher Mark Kingwell discusses how the goals of organizations that offer public services necessarily differ from those of private corporations. Michael Walker, erstwhile Executive Director of the Fraser Institute, a market solutions think-tank, argues that “every cubic foot of air, water, ...” of the planet should be privately owned. Privatization, he argues, can improve responsibility and accountability; it “is not such a loony idea; it's in fact the solution to [many social] problems.”

The film also depicts the housing and security programs that Pfizer operates in the community around its Brooklyn facility. With clips of a run-down neighborhood and interviews with Pfizer employees, the case study demonstrates how corporations often have to provide social services because governments fail to do so. However, Pfizer's experience shows that there are risks for firms that get involved in services traditionally provided by government. Corporations can easily overextend their activities in the social arena, and it is often difficult to reconcile social needs with shareholder interests. Moreover, problems emerge when a corporation tries to scale back its commitment to essential social programs.

Privatization is a complex, controversial and political issue. The privatization debate also underscores how the welfare of the corporation is intrinsically tied to the welfare of society over the long run. The fatal consequences

of a failed Bolivian privatization program demonstrate how society can take away a corporation's *social license to operate* and highlights for managers the importance of responding to multi-stakeholder concerns.

### **Responsible Products, Product Use and Production**

Some of the most powerful parts of the film address harmful products and product use. These sections serve to illustrate how far the social good can diverge from the corporate good. The film raises the question of how much responsibility corporations must exhibit to ensure that their products do not cause harm. Two case studies illustrate this point. First, the film offers compelling evidence that the senior management of IBM Corporation knew that the Third Reich was using IBM's punch card system to track concentration camp prisoners. Howard Zinn, author of *A People's History of the United States*, condemns IBM and argues that "fascism rose in Europe with the help of enormous corporations." Second, the film shows how chemical manufacturers, such as Monsanto, created products that they knew were harmful to humans and animals. It will come as a surprise to many viewers that the corporate profit motive can turn a seemingly benign and healthy product, such as milk, into something malignant. Vivid imagery makes these issues particularly salient. At one point, Samuel Epstein, a professor emeritus of the University of Illinois in Occupational and Environmental Medicine, offers some rather frightening statistics. His research shows that synthetic chemicals have permeated our air and water to have created an "epidemic of cancer, in which one in every two men get cancer in their lifetimes, and one in every three women get cancer in their lifetimes." These case studies raise powerful questions: who is responsible for safe products—the consumer or the corporation? Should corporations be responsible for how products are used, not only how they are made? And, how can we protect ourselves from changes in societal preferences and science?

### **Who Owns Knowledge And Life?**

*The Corporation* likewise forces viewers to ponder key philosophical questions about the role of science and entrepreneurship and who should own knowledge and life. Jeremy Rifkin, President of the Foundation on Economic Trends, introduces the complexities of intellectual property by outlining the history of patenting knowledge and life forms. Here, the film pushes our sensibilities of entrepreneurship and patenting. Patenting is intended to encourage innovation by ensuring that the innovator profits from the discoveries. But indiscriminant patenting can lead to "bio-piracy" — a recently-coined term for the activities of corporations, universities and governments that patent the medicinal or therapeutic properties of plants or animals used in traditional and indigenous medicines. The film also discusses the ethics of genetically-modified foods, which both dramatically increase food production and change farming practices. For example, "terminator technology" in rice prevents farmers from saving and re-sowing seeds because the seeds have been genetically modified to produce only one crop. Perhaps most disturbing, the film raises the specter of corporations' owning the entire human genetic code, as well as that of all other species on the planet.

In summary, *The Corporation* contends that today's ubiquitous corporations are designed to behave like psychopaths—a provocative premise likely to polarize viewers and invite debate. The film has insights for people on all points of the political spectrum. It is useful for managers who struggle with issues of ethics and corporate social responsibility, and for trainers, instructors and researchers in the fields of strategy, ethics, governance, labor-management relations and sustainable development.

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