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**Alexander Styhre**
**The New Corporate Landscape: Economic Concentration, Transnational Governance, and the Corporation**
Cheltenham, UK: Edward Elgar, 2022. 200 pp.

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In this book, the management and organization scholar Alexander Styhre makes a contemporary case for renewed attention to the problem of the concentration of power in the hands of corporations. It is an informative compilation of evidence and thinking about political economy that describes well how a 'new corporate landscape' has emerged following the global financial crisis of 2007–09. It details how these developments have disappointed critics of capitalism and financial markets who saw in the crisis a chance for reform. It arrives at an auspicious time, too, when the climate crisis and pandemic are much on our minds. But it would require a fortune teller, not an economic historian or management theorist, to have imagined a Russian invasion of its neighbour Ukraine, with its threat to energy strangulation of European countries, or the resulting imminent risk of a global return to 1970s-style stagflation. These events seem to illustrate the importance of states and the impotence of corporations in the face of global challenges.

Is the book, then, accidentally an anachronism? And does its analysis matter to organizations themselves and the scholars who study them? The answers to those questions are No and Yes, though we need to use Styhre's insights as prompts to think beyond the scope of his work. Let's look at the book's argument and then consider its implications for the new economic landscape and reflect on how these developments might apply to organization studies and managerial practice.

## From historical overview to contemporary problem

Styhre tells the tale of growing industrial concentration, regulatory and perhaps even state capture, the rise of transnational governance through bureaucratic bodies operating in a system of democratic deficit. It lays out arguments that point to a need for stronger states and to a reappraisal of competition law within states. It starts with relatively recent events – the great financial crisis and the recession that follows – before taking us back in time to consider the forces that drove us to a world of corporations with revenues that exceed the gross domestic products of all but the very large states.

In his opening chapter, Styhre illustrates how the financial crisis epitomized the degree to which private sector interests captured the recovery process, shutting out governments and shifting governance to regulatory bodies, including transnational actors, which then drew on private sector expertise to fashion the remedies undertaken. Central banks kept interest rates low and liquidity high, as if in collusion with corporate actors looking to leverage balance sheets to conduct share buy-backs. This was particularly evident, he says, in the United States, a country whose practices can and did spread rapidly around the world. This created what Styhre (pp. 17–18) calls a 'democratic deficit'. Elected governments play a relatively passive role, but the sovereign state, with corporations embedded in its processes, is not just lender-of-last-resort but also 'takes on a more substantive role as market maker and patron of the market-based economic system' (p. 35). This has led to even greater concentration of economic power in a smaller number of corporations, which can then exercise political power.

The second chapter takes us beyond the financial sector, and historically to an earlier starting point to illustrate how similar trends emerged over time in the rest of the real economy. Styhre explains how regulation of competition began to focus more on efficiency and consumer benefit and less on market power, with knock-on effects on industrial and labour relations. It happened under the influence of the so-called 'Chicago School' of economics during the Reagan Administration in the 1980s in Washington and by the interventions of Robert Bork, a legal scholar and judge. Economic concentration had become a self-reinforcing trajectory. Styhre observes that while Bork's ideas on competition and consumer benefit found favour as a legal simplification, they were instead simplistic. (Curiously, Styhre does not recount that in 1987, the US Senate rejected Reagan's nomination of Bork to join the Supreme Court. That Bork remained so influential despite this setback supports Styhre's case.)

This chapter draws closer to the concerns of management specialists as it outlines how the quasi-monopolies created through industrial concentration leads to labour monopsony, that is, effectively a single buyer for the services of skilled workers. This condition suppresses organized labour and depresses wages, resulting in higher corporate profitability and greater shareholder value. These factors, together with shifts in the political landscape, particularly in the US, cast doubt on the legitimacy of the administrative state. Styhre calls this situation the 'constitutional rot of the American republic' (p. 80).

Chapter 3 considers the economic consequences of this shift in the structure of industry, labour and regulation: an economy that loses dynamism through economic concentration, and a legal system that has as one of its products the 'bargains at the heart of capitalism' (p. 89). Lobbying – even 'lobbyism' (p. 90) – benefits incumbent market actors. This chapter returns in greater detail to labour monopsony and the shrinking share for labour of the benefits of economic growth. This evidence indicates 'that it is corporate governance policies rather than technological shifts and/or increased competition that are the primary driver of lower labor compensation' (p. 97). Moreover, concentration dampens entrepreneurial activity, a situation compounded by high levels of household debt, including student loans. Economic concentration also concentrates wealth, and wealth – especially in the American political system – channels power to the wealthy. With it comes cheating, rule-bending and regulatory ambiguity, many cases of which the book discusses. 'Under all conditions, economic concentration is a system-wide concern' that is 'far from hopeless' but would require 'considerable political bargaining' before 'concerted and steadfast action' could succeed (p. 132).

Before addressing those possibilities, the concluding Chapter 4 takes a philosophical turn, to Willard Quine and Blaise Pascal on cognition, and the economist Robert Shiller observing that the economic system is not just a 'matter of metrics and numerical representations, but is equally a matter of creating meaning' (p. 139). There are reasons for optimism, however. Technology has improved productivity, which has increased social welfare. The growth of non-traditional employment has been enhanced by transnational governance and soft law. The emergence of a gig economy has helped individuals achieve freedom over the use of their time, though at a cost:

'platform-based work cannot substitute for traditional salaried jobs'. But among its effects, this 'freedom' can destabilize tax revenues, which in turn undermines social services. He ends this chapter with a call to 'restore the efficiency of the corporate system' through reducing industrial and market concentration, and to do so in ways that also address the climate crisis, natural resource depletion, and other environmental issues (p. 158). He makes a convincing case that this is a worthwhile objective. But how do we get there?

## An accidental anachronism?

Developments through the pandemic and with Russia's invasion of Ukraine seem to have retarded what the doyenne of international political economy Susan Strange (1996) labelled the retreat of the state. States have become more active, ordering organizations to shut during the pandemic while the state funded their employees, imposing changes in work conditions and practices on health grounds with scarcely a nod to normal legislative processes. The war in Ukraine and the subsequent surge in inflation have led to attempts to regulate markets not seen since the failed wage and price controls in the 1970s. Individual firms have been pressured to resume service, too, as when Elon Musk's Starlink internet service turned off access to the Ukraine's defenders over what seemed to be a cost that seems trivial compared with the state aid Ukraine has received (see Murphy & Waters, 2022). Nonetheless, we are yet to see any significant erosion of corporate power, reduction in lobbying, or effort to counteract the reach or penetration of technology firms, in the US or elsewhere. China, by contrast, has clamped down on some of its large enterprises, interventions that have seemed heavy-handed, discouraging innovation, and raising questions of their own about administrative legitimacy, moves that threaten the transnational governance Styhre discusses as a source of the problem.

## Does it matter to scholarship on organizations?

Styhre's book, mainly from a political economy perspective, covers ground familiar to organization scholars from the work of a wide variety of authors on organizations and markets, including Jerry Davis's (2009) book *Managed by Markets*, published immediately in the wake of the financial crisis as well as a stream of recent work (e.g. Davis, 2021, 2022; Davis & Sinha, 2021). Moreover, in a book that takes a strong and critical view of corporate power, one that decries the co-optation of regulation and the capture of the apparatus of government, Styhre offers only very modest recommendations for change. A reader can look hard and not find much by way of policy initiatives that would change the institutional arrangements that have disadvantaged labour in favour of capital.

We could stretch our minds, however, and draw some implications from this book about how to look at organizations from a corporate governance perspective as well as the internal processes of management. Styhre's account of the corporate governance implications of economic concentration correctly identifies the transfer of power to institutional investors and the resulting focus on the delivery of shareholder value. There are remedies – or at least partial ones – emerging in the form of benefit corporations (introduced through legislation and regulation, i.e. through states), and other ways to change to corporate articles of association that companies can themselves adopt to resist financialization. These can lead to different types of managerial practice by protecting boards and executives from shareholder lawsuits. Models from countries other than the US, including Swedish ones Styhre knows well, might open a future-oriented path for research and theorizing.

Expecting states to act may be a long shot, however, now that the combination of pandemic spending and support for Ukraine have created even greater state dependencies on financial markets than we saw during the financial crisis. Witness the tumult in the British political system in the autumn of 2022, a particularly messy affair, but one with echoes in other states. In the current situation it seems even less clear than before whether economics trumps politics or the other way around.

Styhre appears to be agnostic on this point. But he is also right to worry that hierarchies – that is, the corporation, which Styhre (p. 149) describes as the 'non-democratic device embedded in democratic societies' – might trump both. In this sense, his invocation of Quine's thinking is apposite: 'simplicity is not easy to define', Styhre quotes the philosopher saying (p. 135). He then adds: 'There is a slippery slope between "simple" and "not quite so simple".' This book offers an account of events and their prospects that is not quite so simple as saying 'corporations bad, states good'.

Finally, and sadly, there are a few unfortunate typesetting errors that the publisher might wish to correct for online delivery or further printings. *Supreme Court* becomes 'Supreme Courts' (p. 53); *of course* becomes 'of cause' (p. 147). Amusingly, on two occasions *antitrust* is rendered as 'antirust' (pp. 68, 75) – an unconscious metaphor for the encrusted corporate blight on this new landscape, perhaps?

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