A New Social Contract?
The Social Contract and the Problem of the Firm

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RSC No. 96/46

EUI WORKING PAPERS

EUROPEAN UNIVERSITY INSTITUTE
EUI Working Paper RSC No. 96/46

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A Working Paper written for the Conference organised by the RSC on
A New Social Contract? held at the EUI the 5-6 October 1995,
directed by Yves Mény and Martin Rhodes

EUI Working Paper RSC No. 96/46
BADIA FIESOLANA, SAN DOMENICO (FI)
The business firm has become a central institution in contemporary society in ways which make it, whether the owners and managers of firms want this or not, a problematic institution for democratic politics, or indeed for any politics at all, and therefore for the construction of any new form of social contract. The question has several very diverse aspects, and it is their cumulative effect that makes the issue so problematic. First, increasing weight is placed on the individual firm (rather than a whole industry, or government policy) to find new opportunities for economic progress, which has raised the firm to a position of primacy among the institutions of our societies. Second, large corporations are in certain circumstances able to exercise real power in a manner that is not provided for in either economic or constitutional theory. Third, firms are becoming important institutions of identity for their personnel, partly because the most advanced firms increasingly feel a need to develop a company culture, and partly because this growing strength of firms is happening at a time when, several other social institutions undergoing crises, people are becoming increasingly dependent on their place of work to satisfy a range of social needs. Fourth, firms have an increasing wider social legitimacy, partly through their role in funding or sponsoring aspects of social life outside the sphere of their market activities, and partly because their forms and practices are coming to be seen as almost the only acceptable ones for running organizations of many different kinds.

I shall briefly explain what I mean by each of these points before going on to consider why I think they create a political problem.

The Changing Position of the Firm in Western Society

Increased dependence on the firm for economic success

For the first few post-war decades, in most western economies there was a co-existence between autonomous companies (exploring and exploiting niches in the constantly changing and innovating product markets) and government policy (which, whether through demand management, indicative planning, provision of infrastructure, or some other devices, provided a macro-level framework). Although the political rhetoric of the political right stressed a need to reduce the role of government, while that of the left wanted to increase it, governments of all kinds agreed on a basic pattern of this kind. The diversity of approaches was surveyed by Shonfield (1965) in an influential work, and he returned to the subject in
later contributions written when this model was already in crisis (1983, 1984).

Since then a number of changes have occurred which have shaken these patterns. There has been failing confidence that demand management of a Keynesian kind can restrain inflation. There have also been various changes which have increased the uncertainty and lack of predictability of product markets in an economy characterized by: rapid technological change and innovation; intensifying global competition; the return to an era of steep trade cycles after the end of the Keynesian interlude; the increased orientation of product and service development towards volatile consumer markets. All this is well known. The implication that is important for the present argument is that the individual company comes to be generally perceived as the only mechanism sufficiently flexible and close to market to cope with product market uncertainty. While many firms might fail in the attempt, some will succeed and survive; and while they are making the attempt they plausibly demand as much freedom as possible from extraneous constraint.

There is therefore an extreme lack of confidence on the part of the public sector that it could play a constructive part in such an environment. This is exacerbated by the prevalence of neo-liberal ideology, but cannot be reduced to it as it has independent causes. In fact, one reason for the popularity of neo-liberalism may be that it recognized a deficiency in public policy of which policy-makers were already aware, and provided them with an alternative. The lack of confidence may not always be justified: such developments as Minitel and the TGV have shown that the state (or at least the French state), has had a capacity to innovate successfully in high-technology, customer-oriented sectors. However, within the industrial world at large today a lack of confidence in public capability has to be taken for granted. Governments increasingly believe that the only action they can take is to deregulate, to get themselves out of firms' way (Rose-Ackerman 1992).

Within the argument about the primacy of the firm there is considerable inconsistency over whether very small or very large companies better embody the scope that firms offer. Until very recently it appeared that new advantages lay with small firms, which are better able to realize the values of innovativeness, fast movement and flexibility (Geroski and Schwalbach 1986; Acs and Audretsch 1990; Thurick 1995). Around the time that the crises within such firms as IBM and Fiat were coinciding with a rapid rise in small computer companies in California or the tiny firms in la terza...
Italia, it was widely argued in the management science literature that the days of corporate giants were numbered. Small firms have been seen as particularly important in the creation of jobs (see for example the affirmation of this in European Commission 1994, p. 13). But, somehow without disturbing this conclusion, gigantism has come back in favour. A few massive mergers in pharmaceuticals, mass media corporations and elsewhere, the achievement of giant size by Microsoft, have heralded a return to arguments about the absolute need for enormous size, and even for strategic alliances among companies which already individually have enormous size, if firms are to stand any chance in a globalized economy (Hayward 1995).

Behind these fluctuations some things remain constant. If small firms seem central to economic success, that is taken as a clear demonstration that firms must be given as much entrepreneurial freedom as possible, because no public body could deal properly with small, flexible units. If giant firms seem central to economic success, that is taken as a clear demonstration that firms must be given as much entrepreneurial freedom as possible, because no public body could deal properly with such trans-national, trans-sectoral organizations. Or, even if public power of some kind ought to be exercised, it is doomed to be unsuccessful in the global economy of giant corporations and financial institutions (Strange 1994: ch 2).

Large corporations and real power

There have been many periods in the past where large firms have been real power players on the political scene. However, (i) this did not in general occur within societies that had the democratic aspirations of contemporary advanced societies, and (ii) with a small number of exceptions (mainly in the UK and the Netherlands) even large firms could not escape national jurisdictions. The new global corporations, especially when they form strategic alliances, have a capacity to regulate world trade, to select among regimes for soft laws on such issues as labour conditions, corruption and taxation, in a manner and with a speed and flexibility that completely outpaces the slow, pluralistic and constitutionally correct practices of cross-national political mechanisms (for example the European Union).

Economic theory, which is accepted on this point by most constitutional approaches, argues that the concept of power cannot be applied to pure competitive market economies, since within the pure market no one actor can affect price or any macro-variable by its own actions alone; all actors
are anonymous and non-strategic by the definitional criteria of the perfect free market. Of course, the possibility of monopolies and of collusion among firms appearing in practice is recognized, but laws are then framed to prevent these and uphold the pure competitive model. Contemporary markets, it is then pointed out, are very competitive indeed. Therefore, there is no need to worry about the power of companies; such a phenomenon simply cannot exist, provided we guarantee the competitive order.

There are two weaknesses in this argument. First, a competitive market and a pure market are wrongly treated as one and the same. It is possible for a market comprising only two firms to be ferociously competitive. However, such a market is not 'pure'; it cannot be claimed that the firms in a market with a small number of actors match the criteria whereby markets ensure the impossibility of power (anonymity and lack of strategic capacity). It is only within the pure market of economic theory (multiple actors, none of whom can produce an effect by acting alone) that competition takes a form that can be held to be a sufficient condition for removing all anxieties about concentrations of power within the authority structure of giant firms.

Second, the approach to monopoly within most national jurisdictions is naive. Although anti-monopoly regimes now usually recognize a concept of market power and not just an accounting measure of monopolistic presence, attention is still primarily concentrated on individual product markets, and generous scope is given to the consideration of substitute goods as diluting monopoly power. (For example, the market in cola drinks comes close to being a global duopoly, but people can drink lemonade or many other substitutes, so it is not as matter for concern.) Monopoly law and regulatory practice are very reticent in considering the implications of giant size that is distributed across different product markets and national markets, so long as a firm's presence in any one of these does not itself constitute a monopoly. This ignores the capacity of transnational corporations to marshal global and cross-sectoral resources strategically, outside the conditions internal to any one product market. Such strategic action constitutes an act of power and is not therefore confinable within market theory.

For example, the media giant, News International, has recently been using its global strength (extensive newspaper ownership in a number of countries, a strong presence in the heavily oligopolistic world of satellite television) to subsidize the price of some of its UK newspapers in order to reduce the market share of, and possibly to destroy, some of its
competitors. The competitors do not have the same global and cross-sectoral resources as News International and are therefore unable to follow its price reductions while holding constant the size and quality of their products. It has proved impossible to have this regarded as questionable behaviour within British monopoly legislation. In contrast, the privatized British telecommunications corporation, BT, has been prevented from using profits from running the main public telephone system in order to subsidize the consumer prices of its telephone equipment, on the grounds that its competitors in this latter field do not have a similar capacity. This has been possible because, as a privatized, formerly state-owned, corporation, BT is subject to special regulatory arrangements. It is the fact that it used to be within the public sector that enables BT to be seen as raising a problem of market power, not the fact of the market power per se, that concept being difficult to acknowledge within the purely private sector.

Companies as cultures and as communities

The most advanced firms increasingly feel a need to develop a company culture, or 'whole company' approach, if they are to succeed. This means shaping all their activities, and every possible element that comes within the scope of the firm, in targeted pursuit of competitive success. In particular, their employees and the personae of their employees', their characters and the quality of their loyalty to the organization, must be fashioned according to a central, co-ordinated plan. The guiding concept is 'human resource management'.

Although present employment conditions are often dubbed post-Fordist, these developments constitute an extension of Fordism to parts that Taylorism never reached. Although the immediate origins of such practices today are often imitations of Japanese practices, they have an older history, some western firms having long developed the idea that employees should identify with the company and give it a commitment of time, loyalty and affection going far beyond the strict terms of the employment contract. Among German firms in particular senior managerial staff became a kind of private civil service or Beamtetum, in imitation of the 19th century German state's demand for such loyalty in exchange for the status honour conferred on its officials (Kocka, 1981).

A second and increasingly more vigorous source, however, derives from the growing relative importance of the various services sectors within the economy. Whereas in manufacturing firms there might be considered to be a distinction between the production process (where the employees are
located) and the product (where there are few people), in services the process is the product, and the personality of many employees is engaged as much as their technical performance. It is this characteristic of domestic service that makes that set of occupations particularly humiliating to perform, with extraordinary requirements for personal deference as well as impersonal subordination to authority.

From the point of view of many people in western societies, the claim of the employer to make demands on a growing number of aspects of personality is a problematic intrusion on private space. Clearly, some people do not feel this, or IBM and many similar companies would never have been able to recruit a work force, but one might expect the supply of such persons to be relatively limited. If large numbers of employees, going beyond the ranks of the self-selected, are expected to act in these ways, and towards private corporations rather than towards the public agency of the state, the situation becomes rather different.

However, this tendency is contradicted by two other central trends in contemporary company practice:
(i) particularly within the increasingly dominant Anglo-Saxon form of corporate ownership, firms change their identity changes very rapidly as they engage in take-overs, mergers and frequent reorganizations; it is difficult for such shapeless structures to insist on conformity to a company culture;
(ii) the growing casualization of the work force (including such developments as temporary labour contracts, franchising and the imposition of self-employed status on people who are de facto employees) is difficult to reconcile with long-term bonding to a company culture. To some extent of course these two contrasting practices - human resource maximization and casualization - are found in different kinds of firm, or between different types of employee (core versus marginal) within firms.

Both these points raise an interesting question. It might be difficult for a firm whose own identity is subject to fluctuation and fragmentation, and/or whose employment strategy involves casualization, to demand deep personal commitments, but in a world where firms are trying to maximize everything, they might well try.

In this they might be helped by a further development. The growing strength of firms as institutions is occurring at a time when several other social institutions are undergoing crises, and some people are becoming increasingly dependent on their place of work, and therefore on their
employing firm, to satisfy a range of needs going beyond work and income. In the majority of advanced societies growing divorce rates have made many families unreliable as social units; crime and the motorization of transport have reduced the role of neighbourhoods and urban public space; outside the USA, religious organizations continue to decline. It may therefore be hypothesized that the workplace has grown in relative importance as a social as well as an economic resource for many people.

**The legitimacy of firms in the wider society**

Firms have an increasing role in funding or sponsoring aspects of social life outside the sphere of their market activities. This extends the role and - because these are non-market areas with non-market decision processes - the power of firms and their central decision-makers to further areas of society. The extended crisis of public finance in most advanced societies, combined with a political priority on reducing public expenditure in order to limit taxation, is the main cause of this change. The relative role of public funding for many activities has declined. Its place is increasingly taken by the growth of sponsorship, whether from motives of advertising, public beneficence, the desire for immortality, a scheme for reducing taxation obligations or an enjoyment of power. Nearly every non-profit or low-profit human activity that requires financial support now seeks sponsorship by companies. A share in control of the activity is only occasionally, though sometimes importantly, required in exchange. However, there is always an exercise of power in the decision to sponsor one activity rather than another.

This process has two interesting consequences:

(i) the decision-making power of persons who have authority within firms, within the market sphere, is extended to other spheres - spheres where the rules of professional competence and the market that contain their power in the firm itself do not apply. In particular, they may thereby be able to exercise influence over areas that had been deliberately protected from corporate power and market forces (such as higher education and the arts). In some ways firms hereby acquire a public rather than a private power. This can happen in many ways, but perhaps the most obvious is the practice, originating in the USA but rapidly spreading, of permitting charitable donations to be offset against liability for taxation. If one assumes that the tax revenues thereby foregone result in reduced public expenditure, what has happened is that wealthy corporations (and individuals) have been able, not only to decide which of a number of
activities to favour with their own money, but simultaneously to pre-empt public money for the same activities, removing decision-making power from public agencies.

(ii) Through their growing prominence in sponsorship activities companies come to be seen as the most significant and legitimate institutions within society, which makes it more difficult to articulate criticisms of their behaviour. A further consequence of this is that senior managerial personnel are in this way acquiring some of the attributes of a ruling class (see Crouch 1993).

Of course, it can be argued that public funding for cultural and intellectual activities can be at least as dangerous as funding by rich corporations; at least some corporations to the lists of sponsors introduces some pluralism, even if it is the pluralism of a very narrow segment of society. Many examples can be provided to demonstrate the force of this point, particularly with respect to the behaviour of state-owned television channels in several countries. However, as I shall discuss in more detail below, states and citizens in many democratic societies had developed codes and understandings about the permissible limits of government interference. Such codes have often not developed around privately funded activities.

On a different point, because firms are increasingly the central institutions of our societies, their forms and practices are coming to be seen as almost the only acceptable ones for running organizations of many different kinds. Non-firm organizations are losing confidence in their *sui generis* status and believe that they must model themselves on firms, even if this means changing the character of their activities. The argument has been applied in particular to government departments and public services. (Osborne and Gaebler's *Reinventing Government* (1992) is in many respects the key text for this, though it is often forgotten that, as their title implies, the authors were trying to find new, innovative ways in which government could learn from business in order better to carry out its tasks; they were not advocating the privatization or diminution of government.) There may often be efficiency gains from this process, as firms in the market place clearly have better records at caring about the efficient application of means to ends than, say, churches, state bureaucracies or families.

However, the extension of the logic of the firm can be problematic for two reasons:
(i) Often, though not always, the reason why an activity has not been treated in this way in the past has been that it has been inappropriate or distorting to do so. Some of the controversies resulting from the imposition of internal markets in health services have this character; many of the transactions involved between teams of health workers are diffuse exchanges governed by an ethic of professional duty and extreme concentration on the goal of patient care (Altenstetter and Haywood 1991). It is not just high transaction costs which are involved in trying to replace that dense network of co-operation by transparent, quantifiable accounting rules. To counter the danger of distortions from such a process, in some cases public policy prevents the complete acceptance of a corporate logic; however, if it still insists on similar overall outcomes it might simply shift the distortion to a different point. For example, a supermarket chain can improve productivity by closing smaller outlets and building a small number of very large outlets on out-of-town sites. (The loss of trade from previous customers who do not have private cars and cannot reach the new outlet is probably cost-effective, because these will usually have been poor people of low spending power.) Now read those sentences again, replacing 'supermarket chain' by 'local education authority', 'outlet' by 'school' and 'customers' by 'pupils' and one can see why school authorities are not as cost-effective as supermarket chains. However, today education authorities may well be required to achieve the kind of productivity gains found in supermarket chains, while not being able to use that particular strategy.

(ii) If firms are the only sui generis institutions, then the only valid expertise is that which derives from experience in managing them. Not only does this mean that managers from commercial firms are likely to be placed in authority over many other fields of action, but persons with commercial experience will monopolize advice on public policy. This further extends the power of persons from the firm sector to other sectors of life as discussed above, helping to turn them into a new form of ruling class. Also, of course, it places them in a strong position to protect their own private interests.

To date the apogee of this process of subordinating other institutions to the logic of corporate structure has been Forza Italia, the first political party to be in effect a branch of a corporate giant, with employees taking the place of members - and, for good measure, using the television stations owned by the firm for unrestrained political purposes.
Why these Developments Pose Problems for a New Social Contract?

Within societies that place considerable and perhaps increasing weight on the containment and scrutiny of public political power, the tolerance of the several extensions of the power of firms (in reality, of a limited number of individuals in key positions in firms) leads to considerable imbalance, since these extensions are largely unregulated, unnoticed and unscrutinized. This imbalance makes it difficult to envisage the corporate sector being brought to the table to agree to a social contract, unless it was very much on its terms in a way that undermined the existing rights of customers, the general public and, particularly, employees.

The imbalance takes primarily two forms. First, firms are able to elude public action because of the greater agility afforded to them by the lack of scrutiny and constraint. (Good examples of this would be seen from a comparison of how the EU sets about introducing a regulation and how a strategic alliance of global corporations reaches agreements on its procedures - which is also a regulatory process.) Second, as we have seen, in a number of different ways dominant individuals from firms increasingly exercise influence and sometimes control over many public and non-firm domains. In this activity too they are not subject to the same procedural rules as public or political actors, even if the scope of their action may sometimes rival these.

Furthermore, at the very moment when the power and scope of the corporate sector is growing, it is in several respects becoming less constrained and less accountable in how it uses that power than in the recent past. Globalization makes possible a certain amount of 'regime shopping', which has in turn led to a wave of deregulation as national governments seek to lower the cost of accepting their jurisdiction and act in fear that any constraints on firms may burden them in international competition. The slack labour markets of the fourth quarter of this century (compared with the third) makes possible increasing evasion of obligations to employees.

These tendencies are partly contradicted by a number of developments. In the USA the eagerness of citizens to take legal action against any company (or individual or government department) that deceives them or injures their interests in any way, and the willingness of the courts to respond favourably to these actions, makes firms very cautious and wary about any damage they might cause - at least to sections of the public rich enough to risk taking US court action. This imposes some important forms of
Colin Crouch

corporate good behaviour going beyond what is required by statute law. Europeans and European legal systems have yet to learn to act way. Further, the growth of ecological concerns almost everywhere in the advanced world has required the imposition of new constraints on enterprises, and some pressure towards 'stakeholder capitalism' - which means essentially the more or less formal recognition of the rights within a company of interests other than shareholders: employees, customers, persons in the environment affected by a firm's operations.

There is however an important imbalance here. While it is probably true that the protection of customers and the wider environment against the actions of private corporations has gained considerably in importance in recent years, the protection of those most vulnerable to the actions of corporate management - employees - has stood still or in some cases may even have declined in the search for labour market 'flexibility'. It is certainly the case that these rights are under considerable political pressure on the grounds that they have become associated with high unemployment: once macro-economic measures for tackling unemployment have been virtually ruled out, there is virtually total reliance on company managements for creating jobs. If the price they demand is a reduction in labour standards, there will be strong pressure to accede. In this way the reduction of unemployment has become a rallying call of the political right in several countries, reversing the previous historical pattern. In the western country where the attack on labour rights has proceeded furthest (the United Kingdom), the position has been reached that an employee stands a good chance of sustaining a right against an employer only if it can be interpreted as a right of an investor, a member of an ethnic minority, or a woman (For a discussion of how pension rights in particular have a sound basis only because they can be seen as investor rights, see Davies and Freedland 1995: 575; see the same authors (pp 381-5 and 583-5 for an analysis of how the strength of ethnic minority and gender rights in the UK have moved in the opposite direction to employee rights.)

This raises the fundamental problem posed by the neo-liberal state: the sole macro-economic policy remaining to a state that has accepted the logic of the priority of the company as set out at the beginning of this article is to de-regulate the corporate environment as much as possible (Crouch and Streeck 1996). Universal deregulation is in fact the functional equivalent for the 1990s of Keynesianism or planification during the 1950s and 1960s. It is background, macro-level action by the state in support of corporate entrepreneurial activity. The problem with it is that it is like Samson's action in pulling down the temple containing his enemies:
it killed him too. One everything has been deregulated, the state no longer has even a *potentiality* for a capacity to act. The economic fate of the population rests solely with the firms, domestic and transnational, which operate within its boundaries. There can be no assurances that the invisible hand which may enable such an economy to achieve a high level of efficiency will do so in a way which can provide a reasonable and stable standard of living for all persons living within the society. The aspiration for such a standard will however remain.

**What is to be Done?**

It is relatively easy to spell out the kinds of measure that could equip firms with a constitutional and legal framework required by their social predominance and consistent with the concept of a renewed and balanced social contract - which is different from and larger than what is required to enable them to act as the orderly *economic* actors that they are in most advanced societies.

First, in recognition of the growing dependence of employees on firms, employees' rights as individuals and as groups need to be protected and advanced in such areas as: protection from unfair dismissal, openness and access to information, consultation and codetermination (e.g. works councils), the effective right to representation by autonomous organizations (i.e. trade unions). (Trade unions in a world in which individual companies are dominant and many employees engaged in relations of commitment and loyalty to firms' goals need to be rather different from most existing unions - but that is a different question.)

Second, the concept of 'stakeholder capitalism', already more easily realized within certain northern European jurisdictions than within Anglo-American company law or southern European practice, has recently become a useful focus of debate, especially in the UK. This could prove a fruitful means of expressing employee, customer and ecological interests.

Third, company law needs to take a broader, less purely economic, market-bound view of the concept of corporate power. Experience emerging from the regulation of, privatized corporations may well be usefully applied more generally. Further, however, this is not just a matter of regulatory control, but in fact also of policy to guarantee the strength and viability of the competitive order itself, in the full sense envisaged by the original *sozialer Markt*. That is, it requires a broad range of positive measures for the small and medium business sector as much as negative controls on corporate giants.
Fourth, funding and sponsorship of non-market or weak-market activities need to be placed on a more constitutional basis. In the debates of the mid-1980s that led to the rise of private, and decline of public, sponsorship of cultural, sporting and educational activities a caricature was presented of a dangerously monolithic and political state against a vibrant pluralism of benevolent private donors. In reality, in many countries the state had found creative and successful ways of establishing barrier institutions, relatively impervious to political pressure and more or less pluralistic, for channelling public funds; whereas the world of private, and especially corporate, donors contains much dubious practice and power-mongering. In part, a restoration of the concept of the public sector, mediated through barrier institutions, requires revival and re-energizing before matters have slipped beyond recall. In addition, however, much can be done to reduce the pre-emption of control by the corporate sector. Taxation regimes which grant exemptions for charitable giving, or even which accept sponsorship as allowable business expenditure, need to privilege types of corporate sponsorship and donations that accept constitutional forms. By this I mean forms modelled on the autonomous, self-governing foundation or trust pattern of the Ford Foundation, the Volkswagen Stiftung, etc., rather than the cruder forms of direct funding that have grown at such an extraordinary pace in very recent years.

Finally, areas of human activity outside the scope of firms and markets - education, culture, health, religion - need to recover self-confidence, self-assertiveness, own definitions of efficiency and procedures for achieving it, and belief in their characteristics *sui generis*.

While one could extend such a list of requirements in a number of other respects, and usefully debate their practicality, one must stop short in order to end with a final reassertion of the difficulty at the present time of most such ideas. Attempts to implement any elements of such a programme encounter two fundamental obstacles. These are:

1. Europe is currently experiencing simultaneously a globalization of economic processes but a reassertion of the nation state (against supranational political entities) at the political level. There is therefore a growing divorce between the level at which political action needs to be taken and that at which it can be taken. There is an important exception to the decline of supranationalism: policy to deregulate markets. But this is the exception that proves the rule, being an extension of the point made above with reference to purely national polities. The deregulatory part of the European integration project, the pursuit of the European Single
Market, has met with universal applause, no government being more supportive than the neo-liberal British one which in all other respects is fully opposed to further integration. This is because deregulation is a form of integration that immobilizes the scope for further political action.

2. At a time of economic uncertainty and fears of the implications of growing competition, there is extreme reluctance to impose constraints on the interpretation of the needs of firms offered by the corporate sector itself, especially given the new prominence that that sector has acquired in policy-making as discussed above. While discussion of stakeholder capitalism flourishes, firms within, for example, German company law, are eagerly looking for ways of becoming more like Anglo-American companies, with the flexibility and unencumbered manoeuvrability afforded by having shareholders as the sole legitimate stakeholders. Paradoxically, it is at times of relatively easy prosperity, when business is perhaps most inclined to relax and behave itself, that other social actors are inclined to take its success for granted and therefore to impose rules of behaviour on it. When times are tough, and firms most likely to explore every avenue, every kind of behaviour, to achieve success, everyone else is afraid to question them.

In particular it is very difficult at the present time to argue in favour of strengthening employees' rights at work. In the absence of any confidence in macro-economic measures, the problems of unemployment in European economies are increasingly seen as amenable to solution only by weakening the rights of employees and strengthening those of managers, so that it is easier and cheaper to deploy and dispose of workers as management chooses (see, for example, the central burden of the argument of the OECD's *Jobs Study* (OECD 1994).

There are exceptions and counter-trends; in a complex world there always will be. The EU's policy on works councils has made extraordinary progress, defying several of the expectations of the above arguments; the sheer scale of the ecological dangers that we are producing often induces greater public fear than do firms' threats that attempts to regulate them on these grounds will make them move elsewhere. South Korea and some other newly industrialized countries are showing how, after a period of unrestrained corporate dominance, publics do begin to assert other priorities. In general however, for as long as conditions 1. and 2. obtain, and in particular for as long as it is difficult for public agencies to produce strategies for productive job creation and economic advance that do not simply involve placing more reliance on the individual firm, the new
position in our society that the firm has acquired will remain a major constraint on any attempts to renegotiate the social contract - unless of course it is to be one on a kind of East Asian model of a company-dominated culture in which mass citizenship rights in the wider society were much diminished from the current expectations of most western European populations. That would certainly be new.
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