REVIEW

The More Things Change ...

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The Company: A Short History of a Revolutionary Idea, by John Micklethwait and Adrian Wooldridge (Belgrade: New York: Random House, 2003), 256pp.

In *The Company: A Short History of a Revolutionary Idea*,[1] authors John Micklethwait and Adrian Wooldridge claim that the corporation[2] is the most im-

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1 (New York: Random House, 2003) [hereinafter "*The Company*"]

2 The term "joint-stock company" and "corporation" are technically distinct. The term "joint-stock company" found its footing in the United Kingdom's *An Act for the Registration, Incorporation, and Regulation of Joint Stock Companies Act, 1844*, (U.K.) 7 & 8 Vict., c. 110, and its immediate progeny, *Joint Stock Companies Act, 1856*, (U.K.) 19 & 20 Vict., c. 47, and the *Joint Stock Companies Act, 1862*, (U.K.), 25 & 26, Vict., c. 89. These Acts had a particular conception of the way in a company is set up and organized. This conception remains largely, though not entirely, intact in the U.K. (see the *Companies Act, 1985*, (U.K.) 1985, c. 6). However, it has been altered dramatically in most Canadian jurisdictions (see, for example, the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 [CBCA]). As one example of the distinction between the two systems, in the U.K. the division of powers between the shareholders and the directors of a company can be altered by changing the "articles of association" of the company, most often by ordinary resolution of the directors approved by a majority vote of the members, or shareholders of the company. The equivalent in Canada would be altering the by-laws of corporation. However, in Canada, altering the division of power between shareholders and directors can only be done by *unanimous shareholder agreement* (see CBCA, s-s. 102(1)). Despite these differences, modern corporations in both jurisdictions have several key elements in common. Both are granted separate legal personality from those who own shares in them, or control their operations (see CBCA, s-s. 15(1), and *Salomon v. A. Salomon Ltd.*, [1897] A.C. 22 (H.L.) [*Salomon*]). Second, those who own shares in these corporations are not responsible for the debts of the corporation once the shares have been fully paid for (see CBCA, s. 45, and *Salomon*). As a matter of

portant institution in the modern world. It has overtaken the parish church, the political party, and even the nation-state in terms of influence. The only rival that it truly has left is the family. The authors make a compelling historical case for the development of the corporation as an economic and social engine of modern times. Perhaps even more importantly, though, Micklethwait and Wooldridge show that many of the supposedly "modern" trends in corporate life began far earlier on in its development. This historical perspective draws unique parallels between what we tend to think of as the activities of the modern corporation, on the one hand, and the operations of earlier forms of business organization, on the other. *The Company* attempts to bring together periods of time, and the important historical events in the life not only of one corporation, but instead for many corporate citizens in a number of jurisdictions.[3]

Written with both lucidity and brevity (the entire book, exclusive of notes and index, is only 191 pages in length), *The Company* largely avoids jargon and makes the idea of the history of this form of business organization accessible to those unfamiliar with the business world. For those with more than a passing understanding of business, however, *The Company* offers a depth of perspective that might otherwise be lacking. The volume puts some recent debates in corporate law into a context that might be considered unique. In some cases, the authors convincingly argue that the debates that rage in the aftermath of Enron and other corporate scandals find their genesis, not in the development of the 21st century conglomerate, but rather, in the earliest corporations created in these modern economies. In other cases, the authors demonstrate how some of the corporation's greatest current champions—economic liberals—were initially opposed to it, since it could potentially allow individuals to avoid paying what would otherwise be their personal debts. Similarly, some political viewpoints that might be thought of as being fundamentally at odds with the development of the corporation—Marxism is one example provided by the authors—to some degree actually welcomed the development of the company. After all, the company, as we will see below, combines the wealth of many individuals in a collective effort to produce goods and services.

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terminology, modern corporations after 1862 created under the *Companies Act, 1862*, or its progeny in any country will, for the purposes of this review, be referred to as "corporations", regardless of the technical differences between the U.K. and other jurisdictions. The term "company" will be used to describe business organizations that pre-date the modern corporation. It will also be used to describe business organizations that do not possess the two essential characteristics referred to above.

3 On a personal note, it is disappointing that while the U.S., the U.K., Germany, China, Japan, and even the ancient Mesopotamians are referred to in the book, a modern state like Canada does not warrant even the smallest degree of mention, other than to say that the Canadian economy did not produce a corporation in the world's top one hundred corporations in terms of market value. See *The Company*, *supra* note 1 at 173. However, I will set aside my national pride for the remainder of this review.

However, regardless of all of its other strengths, I must point out one significant weakness of the book. This deficiency is that, at least in one way, it fails to tackle what it avowedly sets out to do. One important passage in the book's Introduction reads as follows:

> Hegel predicted that the basic unit of modern society would be the state, Marx that it would be the commune, Lenin and Hitler that it would be the political party. Before that, a succession of saints and sages claimed the same for the parish church, the feudal manor and the monarchy. The big contention of this small book is that they have all been proved wrong. The most important organization in the world is the company: the basis of the prosperity of the West, and the best hope for the future of the rest of the world.[4]

These are comparative statements. The proof of these claims lies not only in asserting the position of the corporation in the modern world, but also in showing the relative position of its competitors. It is not that I personally doubt that the corporation is more powerful than any of the other named institutions. Rather, my problem lies in that the authors make a comparative claim and then do not make the necessary comparison. If the authors' contention were as to the power of the corporation in absolute—rather than relative—terms, they have no doubt made their case. I agree with the authors that the corporation towers over these other institutions with respect to its impact in modern life. However, it also seems to me that as the book's "big contention" is expressed in comparative terms, it must be proven by comparison, rather than assuming agreement with the authors on this point.

I turn now to a more detailed discussion of the individual chapters of *The Company*. The initial two chapters of the book cover immense territory with remarkable concision. In the span of only 36 pages, the authors cover some 4,750 years of business history, from 3000 B.C. to 1750 A.D. The emphasis on drawing brief comparisons between, for example, the business methods and accounting practices of one large business in the 14th century run by a merchant named Datini in Italy, on the one hand, and his modern counterparts, on the other, are key to the book's focus at this point. This comparison—and others in the same vein—effectively lay to rest the idea that the development of the modern corporation was an inevitable consequence of economic expansion. Rather, large-scale businesses in many cities existed long before the groundwork for the modern corporation was laid.

As the authors reveal later in the book, the elements that produced the modern corporation were in fact a series of political choices. No doubt the desire for economic prosperity was one of the essential catalysts behind the modern corporation, but does not make those choices inevitable.[5] The authors are clear that the leaders of the period selected from a number of options, for rea-

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4 *The Company* at xiv.

5 The authors explicitly come to this conclusion later, in the third chapter. *Ibid.* at 53.

sons that are well-documented. I find this approach refreshingly honest. When there is a social good, many of us have a tendency to believe that the element of our society that is a catalyst in producing that social good was an inevitable product of our desire for the social good. In this case, the social good is economic development; the corporation is clearly a catalyst for economic development. Therefore, the corporation is seen by some as the inevitable consequence of society's desire for economic development. When something is inevitable, its evolution may be documented and explained. But, it is difficult to question the normative value of the institution once it is described as "inevitable". The authors avoid this trap, in that by not restricting their inquiry to the modern corporation and looking further back in history, the authors are forced to consider other forms of companies, and thus while the authors do not explicitly attempt to resolve all the normative issues around the corporate form, they do not assume away the issues either.

The authors also detail what could be considered one of the first major company scandals, in the form of the demise of the royally-chartered South Sea Company, due at least in part to the speculative "bubble" phenomenon, recently repeated in the technology sector in North America. The *South Sea Bubble Act, 1720*—ironically enough, passed prior to downfall of its company namesake—was designed to protect company market share by placing restrictions on the ability to create new, competing companies without specific government approval. However, after the company collapsed, the *Bubble Act* remained in place, presumably to protect against further wrongdoing. Thus, in the early 18th century, the concept of company scandal and concomitant calls for legal change were already a part of the environment in which large-scale businesses operated.

Similarly, the East India Company was not only a trading company, but also became a *de facto* government, inextricably intertwined in the politics of the Indian subcontinent in the early 18th century. Although many observers decry the massive influence of modern corporations in the political process today, the fact remains that political activism by business interests has long been a reality. The authors point out that whatever the degree of influence that corporations now have over politicians, it pales by comparison to the fact that in previous generations, certain companies and their employees *were*, for many purposes, the state, insofar as the governed were concerned.

Interestingly, the authors close the second chapter with an additional point. The corporation is, in many circles, thought of as an institution that responds to market forces, and is therefore very efficient. Micklethwait and Wooldridge point out that historically in some cases, working for a company was thought to allow for laziness on the part of the employees. Since companies enjoyed no competition from others in their geographic areas of trade, efficiency in the workplace was not necessarily at a premium. While this perspective may run counter to current experience, it nonetheless reminds us that many of the values that we associate with the modern corporation are not inherent in the insti-

tution itself, but instead a product of the environment in which that institution operates.

With respect to the first two chapters, my only complaint is that they are actually too short. The progenitors of the modern corporation are intriguing because they remind those of us who study the corporation as it has developed over the last 150 years that there is far more to the story. As I read *The Company*'s first two chapters, I was forced to consider my own assumptions—some might say egocentricity—on this subject. Law school courses with respect to corporations tend to focus, understandably, on their modern iteration. But these two chapters focus thought on the modern corporation through a historical lens. While corporations are one of the most adaptable institutions of modern life,[6] the fact is that long before modern times, the company was already accomplishing many economic goals ascribed to it today. While the authors do more than an adequate and entertaining job at explaining the life of the company prior to 1750, one is left with the impression that their substantial research revealed more of interest than is reproduced in *The Company*. For me, more of the authors' unique comparisons are needed as they make the historical perspective come alive, as it were, by linking the appreciation of the past to the concepts that remain vibrant and relevant in the present.

The third chapter of the book then tackles the birth of the modern corporation between 1750 and 1862; in doing so, the authors set up a distinction between the British version of the corporation and its American counterpart. The former needed to emerge from the shadows of the South Sea Company, as well as other failures, before it could truly flourish. But in the late 18th and early 19th centuries the building of canals and railways in the U.K. requiring massive amounts of capital, and the concomitant unwillingness of investors to accept unlimited liability with respect to such large projects meant that the executive and legislative branches of government were more willing to grant permission for the setting up of what one might call a "single-purpose company". Even as this became more popular, partnerships nonetheless remained the predominant form of business organization at this point. The *South Sea Bubble Act, 1720* was not repealed until 1825, which may help to explain why the British took so long to embrace the corporate form as a business orgranization for the masses.

The Americans, argue Micklethwait and Wooldridge, were somewhat more open to the development of the corporation, fueled by the need to develop the infrastructure of the new nation. Originally, companies chartered by the British Crown became the seeds of independent, representative government in both Massachusetts and Virginia among others,[7] and were lambasted in the U.K. for

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6 *Ibid.* at 181.

7 *Ibid.* at 34. Although mentioned in Chapter 2, the impact of these early companies chartered by the British Crown for operations in what were then the American colonies were

that reason. After the American colonies declared their independence, the individual states often took a heavy hand with respect to early chartered companies, giving and taking away powers with regularity. In the 19th century a court ruling curtailed this practice,[8] and concurrently the "race to the bottom" began. Much modern literature makes no reference to the historical roots of the competition between states for the economic business of incorporation. Yet the authors argue that the modern debate is not modern at all, in fact predating the U.K.'s *Companies Act, 1862* by more than 30 years. For that contribution alone, the authors deserve commendation. When modern authors decry the "race to the bottom", perhaps they should be looking to history to really understand the enormity of the problem that confronts them. A problem that first reared its head in the early 19th century remains the subject of concern and debate early in the 21st century.[9] Hence, it seems as though the more things change, the more they stay the same.

In *The Company*'s fourth chapter, the American experience with the "titans of industry" of the late 19th and early 20th centuries is put forward. Names like Carnegie (steel), Duke (tobacco), Eastman (photography), Ford (cars), J.P. Morgan (banking), Rockefeller (oil), Sears (retail), and Vanderbilt (railways) all received extensive mention in this chapter. Railroads, argue Micklethwait and Wooldridge, made commerce across the vastness that is the United States possible. Perhaps more accurately, according to the *Company*, the railway made it possible for management techniques to move beyond the city and region in which the majority of any particular corporation's business was headquartered. The railway system put management at the forefront, and expanded markets for products. But the railways were also the first examples of the large modern corporation, with large capital requirements. As new products were developed—or alternatively, the production methods for existing ones were improved—many American entrepreneurs developed an appreciation for marketing that would ensure that the consumer demand for the product would be sufficient to warrant their increased production. These and other increasingly large business organizations made the first attempts at professional managers whose role it was to run businesses in which the manager did not have a large ownership stakes.

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essential to an understanding of the development both of the nation as a whole and the use of the corporation in the U.S.

8 See *Trustees of Dartmouth College v. Woodward*, 17 U.S. 518 at 650 (1819)

9 This does not mean that the debate does not go through phases. In the late 1990s, there was literature pointing out that up to one-fifth of state revenues in Delaware were from incorporations and related revenues. See R. Romano, "Empowering Investors: A Market Approach to Securities Regulation", (1998), 107 Yale L.J. 2359, at 2429. While concern about the "race to the bottom" continues, the centrality of Delaware in this debate may be changing to some degree. See R.B. Thompson, "Delaware, the Feds, and the Stock Exchange: Challenges to the First State as First in Corporate Law" (2004), 29 Del. J. Corp. L. 779.

These initial attempts laid the groundwork for the sweep of managerial capitalism, which is the subject of a later chapter. The success of these early American corporations was explosive, mushrooming with a speed unmatched by their European competitors. In the 1870s, the American economy was formidable, but could not truly measure up to competition from across the Atlantic. By the outbreak of World War I, though, U.S. industrial output was more than doubling their British neighbours.[10]

But this early success came at a cost since many of the early corporations were in capital-intensive businesses, and thus, smaller businesses could only survive through merger with corporations that would otherwise be their competitors. The consolidation of corporations led to the consolidation of power in the hands of a limited number of men, many of whom were mentioned earlier. The authors argue that this concentration of economic power was one impetus for legal reform and the use of existing law to change the landscape for these corporations. The 1911 breakup of John D. Rockefeller's oil empire (mandated by nothing less than court order) was an example of this reality. But Micklethwait and Wooldridge also point out that in an effort to avoid consumer reprisal, American business became politically savvy and supported their workers in a variety of ways. However, the most important thing that happened in this period to cement the place of the modern corporation had nothing to do with the politics or the plight of the workers. Rather, it was that corporations were economically successful. The managers who ran corporations, the workers who provided their labour and the investors who owned shares in them were all economically better off with this institution than they likely would have been without it. It was this level of economic prosperity which, the authors argue, was the essential ingredient for if not maintaining public support, at least minimizing the length and intensity of any resentment.

The chapter focuses in part on the idea of the American dislike of the business form known as a "trust" during this period. However, the authors do not make clear the social and political forces that led to the passing of antitrust legislation. Was size really that big a concern? Alternatively, was it that there were certain anticompetitive effects considered to be undesirable? If so, what were they? If not, was this an attempt to avoid the concentration of economic power? If so, the authors seem to imply that there *may have been* both selective enforcement by the government, and easy avoidance by those intended to be governed.

In Chapter 5, entitled "The Rise of Big Business in Britain, Germany and Japan, 1850–1950", the authors try to identify the differences between American corporations and those in the other major industrialized nations. The U.S. generally embraced both professional management and the importance of edu-

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10 *The Company, supra* note 1 at 59.

cation for the next generation. In the same period, the U.K. by contrast, left many of its largest corporations in the hands of a single family and tended to distrust the pursuit of business as an educational choice. The former problem tended to avoid meritocracy, and placed bloodlines ahead of ability; the latter problem discouraged the next generation from studying business, encouraging instead the study of the arts and the classics. Certain businesses either succeeded despite these drawbacks—the chocolate business run by the Cadbury family was a prime example—or adapted by public floatation of its shares, as demonstrated by J&P Coats. Nonetheless, the U.K. version of capitalism did not produce as many large corporations as its American counterpart. Nonetheless, the corporations that did grow in size tended to be longer lasting than many in the U.S. The authors seem to be setting up a "quality vs. quantity" debate between the British and their former colonies. Although the authors give a head fake in that direction, they really do not explore this debate in any detail. Is "more but shorter" better economically than "less but longer"? Given that the U.S. has usually been recognized as the world's most robust economy (over time), the answer may seem self-evident. But, even assuming that it is self-evident without conceding the point—because I must admit that the answer is not self-evident to me—then perhaps the more interesting question is "Why is this so?" This is a question to which the authors do not really address themselves.

In terms of both Germany and Japan, the tack is quite different from the U.K. The two Axis countries are presented as the stock examples of what is termed "stakeholder capitalism". Not only was the government heavily involved in industry, but laws were also passed to encourage corporations to appreciate the broader society of which they form a part. Banks were an essential element, not only of the financial system, but of manufacturing and other sectors of economic development as well. Unlike the U.S., with its burgeoning antitrust laws, there was government encouragement for larger combinations of corporations, regardless of the effect on competition. Laws meant to encourage stakeholder input in corporate decision would presumably provide the needed check against inefficiency and complacency. The authors then claim that the large conglomerates in Japan seem to be able to maintain family control of the overall business while still promoting managers on the basis of merit. In closing this discussion of Japan, Micklethwait and Wooldridge point out that, following World War II, American General Douglas MacArthur ordered these large Japanese conglomerates—called *zaibatsu*—broken up.

The book's sixth chapter focuses on the rise of the professional manager in the post-World War I corporation, and their dominance following World War II to the 1970s, particularly in the U.S. To illustrate their point, the authors concentrate on the work of pioneering General Motors executive Alfred Sloan and pre-eminent management theorist Peter Drucker. In so doing, Micklethwait and Wooldridge lay out an exposé of one of the themes of the previous

two chapters, that is, one of the reasons that American companies outstripped their U.K. counterparts was their use of—and reliance on—professional managers, as opposed to family-based management. The authors argue that the Sloan-type capitalism, with management divided amongst various operational units of the same multi-faceted conglomerate, was one of the important reasons why American business has taken a leading position in front of other jurisdictions. Decentralization of operational authority enabled managers to focus on particular products while the corporation developed more products than could be managed centrally. But decentralization was only one part of the strategy. The other part of the strategy was the *centralization* of key units as to take advantage of the corporation's size. Purchasing of raw materials and research and development expenditures in the manufacturing sector were the most obvious places to which the authors point to prove this element.

What might be termed the "management revolution" also led to an appreciation of what corporate theorists of the 21st century call the "agency problem." After all, as long as a business, regardless of its size, remained under family control and ownership, the "agency problem" —which is based on the *separation* of ownership and control—remained only a theoretical issue. As managers who did not have large stakes in terms of percentage ownership began to assert control over corporate activity, the separation of ownership from day-to-day control of the business activity became a practical concern for researchers, governments and businesspeople alike. Academic researchers like A.A. Berle and Gardiner Means began to explore the consequences of dividing ownership from control in the early 20th century.[11] In the 1930s, some of President Franklin D. Roosevelt's New Deal legislation, notably the *Securities Act of 1933*,[12] and *Securities and Exchange Act of 1934*,[13] were designed to protect investors from the unscrupulous manager, out to enrich him or herself at investors' expense. Businesspeople were taking notice too; Sloan himself was the exemplar for this point as the work of Peter Drucker became more influential. Drucker argued that the corporation's workers were not just costs of doing business, but an important asset as well, and should be treated as such. This meant a change in perspective for the corporate manager.

This iteration of the corporation—bigger is better, with an army of managers overseeing a vast array of operational units—produced several unique side-effects. First, the increasing need for managers meant that to attract and keep the best in any given corporation, the idea of lifetime employment for managers

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[11] *The Modern Corporation and Private Property* (New York: MacMillan, 1932)

[12] Public L. No. 22, 48 STAT 74

[13] Public L. No. 291, 48 STAT 881

came to the forefront. The "Company Man"[14] was thus born, and was a major element of corporate life from the 1940s well into at least the 1960s. Second, the Company Man combined with the security of lifetime employment meant that there was perhaps less incentive to be productive, because being fired was not a realistic concern for management-level employees in most circumstances. Third, even though the U.S. is traditionally seen as a bastion of "shareholder capitalism", as opposed to an appreciation of "stakeholder capitalism", U.S. corporations of the early 20th century were among those that adopted programs designed to benefit employees, including pensions and disability insurance.

My major concern with these two chapters is that while they do an admirable job of explaining the similarities and differences between the various forms of national approaches to corporation-based capitalism, they fail to address in any depth the normative question of which system best achieves its objectives. Does American "shareholder capitalism," with its overarching focus on long-term profitability rather than the social position of the corporation, achieve its ends better than the alternative? Or is German and Japanese stakeholder capitalism, with its focus on both economic pursuits and social concerns, better equipped to accomplish its aims? Is there a middle ground between the two extremes? Has history given us the possibility of other alternatives? If so, what are they? If not, what social forces have kept the respective societies locked into their own versions of the modern corporation? The closing point of the sixth chapter with respect to the social responsibility of American corporations vis-à-vis their employees seems to suggest limited answers to some of these questions. Although Micklethwait and Wooldridge allude to these issues, they remain largely unexplored.

In a chapter entitled "The Corporate Paradox, 1975–2002", the authors begin by pointing out that privatization of public-purpose corporations was a major theme both in established economies (like the U.K.), and those economies in transition (like that of Russia after the fall of the Union of Soviet Socialist Republics in the early 1990s). The use of the corporation was spreading to what was traditionally thought of as the public sphere. Also, the corporation became increasingly complex in its traditional domain, as new financing arrangements were developed. The Enron example of the "single-purpose vehicle" was highlighted in this vein.[15]

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[14] I apologize for the less-than-inclusive language. It is used only because Micklethwait and Wooldridge use it in *The Company*, although they claim that at the time, the language of "Organization Man" was actually more prevalent. See *The Company*, *supra* note 1 at 119.

[15] The use of so-called "single purpose vehicles" (also called "special-purpose vehicles", "single-purpose entities", and "special-purpose entities") was one of the ways that Enron altered the financial accounting and reporting treatment of some of its operations. See *Report of Investigation by the Special Investigative Committee of the Board of Directors of Enron Corp.*

Second, Micklethwait and Wooldridge argue that the three major influences which altered the face of the corporation are: Japanese production values, increased institutional investor power and activism and the rise of Silicon Valley. The first of these encompasses both the ideas that:

(a) the inventory needs of the corporation should be filled on time but no sooner, so as to avoid waste;

(b) all employees should take responsibility for quality assurance; and

(c) corporate well-being should be determined by consensus and considered in the long term.

This represented a fundamental shift from the hierarchical version of the Sloanist corporation of the mid-20th century, where the idea of consensus amongst managers was not necessary, given that each had individual responsibilities within the corporation which were relatively independent of other managers. This new type of corporation referred to as "unbundled, flat and borderless" by the authors,[16] moved away from the version of the corporation that immediately preceded it but still had some of the attributes of corporations from earlier eras. For example, the authors point out that the concept of focusing on "core competencies" is very similar to early companies that were largely dedicated to a limited scope of business, but to developing market share in that area. Since these companies want to remain flexible to respond to customer needs, they need every employee to ensure that the corporation is delivering the best possible product. The smallness of these companies and the flexibility that accompanies their size is reminiscent of many partnerships that existed before the advent of the modern corporation in the 19th century. Once more, at least some of what is old is new again.

The second factor (institutional shareholder activism) is based on the fact that pension and mutual funds began to take large positions in publicly-traded concerns, and asserted the interests of their members in the corporations in which they were invested with increasing regularity. Micklethwait and Wooldridge also point out that the corporate raider began to assert shareholder interests by buying distressed companies with debt and after what could often be a somewhat brutal reorganization to leave shareholders sitting on a pile of cash when the corporation is resold.

The final major piece to this puzzle was the explosion of Silicon Valley in northern California, and perhaps even more importantly its new form of business operation. Meritocracy and explosive growth were the orders of the day. Silicon Valley fuelled unprecedented turnover on lists of the most valuable U.S.

(Chair: William C. Powers, Jr.) (Austin, Texas: Enron, February, 2002) <online: http://news.findlaw.com/wp/docs/enron/specinv020102rpt1.pdf>, at 36–40.

[16] See *The Company*, *supra* note 1 at 146.

corporations, such as the Fortune 500.[17] Management was much less hierarchical, and knowledge—as opposed to traditional "hard" assets—had a higher corporate value. Firms tended to focus on fewer enterprises or at least on fewer parts of the same enterprises, so as to allow the businesses to focus on what is referred to as "core competencies". This is the opposite of Sloan-type capitalism, where, rather than trying to bring all relevant operations "in-house", firms are looking to "outsource" anything that can be done more economically efficiently by other firms. This includes management-level decision-making such as questions of corporate organization. Thus, the consulting business exploded across the nation. Corporations became smaller and more responsive to customer demand, dropping "the bigger is better" approach of the previous era. The idea of lifetime employment also took a beating in many cases, as loyalty to a corporation which had previously insulated management level employees from turnover, was now seen as being more tied to performance. The Company Man was still a staple in some corporate environments, but the idea of corporate culture in hiring with less emphasis on the particular people filling those roles and more emphasis on what might be described as the "right fit" came to the forefront in others.

The authors then point out that for a large portion of the 1980s and 1990s, there was passage of social regulatory legislation in both the U.S. and U.K. which imposed significant costs on business. This is what the authors refer to as "regulatory capitalism". The costs of compliance with civil rights laws and laws designed to protect consumers and workers were large for individual business enterprises. Furthermore, the authors point out that in both the U.K. and many American states there is legislation to allow directors to look beyond the immediate concerns of shareholders, and to also consider the interests of other corporate stakeholders, most notably employees and creditors.

Micklethwait and Wooldridge then discuss the Enron debacle and more specifically its impact on government's view of business. Prior to Enron, the 21st century American rhetoric in this regard was focused primarily on the idea of removing excessive regulation that was said to inhibit innovation so crucial to a knowledge-based economy. After Enron, things were different; the discussion turned to how business had gone astray to such a significant degree. Was this a matter of isolated incidents of corporate managers overstepping their individual commitments to their respective corporations? Or was this a systemic problem that needed to be addressed as such? The *Sarbanes-Oxley Act of 2002* took the latter approach, and was passed with widespread support. Earlier legislation meant to address similar issues had been shelved in legislative committee as unnecessary regulation, and not even voted on in Congress. Interestingly, the earlier version would have been easier on corporate America than the one that was

[17] *Ibid.* at 129.

ultimately passed. Micklethwait and Wooldridge are quite compelling on the fact that Enron and the spate corporate-governance scandals which were closely linked to it in time, like WorldCom, Tyco and others, were in essence a watershed event for American capitalism. They are also convincing in their contention that the scandals, in as much as they shook confidence in the notion that corporate managers were in place to protect investors, actually were also able at the same time to affirm the institutional grip of the corporation in the modern economy. Government tinkered at the edges, impacting largely auditing and other financial reporting concerns. The essence of the modern American corporation—separate legal personality for the corporation, limited liability for shareholders, freedom for executives in making business decisions in best interests of the corporation and other key concepts in modern corporate law—remains in place.

This chapter is most impressive on many fronts, notably in its discussion of the Silicon Valley phenomenon and the effect of Enron on the corporation of the early 21st century. Nonetheless, some questions still remain. For example, with respect to the corporatization of the traditional public sector, the authors do not attempt to discuss whether this corporatization has had a significant impact on the delivery of services. Does turning public services over to the private sector work in terms of delivery? In terms of the Japanese influence, what caused American companies not to adopt the lifetime employment credo from their Occidental competitors? In terms of the impact of institutional investors, the authors clearly believe in the short-term bias of most investment managers for pension and mutual funds. This would mean that fund managers would either divest their employers of the shareholding in underperforming corporations, or utilize their power to cause fundamental changes, usually at the corporation's highest levels.[18] Clearly, if fund managers believe that (a) a corporation is *not* functioning at peak levels; (b) an identifiable change in the makeup of the corporation—whether to its management's philosophy or otherwise—will improve the situation; and (c) the manager has the power to bring about change, why would the manager not do so? But, simply because management adopts a strategy that spends money in the short term for long term success, does this necessarily mean that institutional investors are necessarily unwilling to take the "short-term pain for long-term gain"? It is conventional wisdom that fund mangers are myopic, worried more about quarterly profits for their employers than the longer term health of the corporations in which investments are made. However, "conventional wisdom" can be wrong in certain cases. There have been examples where institutional investors have been willing to wait out short-term results provided that the course has long-term upside.[19] Therefore, while

18 *Ibid.* at 137–138.

19 See "Short-termism", *Financial Times* (London, England) (14 May 1999) at 24.

there are undoubtedly cases of institutional investor myopia, like many other things, this phenomenon can be overstated because it is not an inevitable part of the makeup of institutional investors, and therefore, may be not always be true.

With respect to the discussion of regulatory capitalism, Micklethwait and Wooldridge are quite right that legislative provisions do exist which allow directors to consider stakeholder interests alongside those of shareholders, and that, when they are invoked, these provisions *could* allow directors to take a more stakeholder-friendly approach to corporate decision-making. My only complaint is that the true impact of these provisions—commonly called "corporate constituency statutes"[20] —has been the subject of significant debate in the literature in both the U.S.[21] and the U.K.[22] Therefore, the impact of corporate constituency statutes on decision-making may not be as clear as the authors suggest.

I turn now to consider the relationship between business interests and government regulators, as highlighted by the Enron scandal and subsequent legisla-

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20 E.S. Adams, "A Statutory Model for Corporate Constituency Concerns" (2000), 49 Emory L.J. 1085, at 1085.

21 For arguments in favour of the inclusion and use of these statutory measures, see, for example, *Ibid.* For the converse argument in opposition to the extension of fiduciary principles to non-shareholder corporate stakeholders, see M.E. Van Der Weide, "Against Fiduciary Duties to Corporate Stakeholders" (1996), 21 Del. J. Corp. L. 27. For a middle position arguing that both extremes are unpersuasive, but seeing that corporate law has moved past protecting shareholder interests to the exclusion of all others, see E.W. Orts, "Beyond Shareholders: Interpreting Corporate Constituency Statutes" (1992), 61 Geo. Wash. L. Rev. 14, at 134–35.

22 Section 309 of the *Companies Act, 1985*, as amended, currently reads as follows: "309.—(1) The matters to which the directors of a company are to have regard in the performance of their functions include the interests of the company's employees in general, as well as the interests of its members; (2) Accordingly, the duty imposed by this section on the directors is owed by them to the company (and the company alone) and is enforceable in the same way as any other fiduciary duty owed to a company by its directors. (3) This section applies to shadow directors as it does to directors." For an encapsulation of the debate regarding the proper place of section 309, see J.E. Parkinson, *Corporate Power and Responsibility* (Oxford: Clarendon Press, 1993), at 82-87. When the United Kingdom's Company Law Review Steering Group (CLRSG) reviewed the impact of this section, they felt that the section was ambiguous. See *Modern Company Law for a Competitive Economy: The Strategic Framework – A consultation document from the Company Law Review Steering Group*, (London: Department of Trade and Industry, February, 1999) <online: http://www.dti.gov.uk/cld/comlawfw/>, at paras. 5.1.17-5.1.23. The CLRSG recommends the continuation of the norm of shareholder primacy in directors' duties. This means that the interests of other stakeholders should be secondary to those of shareholders. See *Modern Company Law for a Competitive Economy: Final Report of the Company Law Review Steering Group*, (London: Department of Trade and Industry, 2001), Vol. 1, <online: http://www.dti.gov.uk/cld/final_report/>, at para. 3.8

tive response. While I agree with the authors that Enron and its aftermath are collectively an exceptionally important event in the history of the corporation, business has tried to take steps to lead the corporate governance debate at least partly by adopting voluntary governance codes and best practices. The more cynical might suggest that this was an attempt by business to appease government and avoid further regulation. The less cynical may suggest that this is an example of how corporations are trying to protect shareholders and other stakeholders. Regardless of which explanation is the more palatable to the reader, there can be no doubt that business-sponsored initiatives to develop such recommendations, principles and codes for corporations, boards of directors, and auditors, amongst others, have been around since at least the late 1980s, [23] through the 1990s,[24] and into the new century up until the collapse of Enron.[25] Do Enron and other scandals indicate that the voluntary compliance model has proven unsuccessful, meaning that this model should be discounted entirely? Or is there some place for both proscriptive regulation and voluntary compliance codes? If so, how should society strike this balance?

In Chapter 8, Micklethwait and Wooldridge tackle the issue of multinational corporations. They argue that these cross-border companies and corporations have historically been viewed with suspicion and distrust, largely because the loyalty of these organizations is to often move wealth from one part of the world (in many cases the developing world) to another part of the world (usually a more developed economy). Yet, once again, it is successfully demon-

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23 *Report of the National Commission on Fraudulent Financial Reporting*, The Committee of Sponsoring Organizations, (Chair: James C. Treadway, Jr.), <online: http://www.coso.org.publications/NCFFR_Part_1.htm> (U.S.); *Report of the Commission to Study the Public's Expectations of Audits* (Toronto: Canadian Institute of Chartered Accountants, 1988) (Chair: William A. Macdonald) (Canada).

24 *Report of the Committee on the Financial Aspects of Corporate Governance* (London: Gee and Co. Ltd., 1992) (Chair: Sir Adrian Cadbury) (U.K.); *Where Were the Directors?: The Report of the Toronto Stock Exchange Committee on Corporate Governance in Canada* (Toronto: Toronto Stock Exchange, 1994) (Chair Peter J. Dey) (Canada), *Report of a Study Group on Directors' Remuneration* (London: Gee Publishing Ltd., 1995) (Chair: Sir Richard Greenbury) (U.K.); *Responsible Corporate Disclosure: A Search for Balance – Report of the Committee on Corporate Disclosure* (Toronto: Toronto Stock Exchange, 1997) (Chair: Thomas I.A. Allen) (Canada); *Final Report of the Committee on Corporate Governance* (London: Gee Publishing Ltd., 1998) (Chair: Sir Ronald Hampel) (U.K.); *Internal Control: Guidance for Directors on the Combined Code* (London: The Institute of Chartered Accountants in England & Wales, 1999) (Chair: Nigel Turnbull) (U.K.); *Report on Corporate Governance, 1999: Five Years to the Dey* (Toronto: Toronto Stock Exchange and The Institute of Corporate Directors, 1999) (Co-Chairs: Barbara Stymeist and Marcelo D. MacKinlay) (Canada).

25 *Beyond Compliance: Building a Governance Culture Final Report of the Joint Committee on Corporate Governance* (Toronto: Canadian Institute of Chartered Accountants, 2001) (Chair: Guylaine Saucier) (Canada).

strated that the idea of a business that operated across borders occurred much earlier than many might imagine. The initial organizations to cross borders did so in the Middle Ages. But the real beginnings of the society of borderless business can be found with the imperialist ambitions of early chartered companies, particularly in the U.K. Later the desire to exploit precious natural resources and other markets for goods led both the British and their continental neighbours to look to other parts of the world for business opportunities. British businesspeople were also willing to create corporations specifically to take advantage of foreign markets, but other countries were not willing to allow European concerns to exploit their markets without a fight. Therefore, many jurisdictions added tariffs and other trade barriers to keep part of the profits of these foreign firms in the local economy, and to encourage local economic development by encouraging the purchase of products of local firms over their foreign competitors. If foreign firms wanted to come in to overseas markets, the tariff system provided significant incentives to create a corporation in the jurisdiction that would pay taxes on profits, and help to create infrastructure in the market being entered. In fact, many early multinational corporations had been responsible for infrastructure development in many foreign markets. The authors argue that this is attributable to two major factors. First, the corporation's presence in the market was often sufficiently substantial that the creation of infrastructure was crucial to keep both the local government and expatriate employees happy. Second, corporate managers realized that the creation of infrastructure, such as roads, would facilitate business opportunity. By the early 20th century countries outside of Europe, notably Japan, began their own expansion overseas. The U.K. remained the last bastion of free trade in the era.

By the mid-20th century, on the other hand, American corporations became the overwhelming leaders in the multinational market, depositing progressively larger and larger sums—both in terms of raw dollars and as a percentage of U.S. gross national product—into foreign markets up to the 1970s. According to Micklethwait and Wooldridge, the removal of the U.S. from the gold standard in 1971, among other things, is to blame for a slower pace of American multinational expansion thereafter.[26] On the other side of the equation, the General Agreement on Tariffs and Trade had begun to put pressure on nations to dismantle their tariff structures. The American corporation dominated in the middle third of the century and would continue in that position. Nonetheless, by the year 2000, the fact was evident that the success of a multinational corporation was not necessarily dependent on the state of origin of the corporation. Interestingly, the authors also point out that the multinational corporation is not a form of operation restricted to the world's largest corporations. In fact, the authors argue that the small, unbundled corporations referred to in the previous

[26] See *The Company*, *supra* note 1 at 172.

chapter benefited from trade barrier reduction even more than their larger competitors, presumably because Ford could afford to pay whatever tariffs were imposed, whereas smaller corporations would have had more trouble. Therefore, the removal of tariffs not only made it more profitable for some multinational corporations to operate outside their respective home jurisdictions, it also made such operation *possible* for many others.

However, the multinational corporation has also been the subject of controversy. Certain multinational corporations have engaged in practices in foreign countries that would be considered illegal both in the foreign jurisdiction, as well as at home. ITT's illegal exploits were the prime example of this problem.[27] Anti-globalization activists point out that the sales figures for some large corporations are larger than the gross domestic products of many nations. The authors allege the statistic is invalid, pointing out that there is a difference between sales numbers and gross domestic product, in that the latter is value added and the former is value transferred. The authors argue that money is not power, and the value of state coercion (arrest, investigation, prosecution, and jail) is not available to the corporation. Furthermore, Micklethwait and Wooldridge argue that many of the sins of the multinational corporation are sins of omission, instead of commission. The essence of the argument here is the multinational corporation is not as powerful as those who oppose it would claim.

My major complaint with this chapter is that it takes a political position that can be seen as unfair to its opponents. The authors claim that "besides, wealth is not the same as power".[28] While money and power are different, this ignores two important points. The first is that money can in many cases buy the allegiance of those who have the power. Political power can be bought and sold. Secondly, and even more importantly, to suggest that money is not power would seem to undermine the entire premise of the book. The book chronicles the rise of the corporation in importance in modern society. The for-profit business corporation is clearly motivated to economic ends. Clearly if the institution of the corporation has become more powerful over time—as the authors clearly think that it has—that increase in power must be related to the economic prosperity that the corporation is able to generate. Given this, it seems somewhat incongruous to suggest that money and power can be easily separated.

Micklethwait and Wooldridge advance a second proposition. They point out that certain early chartered companies—like the East India Company discussed earlier—did have state powers and that they felt free to exercise them. The authors also maintain that multinational corporations are either doing social good or not doing as much evil as they used to. The authors also take on

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[27] *Ibid.* at 171–172.

[28] *Ibid.* at 178.

the idea of differential wages paid by multinational corporations depending on where the employees are located. Globalization opponents think that the idea of paying people less because the market rate for wages is lower is simply unacceptable. The authors point out that this argument depends on a view from the developed world, as opposed to viewing this from the perspective of the developing economy, where the wages offered by the multinational corporation are often higher than the market rate in that economy. Micklethwait and Wooldridge are correct that the view of globalization opponents depends on perspective. But, they seem to ignore that the opposite position in favour of globalization is equally a matter of perspective. It would have been interesting if the authors had critically assessed which perspective was more normatively acceptable, rather than dismissing one side of the debate because it is a "matter of perspective". In a nutshell with respect to the first two claims, the argument seems to be that since things are getting better from how they were in the past, the allegation of the need to reign in corporations is unfounded. While the assertion as to improvement over past practice may well be true, surely this does not necessarily discredit the argument of those seeking to require even better behaviour from our corporate citizens.

Micklethwait and Wooldridge make a third claim. They impliedly argue sins of omission are less problematic than sins of commission. The authors assert again that the evidence points them to a conclusion that multinational corporations "have become a force for good—or, at the very least, that they have given up sinning quite so egregiously."[29] They point out that, subject to some notable exceptions, when multinational corporations misbehave these days, it is because they do not stop others as opposed to taking an active hand in misdeeds. [30]

My only question is this: does that make it any better? Surely, when assessing the normative value of an institution like the modern corporation, sins of omission are still sins. Many multinational corporations have the power to influence the path of governments in developing economies where they have operations. If they so choose, the multinational corporations could both individually and collectively use this power to change immoral practices. If a corporation chooses not to do so, does society not only have the right, but also the obligation, to speak out against the decision? As a comparative issue—that is the performance of multinational corporations has improved over time—this may be true, but the fact there is a change from sins of commission to sins of omission is not *necessarily* evidence of this. The absolute statement, that multinational corporations have become a force for good, is even more problematic.

In my view, the authors have a political perspective of their own which shows itself in this chapter. My problem is not with the fact that the authors

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29 *Ibid.* at 176–177.

30 *Ibid.* at 177.

have a perspective on issues around multinational corporations. On the contrary, I believe that anyone who studies an issue in the depth that these authors have studied the corporation *ought* to have a perspective to share with others. My problem is that the authors do not make their perspective as explicit as it ought to be. When a person's perspective is explicit, along with the assumptions that underlie it, these can be questioned and defended. However, when the perspective and its underlying assumptions are stated as if they are fact, this forecloses important debate. We will return to this issue below.

In the book's concluding chapter, the authors turn away from the past to look toward the future of the company. Micklethwait and Wooldridge point out that corporations tend to speed up—in their terminology "condense"[31]—social change, and are quite adaptable to any change thrown their way. The authors claim that the corporation will continue to affect society. The types of changes we should expect from the corporation depend on two different variables. The first of these is economic factors, such as the economic viability of moving multiple operations all under one roof (popular in the era of the Sloan-type capitalism), as opposed to the unbundled "core competencies" corporations of today. The second variable is the corporation's relationship with the state. The state allows the corporation to exist. If the state chooses to change the legal conditions under which that existence is granted, the future of the corporation will change concomitantly.

The authors examine three possible futures for the corporation as an institution. First, anti-globalization advocates argue that a number of corporations are in essence becoming so large and powerful that they will take over the world. The authors argue that there are few facts to support this prediction. They point out that while the institution of the corporation may be fast becoming pervasive in modern society, the power of any given corporation may be in decline, given the competitive environment in which most industries currently find themselves. Second, the future of the corporation is a decline of individual power and influence, even as certain individual corporations (Microsoft is used as an example) do attempt to cultivate size and stability for themselves. The authors argue that the potential for the marginalization of the corporation is remote given current economic climate. The third possible prognostication for the future of the corporation revolves around the idea that the corporation as a standalone figure is soon to be replaced by network. Loose relationships amongst corporations and other forms of business organization are said to be ready to replace the corporation as the dominant catalyst for business growth. The authors say that although some networking relationships are successful enterprises, the fact is that one or more corporations drive these multilateral rela-

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31 *Ibid.* at 181.

tionships. Therefore, the emergence of the network does not threaten the position of the corporation as a driver of economic prosperity.

The authors claim that there are few facts to support the first forecast.[32] They point out that the collective market share for the largest American companies is declining in many sectors.[33] I agree that the possibility of complete corporate domination of the world by stealth seems unlikely. However, the statistical evidence offered by the authors is based on the individual clout of a small group of corporations within particular sectors.[34] But what would happen if a particular result would be a positive outcome for all corporations, as opposed to a small group of them? Deregulation is a typical example where all corporations can benefit from the ability of corporations *as a whole* to impact the actions of the state. By changing the lens from focusing on the power of individual corporations on the one hand, to an area where all corporations may stand together on a particular issue, on the other hand, the theory of corporate takeover actually becomes somewhat more plausible. In fact, when viewed through the wider collective lens, the "silent takeover" theory is actually consistent with the broad power of the corporation as an *institution*, one of the authors' main contentions in *The Company*.[35]

Earlier, I mentioned the impact of importance of clear articulation of the authors' perspective on a given issue. Micklethwait and Wooldridge clearly attribute the "silent takeover" theory of the corporation's future to those who oppose globalization. The authors also have strong views on the phenomenon of globalization. In fact, they co-authored an earlier book called *A Future Perfect: The Essentials of Globalization*.[36] I would not wish to question the authors' views of globalization; they are obviously far better-versed in the subject than am I. My only curiosity is whether their views on globalization might impact on their treatment of the plausibility of the first forecast, given that they see opponents of globalization as the main proponents of this view of the next step in the corporation's development.

From the tenor of all the questions posed throughout this review, some readers might think that I was unimpressed with *The Company*. Nothing could be further from the truth. I was quite taken with the book. My reasons for being impressed with it are five-fold. First, as mentioned earlier, many of the suppos-

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32 *Ibid.* at 182–183.

33 *Ibid.* at 183.

34 *Ibid.*

35 See *supra* note 4, and related text

36 (New York: Random House, 2003). Although the authors recognize that globalization may not be a universal good, in general, they take a positive view of globalization on the whole. See *A Future Perfect*, at 335–336.

edly "modern debates" that swirl around corporate existence today are put into a unique historical context by the authors. This opens up the likelihood of a rich archive of material to modern corporate scholars that may prove useful. Second, the authors have obviously researched this book exhaustively. As such, even if I were to disagree entirely with the book's major premises—which I do not (in fact I am in wholehearted agreement with many of them)—the book would serve as a useful collection of resources with respect to historical writings on the corporation. The bibliographic note on pages 193–197 is a short essay on the important sources on the history of the corporation. This provides the basis for future researchers to challenge the authors, should those researchers be so inclined.

Third, the idea of the corporation's history repeating itself (albeit in slightly different forms each time) is an intriguing premise. For many of us who spend much of our time on learning and teaching others about the modern corporation, the development of this institution is often seen as a linear progression, responding largely to the economic requirements of the times. In my view, *The Company* is quite successful in showing that, in fact, the progression may not be linear at all. Instead, the corporation may have a variety of loops in its history that suggest that, in its future, the corporation may potentially look at its past forms for solutions to challenges that it may face. One need only look to the rhetoric of "core competencies" which is currently so popular in corporate management theory today—and which the authors consider in their discussion of Silicon Valley in particular —to see this playing itself out. The same concept (of focusing solely on the expertise of the corporation, rather than on processes and materials that can be purchased elsewhere) was the reality in earlier times when business undertakings were smaller, and did not even attempt to operate beyond their own sphere of expertise. In the 19th century, bankers were bankers, railroads focused on the transportation business and so on. This focus on the main areas of the corporation's business would be what management theorists would refer to as a "focus on core competencies". In the same vein, the "network" of today may have much in common with the loose partnerships that were the predominant form of large-scale business enterprises prior to the birth of the modern corporation. The more things change, the more they stay the same.

Fourth, *The Company* is ambitious in its undertaking as it covers many of the impacts of the modern corporation *as an institution*, be they political, social, economic or legal. Despite this rather incredible breadth, Micklethwait and Wooldridge use a sufficient number of case studies—such as the South Sea Company, General Motors and Enron—to ground their historical analysis. In other words, in addition to the "broad strokes" of corporate history of a given period, the authors also use concrete examples from the history of individual corporations whose names would be recognizable to virtually anyone in the industrialized world. This allows the authors to make their broader conclusions

meaningful to those who are interested in practical examples as well as theory. This is an exceptionally difficult tightrope on which to remain balanced, but Micklethwait and Wooldridge manage it nicely. This feat is one for which the authors are to be commended.

Fifth, and in my view, perhaps most importantly, this book made me think. Every time I pick up a book on a subject with which I am fairly familiar, such as the corporation, I hope that I will be surprised, and forced to reconsider my own thinking on the subject. *The Company* accomplished this in spades. Given the vastness of the territory that the authors try to cover they could have been excused if they had simply attempted to avoid controversial elements of the subject-matter. However, to their credit the authors did not do this. Instead, they are willing to lay the controversy bare and discuss it meaningfully. It is true that Micklethwait and Wooldridge do not attempt to resolve these areas of disagreement. However, to suggest that issues such as the "race to the bottom" amongst jurisdictions in terms of the permissiveness of their corporate laws—which has existed for well over 100 years—could be resolved in a forum such as a book of this breadth would be the height of folly. The authors raise the controversy, but wisely avoid embroiling themselves too far into the debate on any one issue. This keeps the overall focus of the book intact, while not losing the forest for the trees of individual debates within that broader framework.

The authors clearly have their own views on the value of the corporation to modern society as a whole; in fact, they end the book with a round of applause for the corporation's accomplishments.[37] Nonetheless, there is also sufficient information provided such that those who would take the contrary view will undoubtedly find support in the pages of *The Company* as well. I support the basic premise of the book, that is, the corporation has fundamentally reshaped the society in which we live and the way in which we live our lives. But the book also left me with questions in many quarters, re-examining my own knowledge and judgments, as well as some of the assertions made by the authors and the manner in which Micklethwait and Wooldridge seek to justify those assertions.

The fact that I have posed so many questions about the book's contentions is not an indication that I necessarily disagree with the authors. Instead, in many cases, I simply wish that the authors had taken the opportunity to canvass these issues more thoroughly. I understand that the desire for brevity legitimately precluded a full analysis of all of the relevant concerns. However, as mentioned earlier, in my view, the authors have highlighted areas of controversy without necessarily resolving them. I believe that these areas of controversy leave two avenues open both for these authors in particular and more generally for those of us who take an interest in the study of the corporation.

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[37] *Ibid.* at 191.

First, we can continue the debate about the proper place of the corporation. *The Company* will undoubtedly be an important resource for the participants in this debate.

The second option is that we can delve into more research about the areas of controversy which *The Company* had insufficient space to explore fully. By making us reconsider the institutional place of the modern corporation in our social, political and economic reality through a unique historical lens, the authors challenge us, not only about what was happened in the past, but also what we as a society are willing to accept, encourage and even endorse as positive developments in our collective future. It is interesting how a look to the past ends up examining the future. Kudos to the authors for writing a historical book that should re-invigorate interest in current issues.

I end this review with a simple thought: by synthesizing all the debates and research about the modern corporation and to its predecessors, the authors have opened up possibilities for the rest of us to pick up the torch and continue both the research and the debate. The more things change, the more they stay the same. However, having read *The Company*, I for one am better prepared to engage in the debate and to do the research. For that, I sincerely thank the authors.