

# BOOK REVIEWS

*The Suicidal Corporation* is the story of how a neoconservative scholar walked through a minefield of leftist literature on the corporations and came out at the other end to discover that he had become a libertarian. It is a historically startling and politically adventurous book, an attack on "oligopoly," on "corporatism," and on the liberal "corporate welfare state" by an individualist-capitalist who is shooting at both the corporations and at Big Government with collectivist-socialist ammunition. The publisher describes *The Suicidal Corporation* as a book written "in the tradition of John Kenneth Galbraith's *New Industrial State*—but from a free market perspective . . ."—a remarkably accurate description, and one which would bring the identical mystified expression to the faces of both John Kenneth Galbraith and Milton Friedman.

In fact, one cannot read this book without being ceaselessly aware of its conflicting audiences, who will be given a ride on a political roller coaster of a kind they have never before experienced. I shall try, throughout this review, to capture the perspectives of the various groups to whom the author is speaking.

*The Suicidal Corporation* was written by Paul Weaver, a former professor of government at Harvard and a former senior editor of *Fortune*. An executive at the Ford Motor Company for two years, he made a series of shocking observations about corporate psychology and behavior. The experience led him to immerse himself in the vast literature of corporate history to discover the origins of the pattern he had found. The result was a devastating analysis of the economic irresponsibility of Big Business and a report on an emerging corrective—and an astonishing solution of his own. Those are the three sections of this closely reasoned book. Written in a lively style and crammed with documentation to support his points, it is, simultaneously, a book on economics and a book of ideas.

Weaver's observations at Ford, in the late 1970s, where he was director of economic communications—a job he naively imagined would be an intellectual activity—are the spring-

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## THE SUICIDAL CORPORATION Paul H. Weaver/Simon and Schuster/\$18.95

Edith Efron

board to his examination of a century of corporate history. Here are some of his most traumatic discoveries, minus the detailed observations of public policy problems in which they are embedded:

- He found that the corporate public affairs "mind"—my word—was secretive: it would only release Good News, it concealed Bad News.

- He found that, save for publicly verifiable fact, the corporate "mind" frequently told lies—gratuitous lies. It lied even when it was in its own interest to tell the truth.

- He found that the corporation was not a victim of the state but its accomplice: although this corporate "mind" mechanically recited the litany of "free enterprise" and complained ceaselessly about big government, it identified with the state, was hostile to the free market, and constantly invited or eagerly cooperated with government intervention for short-range advantage.

- He found that the corporation was

not a victim of the liberal and radical pressure groups, but their pandering accomplice. To the very degree that groups were hostile to business, to that degree did this corporate "mind" respect them, and even fund them.

- He found that the corporation was a moral and ideological neuter; that it tolerated anybody and everybody's public policy, however damaging to itself, to business, to the economy. This public affairs "mind" viewed capitulation to destructive policies as "realistic."

- He found that this corporate "mind" saw public policy, whatever its nature—it had no policy of its own—solely as a means of extracting protection from the state or a competitive edge in its own narrow slice of the market (in this case, Ford vs. General Motors vs. Chrysler).

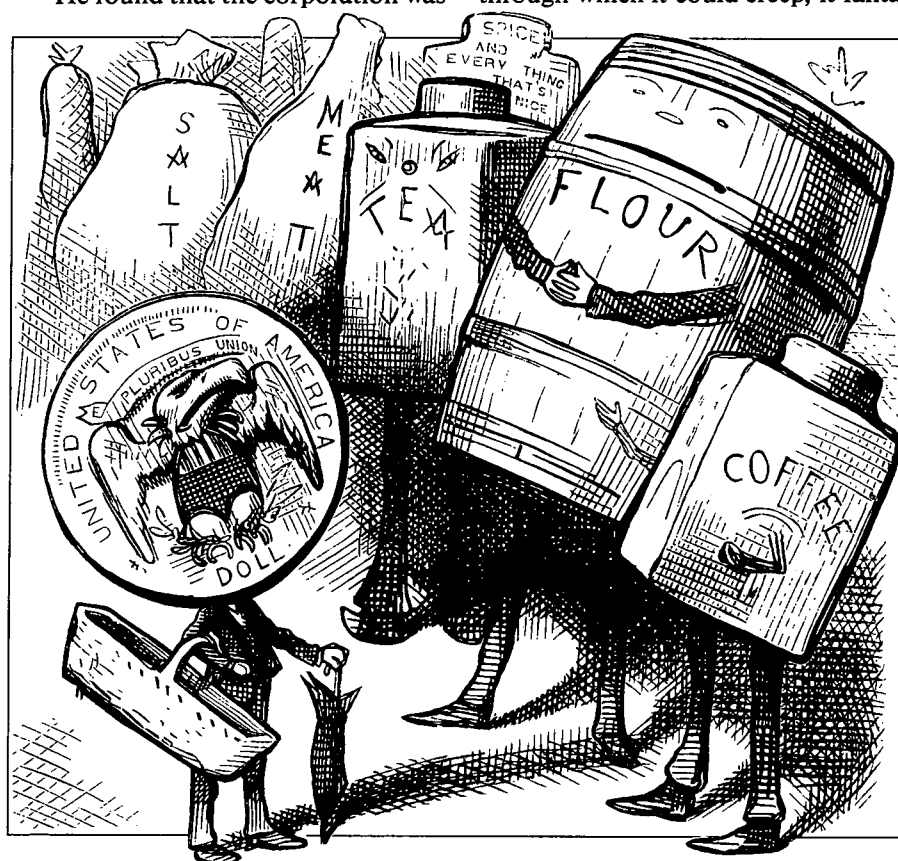
- He found that even as this corporate "mind" was blindly opportunistic, ceaselessly seeking "loopholes" through which it could creep, it fanta-

sized and portrayed itself as a "statesman-altruist" dedicated to the public weal, and pompously scorned the very idea of open and honest advocacy as "self-interested."

Weaver diagnosed this corporate "mind" as "corrupt," "pathological," and "suicidal." He concluded that it was absurd to defend a "capitalist" institution which was hostile to capitalism, and immoral to defend such corruption. The shell-shocked neoconservative left Ford and returned to *Fortune* and to his neoconservative friends. At *Fortune*, he rapidly established for himself that he had not bumped into an aberrant corporation: in a 1981 survey of *Fortune* 500 CEOs, he found that more were alumni of Ford than of any other company. With his neoconservative friends, he quarreled. His story seemed bizarre to them, and his continued insistence that the public policy pattern he had discovered was of crucial importance seemed unreasonable. And indeed his story is bizarre to anyone who has not read about the phenomenon or witnessed it at first hand.

It is not bizarre to me. What Weaver was observing in 1978, I observed in the mid and late 1980s. After the publication of my own book on cancer, I found myself on a long lecture tour in the scientific world. Mostly I talked to scientists; but occasionally I met with corporate executives in the U.S., Canada, and West Germany. Although I met with no public affairs or PR executives—but with executives of research-intensive companies many of whom are themselves scientists who think and talk freely in private—I saw the identical corporate "pattern" in their public face and behavior. I find Weaver's brain scan accurate.

If this first part of Weaver's book will be fascinating to readers of all political colorations, the following section will make all of them tense as cats, for this is where Weaver undertakes his "Galbraithian" voyage. He read the established liberal classics of corporate history, he dug up original documentation, and he plowed through a mass of leftist and Marxist analyses (for it is primarily the left that constantly monitors the corporations). He reports that he assessed the solidity of the documentation and screened out the "tendentious." Leftists and Marxists will read away cheerfully until they discover that there is no social history in this



book, thus that their most crucial symbolic events are missing; and they will find that this nationalist neoconservative has ruthlessly purged his work of Marxist "impurities." Pro-business conservatives will be glum and distrustful; they will seek out signs of leftist "contamination" and they will find it. Even after Weaver's furious cleansing, the body of facts is not part of the standard conservative repertoire. The reason for conservative gloom in this particular section is that Weaver discovered the birth of the attributes of the modern corporate "mind" in the minds of the "Robber Barons."

To his astonishment, Weaver discovered that the founding fathers of corporate America—Rockefeller, Vanderbilt, Carnegie, Mellon, Duke—were not the "ruthless individualists" of American (and conservative) legend. They were not advocates of dog-eat-dog laissez-faire capitalism who fought against the taming efforts of the state. On the contrary, he found they were "visionaries": they were revolutionary-scientific-collectivists who saw great uses for the state, had no use whatsoever for the free market, and wanted to organize and control their own markets. They were mortal enemies of Adam Smith: for Smith's "Invisible Hand" they sought to substitute "The Visible Hand" of "scientific" management. (This part of Weaver's analysis and the memorable phrase, "The Visible Hand," come from Alfred Chandler, the great Harvard historian of the corporations.) The founding fathers were advocates of "corporatism," which, says Weaver, "is the philosophy of government-given competitive advantage for business enterprise." They effectively made a deal with the state: the state would protect their interests and privileges in exchange for their proclamations of devotion to the public weal—and in exchange for bureaucratic supervision and regulation. They were, as one scholarly source puts it, the "prophets of regulation"; and Weaver, the neo-conservative regulatory expert, was stunned.

The famous founding fathers practiced what they preached—up to a point, says Weaver. With their left hands, they gouged out special favors from the state (cartels, trusts, monopolies, tariffs, subsidies, land grants) and ruled over their "scientifically" organized fiefdoms. And with their right hands, they were altruists. They granted that profits were necessary, but ceaselessly proclaimed themselves—they are richly quoted by Weaver—to be dedicated, above all else, to society, to their communities, and to the welfare of others, and they invited regulatory supervision of their activities so that the public might oversee their works.

And with a strange new strategy called "public relations" influenced by the latest beliefs of social science—the purpose of which, according to one of its founders, Edward L. Bernays, was to create an "invisible government"—they sought, says Weaver, to shape "everything from consumer demand to the decisions of government regulators." And one of the crucial tenets of this new "public relations" was to keep

publicly verifiable facts true (again he quotes Bernays) after which the Great Corporatist Monarchs were free to say or conceal anything they chose.

Here, Weaver traps the beast he is searching for. This is recognizably the ancestral pattern. It was, says the now-angry Weaver, profoundly anti-democratic and hostile to the Jeffersonian center. He had believed, like many others in his world, that there had been

a golden age of laissez-faire capitalism in the United States.

At this point, leftist and liberal scholars, who have been reading away attentively and cheerfully, will be astonished by Weaver's ignorance. Equally attentive conservative scholars will conclude with indignation that Weaver has overdosed on Marxist "social control theory." He hasn't. He has overdosed on "the two cultures,"

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"I hope that U.S. policy makers—not a single one of whom could have written a comparable book—have enough sense to read what President Nixon has to say and act accordingly."

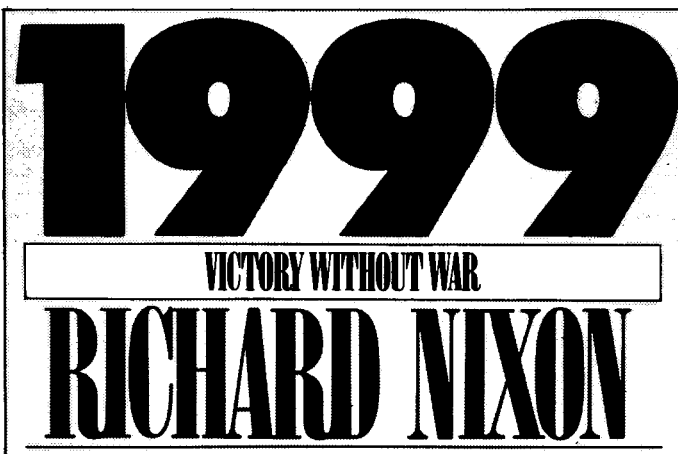
—DR. ZBIGNIEW BRZEZINSKI

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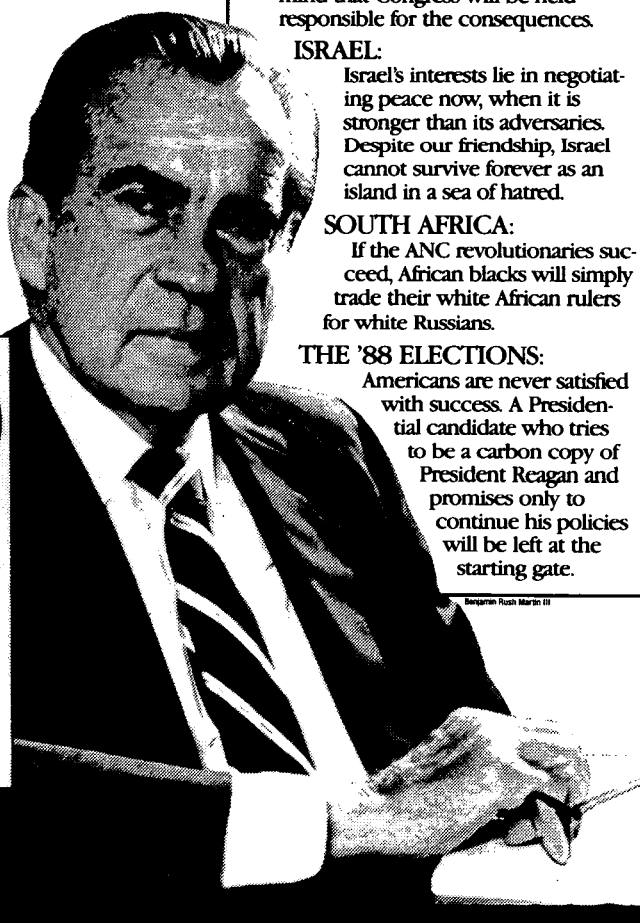
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### RICHARD NIXON ON—GORBACHEV:

It is a mistake to believe that Gorbachev is a foreign policy moderate. If his reforms succeed, the Soviet empire will be stronger and more dangerous.

### AID TO THE CONTRAS:

Those in the House of Representatives who want to kill the cause of democracy in Nicaragua should keep in mind that Congress will be held responsible for the consequences.

### ISRAEL:

Israel's interests lie in negotiating peace now, when it is stronger than its adversaries. Despite our friendship, Israel cannot survive forever as an island in a sea of hatred.

### SOUTH AFRICA:

If the ANC revolutionaries succeed, African blacks will simply trade their white African rulers for white Russians.

### THE '88 ELECTIONS:

Americans are never satisfied with success. A Presidential candidate who tries to be a carbon copy of President Reagan and promises only to continue his policies will be left at the starting gate.

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on the general humanist ignorance of science. Weaver discovered, accurately, that “the Robber Barons” were visionary-revolutionary-*scientific*-collectivists, but the only “scientific” thing he notices about them is negative: i.e., their *anti*-Adam Smithian “scientific” control of their markets. Had he simply added a classic history of basic science to his reading list, such as Richard Shryock’s *American Medical Research: Past and Present* (1947), and had he consulted a solid scientist or professor of medicine who knew the history of basic science and *also* knew the history of the corporations (a combination only findable on the left), he would have learned that those Corporatist Monarchs saw science *and* social science as the future. They poured their princely philanthropies into the great scientific, medical, and social science institutes, foundations, and universities which still bear their names and from which have flowed, ever since, a wealth of *knowledge* of inestimable benefit to mankind. It was in their self-interest to do so, but in this realm (and others) their self-interest was confluent with the interest of the nation. Those men created scientific America! Indeed, they created the knowledge-producing classes. A few strong paragraphs of such information would have rendered Weaver’s portrait of the “Robber Barons” more morally nuanced.

This omission of the scientific dimension is a flaw. But Weaver may take heart. That very same flaw mars not just a short section, but the entirety of a Pulitzer Prize-winning book: Richard Hofstadter’s *Anti-Intellectualism in American Life* (1964).

**I**mmediately after the “Robber Baron” section, the political climate changes for Weaver’s readers. Leftist scholars (and liberals who have read them), who have been enjoying the narrative and smiling at Weaver’s discomfiture, will abruptly stop smiling, because this is the point at which Weaver glides right through the “Galbraithian” looking glass. Having found the original pattern he was seeking, he moves quickly past the dying “Robber Barons,” zips through the Depression and the New Deal, and traces the development of “corporatism” all the way to the Reagan era. In this long section, there will be pain on the left. There are no oppressed at home. There are no oppressed in the Third World. There are no multinational corporations. Weaver breathes the words “racism” and “imperialism” but once. He does not celebrate the death of the bourgeoisie; he worries about the *American* bourgeoisie. He fears their wealth will be run off with by capitalists from other countries for the benefit of *their*

bourgeoisies. As I said earlier, this is clearly a nationalist neoconservative writing here, and the left will recognize this. They will find it morally despicable. Liberals will start moral muttering about *equality*.

Are the conservatives and neoconservatives now going to be happy? No. Throughout the next section, they will be progressively more miserable, because Weaver, intent on his quest, pays no attention to their moral philosophy. The libertarians will scarcely be miserable, but they will be agitated by *their* lack of moral philosophy; some will start scouring the pages for the word *liberty*.

In this section, which will arouse such dark moral emotions in all of Weaver’s readers, the author is making horrifying discoveries, all of which are true. He discovers that FDR thought “corporatism” a fine thing and opened the flood gates to a veritable avalanche of corporatism. Gradually, Weaver sees the whole country turning into “corporatists,” with everybody in sight seeking power and privilege from the state. And getting it. And most agitating to this author is the fact that all are using the very regulatory machinery created by the “Robber Barons” to strangle their descendants *and* that the descendants are letting them do it, indeed that they are collaborating in the process.

In a cold anger, Weaver lays out the clinical evidence of the corporations’ collective loss of responsibility—more than twenty years of it, all involving the state, i.e., both political parties. He reviews the corporations’ support for Nixon’s wage and price controls. He shows how, along with liberal Democrats, the corporations fought for inflation. He shows how they fought against deflationary policies under Reagan, until they grasped the devastating consequences to themselves, to the business world, and to the country, and became frightened. He shows the

economic incoherence of the Reagan Administration, in which both “corporatist” and free-market trends coexist and war, with neither Reagan nor the Republicans appearing to be disturbed by the self-contradictions.

Then he widens his lens to encompass the globe and shows the economy under pressure not only from within but from without. Now international competition is moving in on U.S. corporations for the first time in history and he shows the signs of increasing institutional panic. He shows that, as a group, business is splintering, degenerating. He shows that the great trade associations are devastated, as companies individually rush to the state to beg for protection in the face of the powerful new external competitors. He reports how lobbyists—the sign of the disintegration and panic—infest Washington, D.C. like fleas.

At this point, conservative readers will be prostrate with shock at Weaver’s traitorous attack on the American economic system. Marxists will revive and grow frisky. They will strongly agree with Weaver that this is a “corporate welfare state”; they don’t care if you call the system “corporatism” or “capitalism,” it’s simply the latest stage of the system and it is breaking down, as all along they have said it would. Libertarians, all of whom are the children, legitimate or illegitimate, of Ayn Rand, have also thought it was breaking down—that is one of the major themes dramatized in Rand’s *Atlas Shrugged*—but few read socialist literature and never have they seen such a pile-up of evidence for the breakdown, on a strictly economic level. They will grow somber, some even hopeless. Liberals, who don’t on the whole like businessmen, but do on the whole like to eat, will grow morose. At this instant, for maybe a millisecond, the only people in the world who will positively love this book are the Marxists.

**B**ut suddenly a shaft of light pierces the darkness. A corrective trend, a revolutionary trend, has appeared. A rescue force with high intelligence and an understanding of the international economy is on the march, the words “hostile takeover” emblazoned on its flag. An anti-protectionist, anti-parasitical free-market movement is emerging among energetic young businessmen and financiers. They are invading the market, taking over the “suicidal” corporations, and turning them into lean mean profit machines, so that they can compete in the global market. And a new generation of baby boomers with liberal social values is emerging in various parts of the land who are thinking in similar terms. There is a possibility, just a possibility—Weaver

fervently hopes for it—that American businessmen will realize that the old system has stopped working, and that they will “convert” to capitalism. And here Weaver hoists his own libertarian flag on which are writ the words: “limited government,” “individual rights,” “property rights,” “free market.”

Once again, Weaver’s political world shifts on its axis. Libertarians’ eyes will fill with tears of relief. Free market financiers and corporatist subversives will suddenly arrive. Baby boomers with free-market propensities will bounce in, but will keep bouncing because they will not know where to put their liberal social values. Marxists will stomp off, although the smartest will stick around to see if they can figure out Weaver’s fallacies. And conservatives, all, will stare into space with stony faces, visualizing the hordes of Hobbesian revelers who will come capering out from the tons of state under which they are now imprisoned, to engage in unspeakable innovations.

Then Weaver presents his own astonishing corrective. He intends to *speed things up* and to excise the corporatist ideology from the century-old institution. He tells executives they must learn to think differently, or they will be “taken over” or die. And he ends his book with twenty-two modest proposals, all pertaining to public policy. He equates his proposals to behavior-modification therapy and says they will help corporate executives to alter and retrain their thinking processes so that they can act in their own self-interest. His proposals are deceptively simple. In fact, they are a *photographic negative* of the corporate “mind” with which the book began, but which by the end of the analysis he has *proved* to be almost universal. The modest proposals are a list of the thinking processes in which that “mind” does *not* engage. They are, in their way, utterly devastating. It is their ineffable simplicity, their quietness, that tell one that the public affairs and policy minds do not know, *chronically* do not know, what they are doing. It is the greatest shock in *The Suicidal Corporation*.

**W**eaver is not omniscient. His book has flaws. Some are the flaws of a “convert” to capitalism who has learned, and explains with clarity, the *theory* of the free market, but has not yet integrated his theory into the *living* political and economic context where institutionalized, interdependent, and interlocked forces, a century of them, are blindly massed against all but the most minute change. He is a somewhat absent-minded “revolutionary”: an intellectual revolutionary who does not scan the horizon for enemy



machine-gun emplacements is a little thoughtless. Many, perhaps most, of his flaws are those of a man who accords primacy to economics over the culture, who pursues his economic thesis single-mindedly outside the complex historic, social, moral, scientific, and technological context, which leads him into a strongly expressed reductionism. Anti-reductionist readers who place primacy on the culture over economics, as do I, will all make variants of this criticism.

But, interestingly, these very weaknesses of Weaver's book also contribute heavily to its strengths. He has, in effect, conducted a century-long biopsy of a slice of tissue in a vital organ. A biopsy, by definition, is decontextualized: there is no body. But a careful, scrupulous, analytically accurate biopsy by even the most reductionist scientist may bring information of life and death significance. From the first to the last page of this book, Weaver has proved down to the ground and beyond that the political and economic "think-death significance. From the first to the last page of this book, Weaver has proved down to the ground and beyond that the political and economic "thinking" of American Big Businessmen, on whom all of our lives do depend, has atrophied to a catastrophic degree. To understand that is to understand something of vital importance—even if one does not quite know what to do about it. *Not* knowing has no advantage over knowing. *Not* knowing can kill you.

Since Weaver will antagonize conservatives more than any other group, his book is, in its way, a test case. It seriously tests the proposition that there is authentic intellectual freedom within the center to right world. If, by the slightest chance, one cannot be a functioning intellectual in that world and criticize the corporations, then the conservative intellectual movement is *not* an intellectual movement, and it is time that this fact were known within their world. I am in profound agreement with Weaver when he says that if one is to defend the American productive system, one *must* be willing to criticize its flaws, indeed its evils, and to do so with the intellectual vigor and probity one brings to one's critiques of other institutions. This is the *first* scholarly critique of the corporations by a qualified intellectual to emerge from the non-liberal, non-left world. Flaws and all, it is worth its weight in gold as a guarantor of the integrity of the conservative intellectual movement. I hope that conservatives can tear their eyes away from their standard repertoires—with which even the editor of this journal has professed himself bored—long enough to grasp what an immense gift Weaver has bestowed on them. □

## THE POWER GAME: HOW WASHINGTON WORKS

Hedrick Smith/Random House/\$22.50

John Podhoretz

**P**AUL DUKE: Good evening, I'm Paul Duke, and this is a special parody edition of "Washington Week in Review." Tonight we will focus on a new book about this wild and outrageous town, *The Power Game*, by our old friend and frequent colleague, Hedrick Smith, formerly of the *New York Times*: (*Camera cuts to Smith's face; he swings his head toward it, nods and smiles.*) Rick's book is a 793-page whopper—almost as heavy as the Continuing Resolution, eh, Rick?

HEDRICK SMITH: Ha, ha.

HELEN WAN: Ah ha, ha, ha.

CHARLES MacTROWEL: Heh, heh, heh.

WHINES JOHNSON: The Continuing Resolution is nothing to laugh about, Paul.

PAUL DUKE: I am terribly sorry. But to continue: *The Power Game* is the most comprehensive book written this decade about the workings of this once-sleepy Southern town that is also, many observers believe, the capital of the United States.

We'll discuss Rick's view of the changes in Washington with our delightfully folksy chum Charles MacTrowel of the *Richmond Times-Dispatch*. (*MacTrowel takes a piece of hay out from between his teeth, removes a cracker from the barrel next to him, and smiles and nods at the camera.*)

Rick has some interesting things to say about the way power is handled in Washington; we'll analyze that in some detail with our very own journalistic version of Glenn Close in *Fatal Attraction*, Helen Wan of the *Wall Street Journal*. (*Wan puts down her butcher knife, cleans her glasses, fixes her hair, and smiles and nods at the camera.*)

Finally, we'll discuss how Rick treats the ideological clashes between the Republicans and Democrats with the conscience of us all, Whines Johnson of the *Washington Post*. (*Johnson glowers and nods at the camera.*)

Charlie, you've been a resident of this burg for more years than most seventeen-year-olds today can count up

*John Podhoretz, a frequent contributor, pays his own form of tribute in this review to the recent Supreme Court decision affirming First Amendment protections of parody.*

to. What does Rick's book say about the changes in Washington politics?

CHARLES MacTROWEL: Paul, it is the thesis of my brother Rick that the growth of congressional staffs in the last twenty years, coupled with changes in campaign financing and the loosening of party loyalties, have forever altered the nature of politics in America.

It's a bold and courageous theory, Paul, and while many in America might scoff, there's some hardy souls around here who think it's done a good deal to restore a bit of sanity to the opinion climate in Washington. And I just want to say to my good friend Rick: Yea bo! Well done. You sure have cleared out some forests with this tome. It's the kind of book of which the sainted Sam Rayburn used to say, "If-fen ya cain't read the thang, jes' use it as a doorstopper!"

PAUL DUKE: What a delightful bit of Washingtoniana, Charlie.

HELEN WAN: Ah ha ha ha.

WHINES JOHNSON: Forest depletion is nothing to laugh about, Charlie.

CHARLES MacTROWEL: I'm sorry.

PAUL DUKE: Just to play devil's advocate for a moment, here, Charlie: I've heard that some people are hinting that much of what Rick says about congressional staffs is very similar to the ideas expressed in a book by American Enterprise Institute scholar Michael Malbin called *Unelected Representatives*.

There have also been reports from unnamed people who actually read

things published on substances other than newspaper broadsheet that his ideas about campaign finance changes and party weakness come directly out of *Consequences of Party Reform*, a book by political scientist Nelson Polsby.

CHARLES MacTROWEL: Well, shut my mouth, Paul. I can't answer such charges, because I am a newsman and therefore maintain a heroic and godlike objectivity at all times. But I have to say that such accusations seem questionable, since Rick acknowledges both Malbin and Polsby in the acknowledgments.

HEDRICK SMITH: You bet I do, Paul. They were just terrific! Well, actually, I acknowledge only Malbin. But I do call Polsby a "keen observer" on page 90!

HELEN WAN: Charlie, wasn't it extremely dangerous for Rick to come out and say such incredibly controversial and biting things about the changing nature of power in America?

CHARLES MacTROWEL: I'm about fixed to agree with you, Helen. Rick was courting himself some disaster there—possibly the wrath of the New Right. (*The panel gasps, then smiles and nods at the camera.*)

WHINES JOHNSON: I just want to say that it is very dangerous to cross the New Right. They could damage your paperback sale.

HEDRICK SMITH: A man's gotta say what a man's gotta say, according to a senior White House official.

PAUL DUKE: Helen Wan, you're an unmarried woman in her thirties who holds no brief for gay conservatives, as anyone knows who read your recent piece in *Regardie's*, "The Lavender Bund." (*Wan sobs quickly, drops a live bunny into a pot of boiling water, then smiles and nods at the camera.*) How does Rick portray the way power is handled in this bustling metropolis?

HELEN WAN: Paul, a lot of people in this town are just going to be shocked by Rick's analysis of the way power is handled in this town. In this town, Rick says, there is the President. We also find the Congress in this town, not to mention, in this town, the media—

HEDRICK SMITH: Which has no liberal bias, according to a poll sponsored by the Times-Mirror Company.

WHINES JOHNSON: I think the term "liberal bias" is a weapon in the hands of the New Right. (*The panel sighs disconsolately, then smiles and nods at the camera.*)

HELEN WAN: In this town, Rick's book says, the President has a lot of power. The Congress in this town covets that power. But the people inside the White House don't like that, and there's a lot of talk that the people inside other executive agencies don't

