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THE RISE OF THE 1%: AN ORGANIZATIONAL EXPLANATION

Jonathan Murphy and Hugh Willmott

ABSTRACT

The paper adopts an organizational perspective to explore the conditions of possibility of the recent re-emergence of overt class-based discourse on one hand, epitomized by the 'We are the 99%' movement, and the rise on the other hand of a populist, nativist and sometimes overtly fascist right. It is argued that these phenomena, reflecting the increasingly crisis-prone character of global capitalism, the growing gap between rich and poor and a generalized sense of insecurity, are rooted in the dismantling of socially embedded organizations through processes often described as 'financialization', driven by the taken-for-granted dominance of neoliberal ideology. The paper explores the rise to dominance of the neoliberal 'thought style' and its inherent logic in underpinning the dismantling and restructuring of capitalist organization. Its focus is upon transnational value chain capitalism which has rebalanced power relations in favour of a small elite who is able to operate and realize wealth in ways that defy and often succeed in escaping the regulation of nation states.

Keywords: Inequality; insecurity; financialization; transnational value chain capitalism

Elites on Trial

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INTRODUCTION

This paper adopts an organizational perspective to address the re-emergence of overt class antagonisms. It is argued that corporate restructuring is central to the ascendancy of the neoliberal model of capitalism and in turn to the destabilization of social order in the advanced capitalist countries. Social relations of production sedimented within relatively stable organizational systems are being supplanted by webs of contractual networks, in which economic relationships – and network membership – can be more rapidly reconfigured to reduce costs and circumvent subaltern resistance. The rise of networked economic processes has consolidated and strengthened the position of elites (the 1%), reflected in a dramatic widening of the gap in income, wealth and power between the 1% and the 99%. This has caused class differentials to sharpen, leading to rising dissatisfaction and diverse forms of resistance on the part of the 99%, ranging from leftist popular movements to rapidly growing nativist and neofascist parties.

There has been inadequate attention within organization scholarship to the relationships between the new organization of capitalism, and class and power relationships. The primary focus in mainstream organization studies is on mechanisms for mobilizing networks to increase profits, although much work within the field of critical organization studies has taken a cultural turn, in which considerations of power and identity are decoupled from political economy. However, an important contribution to understanding the dynamics of class and class conflict in neoliberal capitalism can be made by critical organization studies through reconnecting with issues of perennial concern to critical social science. Specifically, this paper considers the wider sociological implications of restructuring of corporations around short-term contractual networks. Our analysis underlines that organizations are intensely politico-economic arenas of action, and that the development of new, networked corporate forms is central to the evolution and also to the problematic reproduction of class domination in contemporary capitalism.

This paper begins by tracing the renewed attention to economic inequality that has accompanied the extended international economic crisis. It briefly explores the outcome of the post-organizational economy in terms of growing inequality and particularly the accelerating enrichment of a small elite. It then goes on to examine how wealth is produced and accumulated within capitalism and the role of corporations in that process. It

1 discusses recent changes in the organizing of economic activity and particu-
3 larly the dismantling of the ‘traditional’ capitalist corporation and its repla-
5 cement by the value chain/‘nexus of contracts’ approach, underpinned by
7 the rise of a newly aggressive finance capitalism. In exploring the conditions
9 of possibility for these changes, it traces the restructuring of economic rela-
11 tionships to the rise of neoliberalism, a creed that has become the dominant
13 political economic thought style (Fleck, 1979) through its assiduous forma-
15 tion and development of an alliance between anti-socialist intellectuals and
17 influential representatives of business interests. After outlining some of the
19 key nodal points in economic organization that has been fashioned and
21 captured by proponents of neoliberalism, it shows how an erosion of terms
23 and conditions of employment has underpinned enhanced elite value
extraction. The paper goes on to discuss how the expansion of socially dis-
embedded, value chain capitalism has been facilitated by such mechanisms
as transfer pricing and the mobilization of unpaid labour in the creation
and branding of products. The paper concludes by summarizing the argu-
ment that the neoliberal project to reorganize capitalism by disembedding
and dismantling organizations has reversed the immediate post-War trend
of declining inequality, shifting power as well as wealth away from the
‘99%’ and towards the ‘1%’, destabilizing the international economy and
precipitating the global economic crisis, and provoking re-emergent class
antagonisms on the one hand and the scapegoating of vulnerable groups
such as immigrants and visible minorities on the other.

25
27 *Economic Crisis, Growing Inequality and the Re-Emergence of Class Conflict*

29 The international economic crisis that began unfolding overtly in 2007
31 shows little sign of ending. The overall financial infrastructure of capitalism
33 has been saved, or reprieved, through state bailouts financed through the
35 subsequent imposition of major cutbacks in the social safety net and in
37 state services in numerous countries, most harshly in the European periph-
39 ery, as countries seek to repay international stabilization loans and respond
to cutback-induced recession. Rather perversely, rather than tempering
neoliberal policies, the crisis has invited their reaffirmation, resulting in a
deepening and hastening of privatization and deregulation as well as a
vicious circle of more punitive austerity measures in order to stabilize bor-
rowing costs. By May 2012, 12 European economies were officially in reces-
sion (Rooney, 2012), and the Eurozone as a whole remained in recession
through 2013.

1 In this context, for the first time in a generation, radical public dis-
 3 courses have re-emerged. At first, these were often articulated through a
 5 familiar leftist discourse that challenged capitalism and its class inequalities. Then, in the latter months of 2011, more populist, elite-inflected slogans proclaiming that ‘we are the 99%’ were adopted in protests and occupations that spread rapidly around the globe. The self-serving ‘1%’
 7 wase held responsible for causing the crisis and then forcing the ‘99%’ to
 9 shoulder the burden of austerity. Meanwhile, the ‘1%’ remained at liberty
 to enjoy a gilded existence, assisted by the (captured) capitalist state’s dilatory efforts to rein in untrammelled tax evasion and avoidance.

11 On the European periphery, Greece, for example, has faced the brunt of
 the neoliberal EU ‘recovery plan’, having been allowed to join the
 13 Eurozone and subsequently encouraged to ratchet up its debts in a reckless
 and possibly illegal manner, for which investment banks and advisors were
 15 very well rewarded. As we write (2014), Greece is widely reported to be in a
 state of social breakdown, with one citizen appealing to the International
 17 Criminal Court to intervene in what she describes as a genocide of the
 population mandated by ‘the bond markets’ and implemented by an un-
 19 lected ‘technocratic’ government imposed on the country by the EU/IMF
 (Salemi, 2011)¹. Across Europe, public responses to the pursuit and enfor-
 21 cement of neoliberal policies has centred on the differential treatment of
 the 1% and the 99%, as was the case with the British government’s 2012
 23 budget which reduced taxes for the top 1% while cutting senior citizens’
 tax allowances and imposing VAT on cheap hot food mainly consumed by
 25 working class Britons (Midgely, 2012). Activist groups’ campaigns have
 focused particularly on examples of tax-avoiding corporate elite ‘stars’ such
 27 as Topshop’s Sir Philip Green who was enlisted by the UK Conservative-
 Liberal coalition to advise on cutting government expenditures despite hav-
 29 ing notoriously deprived the state coffers of substantial revenues through
 aggressive ‘tax efficiency’ manoeuvres (Straw, 2010). Despite UK govern-
 31 ment claims of economic recovery, between 2013 and 2014 food bank usage
 in that country rose to record levels (Eaton, 2014).

33 In a sequence redolent of the 1930s, a second phase of citizen resistance
 has combined the same rejection of elite-imposed market globalization with
 35 a nativist and even fascist scapegoating of transnational migrants who, as a
 consequence, have become doubly victims; first, they have been forced to
 37 move from their homelands in search of economic survival, and then they
 are accused of being feckless welfare cheats, petty criminals and even jiha-
 39 dists (Rooduijn, 2014). European elections of 2014 resulted in break-
 throughs for political movements of both far right and far left, ranging

1 from the overtly neo-Nazi Golden Dawn in Greece, to the first place finish
2 of the ‘reformed’ Holocaust deniers of the French Front National, to the
3 emergence on the Left of Spain’s ‘indignados’ from street movement to
4 electoral force (Leonard, 2014).

5 Globally, there is a plethora of official data consistently supporting the
6 ‘We are the 99%’ hypothesis of growing inequality. In the United States,
7 the Congressional Budget Office, examining income trends for the top 1%,
8 found that in 1980 they earned 9.1% of all income, while by 2006 this had
9 risen to 18.8% of total earned income (CBO, 2009). Paul Krugman notes
10 that ‘Between 1979 and 2005 the inflation-adjusted, after-tax income of
11 Americans in the middle of the income distribution rose 21 percent. The
12 equivalent number for the richest 0.1 percent rose 400 percent’ (Krugman,
13 2011). Similar trends exist in terms of accrued wealth; in 2010 the United
14 States top one percent owned 40% of all wealth, up from 33% in 1985
15 (Wolff, 2010).

16 In the United Kingdom, the Gini coefficient of inequality – a measure
17 comparing incomes at the top of the income distribution with those at the
18 bottom – increased from 26 to 40 in the decade to 2009 (Monbiot, 2011).
19 The income share taken by the top 1% doubled to 14.3% between 1970
20 and 2005 (OECD, 2011). Sikka (2012) reports that while the bottom half of
21 employees earned 16% of GDP in 1977, this had declined to 10% by 2010,
22 while in the same period the top 10% of earners had increased their share
23 (including bonuses) from 10% to 16%; there had been a direct transfer of
24 income share from the bottom to the top of the class ladder. The OECD
25 also noted that during the past generation the United Kingdom has
26 enjoyed progressively less social mobility and that the social benefits and
27 tax systems have become less effective in redistributing income, not least
28 because in the 30 years between 1981 and 1982 and 2011 and 2012, UK tax
29 revenues as a proportion of GDP declined from 45.5% to 37.8%, reducing
30 the state’s ambitions and capacity to deliver equal opportunity (Sikka,
31 2012).

32 This phenomenon of a growing gap between elite and average salaries
33 has also occurred within mainstream corporate life. CEO salaries have risen
34 10 times as fast as those of the workforce as a whole (Hayes & Schaefer,
35 2009), with in-company ratios of between 250 and 500 times average
36 employee salary not uncommon (Faleye, Reis, & Venkateswaran, 2010). A
37 survey of USA CEO salaries found that average CEO compensation rose
38 by 27% in 2009 (the latest period for which data are available) outstripping
39 share price increases by 10%, bringing into doubt the legitimating argu-
40 ment that elite salaries are tied to share performance (Rushe, 2011).

1 The growth in inequality has sufficiently captured public attention to
2 result in a surprising 2014 bestseller, Thomas Piketty's dense treatise
3 *Capital in the Twenty-First Century*, whose meta-analysis of historical data
4 on income and wealth concludes simply that a 'spectacular increase in
5 inequality largely reflects an unprecedented explosion of very elevated
6 incomes from labour, a veritable separation of the top managers of large
7 firms from the rest of the population' (Piketty, 2014, p. 24). Somewhat
8 overlooked in the debate over Piketty's findings about increasing inequality
9 is his equally important conclusion that while Marx's absolute law of capi-
10 talist crisis is inappropriately deterministic (the system and its internal laws
11 are not immutable), the sanguine belief of mainstream economists that the
12 system is self-correcting is equally naïve. There is no reason why destabiliz-
13 ing tendencies associated with rapidly increasing inequality should natu-
14 rally end. Without reform, Piketty argues, the inequality trend and its
15 attendant deleterious social and economic effects are likely to continue or
16 worsen.

17 Frank (2010) demonstrates that elite capture of societal resources
18 extends beyond finance and includes key factors in generationally
19 transmittable social capital (Bourdieu, 1987) so that, for example, access
20 to elite education is highly correlated to income and social class (Perry &
21 Francis, 2010; Sodha & Margo, 2010). Both Frank and Stiglitz (2011)
22 conclude that large disparities in market power cause wider social
23 changes that are generally deleterious. The wealthy have less need for
24 collective service provision as they can buy services like education and
25 health care privately. In turn, this leaches resources out of public systems
26 so that education quality declines, and minor or preventable health con-
27 ditions go untreated. Frank has focused particularly on the dynamic of
28 'stardom' which has become prevalent. Originating in entertainment fields
29 such as sports and music, mass communications have opened a wide gulf
30 between the incomes of those at the very top in comparison with those
31 even marginally below them in 'marketability' (Appadurai, 1996;
32 Crothers, 2010).

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33 The exponential increase in rewards extracted by those at the very top of
34 the income distribution impacts not only on the working and poorer classes
35 but also on the erstwhile middle class, a group created by the complex
36 embedded system of Fordist capitalism and the regulatory state
37 (Ehrenreich & Ehrenreich, 1977). A stable middle class is widely viewed by
38 (mainstream) development economists as a correlate of parliamentary
39 democracy and strong economic performance (Easterly, 2001). Conversely,
the disintegration of the middle class has been closely associated with

the rise of fascism (Burris, 1986; Guerin, 1936; Lasswell, 1933; Reich, 1933). In the second decade of the 21st century, there are significant and disturbing parallels with the widespread questioning of the moral legitimacy of the social and economic order, and the rise of populist movements including those built through scapegoating of minorities [manifest](#) in the social dislocations of the 1930s.

From the Fordist Corporation to Financialized Network Capitalism

The post-war economy was built around the ideal type of the American corporation which internalized much if not all of a production process from product or service conceptualization through production to marketing (Aglietta, 1979; Amin, 1994). Mainstream organization studies has treated this entity as a given, and so has continued to focus on its design, management, and internal life (Daft, 2009; Mintzberg, 1979) as if the golden age, or golden dream, of the great American corporation in the 1950s continued undisturbed. Many proponents of critical organization studies have adopted a more sceptical standpoint but have generally retained the organization as a relevant unit of analysis (Hatch & Cunliffe, 2006).

Mainstream analysis is built around a kernel that embraces an industrial vision of capitalism and represents a functional response to the functional requirement to organize and co-ordinate processes as they become more complex and machinery- and technology-dependent. This thinking is epitomized in Taylorist production systems and their contemporary variants and refinements in which ‘soft’ systems (e.g. teamworking) are designed with the same mechanistic vision (Young, 1990). ‘Scientific management’ has delivered industrial productivity and has resulted in a large number of white collar staff responsible for administering its systems (Andrew, 1981), paralleled by a growth in the regulatory state bureaucracy. In this established narrative, organizational design is presented as a largely linear, staged process of growing internal complexity considered necessary in order to expand scale and scope of production, *largely within the vertically integrated organization*, identified as Chandler’s (1977) ‘visible hand’. Even mainstream iterations of post-Fordist organizational design, in which partnerships and joint ventures are acknowledged to be strategic approaches, emphasize the need for ‘explicit collaboration mechanisms’ (Anand & Daft, 2007, p. 342); in other words, the necessary re-construction of productive unity even within the ‘virtual organization’.

1 Notably, classic theories of the multinational corporation emphasize a
2 staged development in which the process of internationalization is driven
3 by organizational heft, that is in turn built upon an entrenched managerial
4 hierarchy and upon bureaucratic reproduction. The archetypal (multina-
5 tional) corporation is presented as *internalizing* productive inputs that in a
6 traditional liberal capitalist model would be sourced through the market
7 (Hymer, 1970). In early transnational capitalism this approach enabled
8 multinational corporations to operate in less developed environments
9 where efficient markets did not exist (Murphy, 2008).

10 Any capitalist system is based upon the generation of profit (or in the
11 Marxist version, of surplus value), the quest for which drives continuous
12 innovation and enhanced productivity. The archetypal Fordist industrial
13 corporation permitted the concentration, the standardization and the regu-
14 lation of this process. However, this came at a price for elites (Mizruchi,
15 2013). Although the concentration of labour in one place permitted not
16 only the measurement and predictability of labour input costs, but it also
17 made it possible for workers to organize together to increase their wages,
18 leading to the creation of powerful industrial unions first in the United
19 States and later elsewhere (Preis, 1972). It also resulted in the growth of a
20 substantial managerial overhead in the form of a burgeoning cadre of man-
21 agers and supervisors hired to operate the Fordist productive system and,
22 increasingly, to administer the social contract benefits wrested from the cor-
23 poration by organized labour. The management ‘problem’ inherent in
24 Fordist production was captured by Berle and Means’s (1935) classic
25 description of a growing separation of ownership from control, in which
26 company managers are seen as tending to usurp the leadership of share-
27 holders as they organize and develop corporations in ways that enhance
28 and secure the benefits and prospects of the managerial cadre. Berle and
29 Means argue that because corporate managers’ power and prestige is
30 derived from the organization, they have a strong incentive to place organi-
31 zational growth ahead of profitability. The common interest of managers
32 and workers in the Fordist system, therefore, is in a social contract and
33 form of governance which will enable the organization to grow, enhancing
34 the powerful status of managers as the ‘captains of industry’, and assuring
35 the relative prosperity and security of workers.

36 In the Anglo-American context, this contract came under pressure dur-
37 ing the late 1960s and early 1970s as the Keynesian post-War settlement
38 began to breakdown, economically and socially, under the weight of its
39 own contradictions. Rising inflation, coupled with increased public
40 expenditure, meant that investment and growth could not keep pace with

1 the rising expectations of workers-as-consumers. State fiscal crisis was then
precipitated by the ‘oil shock’ of the 1970s as soaring energy prices fuelled
3 inflationary pressures, resulting in declining living standards for all but the
most protected and well organized of employees. This fiscal crisis signalled
5 the beginning of the demise of the Fordist social contract. It ushered in a
new era of global business processes in which mass production is out-
7 sourced to locations with repressive labour relations (cf. China) and/or
neo-feudal social and economic relationships (cf. India).

9 When addressing the post-1970s shift in corporate organization, we
consider the value chain approach (Gereffi, 2005; Kaplinsky, 1985) to be **AU:3**
11 particularly instructive. In value chain capitalism, strategic attention is
placed not on the organization but on the process chain, a network of
13 reconfigurable elements. In the loosened regulatory environment that was
established during the 1980s as part of the neoliberal strategy to reverse
15 declining profits and stimulate growth, there are multiple opportunities
for value chain reconfiguration, a process that has been described evoca-
17 tively as ‘Lego capitalism’ (Berger, 2006). By 1993, Fortune magazine **AU:4**
attributed increased profits to corporate modularization (Tully & Welsh,
19 1993). What has been characterized as a disarticulation process permits
the valuation and marketization of ever smaller chunks of the value chain.
21 In turn, disarticulation facilitates outsourcing and also provides various
other opportunities for elite enrichment, including the creation of legal
23 firewalls and transfer pricing to secure greater profit realization in low tax
jurisdictions (Prechel, 2000; Prechel & Harms, 2007). The phenomenon of
25 disarticulation is associated with the break-up of large corporate entities
into smaller units – units that are themselves regularly combined and
27 restructured, traded between holding conglomerates that may have hun-
dreds of small subsidiaries – what Ackroyd (2011) calls ‘capital extensive
29 firms’ (CEFs), ~~that form~~ part of reconfigurable value-realizing networks.
The management of subsidiaries by their holding company is typically
31 hands-off, being primarily directed to meeting financial targets; in this
sense ‘financialization’ represents and is part of a broader phenomenon
33 than the growth of the financial sector of the economy (Krippner, 2005);
it is an integral phenomenon of the ascendant neoliberal thought style
35 (Murphy & Ackroyd, 2013). The post-organizational² approach treats
each element of the value chain as an independently marketable commod-
37 ity whose assets can either be sweated and sold on or stripped (and possi-
bly rebuilt) for subsequent disposal. This financial(ized) conception of
39 organizations as disarticulated modules in value chains configured by mar-
kets for use in value extracting processes is singularly different from

1 the corporeal conception of organization presented in mainstream management texts.

3 Corporate structures are strongly influenced by state regulation; for
5 example, New Deal era policymakers' understanding of the dangers of the
7 holding company – subsidiary model resulted in legislation that, until
9 repealed, effectively limited the spread of the model (Prechel, 2000).
11 Management of today's holding companies is strategically focussed and elevated
13 apart from management of the process subsidiaries. The holding
15 companies can be structured in a number of different ways; they may be
17 stock-market traded or private firms attracting pension fund, hedge fund
19 and/or private equity investment or they may be owned directly by private
21 investors (Metrick & Yasuda, 2010). The management strategy pursued by
23 holding companies tends to converge with two key characteristics: substantial
25 and growing rewards to executives and expert intermediaries and a
27 recurrent reconfiguration and restructuring of business processes in search
29 of quick profits (Folkman, Froud, Johal, & Williams, 2007). Holding company
31 executives often have considerable shareholdings and are part of an international executive elite. Even large organizations that remain formally intact such as BT have effectively been disembowelled through the wholesale outsourcing of previously internalized functions (Colwill & Gray, 2007), while other former traditional giants have reinvented themselves to fit into the value chain model. IBM, for example, has become a specialist both in providing business process reengineering solutions (Miozzo & Grimshaw, 2011) and in delivering shared (outsourced) services.

25 These changes form part of the overall process of capitalist reinvention
27 which is typically described in shorthand as financialization. While the
29 term is widely used, there is no common understanding of its core meaning.³ Here we deploy it to indicate how decisions about the application of industrial capital, as invested in processes which produce and distribute goods and services, has become increasingly geared to the short-term pursuit of shareholder value.

31 In most accounts of the 'new capitalism', the driving force for the emergence of these financialized models is assumed to be the financial sector itself. Particular attention is placed, for example, on changes in financial sector regulation in the United States – driven by financial sector lobbying – that provided much greater scope for development and marketing of financial instruments (~~Brown, 2009~~; Davis, 2009). The possibility for securitization is in turn often attributed to advances in IT which permit development of far more complex and sophisticated investment modelling than had previously been possible (Schiller, 2003). While these regulatory and

1 technological changes provided the mechanisms whereby a shift towards
 3 financial or value chain capitalism could be implemented, *it is argued here*
 5 *that the conditions of possibility for this shift to the 'financialization' of cor-*
 7 *porations lie in the ascendance of the neoliberal thought style, and its under-*
 pinning of a reinvigorated elite hegemony beginning in the 1970s (Gamble, 2009), that enabled, and indeed invited, the financial sector to become dominant. It is to the rise of neoliberalism that we now turn.

9 *Neoliberalism and the Conditions of Possibility for Value Chain Capitalism*

11 Within any sphere or field of thought, certain ways of viewing the world
 13 tend to predominate only to be replaced by other, similarly predominant
 15 perspectives. There have been various attempts to explain the process
 17 whereby different structuring world views arise and are then replaced. One
 19 of the more flexible approaches is the 'thought style' typology conceived
 21 by Ludwik Fleck, a Polish mid-20th century biologist who noted that a
 23 number of competing broad understandings of the nature of disease struc-
 25 tured the way groups of scientists adhering to these competing viewpoints
 27 went about creating tests for its presence. The predominance of one per-
 29 spective over another was not necessarily reflective of the merits of the
 31 perspective but was dependent instead on the power, prestige, resources
 33 and effective organization of the nuclei of scientists ('thought collectives')
 35 adhering to the different 'thought styles'. In other words, the merit attrib-
 37 uted to ideas was contingent upon a number of broadly 'political' consid-
 erations. From Fleck's perspective, the development of scientific approaches is linked both to power (pre-existing resources) and the assiduousness with which certain thought collectives advocate their approach. Douglas (1986) developed and refined Fleck's ideas by specifying the ways in which thought styles structure thinking about its sphere of interest. Specifically, Douglas underlined how thought styles not only frame the way issues are addressed but also close off alternative and incompatible perspectives. In this light, the emergence of value chain capitalism, and the consequent rebalancing of power and resources towards the elite, can be viewed as an outcome of the establishment of a neoliberal hegemony or thought style that is itself responsive to historical circumstances (Douglas, 1986; Fleck, 1935), echoing Weber's notion of an elective affinity of material and ideal interests.

39 From the 1940s a small group of economists, including prospective luminaries such as Hayek, von Mises and Milton Friedman, gathered in

1 the Mont Pelerin Society (MPS) (Mirowski & Plehwe, 2009) and in a small
 3 number of other think tanks and associations. Supporters of MPS success-
 5 fully organized the capture of a number of prestigious university economics
 7 departments from erstwhile Keynesian domination in America and beyond
 9 (van Horn & Mirowski, 2009). By the late 1970s the International
 11 Monetary Fund and the World Bank had also come under neoliberal domi-
 13 nation, as evident in an about-turn in economic development orthodoxy
 15 (Kapur, 2000). The subsequent rise of neoliberalism is often presented, par-
 17 ticularly by its advocates, as the victory of a disinterested intellectual move-
 ment over its adversaries. However, from an early stage, the neoliberal
 movement was deeply intertwined with business interests that were
 attracted by the material benefits as well as the ideological confirmation
 which implementation of the MPS doctrine promised to provide. Financial
 support was provided directly by politically active businesspeople and
 indirectly through right-wing foundations established to promote business
 interests; this occurred on both sides of the Atlantic (Cockett, 1995;
 Phillips-Fein, 2009).

Neoliberal intellectuals promoted the idea of ‘free markets’ as an inte-
 19 gral part of a philosophic defence against ‘the road to serfdom’ (Hayek,
 2001), but its business supporters welcomed neoliberalism for its potential
 21 to restore and extend the power and wealth of established elites in the face
 of a perceived socialist threat. This can be seen in the MPS debate on
 23 monopoly (Van Horn, 2009, 2011) where neoliberals within MPS margina-
 25 lized classical, old-school liberals such as Jacob Viner, who advocated the
 break-up of monopolies in order to permit the operation of competitive
 27 markets. From the early days of their movement, or thought collective, the
 neoliberals were conscious advocates of a general right-wing *political*
 29 agenda in which the discipline of ‘free’ markets is *selectively* applied to
 transform workers into individualized producers and consumers, resulting
 in a concentration of power in the hands of business elites (Van Horn,
 31 2011). This agenda was reflected both by changing attitudes towards regu-
 33 lation depending on whether it was assessed to facilitate stable profit reali-
 zation (Prechal & Harms, 2007), and in support by prominent members of
 MPS for brutal dictatorships such as that of Pinochet in Chile when they
 35 were perceived to be pursuing business-friendly policies (Valdes, 1995).

Emergent neoliberalism was remarkable for the breadth of its interests.
 37 Quite deliberately, the MPS from its earliest days organized groups and ses-
 39 sions on issues as diverse as macroeconomics, the power of unions, interna-
 tional development, the structure of global governance institutions, etc.
 Action on these wide-ranging preoccupations added up to a multi-faceted

1 assault on the Keynesian class compromise that had underpinned the New
 2 Deal in the United States, and subsequently the Bretton Woods system
 3 which was established to manage global capitalism after World War II
 4 (Helleiner, 1996, p. 3). The various strands of neoliberal initiatives and
 5 their interconnections are important in understanding the logic and
 6 dynamics of neoliberalized global capitalism (Morgan, 2014). We will
 7 briefly explore six core elements – what Grinspun and Kreklewich (1994)
 8 describe as the necessary ‘conditioning framework’ – of the neoliberal
 9 agenda which, we argue, interacted to make value chain capitalism possi-
 10 ble; free trade, privatization, marketization, deregulation, restructuring the
 11 legal framework of economic relationships and reinventing international
 12 development.

13 A key formal element of the neoliberal agenda is the implementation of
 14 *free trade arrangements* at the national, bilateral, regional and global levels
 15 (Krueger, 1985). Notwithstanding the impact of free trade on overall
 16 national economic performance, it intensifies competition by exposing pro-
 17 duction processes to international cost comparison. This permits imports
 18 from low-wage economies, undercutting prices in developed countries with
 19 the (largely invisible) impact of undermining the bargaining power of work-
 20 ers while enhancing the capacity of those in work to consume. Free trade
 21 agreements also typically entail limits of the scope of state action, for exam-
 22 ple, to maintain state-run healthcare and education systems or to maintain
 23 national control of resources like water (Barlow & Clarke, 2002). Free
 24 trade is a prerequisite for the creation of transnational business processes
 25 and for the operation of value chain capitalism. Notably, the accession of
 26 countries such as China to the WTO facilitates FDI and the integration of
 27 their citizens’ low-wage labour into the global economy.

28 *Privatization* of state services is another central element of neoliberalism.
 29 While it originated as a response to perceived inefficiencies in state-run pro-
 30 ductive enterprises, it now extends into the heartland of state services
 31 including prisons (Dolovich, 2007) and even waging war (Singer, 2003).
 32 Privatization is integrated into the infrastructure of international law,
 33 whether through trade agreements as noted above, in the conditionalities of
 34 international financial institution support – such as the ‘best practice’
 35 guidelines of institutions like the OECD,⁴ or in accession requirements for
 36 transnational projects such as the European Union (Zile & Steinbuka,
 37 2001). Countries bankrupted by the scale of the global economic crisis
 38 made possible by neoliberalism which sanctified unchecked financialization
 39 are, ironically, required, as a condition of financial support, to engage in
 further privatizations and other neoliberal restructuring (Gabor, 2010). In

1 most dramatic form, this medicine has been applied in Greece as well as in
several other Eurozone countries, leading to further economic damage and
3 serious social unrest (Wolff, 2011). Restrictions on state-operated organiza-
tions strengthen the neoliberal corporate norm, and privatization typically
5 weakens trade unions and worker protections in general. Frequently, priva-
tized services are disassembled in a series of value chain processes, some of
7 which can be outsourced, including offshore. For example, when British
Rail was privatized it was broken up into a variety of processes as well as
9 geographic service companies, with ticket booking and customer enquiries
offshored to India (Nadeem, 2009).

11 *Marketization* – closely linked to privatization – is typically defined as
the introduction of market incentives in public services. Neoliberals such as
13 the Chicago School economist Friedman (1997) urged the introduction of
education vouchers, thereby allowing parents of children in State schools
15 to ‘choose’ their children’s school. Marketization changes the nature of the
citizen’s relationship to the state into one of individualized consumer. The
17 introduction of substantial fees for university education, for example,
instrumentalizes learning as a monetary investment that is calculated to
19 reap a financial reward later (Latimer et al., 2011), rather than a social
good. Teachers and professors are expected to facilitate students gaining
21 their diplomas and are disciplined through ‘measurement by results’.
Marketization tends to de-professionalize and potentially proletarianize
23 these employees as their scope for self-regulation, and exercise of discretion,
is circumscribed and harnessed to metrics imposed by an elite managerial
25 cadre. Market discipline has of course long been a management tool in the
private sector, involving the routinization of tasks, permitting outsourcing
27 and/or deskilling and thereby curtailing labour costs (Braverman, 1974).
Public sector marketization expands the opportunities for value chain
29 capitalism and limits or precludes the possibility for alternative models of
economic organization.

31 *Financial deregulation*, another key demand of neoliberals, underpins the
logic of value chain capitalism. Deregulation, combined with currency con-
33 vertibility and internationally enforceable property rights, permits speedy
cross-border capital flows. It thus facilitates rapid reconfiguration of value
35 chains, with operations shifted seamlessly from location to location.
Deregulation also simplifies securitization, severing dependence on internal
37 capital reserves, and again permitting business processes to be re-
engineered and sold on. Financial deregulation enables elites to easily evade
39 labour rent-seeking efforts by reorganizing the productive process to
bypass real and potential resistance points (Soederberg, 2011).

Another important strand of neoliberal activism involves *restructuring legal relationships* to fit neoliberal ideological precepts. In early neoliberalism, two aspects were particularly emphasized: limitation in the freedom of action of trade unions (Hayek, 2001) and definition of property rights to exclude collective initiatives (Alchian & Demsetz, 1973). The objective in both areas was not only to simply facilitate capitalist economic activity but also to change the ways in which people conceptualized the world around them. The naturalization of individualized economic relationships (as opposed to collective or class relationships) and the aspiration to home ownership (as opposed to social rights to secure and affordable living space) invite acceptance of the neoliberal world view as a whole. Most recently, neoliberal legislative reform campaigns have resulted in the construction of a corporate legal personality that grants quasi-human rights to the corporation (such as the right to engage in politics) and also insulates corporate executives from legal and moral responsibility for corporate actions (Veldman, 2011).

Concerning trade unions, Hayek emphasized the need to end what he considered harmful ‘collusive’ relationships between employers and unions (Richardson, 1993), where both sides aimed to balance their differing interests (in the vein of the so-called ‘German model’). Neoliberal thinking influenced governments to ‘take on’ unions in set-piece disputes, particularly in the Anglo-American context, such as in the Reagan administration’s 1981 conflict with air traffic controllers (Farber & Western, 2002), and the Thatcher government’s mid-1980s dispute with the National Union of Mineworkers (Towers, 1989). The defeat of trade unions in these disputes decisively recast common understanding regarding the nature of labour relations along neoliberal lines, entrenching another key aspect of the neoliberal thought style in politico-economic thinking. In the European context, unions have tended rather to be co-opted into permitting outsourcing and offshoring in return for job and social protection guarantees, although this negotiation is again structured by the constructed ‘inevitability’ of neoliberal globalization. The defeat, or co-optation, of unions has been critical as they potentially presented a serious barrier to outsourcing and the creation of global value chains.

Similarly, in relation to home ownership, the UK Thatcher government’s ‘right to buy’ policy, providing tenants of government housing (‘council houses’) with a legal right to purchase their homes at preferential rates, was a highly effective tool in cementing and universalizing attitudes towards home ownership and, more generally, class orientation (Jacobs, Kemeny, & Manzi, 2003). The expanded marketization of the real estate

1 sector also provided expansive opportunities for financialization and securi-
2 tization. Indeed, it was the extension of real estate markets into the highly
3 speculative field of mortgages designed expressly to attract the poor and
4 insolvent – particularly in the United States and United Kingdom –
5 which, as a consequence of securitization, massively inflated the unsustain-
6 able bubble that ultimately exploded into the sub-prime crisis and set off
7 the global recession (Roubini, 2008; Willmott, 2011). More generally, a
8 consequence of unleashing the neoliberal thought style has been an expansion,
9 concentration and deregulation of financial institutions, and especially
10 the banking and insurance sectors. Their core business is debt and its insurance,
11 and their exponential growth since the late 1980s reflects the explosion
12 of indebtedness by individuals and states as well as the high leveraging
13 of assets by corporations.

14 Finally, neoliberals placed considerable emphasis on *restructuring the*
15 *international political economy*, particularly through domination of the
16 International Monetary Fund, World Bank and WTO, as well as regional
17 development banks and institutions such as the OECD. During the 1980s,
18 several leading neoliberals secured senior management positions in the
19 IMF and World Bank, and set about reshaping the theory and practice of
20 international development. Developing countries were no longer encouraged
21 to pursue national industrialization policies but would rather be
22 expected to seek export markets for their (mainly primary) goods. They
23 were also required to shrink the size of their state administration and
24 reduce investment in higher education (Murphy, 2008; Plehwe, 2009).
25 These policies were enforced through ‘policy conditionality’, a new international
26 development funding modality that was rapidly adopted as an international
27 norm by most bilateral and multilateral international development
28 organizations. Policy conditionality tied provision of aid to adoption of a
29 broad range of neoliberal policies (~~Cammack, 2001;~~ Cooke, 2004; Mosley,
30 Harrigan, & Toye, 1995). This renegotiation of development paradigms has
31 been a more important feature of the neoliberal project than is generally
32 acknowledged. ~~Whether purposefully or unintentionally, neoliberal policies~~
33 ~~have permitted the integration of third world workers into the bottom rung~~
34 ~~of the global labour force, creating the final, essential condition for the full~~
35 ~~implementation of value chain capitalism. This has resulted in a strong~~
36 ~~downward pressure on wages worldwide (see discussion of global labour~~
37 ~~arbitrage below). For advocates of neoliberalism, the integration of develop-~~
38 ~~ing economies, even those nominally under ‘Communist’ governments~~
39 ~~such as China and Vietnam, into a global neoliberal economic system has~~
the welcome effect of reducing or even eliminating the risk of alternative

1 economic and social paradigms being embraced. As the neoliberal thought
 2 style comes to dominate the field, its general acceptance effectively pre-
 3 cludes consideration of alternatives (Douglas, 1986), at least until the point
 4 at which its contradictions can no longer be contained (e.g. the need for
 5 huge state bailouts to avert financial meltdown).

6 While neoliberalism can be considered in terms of its constituent aspects,
 7 as explored above, it would be a mistake to regard it as a complex net-
 8 worked programme of conspiratorially planned actions. The core principles
 9 of neoliberalism are simple, even if advocates and opponents alike might
 10 quibble over their wording. Harvey (2005, p. 2) defines it as the belief that
 11 ‘human well-being can best be advanced by liberating individual entrepre-
 12 neurial freedoms and skills within an institutional framework characterized
 13 by strong private property rights, free markets and free trade’. In ~~the con-~~
 14 ~~text of~~ established capitalist economies, or in other contexts where people
 15 aspire to what these economies deliver, this conception of the key to well-
 16 being has an appeal that is largely blind to its politico-economic implica-
 17 tions and contradictions. The neoliberal thought style is concentrated initi-
 18 ally in the economic field, but its logic reaches into deeper attitudes and
 19 perspective on politics and society. The thought style provides a ‘condition-
 20 ing framework’ as discussed above, that shapes and animates actors’ atti-
 21 tudes and actions in their domains of interest and intervention. Moreover,
 22 the thought style notion provides a structuring explanation for elite
 23 conduct that offers an alternative to critical scholars’ attribution of self-
 24 interested and systemically perilous behaviour to individual executives’
 25 personal wickedness (Perrow, 2010). In each of the six key targets of neoli-
 26 beralism explored above, the neoliberal thought style promotes organiza-
 27 tional restructuring which extends from a ‘free trade’ reorientation of
 28 economic activity vis a vis export markets, to the sphere of family life
 29 where freedom and autonomy is instantiated in the privatization of hous-
 30 ing. We next turn to the interactions between the neoliberal thought style,
 31 organization and the reinforcement of elite domination.

33
 34 *Organizing Exploitation: Elite Domination, Value Extraction*
 35 *and Tax Avoidance*

36 The supplanting of institutionalized, Fordist relationships by reconfigur-
 37 able value chain processes, we have argued, is manifest in a cascade of
 38 impacts on the organization of the economy as well as on relationships
 39 between different economic actors (Davis, 2009; Lounsbury & Hirsch, 2010).

1 The eclipse of the integrated, Fordist corporation, as well as the dismantling of the integrated state, have further skewed power relations within
 3 economy and society in favour of elites as the resources mobilized by oppositional forces have been destroyed or outlawed and forms of critique have
 5 been recuperated (Boltanski & Chiapello, 2005).

AU:5

We now explore more directly how the disembedding and disarticulation
 7 of organizations operates to the benefit of the 1%, as we contend that a primary impact of the neoliberal thought style has been to change how surpluses are allocated by reinventing the system of production and distribution, extracting it from its institutionalization in the vertically integrated organization. By relying more heavily upon markets within and between organizations, the mutuality that existed within the institutionalised corporation has been eroded, thereby permitting enhanced profits that, further, are increasingly exempt from socialized tax obligations.

15 In the neoliberal mythology of free market capitalism, contractual relationships are always between equals. However, by breaking down value processes into ever smaller chunks that can be performed by production units located anywhere in the world, and in the context of the free international movement of capital, goods and services, those controlling the strategic configuration of value chains are able to maximize *their* share of overall income to the detriment of others who are squeezed by the threats posed by capital mobility. Costs are incurred in low-wage economies and revenues are realized in high priced markets. This advantage, which is enjoyed disproportionately by elites, leads to growing income and wealth disparity. It also produces increased instability in the economy. In the context of wholesale outsourcing of production, income declines in the high-wage economies where, historically, the engine of growth has been fuelled. For several years, declining income was concealed, or offset, by exponential growth in personal credit, a bubble whose bursting triggered the current global crisis but also, with few exceptions, perversely consolidated the dominance of financial institutions in relation to nation states. This dominance of financial institutions and the associated continuation of financialization is evident in the simultaneous bail-out of banks, the squeeze on public services in order to pay for the bailouts and the reliance on credit to compensate for the absence, or falling value, of wages.

It is often argued by mainstream economists and organization scholars
 37 that outsourcing simply reflects the creative destruction inherent within capitalism as economic functions are carried out in the location of maximum economic efficiency. In this perspective, it is anticipated that manufacturing jobs in the West will be replaced by higher value employment, for

1 example, in design and innovation. It is imagined that the world can profit-
 2 ably be divided between, ‘Those who grow; those who make; those who
 3 create; those who coordinate’ (Czinkota & Ronkainen, 2005, p. 117). When
 4 some areas of the West lose jobs, such as America’s Rust Belt or Britain’s
 5 West Midlands, other areas gain, like Silicon Valley or London’s City. This
 6 win-win account obscures the potential for elite extraction of additional
 7 value through the dynamics of global value chains. Stephen Roach,
 8 Morgan Stanley chief economist, noted as early as 2004 that, ‘Wage rates
 9 in China and India range from 10% to 25% of those for comparable-
 10 quality workers in the United States and the rest of the developed world.
 11 Consequently, offshore outsourcing that extracts product and/or services
 12 from relatively low-wage workers in the developing world has become an
 13 increasingly urgent survival tactic for companies in the developed econom-
 14 ies’ (Roach, 2004).

15 Smith (2008, 2011) extends this argument in a more critically radical
 16 direction, noting that although an increasingly large proportion of consu-
 17 mer goods are produced in developing countries, only a small proportion
 18 of the overall value of the goods is realized in those countries. There are
 19 numerous accounts of different finished goods that are largely produced by
 20 developing country labour but the bulk of their value is realised in devel-
 21 oped countries, of which the iconic Apple Corp. products are probably the
 22 best known example (Xing & Detert, 2011). Kraemer, Linden, and Dedrick
 23 (2011) calculate that only around 2% of the cost of the iPad and iPhone
 24 actually contributes to China’s GDP: ‘Much of the value in high-end pro-
 25 ducts is captured at the beginning and end of the process, by the brand and
 26 the distributors and retailers’ (Barboza, 2010). Similar calculations for pro-
 27 ducts such as shoes manufactured in Central America reveal a similar pic-
 28 ture of a miniscule proportion of product value remaining in countries such
 29 as the Dominican Republic (Smith, 2011). Despite modestly rising wages in
 30 China and other developing countries, these remain many multiples below
 31 Western levels – the *purchasing power* of Chinese workers’ salaries in 2010
 32 was only 6% of that of US workers with the nominal income even smaller
 33 as a proportion (De Regil, 2010). Chinese workers provide their labour in
 34 conditions of repressed free speech, restrictions on physical movement and
 35 absence of free trade unions (Pun & Smith, 2007) – undermining the cred-
 36 ibility of the neoliberal argument that their incorporation in the global
 37 economy reflects ‘efficiency’ rather than simple exploitation. Similarly, in
 38 India, the major service outsourcing location, global economic integration
 39 occurs in a society still widely structured according to feudal social rela-
 40 tionships, so that the labour released to function in global enclaves is

1 underpinned by a caste-oppressed underclass of support workers (Murphy,
2010). Again, the neoliberal argument of a global ‘free’ labour market is
3 not well grounded.

Global labour arbitrage substantially increases the surplus value that
5 accrues to elites controlling transnational value chains. A key feature of
value chain capitalism is also, however, the increasing proportion of value
7 assigned to intangibles such as branding and other ‘intellectual property’.
Lego capitalism’s value chain disarticulation has resulted in a relative
9 decline in the status of the physical production process – which, as we
have noted, can be reconfigured largely at will – and a substantially
11 increased share of value captured in the branding process (Willmott,
2010). This phenomenon is significant not only because it provides a vehi-
13 cle for further strategic elite value capture but also because of the intangi-
ble nature of intellectual property whose value can therefore be realised
15 anywhere. Although under Fordist capitalism the corporation had little
choice but to realize its profits in production and/or sales locations, brand
17 property can be vested in offshore corporations in tax havens, and increas-
ingly in pseudo-havens such as the Irish Republic with very low corpora-
19 tion tax rates (Desai, Foley, & Hines, 2006). Just as outsourcing under
Lego capitalism undercuts workers’ bargaining power, so states’ bargain-
21 ing power is undermined by the ability of holding corporations to re-
assign value realization locations at will and thus realize profits in the
23 most advantageous location, leading to the transfer of tax burden from
corporate to individual tax and state financing crises (Avi-Yonah, 2000).
25 Declining state revenues and consequent budget deficits increase pressures,
and amplify calls, to reduce state administration costs, driving a vicious
27 circle of privatization and outsourcing, thereby more deeply embedding
value chain capitalism and the neoliberal thought style into the heart of
29 state decision-making.

The developments discussed above indicate how corporate restructuring =
31 ~~for example, Lego capitalism~~ operates to shift wealth from its producers
to corporate investors. This wealth is then retained, rather than redistrib-
33 ted, through the use of tax havens by major corporations and members of
the global elite to shield their wealth from taxation and public scrutiny.
35 Such havens have been used for the past 100 years but their importance in
the global economy has grown exponentially since the 1970s. They have
37 been associated with rapid movements of capital and with global financial
instability (Larudee, 2009). Ninety-eight of the ‘blue chip’ FTSE 100 com-
39 panies have tax haven subsidiaries, with many having several hundred

(ActionAid, 2011). It is well known that corporations involved in major fraud scandals have made extensive use of tax havens – such as Enron (Larudee, 2009), WorldCom (Sikka, 2010), Stanford Financial Corporation (Dhesi, 2010) and Madoff Investment Securities (Palan, Murphy, & Chavagneux, 2010). However, their use is by no means restricted to ‘rogue capitalism’. For example, GlaxoSmithKline has used tax havens to reduce tax exposure on drugs going off-patent during the 2000s. The three major banana suppliers Dole, Chiquita and Fresh Del Monte minimized global taxation through distribution via a Bermuda-registered subsidiary, and Honda made use of tax holidays offered by the Chinese government to attempt to reduce its tax exposure in higher rate jurisdictions (Sikka & Willmott, 2010). Aggressive use of tax havens has become the norm and is used widely by the iconic giants of contemporary international capitalism such as Google, Amazon and Starbucks (de Graaf, 2013).

The use of tax havens has been driven by the activities of major consulting/audit/accounting companies that design tax avoidance vehicles, frequently making use of offshore financial centres and in particular transfer pricing, described euphemistically by KPMG as ‘Tax Efficient Supply Chain Management’ (Sikka & Hampton, 2005). Tax havens are also associated with innovative corporate structuring such as ‘cell companies’ that isolate liability in a plethora of ‘cells’ within an overall ownership umbrella (Sharman, 2006). The tax and liability avoidance mechanisms developed in tax havens are also available within developed country jurisdictions (Sharman, 2011). It can also be seen how this ‘cell’ approach to tax minimization dovetails with the structure of value chain capitalism in which holding companies control hundreds of units or cells.

Notwithstanding the substantial leakage of potential tax revenues – already estimated 10 years ago by the UK-based Tax Justice Network at \$255 billion on the \$11.5 trillion-plus of assets held in offshore financial corporations (TJN, 2005) – and the parlous state of state finances globally, the UK government in its 2011 budget introduced a special tax rate of 5.75% instead of the then standard rate of 23%, for companies running their internal banking through a tax haven subsidiary. This move, apparently driven by a desire to attract more corporate headquarters to the City, is indicative of the impact of tax havens in encouraging legitimate states to bid down their tax rates for both corporations and wealthy elites, and also the complicity of governments with elites using globalization to evade taxation.

CONCLUSION

Proceeding through three stages of analysis, the first part of this paper explored the evidence regarding a growing gap between a small elite and mass of the population. There has been a demonstrable, substantial shift in income and wealth towards the ‘1%’ – a shorthand for a small elite that has benefited disproportionately from the new global economy. Shifts in the global economy were then linked to the emergence and eventual domination of the neoliberal ‘thought style’ built through the assiduous advocacy of its adherents. A central focus of the neoliberal programme was the dismantling of institutionalized organizations, including the traditional corporation, where stubborn residues of extra-market relationships of mutuality are embedded. Key arenas of neoliberal interventions – the promotion of free trade, privatization, marketization and deregulation, restructuring the legal frameworks governing economic relationships and redefining the international development agenda – were then examined. The redefinition of international development to emphasize integration into global production processes was crucial in order to draw new actors into the lower reaches of an emergent global value chain economy. The stretching of value networks across national boundaries in a loosened regulatory environment has provided opportunities for global labour arbitrage – driving labour costs down by incorporating new and vulnerable sectors into a globalized workforce – and the use of offshore havens where the elite can maximize their wealth largely free of scrutiny, regulation or taxation. These phenomena account for the shifting balance in wealth and power in favour of the 1%.

The organizational transformations and power rebalancing entailed in value chain capitalism have received inadequate attention within both organization studies and political economy. For organization studies, this weakness in tracing and understanding broad transformations in organizational structuring and their connection with wider political economy is an inevitable outcome of the narrow internal focus of most scholarship in the field, even of the critical variety (Morgan, Froud, Quack, & Schneiberg, 2011). Although most theories of organizational change acknowledge the existence of an ‘external environment’ that has some impact on organizations (Kezaar, 2011), the role of politics and power in structuring that ‘environment’, to which corporate elites directly or indirectly contribute (e.g. through the Mont Pelerin Society and the neoliberal movement as a whole), is generally marginalized, perhaps because many contributions to

1 this field take the focus of organization studies to be the de-politicized
3 ‘organization’ abstracted from its politico-economic conditions of possibi-
5 lity and reproduction. Yet, as we have shown, the impact on organizations
of the ascendancy of neoliberal thought style has been extensive and perva-
sive and has led to thoroughgoing transformations in their forms and
processes.

7 Organization of any kind embodies and sediments dominant ideology
9 and power relationships. However the market-based contractual relation-
ships that are at the core of the neoliberal thought style release elites from
the social contracts inherent in socially and geographically embedded
11 institutionalized organizations, providing unimpeded control of the (re)
configuration of transnational value chains. The thought style also pro-
13 vides a moral justification and policy rationale for elites to relentlessly
advance ~~further and~~ ever more comprehensive neoliberal restructuring of
15 economic and social relationships. The neoliberal ideology or thought
style facilitates the empowerment and enrichment of the elite through the
17 systematic disavowal and dismantling of relationships of mutuality.
Within a weak regulatory environment, itself conditioned by the hege-
19 mony of the neoliberal thought style, alternative, subaltern strategies are
systematically disavowed and undermined. To be clear, we are not arguing
21 that work organization(s) are reducible to a conveyor belt for class rela-
tionships; they are also a locus for the enactment of broader social rela-
23 tionships and frictions, and impacted by the configuration of forces and
dominant ideologies. However, conflict over power and resources between
25 competing class interests is a central and enduring theme in the politics of
organization and so must become a key preoccupation of the study of
27 organization(s) when such study is located within the field of critical social
science.

NOTES

33 1. The United Nations independent expert on foreign debt and human rights,
Cephas Lumina, has warned that, “the austerity measures and structural reforms
35 proposed to solve Greece’s debt crisis may result in violations of the basic human
rights of the country’s people” (UN, 2011).

37 2. Post-organizational as viewed in mainstream organization studies
terms; in which the organization is invested with quasi-corporeal qualities
(Cornelissen, 2005).

39 3. Financialization refers to at least three interconnected and interdependent phe-
nomena. The first is the tendency for the financial industry to assume an ever

greater influence in economic policy-making (Phillips, 2006, 2008). The second is the emergence of marketized finance as the primary source of corporate investment, in place of accumulated capital (Hudson, 2010). Finally, financialization is used to refer to the tendency for the financial industry and its instruments (such as real estate) to represent an ever greater share of economic activity in comparison with productive industries such as manufacturing (Crotty, 2009).

4. See OECD Global Network on Privatisation and Corporate Governance of State-Owned Enterprises, available at http://www.oecd.org/document/56/0,3746,en_2649_34847_40097080_1_1_1_1,00.html

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