1 Business social ideas in the making

By the 1950s Britain could claim the longest record of experience of
'capitalism' in the Western world. Having largely pioneered the earlier
mutations, she had now switched to the status of a 'mixed economy'. This
could be regarded as an example either of the British 'genius for com-
promise' or of 'muddling through'. It could be greeted as a stepping stone
to a more humane system, or by others deplored as semi-socialism or
rampant statism. Britain's 'mixed economy' appeared to be well en-
trenched and aided by a broad political consensus. What no one could
have predicted was that from about 1960 onwards further massive
changes in the system would occur with accelerating speed. A situation
which had been widely lamented as 'stagnant' or 'complacent' in the late
1950s would give way to extreme volatility, with Britain's political econ-
omy going through dramatic mutations.

The 1960s witnessed intensified efforts to make the 'mixed economy'
work through 'planning', industrial strategy, diverse state interventions,
prices and incomes policy. The post-war 'middle way' remained the in-
spiration for variations on a familiar theme. The 1970s, by contrast,
would prove a decade of turmoil and disillusion. The 'middle way'
appeared to crumble under the weight of stagflation, international pres-
sures, political polarisation, industrial disputes. A bewildering series of
'U-turns' would emerge as successive governments switched from mild
disengagement to an intensified *dirigisme* by 1972–74; then from left-
wing experiments back to a war-weary centrism by 1977–79. Then came
the biggest change. The 1980s brought the initiation of a purer 'market'
model. 'Thatcherism' involved a decisive ending of efforts merely to
revise or update the post-war settlement. Once again Britain became a
cauldron of experiment, but this time for free market capitalism and the
'New Right.'

Throughout the period from the 1960s to the 1990s there was in-
tensifying debate on Britain's lagging economic performance, while
perennial controversy about the rights and wrongs of 'capitalism' as a
socio-economic system persisted. Keynes and Beveridge had bequeathed

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2   Capitalism in contention

a concept of benign compromise, of a system still market-based but
subtly co-ordinated to ensure high employment and greater security.
Revisionist socialists such as Anthony Crosland thought such a system
compatible with increased equality and expanding social services.
According to some observers, the 'mixed economy' was the mode towards
which advanced systems were converging, anyway. What mattered was to
improve it, whether by increasing its 'public' elements (J. K. Galbraith),
raising its moral standards (J. M. Clark), reforming its industrial relations
(Henry Phelps Brown) or strengthening the ability of its key elements,
government, civil service, business, labour, to co-operate intelligently, a
field where Britain also appeared to be lagging (Andrew Shonfield).

Many others, however, rejected the 'mixed economy'. They included
traditionalist socialists, a new wave of 'small is beautiful', 'green' or 'post-
industrial' exponents, and, not least, believers in a purer 'market' model.
To the latter the 'mixed economy' was at best a flabby, inefficient com-
promise, at worst a slippery path to central socialism or even 'serfdom'.
By the 1980s and 1990s their views would be riding high. A more free
market 'capitalism' appeared to be gaining global ascendancy.

The starting-point of this book can be simply stated. Neither the suc-
cessive policy phases nor the controversies about 'capitalism' can be fully
understood without reference to the roles and attitudes of the business
class, in particular the top controllers of industry, distribution and
finance, and the leaders of organised business. Just as business elites had
played key roles earlier in the upsurge of innovation, trade and empire,
and in the long and still continuing decline of British economic power, so
they would become leading actors in the sagas of 'tripartism', industrial
relations and a semi-negotiated economy, and later in those of mon-
etarism, privatisation, deregulation and 'Thatcherism'. In discussions
about economic performance and 'capitalism', too, their strengths or
weaknesses would continue to hold centre stage. It had been thus during
the earlier controversies about the 'capitalist' as hero or exploiter, the
'entrepreneur' as pioneer or source of decline, the corporate manager as
rational planner or focus of anti-social power. Now competing theories
would picture business interests as potential 'social partners', agents of
spoliation or materialism, victims of state imposition, or catalysts of
renaissance in revived competitive markets.

But despite the continuing importance of the business elites their ideas
on public issues, political economy and society have received no specific
attention. Their social opinions and concepts have been almost wholly
neglected. No doubt, this reflects conventional theories of political econ-
omy and lack of cultural esteem as well as under-articulation. The lime-
light has nearly always been taken by politicians, media commentators or

public affairs pundits. Our historical perceptions have similarly been dominated by memoirs, studies or stereotypes from non-business sources even when, as so often, sweeping models of 'business' itself have been employed. Even our thoughts about 'capitalism' have remained virtually untouched by the 'inside' views of the 'capitalists' themselves.

An articulate elite and its social ideas

This book grew out of a long-term study into the social ideas of business leaders since 1960. Our aim was to illuminate some dark corners and to contribute to both theory and policy thinking. Our main focus would be on the nature, sources and development of business *ideas*. Issues of business *influence* on policy or public opinion would be relevant to this but more tenuous and harder to discern, particularly for such a recent period. 'Business leaders' we defined as chairmen or chief executives of the largest enterprises, top people in the 'peak' representative business bodies, and national opinion leaders within other parts of the business community. 'Social ideas' would relate to economic performance, policy and organisation, and to politics, society, socio-ethical values.

We investigated a wide variety of sources, first in the public domain: memoirs, articles or published lectures, management journals, press reports, speeches in public forums, official statements by national business agencies. We undertook a pioneering examination of the internal records of the chief 'peak' organisations of business, relating to their main committees, governing bodies and leading people, and their discussions with government or other bodies (chiefly the Confederation of British Industry, its predecessor bodies, the British Institute of Management, and the Institute of Directors). In many cases interviews provided additional insights into people's underlying assumptions or visions, the sources of their ideas, their recollections of key incidents and personalities, and how things felt at the time.

Our work soon focussed on some 170 articulate business leaders: mostly company chiefs, who constituted about 25 per cent of the total number of heads of the largest enterprises during the period. However, our main concentration was on a core sample of 68 who made particularly substantial, varied and sustained contributions. Most of these, too, were heads of large concerns (rather less than 10 per cent of the total); some were leading officials of the peak business bodies; some achieved high profiles through sheer impact of personality and belief. Many were, or still are, familiar names, often because of their business prowess: many others deserve to be better known. The articulators generally were not necessarily representative of the whole business elite. The proportion with

university backgrounds was probably rather above average; predictably, too, the numbers engaged in other forms of public activity. Financial interests were under-represented: so, more markedly, were small firms and founder-entrepreneurs. No doubt the articulate business leaders also stood out from their peers in more qualitative ways. In varying mixtures, their attributes of public concern, opinionatedness, political ambition or sheer eloquence would have been particularly marked. Their claim on our attention is as influences on business opinion, exponents of leading view-points, and contributors to both public policy thinking and social ideas.[1]

The articulate business leaders had come to public issues in diverse ways. Some confessed to lifelong interests in public affairs, economics or politics: for most such interests developed in mid- or late career. Influences going back to family, school or early formation were nearly always cited: childhood lessons about right and wrong, teachers or books, formative exposures to social conditions. Other contributory influences included corporate traditions or role models, overseas visits or postings, periods of work outside business, work in trade or industry bodies. Sometimes arrival in a leading role at the top of the CBI or another key organisation marked the entry point, occasionally a career move or sec-ondment into a semi-public role. For the large majority there was a distinct widening of interests from pure business: often this signalled some perception of collective business imperatives, national crisis or social needs.

A choice had to be made in our approach to the material. Economists, sociologists or political theorists would tend to start out from familiar conceptual frameworks or models of business, as would historians influenced by their assumptions. However, we decided against organising the material along such lines. To do so might be unfair to the data we needed to uncover, particularly through unexplored archives. It might unfairly cramp the business voices in 'speaking for themselves'. It might also have the effect of prejudging business social ideas in certain ways, for example as fragmented, reactive or derivative. Instead, we thought it preferable to scour the ideas for distinctive patterns or trends. This would mean following through the views of particular individuals, groups or peak bodies over long periods. It would involve examination of under- or half-statements, looking beyond professions of pragmatic 'anti-dogma', teasing out value positions from imagery, metaphor, citation, personal narrative. There would, however, be no question of pure 'empiricism' since we had some central hypotheses as to categories, typologies or trends (see below).

Three highly influential stereotypes continue to overshadow this field. All of them draw strong support from mainstream economic theories of

markets, competition and 'the firm'; also from interest group theory and
classical liberal or pluralist ideas of politics. They underlie the scepticism
we met among many academic colleagues as to the viability of this pro-
ject. It is a striking feature that the stereotypes should be shared by
people of widely varying ideological persuasion: by free market enthusi-
asts zealous to portray business in their own image as well as by 'anti-
modern' disdainers of business, or by left-wing, 'green' or 'post-capitalist'
critics.

First comes the common conception that business leaders are allergic
to public policy thinking, uninterested in social ideas, or at least so
absorbed in running the firm that they have little opportunity for anything
else. Secondly, it is widely thought that business people's views on public
affairs are likely to be mere reflections of corporate or commercial self-
interest, or, in some versions, 'profit maximising', 'special interest lobby-
ing', 'class interest' or 'pursuits of power.' On these grounds some would
see them as impertinent or intrusive, an abuse of economic power, an
arrogation of tasks appropriate only to elected or constitutional authori-
ties. Third comes the related view that any pattern of business ideas is
likely to be homogeneous, perhaps even a single 'business ideology', and
predictable in content.[2]

Our inclination was to question all three stereotypes. The thesis of
economic obsession or public uninterest might be undermined if a signi-
ficant minority of business leaders were found to have made serious, sus-
tained contributions to civic discussion. The theories of 'self interest'
appeared to us as reductionist and likely to be empirically sterile, perhaps
even circular, given their initial definitions or preconceptions. Our view
was that while corporate, class or managerial interests would often con-
flict with those of other groups or with public interests, such conflicts
were not inevitable. This was not to see business leaders or their repre-
sentative bodies as necessarily idealistic or altruistic. Rather, it was a
question of trying to do justice to the complexity of human motivations:
the intellectual or aesthetic attractions of larger ideas, the lure of public
affairs, the desire for honours and repute, perhaps the phenomenon of
'shifting involvements' from private to public concerns at points in indi-
viduals' life cycles.[3] There was also a possibility that large representative
organisations of business might be able to transcend crude sectionalism
to some degree, through 'encompassing' a wide range of interests.[4] As for
the stereotype of a convergent, predictable business 'ideology', this we
viewed as the most suspect of all, even though we were aware that to
pursue a contrary hypothesis, of multiple, competing business ideologies,
would entail some risks.

How far would the business social ideas be *distinctive*? On the one hand,

they were unlikely to be purely derivative, taken 'off the peg', or selected from the offerings of economists, politicians or social theorists. This would discount the role of relevant social concepts within the business community; also the likely influence of people's working experience. The opposite thesis, of complete autonomy, would be equally, if not more absurd. More plausible was the idea that 'imports' from outside, whether of isolated ideas or full-blown ideologies, would be 'processed' or 'treated' in various ways. For example, the business leaders might tone down or moderate doctrines perceived as 'unrealistic' in business terms or 'too extreme'. They might make distinctive additions to the 'imports', applying them to business systems and cultures in greater depth, perhaps emphasising a continued or changed role for business in relation to future or ideal states.

Could the business social ideas meet demanding requirements of *content or substance*, as a condition for qualifying as 'ideology'? In this respect they would need to cover interpretations of business's place in the economy and its relationships with other interests, government and society. Such understandings would be part-historical, part-contemporary, part-predictive. They would include some sort of model of Britain's economic predicament, its historic sources, current attributes and possible remedies. Included would be concepts of virtue, the 'good life', the 'good society'; varying degrees of priority to the most widely discussed social values in civic debate (change *versus* continuity, freedom, democracy, equality, justice, community, solidarity, prosperity); relative preferences in political economy as between competition, direction and co-operation. There would be prescriptions for desirable change, notions of ideal states; also ideas for methods and instruments. On certain definitions of 'ideology', the presence of 'core conceptions', integrating a whole pattern, could be viewed as a further test.[5]

Finally, the notion of 'ideology' also includes the issue of *conflict*. Differences would be unavoidable in ways of interpreting or predicting the world, in weighting social values, in prescribing ideals or changes. But how far would contrasting *patterns* emerge, and how actually or potentially *conflictual* would these be? We were sceptical about previous classifications of business social ideas. Indeed, the list of typologies we saw as inadequate was a long one. It included a vague polarity of 'progressive' *versus* 'conservative' or 'cosmopolitan' *versus* 'parochial'; a too-selective picking out of categories like 'humanist' or 'corporate liberal'; a purely sectoral-economic or reductionist contrast of 'City' *versus* 'Industry' or between industries. Still less satisfactory would be an extrapolation of conventional economic/political labels such as 'free market' or 'mixed economy', let alone 'right', 'left' or 'centre'. Though

doubtless borrowing heavily from such ideas, business would be likely to form its own constellations.

Ideas of management, the firm and 'business ethics'

Ideas about management, particularly as propounded by outside theo-rists, appeared unlikely to prove a fertile source of social ideas for business leaders. The reason for this is simple. 'Management' as a subject essen-tially related to the organisation or, in business, the firm: it nearly always avoided issues of political economy and society. It tended to treat wider political, economic and social factors as 'givens', background elements or, in some versions, 'constraints'; not as issues for business debate or managerial choice. Any wider impacts from this quarter would tend to be allied with larger currents of thought, for example of progressivism, posi-tivism or technocracy. Thus the positivist, 'end of ideology' mood of the 1950s encouraged the idea that scientific research and rational discussion would yield rich returns for consensus-seeking, techniques of conflict-resolution, quantified models. It also encouraged notions of a 'practical', 'sensible', united front of business opinion, divorced from ideology. Of course, there were some explicit connections which will be watched for in this study. In particular, thought about relations with employees typically drew on social ideas with potentially wider implications relating, for example to 'authority', 'consent', 'manipulation' or 'participation'.[6] In the main, however, the character of ideas about management, as pursued in books, business schools or management studies, would remain essen-tially self-contained and detached from macro-issues.

A more direct source might be basic conceptions of business and the firm as expressed by business leaders. Such conceptions, we found, fell into three main categories. A first, small category focussed on the indi-vidual business leader as unique architect, prime mover or solo operator. Here was a primarily self-referential pattern of thinking, business activity being viewed essentially as a projection or extension of a single, potent individual: Charles Clore, Jim Slater, James Goldsmith, Tiny Rowland provide examples.[7]

A second, more prevalent conception, the technical-economic one, limited itself to the familiar, interlinked processes of product develop-ment, manufacturing, internal organisation, finance, and marketing. This, of course, came near to defining the bare essentials of corporate via-bility, the rudiments of survival and progress for any firm. Its rubrics of competition, profit and control were inescapable. Thus it was nearly always forcibly present somewhere within the outlook of a business leader. But for this second group the technical-economic conception was

sufficient and satisfying, an adequate definition of 'business' and 'the firm'. Whether the emphasis was multi-functional (Leslie Lazell), or 'the excitement of trading' (Jack Cohen), or 'adroitness' and 'strategy' (Nigel Broackes), the keynote was corporate dedication and autonomy. On its own this conception would not generate wider economic, political or social interests: indeed, it might militate against them.[8]

A third conception of the firm put people or groups, relationships or human factors at the centre of business activity. Economic roles, though included, were regarded as inadequate on their own. Conventional issues of production, marketing, finance and organisation were accorded respect but not primacy, with profit viewed as no more than an essential instrument or mechanism. Occasionally, such a view centred on ideas of managerial social leadership with paternalist overtones: an eloquent exponent was Frederick Hooper. Sometimes, as with Ernest Bader, the stress was on management-worker unity or employee management and ownership, with overtones of syndicalism. More typical was an emphasis on plural relationships or 'social responsibilities' for the firm, involving employees, management, shareholders, suppliers, consumers, 'the community', sometimes described as 'stakeholders'. This became an increasingly familiar rubric. Its implications for wider social thinking, however, were far from clear cut. Its proponents expressed widely varying economic, political or macro-social viewpoints. Indeed, many avoided public declaration of wider views altogether, sticking closely to a micro-interpretation.[9]

One area of discussion developed during the period which at first sight might be thought promising: 'business ethics'. This concentrated on the conduct or behaviour of managers and firms, the nature of humane, sensitive interactions inside and outside the firm, and how these could be improved, often focussing on what decision makers saw as ethical problems in running the business, as well as discussion by interested theorists. The occasional joint declaration and a trickle of articles or speeches resulted; company codes in some cases; flurries of interest within the peak organisations. A *Code of Business Ethics*, published by the Christian Association of Business Executives in 1973, proclaimed the firm as 'a community of persons'. Senior people engaged in private conclaves in cloistered, prestigious surroundings at St George's House, Windsor. Typical subjects would include responsibilities to employees over redundancy; high pressure salesmanship and 'truth in advertising'; bribery; conflicts of responsibility for the firm in reconciling different interests and for the individual, for example as between family, personal integrity and career or company pressures.[10]

To pursue 'business ethics' meant rejecting narrowly technical-economic ideas about management. Invoking concepts of value or virtue

familiar in the Christian, Greek or Hebraic traditions, the subject particularly attracted some religiously minded business leaders (though others preferred their ethics labelled as 'standards'). Where 'business ethics' parted company with traditional social ethics, however, including mainstream Christian social thinking, was in a resolutely micro-focus. Its concept of moral agency was restricted to firm, manager or entrepreneur within immediate contexts of market and hierarchy. Wider issues of competition, direction or co-operation were avoided, let alone of 'freedom', 'justice' or 'solidarity' in society, politics, the economy. What mattered was good conduct within existing structures.

How far this reflected individualistic assumptions, implicit conservative bias or desires to avoid controversy is a complex issue. One result was neglect of wider ways of encouraging 'good' business behaviour, for example through changes in corporate accountability, the media or social monitoring. Another was neglect of the long-established politics of the peak business organisations, notably in relation to taxation of companies or high earners or collective political influence. Not least was a distance both from public policy issues where business was highly active during the period and from the overarching issues of business's positioning in society. Though the sophistication of much discussion of 'business ethics' would advance, such features of parochialism persisted.

Dawning controversies in the late 1950s

We turn to the wider economic, political and social context in the period just before 1960. What grounds are there to expect an increase in social articulacy by business leaders at this time? Was the context such as to stimulate deeper questioning?

The 1950s had not seen major interventions by business in public debate. This contrasted with the often acrimonious exchanges which had occurred under the 1945 Labour government, featuring both implacably 'anti-socialist' business voices and those who sought a *modus vivendi* with that government. The return of the Conservatives presaged a more relaxed atmosphere: the expected withdrawal from *dirigisme* would allow business to carry out its functions more effectively in an environment where the UK's economic difficulties were seen as surmountable. The disengagement heralded by 'Conservative freedom' was broadly welcomed, and a sympathetic understanding with the new government, partially mirroring that of the Labour government and the unions, was expected to develop. By the end of the decade these hopes were disappointed, and an atmosphere of bewilderment and resentment permeated government-business relations.

Business social ideas through the 1950s were comparatively unsophis-
ticated, and this was not unrelated to fragmentation among the main
national bodies. For small firms there were the National Association of
British Manufacturers (NABM) and the Chambers of Commerce; for
economic and trade issues there was the Federation of British Industries
(FBI), and for labour relations the British Employers' Confederation
(BEC). This discouraged an overall strategy or outlook: with divided
responsibilities it would prove difficult to develop coherent viewpoints.
Organisations representing businessmen as individuals might have
helped to overcome such weaknesses, but these lacked the financial and
intellectual resources to stimulate new thinking. Perhaps most important
were the Institute of Directors (IOD), which identified with traditional
'free enterprise' values, and the newer and more diffuse British Institute
of Management (BIM), which many observers expected to take an
important future role in business public policy. Bodies like the Industrial
Welfare Society and the Industrial Co-Partnership Association included
leading business figures concerned with industrial relations issues, but
they were weak given the practical monopoly enjoyed by the BEC on
these issues at a higher political level. Relations between the organisations
were often jealous and suspicious, lacking the coordination to impress a
case on non-business audiences. In addition, much of the services sector
lacked strong representation, while financial institutions and the City,
though influential, were characterised by aloof specialisation, reticence
and secrecy, and a lack of forums.

Through most of the 1950s the forces of conservatism in British busi-
ness remained deeply entrenched. An obvious example was the highly
defensive outbursts from introverted small firm organisations and indus-
try-level associations. Their support was less for the free market as a gen-
eral economic instrument, more for restoring the power of the business
sector simply by weakening the state and the trade unions. Such an out-
look could embrace defences of protectionism, restrictive practices
(perhaps in collusion with the unions), subsidies and aid for certain
industries, and dismay at overly-enthusiastic competition policy. Reveal-
ingly, the NABM, the main small firm lobby, insisted that 'excessive zeal
to encourage competition can well be as harmful as the wish to create
state monopolies, which destroy it'.[11] This mind-set was still affected by
the defensiveness of the 1930s, with limited expectations of how business
itself could drive change. Similar forces of conservatism or cartelism were
strongly evident in the City.

Another type of business conservatism was more flexible in mood. It
complemented the rather relaxed, aloof attitude to economic problems of
some more patrician members of the government. It did not quite coin-