

# The privileged position of business essay sample

[Business](#)



Money has always ruled the world and “ makes it go round” and those well-being have always enjoyed much more benefits. However, since the United States stepped on the way of democracy and equality in its broad meaning (racial, religious, etc), the division into masters and their servants was obliterated. Hence, everybody was told to have equal chances to succeed and ‘ make a killing’. Nevertheless, today we are witnessing Big Business attack on the democracy and the latter is regarded to be in danger or ‘ peril’ as William Hudson follows in his book with the same title.

The author goes against the grain and argues applicability of the conventional Pluralist model to the modern American society. He maintains that Pluralism concept is the left-over of the previous century and considers it, in fact, to be impossible today to distinguish dominant groups in business or politics.

Thus, Hudson holds the opinion that the only governing power of the current United States is not the people or some interests groups but big corporations that have established hegemony in business and dictate their own rules. Citing the author “ Big Business has a ‘ privileged position’ in U. S. politics’ (1: 212).

Consequently, Hudson debunks the theory of Pluralism refuting step by step all its milestones. To start with, he touches upon David Truman’s three major concepts, which demonstrate the democratic character of the U. S. guidelines in politics, that is: rules of the game (“ the variety of procedures, formal or informal, in American policy that ensured a wide variety of social interests would be able to influence government”), potential group (were

supposed to prompt politicians to democratic policy-making), and point of access (clear separation of power that provides perfect opportunity to satisfy different needs and represent multiple interests) (1: 212-213).

Needless to say, that Hudson proves the inconsistency of the above-mentioned ideas and pinpoints that all these categories are empirical, therefore they cannot be measured and as well as their efficiency. Moreover, the second grave disadvantage of Pluralistic approach is that it underestimates the impact of the unequal distribution of the so-called ‘ political resources’, in other words, funds available, unity and size of the political groups, etc. consequently, Hudson attempts to persuade his readership that our society can be and is, in fact, monopolized by the single group and that is business.

The researcher suggests that business has two faces. One of them is quite distinct and familiar to us and is represented by strong interconnection of business and politics on terms of great influence of the former on the latter through lobbying, elections campaign support, propaganda on television and other media, whatever. In order to corroborate his theory, Hudson exemplifies his words in the fact that there are three most powerful and influential business groups in the United States that have their hand in governing of the state and law-making.

Namely, these are the U. S. Chamber of Commerce (the representative of nearly 250, 000 business members), the National Association of Manufacturers (the representative of the biggest industrial companies), and the Business Roundtable (board of the CEOs of about 200 biggest

corporations) (1: 215). Furthermore, one should not diminish the role of thousands of commercial and trade organizations nationwide that also play important role both in business and in politics. And last but not the least are the capital's companies, to put it differently, companies headquartered in Washington DC that enjoy the unique opportunity to be at the very heart of the political life, and thus, can directly affect it by means of lobbying legislation.

Ways of how business can influence politics are various. One may suggest campaign contributions, which guarantee that government will always take into account business concerns. In addition, business knows many methods of influencing not only government but also general public opinion, for example, with the help of newspapers and television, along with advertising, or through public leaders and 'think tanks' who influence and express common will and interests of the rest of the society, etc.

To sum up, business has numerous means of governing the policy at its disposal and together they constitute what was earlier dubbed as the first obvious face of business that is known and distinguished by most citizens. Yet there is another face of business, disguised and invisible, but yet not less significant.

The case in point is the authority of business, which is the consequence of property rights, and can be seen in two areas: in business itself and on the scale of the whole society. Remarkably that according to Hudson, American enterprises are far from being democratic, quite to the contrary, they demonstrate the unlimited power of managers who are empowered to

control not only production process but take charge of their employees' lives. What is more, while power of the government can be restricted through elections of some other lawful measures, power of businessmen cannot. This is perhaps the key advantage of business that ensures, as Hudson put it, its 'privileged position' in the U. S. society.

Surely, unlimited power has always posed hazard to the society and as practice shows has many drawbacks. So, what are the ways in which business privileged state can threaten our democracy? William Hudson names four of them. First of all, in spite of what is claimed by the Pluralists, different groups of society are not and cannot be equally represented and have the same opportunities and benefits, and here business takes up a preferred position.

Moreover, nobody would argue that there is, in fact, bias in favor of business, originating from its privileges. As soon as the United States blazed trails for the market economy, namely, the private market, it has become apparent that decisions would be made by businessmen and that they would apply to all society. Third, it is Hudson's opinion that business undermines democracy by depreciating the essential principles of it, that is, contradicts Participatory theorists, according to which "only democratic participation allows people to realize their dignity and powers" (1: 233). And finally, business privileged positions leads to strengthening of the role and power of elite in the American society in comparison to the rest of citizens, hence it causes inequality, the major evil the United States have always withstood.

Therefore, there is a danger that the government would stop working effectively for the benefit of the democratic society, being "of the people, by  
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the people, and for the people” but would serve in the first place to this influential minority (1: 244).

To cut the long story short, William Hudson calls upon taking seriously American democracy and put an end to the business privilege in the same way as it has been previously finished with aristocracy.

Notably that Hudson’s point of view has been shared by many other scientists and researchers in the field of politics, therefore he is not just ‘ vox clamantus in deserto’ (voice in the wilderness) but has either supporters or opponents. For example, William Greider in his book *One World, Ready or Not: The Manic Logic of Global Capitalism* highlights how the Big Business deprives ordinary people of right to rule their own lives and dramatically changes their destinies. In general, human rights “ have been diluted by a new form of commercial relativism” and marred the mere meaning of a citizen (2: 320). He questions what future has in stock for workers when machines that have already undertook much of their work and tasks when these machines start to think.

Greider forecasts resurrection of arrival of the ‘ burgeoning markets’ to the benefit of big corporations facing constant surpluses nowadays. What is more, he notes: “ The great multinationals are unwilling to face the moral and economic contradictions of their own behavior – producing in low-wage dictatorships and selling to high-wage democracies. Indeed, the striking quality about global enterprises is how easily free-market capitalism puts aside its supposed values in order to do business. The conditions of human freedom do not matter to them so long as the market demand is robust. The

absence of freedom, if anything, lends order and efficiency to their operations” (2: 334). Greider concludes by manifesting that American society cannot name itself democratic and moral as long as it exploits humans and deprives them of their basic rights to choose and be chosen.

Another supporter of Hudson’s concept of the privileged position of business being a threat to the American democracy is Robert Kuttner and his *Everything for Sale: The Virtues and Limits of Markets*, in which he shows the worlds apart gap between what should be the purpose and major function of the market and what it is in practice. Kuttner claims that “ the ideal of a free, self-regulating market is newly triumphant”, however he does not believe that this ideal can ever be brought into life . Thus, he continues: “ The grail of a perfect market, purged of illegitimate and inefficient distortions,” he writes, “ is a fantasy-and a dangerous one” (3: 211).

Nevertheless, there are some theories and scientists defending the concept of free market and put emphasis on the positive effect of business, on the contrary to Hudson’s tenet. To start with, these are John Maynard Keynes and Joseph Schumpeter who underline the efficiency of business. Namely, Keynes mentions the possible result of the economic stagnation and increase of the level of unemployed, which obviously directly influences people. In addition, Schumpeter holds the opinion that the role of the technological progress as a driving force should be put on the first place.

Another Hudson’s opponent is Michael Novak who is regarded as “ the foremost Christian thinker on the economy” (4: 3). Without any doubt his book *The Spirit of Democratic Capitalism* has provoked revolution of thought

and present a decent respond to Hudson's theory. Perhaps, such nickname can be explained by the fact that Novak described capitalism as the most democratic form of society grounded on the major human values. In his work Novak turns to the analogy of economy with religion and notices that capitalism is in harmony with teachings of the church about wealth. Though, he admits that the church had long showed rather hostile attitude toward the capitalism, as well as everything new, but he attributes this to two things,, such as ignorance and antique world views (4: 104). Hence, to Novak's mind, leaders of the church have always been pro-capitalist. In addition, Michael Novak maintains that religion and economic growth are interweaved and that " the divine plan is that we should enjoy the fruits of the earth and of our own industry" (4: 151). Therefore, the capitalism is the easiest and the best way to follow God's commands. The scientist realizes perfectly well that the faith is based on the fear of the Lord; thus, he assures that this fear is " the beginning of capitalist wisdom, just as it is of any other kind of wisdom" (4: 163).

Taking into consideration all above said it would not come as a surprise that the church has been greatly influenced by Novak's concept by forming its attitude toward the capitalism. This even gave rise to rumors that Novak has encouraged Pope John Paul II to approve of the capitalism. Yet, this has not been proved and is not the issue at a point in our research.

To sum up, position and status of business in the today's society is quiet arguable and rises heated disputes. On the one hand, there are Hudson and his supporters who consider business to be the biggest danger and threat to the modern American society and particularly to the democratic foundations <https://assignbuster.com/the-privileged-position-of-business-essay-sample/>



of it. They explain this by the fact that Big Business already controls lives of millions people who are employed by large corporations and are much exploited. Noticeably, Hudson gives an example of General Motors Company that with just one decision made unemployed thousands of its workers when it closed one of its proved to be not profitable factories. Furthermore, business is restricted in its authority and has impacts on all governmental decisions by means of buying government's favor and making contributions to politicians' campaigns. Thus, those who have money and power now are, in fact, changing our country according to their own interest and regardless the needs and wills of the majority.

Still, the opponents of Hudson and his defendants claim that capitalism provided the main financial instruments for economic growth and without it the United States would not become what they are today. These scientists hold that capitalism should in no circumstances be compared to aristocracy and, therefore, it has to remain in place. Some of them (for example, Novak) affirm that capitalism is supported by the church on the grounds that free market economy is in harmony with the teachings of the church and that capitalism has been approved by Heaven. What is more, he claims that capitalism follows the hierarchical model of the church and being based on the fear and subordination preserves the world wisdom.

However, to my mind, there should be the happy medium between the capitalism and economic growth and democracy. None of them should be disregarded or underestimated. Therefore, I strongly support the U. S. government objective to combine these two concepts and remarkably that such guideline is not limited to the united States only but relates to the <https://assignbuster.com/the-privileged-position-of-business-essay-sample/>

whole American continent. To exemplify such positive development, one should consider the Fourth Summit of the Americas that took place in November 2005 in Mar del Plata, Argentina under the title “ Creating Jobs to Fight Poverty and Strengthen Democratic Governance” (5). At this summit major policy makers discussed the “ Labor’s Platform for the Americas” (LPA) that highlights alternative principles for future application in America. Among them is intention for reforms due to the fact that the last several decades failed to be successful.

The main decision power belonged to the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO), which are generally referred to as the Bretton Woods institutions, or BWIs (5). These particular international organizations reflect the interests of American elites, and thus, have great influence on the policy-making. The following common issues were touched at the meeting: fiscal discipline, tax reform, interest rate liberalization, privatization (including foreign takeovers of domestic companies and resources), deregulation of product, labor, and financial markets, and trade liberalization (5). Yet it was unconventional in the meaning of its significant mission – to promote democracy together with the free market business

Unfortunately, the results have shown that the situation in the region is far from being satisfactory and much should be done in this direction. Namely, inequality has been exacerbated and has increased, along with worsening of other indicators of social security. Hence, the LPA laid out a set of fundamental principles in order to improve economic state and form the foundation of development strategies (5). The key principle was that all

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nations should enjoy equal rights on forming their democratic states and have independent economies. However, it was unanimous decision that the economy should be the capitalistic one.

International history has already demonstrated that the free market economy is the most livable and successful. Let us only reckon the period of the Cold War after the World War II held between two superpowers - the United States and the Soviet Union. Remarkably, that to the great extent this war was conducted through the economic measures and only the country with the stronger economy could be a winner. Hence, obviously that together with the Soviet Union was buried the socialistic system and planned type of economy with governmental regulation.

What is more today we have the vivid example of the feasibility of the capitalistic system. By this I mean the Chinese economy, which is likely to climb high from its current position as the sixth largest to the second largest country in the world rankings (6). Thus, with its gross domestic product increasing by 6 percent annually, China will secure the second place after the United States.

According to the forecasts, with its gross domestic product increasing by 6 percent annually, China will secure the second place after the United States. The private sector there is a driving force of China's economic growth and it is constantly developing and increasing. At the present time the privately owned enterprises produce about half of the gross domestic product giving confidence that in the nearest future China will become the second powerful state in the world (after the United States).

Though the reforms in the Republic of China are described as ‘ gradual’, in other words based on the principle of gradualism, but this corresponds most to the mind-state of the Chinese. Thus, after more than over 60 years of reproducing Soviet Union’s practice the People’s Republic of China at last introduced reforms and worked miracles. In other such change of guidelines for transition economy combining socialism principles and capitalism theory proved to be for better.

Despite all remaining difficulties and obstacles China has already told the world its success stories and without any doubt such positive shift and development will be even more fruitful in the future. Such China’s experience can serve as an excellent example of alternative to the “ big ban” reform implemented in Russia.

To cut the long story short, I hold the opinion that the future of the United States is capitalistic one. But this in no way would spoil our democracy and undermine our dignity as citizens of the united States.

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