

# Corporations

SUZANA SAWYER

University of California, Davis, United States

At the dawn of the twenty-first century, the corporation appears as one of the more stable, enduring, ubiquitous, and influential institutions of modern life. Hailed over the course of the twentieth century as the harbinger of progress, the corporation is seemingly inseparable from economic stability and development across the globe. With a marked intensity, the corporation has come to influence virtually every dimension of modern life over the past 100 years, from consumer products to infrastructure, energy, defense, education, entertainment, leisure, and health and the forms of sociality each sphere spins. Alongside this appearance of fundamentally shaping the contemporary economic order, the corporation has simultaneously emerged as a threat potentially undermining state structures, social cohesions, and ecological systems. Corporate activity overspills the daily news with headlines denouncing scandals and debacles as much as celebrating innovations and advances. With operating budgets (and for some annual profits) surpassing the gross domestic product of many nation-states, the modern business corporation scales financially, temporally, and spatially to ever-inexhaustible extremes.

Free-market enthusiasts celebrate the corporation with its implacable ambition to create wealth for the benefit of all. Here the corporation embodies capitalism's unmitigated good. Skeptics call for the reining in of corporations through regulations and controls. Here the state embodies the corrective counterbalance to corporate excess. Whether depicted as dynamic and enterprising or wily and unforgiving, the corporation in the twenty-first century—despite occasionally being bemoaned—is a tolerated and even applauded behemoth, having produced and maintained the mind and matter, the technique and technology, essential to our contemporary

world. The snarl in liberal democracies is reconciling the immense capacity of corporate production, its irresolute reckless propensities, and both the ease and discomfort that modern life's entrenched dependency and complicity oblige.

This entry elaborates a modest genealogy of the corporation. It is both a historical excursion through select practices that have constituted the contemporary corporation and a suggestive guide for considering corporate power as a problematic. As such, the modern corporation, as discussed here, is not the inexorable product of a capitalist logic; nor is it the fated quintessence of liberal democracy, though both productive forces and political practice have surely had compelling parts in its formation. Rather, as explored herein, the corporation has a singularly unique relation with the state—an incomplete doubling, an imperfect iteration, of inclusion and excess whereby over the past centuries the one has informed the constitutive order of the other. And, in the passage through the centuries, this less-than-isomorphic and always interested relationality has rendered the “economy” its effect. It is this that has made the corporation the legal form and material force that acts on our world today.

Normative and critical social science analyses see the corporation as economically preordained and politically constituted. A legal fiction enacted and contained through state statute beginning in the late nineteenth century in the Euro-American world, the modern corporation is a business form uniquely endowed with capacities to respond to the exigencies of the market. Clearly and importantly, such was the case. Yet, a trenchant dualism weaves through these social science analyses that only incompletely recognizes the workings of contemporary power and arguably forecloses more incisive analysis of corporate effects. Viewing the corporation as a relatively recent entity, this scholarship primarily reads corporate power through a dichotomous lens of “the economy” and “politics,” two spheres of action purportedly distinct yet often in tension with each another. The corporation is to the economy as the state is to politics—each an institution emerging from

its distinctive sphere and seen as threatening the other.

This entry suggests that the corporate–state tension this scholarship detects is not the effect of two autonomous spheres (economy and politics) but rather signals the singular relation entwining the state and the corporate as forms. As will be discussed, the corporation and the state are best understood not as two separate entities emerging from opposing proclivities—the propulsion of the market, the constraints of government order—but rather as intimately entangled and co-constitutive formations. Analytically, “partial connections” (Strathern 2005) usefully offer handrails for stretching our capacity to think about reality not as constituted by fixed, anterior, independent, and singular entities but as a shifting assemblage composed of and through relationality. As such, the world cannot be conceived without relations inherently implied: relations occasion purportedly singular entities, not the other way around. A genealogical excursion of the corporation through its partial connections reveals that the “economy” did not will, as a force of nature, the corporation into being, with law then codifying it. Rather, the relationally constituted state–corporate constellation gave rise to—indeed, created where it previously did not exist—the “economy” as a discrete and distinctive realm of reality by the late nineteenth century. That economic order reigns to this day.

### *Corpus geminatio*

Historians remind us that, long before the corporation was associated with the state or commerce, the term “corporation” referred to a religious theology in which parts are united and subsumed in submission to a greater totality. In his *The King’s Two Bodies* (1957), Kantorowicz details how this religious corporate imagery provided a framework for instantiating the political order of late medieval Europe with its emergent secular notion of sovereignty. Rooted in the *corpus mysticum*—the mystical body of Christ, a being both human and divine, simultaneously son and god—the religious corporate body represented the union of the complex body of God and the collective body of the faithful. By the tenth

century, the metaphysics of the Eucharist, the sacrament subsuming the physical and divine body of Christ into a manifest presence at the moment of consecration, performed this corporateness. By the twelfth century, the church itself as an administrative body of Christian sociality united through the rites of transubstantiation embodied this corporateness. The church was as “one *mystical* body the head of which is Christ” (Kantorowicz 1957, 196; emphasis original). Intimately wedded to piety, then, corporateness demanded reverence, obligation, and sacrifice to a greater force and universal totality.

As Kantorowicz demonstrates, the thirteenth-century logic of state sovereignty secularized as it echoed religious–corporate legal treaties of the time. Sovereignty named this superior, though now earthy, realm the “greater truth,” the *corpus mysticum*, holding the two bodies of the king (the physical body of the sovereign and the ephemeral body of the crown) in tension with the obeisance, service, and sacrifice of the multitude. Importantly, the “geminatio” or doubling of the king was within rulership—between “matters affecting the king alone in his relations to individual subjects, and matters affecting all subjects, that is the whole polity, the community of the realm ... a distinction between king feudal and king fiscal, provided we mean by ‘feudal’ preeminently matters touching individual relations between liege lord and vassals; and by ‘fiscal’ matters ‘that touch all’” (Kantorowicz 1957, 172).

Inherent in, yet distinct from, the sovereign, corporate sovereignty came to possess treasure and land unto itself, as a consequence of gifts granted by the deceased or wealth confiscated from foes. As riches separate from the person and wealth of the king and royal patrimony, the fisc or public treasure, imbued with notions of continuity, inalienability, and perpetuity, gave rise to a discourse of *res publica*, things or affairs pertaining to the state, and opened space for conceptualizing the abstract ideas of the weal—wellbeing and prosperity.

Thus, a few centuries before the frontispiece on Hobbes’s *Leviathan* (1651) professed “Non est potestas Super Terram quae Comparetur ei. Iob. 41. 24” (“There is no power on earth to be compared to him. Job 41. 24”), the corporate form designated a complex assemblage of near-otherworldly sovereignty, sacredness, and

commonwealth or commonweal. Hobbes's frontispiece to *Leviathan* embodied the form—that crowned giant rising from the countryside whose torso and limbs are formed out of a multitude of individuals collectively morphed into a corporate body headed literally by the prince. Towering in size, purveying the dominion, with sword and crosier raised, corporate sovereignty was a realm of legal perpetuity, omnipotence, and agency “the continuity of which, beyond the life of an individual king, had become a matter of concern and public interests because the continuity and integrity of that domain were matters ‘that touched all’” (Kantorowicz 1957, 172).

By the sixteenth century, the doubling inherent within sovereignty—the king feudal and king fiscal—gave rise to coextensive techniques of rule. As Michel Foucault (1991, 2008) observes, alongside “deductive power”—power derived from theology, law, and the edict of sacrifice—emerged another form of power focused on safeguarding the political community from the vagaries of fortune and fate. A discourse of government, Foucault states, emerged that aimed to fortify the state through

a right manner of disposing things so as to lead, not to the form of the common good [read, “obeying the law”], as the jurists’ texts would have said, but to an end which is “convenient” for each of the things that are to be governed. This implies a plurality of specific aims: for instance, government will have to ensure that the greatest possible quantity of wealth is produced, that the people are provided with sufficient means of subsistence, that the population is enabled to multiply, etc. (1991, 95)

Rather than the exercise of monarchical will to be obeyed, government was a technique of directing the actions of entire populations toward both individual and collective weal.

### Police science

The sixteenth-century European science of police most cogently elaborated early strategies and techniques of government—the rightful disposing of “a complex composed of men and things ... men in their relations, their links, their imbrication with ... wealth, resources, means

of subsistence ... accidents and misfortunes” so as to lead to “convenient ends” (Foucault 1991, 93). Engaging government as a question of economy—that is, *oikos* or “household,” with the patriarchal prerogatives of management implicit in its classical Greek sense—the science of police harnessed notions of possession, domestication, and control. It signaled the emergence of a massive program of regulation seeking to foster the wealth, stability, and happiness of the state by making spheres of life—from commerce to calamity, security to subsistence, indigence to inheritance, pestilence to property—the object of knowledge *and* a target of intervention. In an age when the moral and the monetary were entwined, the science of police sought to discipline conduct and normalize order.

The work of police, however, necessitated trusted and competent agencies. And here, the state transformed and extended the medieval corporation—the very form on which secular rule was grounded. Up until that time, incorporation had proffered a degree of self-government and autonomy from the prince. But, beginning in the sixteenth century, the royal charter defined the essence of the commercial corporation and charged it with fulfilling the work of police. Conceived as a grant or gift from the sovereign, the charter signaled that the corporation existed “not at the suit of the grantee” (see, e.g., Blackstone [1765–69] 1979, 347) but by the grace of the king. Charters gave corporations legal standing, established corporate immunities and privileges, and outlined a framework not only for the government of towns, learning societies, and hospitals but also for the dispensation of empire, commerce, and trade. Corporations were given the right of monopoly, rights to land, the right to sue or be sued, rights of tax exemption, the right to perpetual succession, and the right to establish bylaws that were, in turn, legally binding (Tomlins 1797). Together, charters and bylaws gave the corporation exceptional powers to discipline and manage the conduct of the corporate body, its individual members, and entire populations with which it engaged through, when necessary, private courts. Thus come to mind the exploits of the vast imperial trading companies of the seventeenth, eighteenth, and nineteenth centuries—for example, the Levant Company, the Dutch East India Company, the East India

Company, the Royal African Company, and the Hudson's Bay Company—commercial enterprises granted trading monopolies over specific territories and the authority to make and enforce laws in them.

For over three centuries, the corporation served as one of the primary institutions of government in Europe and its colonies. Indeed, the constitutive relationship between the corporation and state enable mercantilism to flourish between the sixteenth and eighteenth centuries. Mercantilism as both theory and practice aimed to expand, control, and regulate all commerce within a sovereign's territory and to maximize its treasure by monopolizing the terms of exchange. With the accumulation of monetary reserves (or bullion) as a fundamental aim, corporate charters and sovereign decrees compelled colonial expansion and frequently war. Theoretically, trade monopolies extracted raw materials from the colonies, merchant corporations refined them at home, and finished products were traded for bullion with adversary states (or in the colonies for silver and gold). Techniques of police served "to maximize the differential contribution of the elements [people and things] and forces [commerce, production] by means of their intense regulation and, increasingly, their 'disciplinary' formation" (Burchell 1991, 124).

The emergence of political arithmetic—techniques for calculating value and measuring utility—facilitated this process. Both the corporation and a burgeoning administrative state deployed the tools of modern accounting and double-entry bookkeeping to calculate and maximize wealth. Political arithmetic, for Foucault, represented "a type of political knowledge ... a form of the state's secular knowledge of itself and its rival states. It objectified individuals and their activities as calculable component elements and forces contributing to the state's wealth and strength" (Burchell 1991, 124). Part and parcel of establishing commercial, legal, and demographic order, mercantile corporations were seen as both separate from the official state apparatus and the focus of monitoring. Sciences of statistics offered tools for the corporation to monitor its own books and for the state to implement new forms of audit, accountability, and oversight. Thus, whether providing for orphans at home, building canals across jurisdictions, or extracting minerals

in the colonies, the charter corporation was both an autonomous disciplinary apparatus and an object of observation by the state—a science of the state, of statistics, of which the corporation also took part.

Political arithmetic gave tangible and manipulable techniques for assuaging a pervasive anxiety throughout this time concerning the corporation's capacity to divide loyalty to the sovereign. Hobbes wrote: "Of those things that Weaken or tend to the Dissolution of the Commonwealth" of foremost concern is when "the Treasury of the Common-wealth, flowing out of its due course, is gathered together in too much abundance in one or a few private men, by Monopolies of the Public Revenues ... a Disease which resembleth the Pleurisie" ([1651] 1909, 256). The concern was the ambiguous status of the corporation from the sixteenth century onward, as both an extension of the sovereign and a liberty in tension with the state. That is, the corporation was incorporated by sovereign acts for the benefit of king and commonwealth, yet it also had legally granted liberties to exceed the law. The concern among observers and theorists was that this obliquely paradoxical constitution had the potential of undermining the sovereign, or state. The medieval residue of corporateness demanding reverence, obligation, and sacrifice to a greater force conjured anxieties of the corporation as a threat to the commonwealth of the state.

In the eighteenth century, the concern over monopolies continued to promote state monitoring of corporate affairs. This was especially the case in emerging republics such as the postindependent United States. With the Revolutionary War understood as a movement against British crown rule *and* increasingly repressive and monopolistic charter companies, emerging US state legislatures tightly regulated corporate activity in an attempt to curtail the possibility of coercive cartels and to direct corporate enterprise toward projects of national betterment. Newly formed US states granted corporate charters by and large only to public-works enterprises that performed specific public missions—for example, building bridges, canals, waterworks, or turnpikes and operating hospitals, universities, or orphanages—in exchange for the formal right to exist. State-defined charters circumscribed the parameters of work: the corporation only existed

for a specified period, could engage only in activities necessary to fulfill its chartered purpose, could only operate within a designated jurisdiction, had limits placed on its capitalization, and could be dissolved if it exceeded its authority or caused public harm. Like its colonial counterpart, the eighteenth-century postrevolution corporation was a semipublic, semiprivate enterprise granted specific privileges and immunities by charter in exchange for acting as an agent of the state.

### Liberal economy

Over the course of the nineteenth century, however, the entangled state–corporate relationship underwent significant changes in Europe and North America. By the end of the century, the chartered corporation, the gift of the sovereign whose duty it was to improve the commonweal and treasure, was no more. In its stead was a new corporation that obtained its legal existence through bureaucratic protocol and secured its *raison d'être* through the growing hold of a liberal logic of capital.

This radically transformed corporate form emerged from, as it impassioned shaped, the rise of a novel mode of government in the nineteenth century. Foucault called it “economic government,” whereby what was implied by “economy” denoted a new distinct sphere in the world. Rather than the management of the household (*oikos*) as previous thought, that which came to be called “the economy” now signified “a specific sector of reality” (Foucault 1991, 102). The nineteenth-century corporate form played a critical role in creating this new sphere, just as “the economy”—thought of as a propelling force directed by natural laws—came to legitimize the corporation’s new cunning and inimitable form.

Beginning in the late 1850s in England and late 1870s in certain of the US states, any property-owning male could form a corporation by paying a fee and registering with the appropriate state agency. Incrementally, former state restrictions—such as a corporation’s purpose, capital investment, and period of operation—that had delimited business activities eased. In part

this was due to popular sentiments challenging the state’s right to contain the activities of individuals. But largely, the easing of former restrictions ensued from the persuasive power of an emergent corporate elite (think Carnegie, Morgan, and Rockefeller) seized by the productive possibilities harnessed in technological innovations. By the late nineteenth century, corporate enterprise had begun to invent new organizational and legal techniques for generating and capitalizing on efficiencies and profit. Devised by corporate lawyers and later codified in state statutes, precise legal instruments materialized—horizontal integration, vertical integration, the trust, the holding company, and limited liability—launching coordinated and capitalized enterprise on a scale heretofore unimagined. Novel managerial forms not only produced a shield of legality and administrative flexibility that streamlined production, transportation, and distribution—lowering costs and undercutting competitors—but also exacted an order of accumulation that created, as it denoted, a reality called “the market.” Whereas unbridled capitalism triggered chaos and volatility, new corporate reason eliminated excess, suppressed price fluctuations, and instantiated a rationally managed and manageable sphere of reality—“the economy.”

In Euro-American worlds, the corporate practices of efficiency, competition, comparative advantage, and maximization were seen as enacting the truth (and thus solidifying the conviction in) Adam Smith’s science of political economy. For Smith, wealth was immanent in a society defined by private property, reciprocal exchange, and the division of labor. Understood as a sphere of property, contract, and exchange among formally equal agents, the economy represented the arena of wealth production in which the market was key. Markets, once free of state intervention and regulations, were self-regulating economic machines. The movement of price in response to supply and demand compelled differential entrepreneurial action among individuals distributed across a division of labor; the maximizing, competitive drive and efforts of each worker led unwittingly to general prosperity for all.

As Foucault observes, “the problem of government” in the nineteenth century “finally came to be thought, reflected and calculated outside of

the juridical framework of sovereignty” (1991; 2007, 104)—that is, outside the deductive reason of obedience, loyalty, and service to the king feudal and fiscal—and lodged in the sphere of political economy broadly. Within the liberal logic of capital, state interference in the workings of the economy distorted market transaction and obscured the generation of wealth for the common good, now understood as the individual multiplied. Proponents of government by economy staunchly maintained that the “free market”—with its division of labor and open exchange—was the most efficient and efficacious means of arranging peoples and things toward optimal ends. The state was too cumbersome to fully capture the knowledge and technique necessary to effectively govern the ever more complex relations between population and resources and between people and things. Untethered and unfettered, “the market” (increasingly an effect and manifestation of corporate discipline and practices) would work its own magic—Adam Smith’s invisible hand. And thus economic government, the laws of the market as unearthed by Adam Smith, came increasingly to be the measure of wealth and welfare.

The notion that the public welfare was reckoned in economic terms germinated coextensively with new forms of state legitimacy. Having vanquished absolute monarchy, nascent democratic polities increasingly took root through a notion of “popular” sovereignty. The science of police that previously had provided early modern corporate sovereignty with its *raison d’être* became a form of state police power focused on the challenge of discerning and tabulating the movements of people and thing—generating graphs, calculations, and statistics—and dedicated to the task of establishing legal frameworks and norms. Whereas the earlier model of sovereignty generated wealth in the interest of the state, nineteenth-century police power deployed legal frameworks in the interest of the property holders—those who constituted “the people.” Now uniquely codified by law, the liberal language of economy established a new logic through which to impart on the corporate form the privileges and immunities previously granted by charters.

By the late nineteenth century, states had jettisoned not only restrictions on the purpose,

duration, locale, and capital investment of corporate operations but also, and importantly, laws prohibiting corporations from owning stock in, merging with, and/or acquiring other corporations. The latter shifts were accompanied by the principle of limited liability. Limited liability laws—together with laws that abolished prior restrictions on capitalization and acquisition—allowed shareholders (be they individuals or a group) to safely invest their capital in corporate entities. They shielded shareholders from being personally accountable for the liabilities and obligations a corporation incurred through its activities. Should a corporate entity encounter financial difficulties, shareholders could only be made liable for the amount of their original investment—not more, as had previously been the case. Together, embedded ownership and limited liability laws set the stage for large holding companies—entities whose corporate subsidiary structure was shielded by the “corporate veil”—to emerge and proliferate. Although distinct Euro-American legal doctrine sets forth principles to mitigate abuse, in general a parent company is not liable for the actions of a subsidiary company, even when the parent is the controlling shareholder or owns the subsidiary 100 percent.

On the eve of the turn of the twentieth century, the corporation was understood to be “a real or natural entity whose existence is prior to, and separate from, the state” (Horwitz 1992, 101). No longer a creature of the state (i.e., the chartered sovereign gift) or a product of its owners’ will (i.e., a business partnerships), this new corporate form came to be thought of as the natural and inevitable effect of market forces with a distinct existence and independent rights. Deemed a complex profit-making enterprise whose being was a certain and necessary force of nature and progress, the corporation could more easily be disassociated from its productive activities and their localized effects. What previously had been regarded as the harmful consequences of overzealous charters was increasingly rationalized as the consequence of the laws of the market. Concerted work, however, was and is necessary to forge and sustain such a conceptualization of the corporation. The ethnographic question is how such an understanding and the impressive capacity it legitimizes are obtained in practice.

SEE ALSO: <DRAFT: Property>; <DRAFT: Strathern, Marilyn>; Relatedness; Modernity; Governmentality; Smith, Adam (1723–90); Capitalist Corporation, the; Legalism; State Formation; Liberalism; Sovereignty; States: Police Powers; Foucault, Michel (1926–84); Neoliberalism; Transnational and Multinational Corporations; Power, Anthropological Approaches to; Capitalism

wbiea1349  
wbiea1363  
wbiea1372  
wbiea1389  
wbiea1554  
wbiea1635  
wbiea1809  
wbiea1866  
wbiea1868  
wbiea1869  
wbiea1953  
wbiea2073  
wbiea2079  
wbiea2099  
wbiea2276

#### REFERENCES AND FURTHER READING

- Burchell, Graham. 1991. "Peculiar Interests: Civil Society and Governing 'the System of Natural Liberties.'" In *The Foucault Effect: Studies in Governmentality*, edited by Graham Burchell, Colin Gordon, and Peter Miller, 119–50. Chicago: University of Chicago Press.
- Foucault, Michel. 1991. "Governmentality." In *The Foucault Effect: Studies in Governmentality*, edited by Graham Burchell, Colin Gordon, and Peter Miller, 87–104. Chicago: University of Chicago Press.
- Foucault, Michel. 2007. *Security, Territory, Population: Lectures at the Collège de France, 1977–1978*. New York: Palgrave Macmillan.
- Foucault, Michel. 2008. *The Birth of Biopolitics: Lectures at the Collège de France, 1978–1979*. New York: Palgrave Macmillan.
- Hobbes, Thomas. (1651) 1909. *Leviathan: The Matter, Forme, and Power of a Common Wealth Ecclesiasticall and Civil*. Oxford: Clarendon Press.
- Horwitz, Morton. 1992. *The Transformation of American Law 1870–1960: The Crisis of Legal Orthodoxy*. Oxford: Oxford University Press.
- Kantorowicz, Ernst. 1957. *The King's Two Bodies: A Study in Mediaeval Political Theology*. Princeton: Princeton University Press.
- Pasquino, Pasquale. 1991. "Theatrum Politicum: The Genealogy of Capital-Police and the State of Prosperity." In *The Foucault Effect: Studies in Governmentality*, edited by Graham Burchell, Colin Gordon, and Peter Miller, 105–18. Chicago: University of Chicago Press.
- Strathern, Marilyn. 2005. *Partial Connections*. Walnut Creek, CA: AltaMira Press.
- Tomlins, Thomas Edlyne. 1797. "Corporation," "East-India Company," "[Royal] African Company." In *The Law-Dictionary: Explaining the Rise, Progress, and Present State, of the British Law: Defining and Interpreting the Terms or Words of Art: And Comprising Copious Information, Historical, Political, and Commercial, on the Subjects of Law, Trade, and Government*. Vol. 1. London: Andrew Strahan.



---

**Please note that the abstract and keywords will not be included in the printed book, but are required for the online presentation of this book which will be published on Wiley's own online publishing platform.**

**If the abstract and keywords are not present below, please take this opportunity to add them now. The abstract should be a short paragraph of between 50 and 150 words in length and there should be at least 3 keywords.**

---

## ABSTRACT

At the dawn of the twenty-first century, the corporation appears as one of the more stable, enduring, ubiquitous, and influential institutions of modern life. This entry provides a genealogy of the corporation and a suggestive guide for considering corporate power as a problematic. Rather than the inexorable product of a capitalist logic or fated quintessence of liberal democracy, the modern corporation, as discussed here, has a singular relation with the state—an incomplete doubling, an imperfect iteration, of inclusion and excess whereby over the past centuries the one has informed the constitutive order of the other. And, in the passage through the centuries, this less-than-isomorphic and always interested relationality has rendered the “economy” its effect. It is this that has made the corporation the legal form and material force that acts on our world today.

## KEYWORDS

accountability; corporate form; corporations; economy; governmentality; state