
Paul Seabright

The Company of Strangers: A Natural History of Economic Life

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PAUL SEABRIGHT HAS AN IMPORTANT message for practitioners and advocates of corporate citizenship. It is a message filled with both despair and hope, biological drives pitted against cultural imagination, economic impulses matched to human aspirations, hard-wired inter-group rivalries that threaten to override the trustful cooperation needed between corporations and their stakeholders in a globalised world.

Professor Seabright is a British economist with Oxford affiliations now on the faculty of France's University of Toulouse. (As may become evident later in my review, this fact alone may be a telling commentary on the author's major thesis—but let's leave that jest aside for the moment.) Here then is the essence of Seabright's argument:

- ▶ The social trust that today allows strangers to engage in economic exchanges—to 'treat strangers as honorary friend'—had to overcome a genetically embedded evolutionary impulse of *Homo sapiens* to distrust, threaten and violently murder all non-kin strangers in acquiring resources needed for survival
- ▶ This ancestral hunter-gatherer psychology was offset to some extent by

the evolution of abstract symbolic thought that enabled the construction of social rules of cooperation and trust, plus a hard-wired tendency to engage in reciprocal exchanges while punishing marketplace cheaters

- ▶ The global consequences of these evolutionary impulses have not been pretty—ecological despoliation, urban sprawl and poverty, unrestrained corporate growth, spread of disease worldwide—while simultaneously producing long-run historical economic improvement and a spectacular accumulation of knowledge
- ▶ Ominously, the biologically reinforced urge to cooperate peacefully with close kin (and sometimes with strangers) works equally to generate intense in-group loyalties that spawn rivalries and murderous aggression *between* groups. These tensions pose the gravest danger to world peace and economic globalisation

In this evolutionary scenario, Professor Seabright assigns key functions to markets and corporations, as one would expect of an economist who is speaking largely to fellow economists. '[M]arkets provide a way for

strangers to exchange with one another' and 'modern firms provide a way for strangers to collaborate on . . . productive tasks'. The whole machinery of business—property, money, legal codes, accounting, management systems—'allow[s] people who share no blood ties and who know rather little about each other to place their resources, their welfare, and sometimes even their lives in each other's hands'. Combined, markets and companies underwrite the needed social trust on a large societal, even global, scale.

But, while markets establish trust by the logic of self-interested 'tunnel vision' (shades of Adam Smith!), today's large corporations display 'a logic of administrative hierarchy' so that 'someone is always in charge'. Indeed, the modern corporation is saturated with a 'quest for power' where 'executives thirst to command', and board policies 'can be driven by greed, vanity, and wish for power' plus 'the urge to be Number One'. Seabright errs in assuming that this power-aggrandising impulse may not 'matter very much'. He argues that corporate success depends mainly on how well a firm's strategy matches the demands of its environment. First among the needed strategic skills is command of today's digitised information flows. He feels that Microsoft, not Enron, best symbolises modern corporate achievement. I feel that this obsession with power is at the centre of many of today's corporate troubles.

So, what does all of this say about the study and practice of corporate citizenship? The link is twofold. Long before the modern corporation appeared on the scene, markets, peddlers, traders and small family firms dominated economic life in pre-industrial societies (Polanyi 1944; Dalton 1967). Trust was a 'natural' part of the relations between people, reinforced by a biologically induced reciprocal altruism, as Seabright contends. 'Citizenship'—community belongingness and responsibility—was rooted in ancient tribal custom and kinship ties, and was policed by village and religious authorities. Firm and community were tightly bound together. Social custom dominated economic gain. Governing

authority channelled market trade. Citizenship and community were inseparably linked.

This ancient pattern began to erode as the large-scale modern corporation replaced the family firm and as trade expanded beyond local horizons. Social trust among strangers became more fragile and elusive. Social ties and community values yielded to self-centred economic gain. Governments became tools to promote corporate interests. The line between community/citizenship responsibilities and economic performance was blurred, often disappearing entirely in an orgy of corporate expansion and unrestrained growth.

It is this fractured picture of comity and social trust that contemporary corporate citizenship theorists are trying to put right. In effect, they seek to put Humpty Dumpty together again. Professor Seabright argues that modern markets preserve sufficient trust to permit trade to continue on a global scale, though often with grievous consequences and continuing dangers to the whole enterprise. By contrast, Sandra Waddock in *Leading Corporate Citizens* (2006) seems to say that Seabright has put the market cart before the relationship horse: '[T]he fundamental values of civil society are those of relationship, civility, and community' and therefore 'the relationships of trust and civility allow the economic system to operate efficiently'. That is, trust precedes exchange. They both agree, though, that 'when trust is present, there is great potential for excellent productivity and [economic] performance'. In either case, corporate citizenship can be understood as a naturally evolved and evolutionarily essential kind of relationship between the firm and other citizens/stakeholders, implying reciprocal responsibilities and moral obligations.

Seabright lends powerful support to the corporate citizenship cause in yet another way. The built-in murderous instincts of modern *Homo sapiens* can be reined in only by constructing social rules and institutions that enable strangers to interact peacefully and trustfully in the marketplace. That, as I understand it, is the central goal of cor-

porate citizenship: finding practical ways to link corporation and stakeholders, to build social capital, to nourish community values, and to design ecologically sustainable corporate operations.

By building a naturalistic case for the power of markets to restrain fearsome human traits, Seabright adds an important dimension to corporate citizenship theory, and in doing so reinforces Waddock's similar reliance on a nature-based conception of corporate citizenship duties. The social trust sought by scholars for corporate operations is at once strengthened by underlying natural behavioural tendencies to cooperate, as well as threatened by marshalling those same instincts to bash and smash one's out-group enemies. For Seabright, the balance of these two impulses is a precarious one, depending ultimately on *Homo sapiens'* efforts to use its 'capacity for abstract symbolic thought' to overcome a more ancient Palaeolithic psychology of predation and conquest. As he says, '[t]his experiment is still young, and needs all the help it can get'. That is an open invitation to those who favour corporate citizenship to join economist Seabright's cross-disciplinary search for answers.

Perhaps the key to it all is found in Paul Seabright's own professional journey across cultural and disciplinary boundaries: if a French university community is willing to receive a Britisher with open arms as one of its own, it seems to prove the triumph of Computer Age trust among strangers over Palaeolithic rivalry and predation.

References

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- Waddock, Sandra (2006) *Leading Corporate Citizens: Vision, Values, Value Added* (New York: McGraw-Hill/Irwin, 2nd edn).



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