**The buck stops elsewhere: how corporate power trumps politics**

May 19, 2015 6.11am BST



We may be delighted or depressed that the UK general election delivered an unexpected Tory majority, but does it really make a difference? Most of the decisions that affect our lives, our environment, our working conditions and the products and services we have access to are devised, controlled and delivered by business.

It is instructive that of the top 100 economic entities in the world – countries included – [more than 50 are multinational corporations](http://www.corporations.org/system/top100.html). The money the government relies upon to put its policies into practices come from taxes – taxes that multinational corporations can easily avoid by relocation, while onerous regulation is just as easily sidestepped. The banks are a great example. Only recently, [HSBC used the threat of leaving the UK](http://blogs.channel4.com/siobhan-kennedy/hsbcs-threat-leave-london-big-deal/1013) in an attempt to influence UK government policy.

Globalisation has brought us to a situation where we have a regulatory vacuum – global regulation is practically non-existent and insufficient to match the growing power and influence of profit-maximising multinational corporations.

## Inside the game

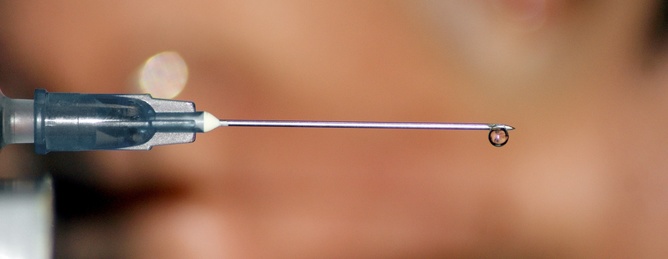
It is not just globalisation that reduces the influence of national government. Political parties themselves rely to a great extent on business support to fund their campaigns, a fact which, it’s fair to surmise, might limit their motivation to pass legislation which could hurt the business interests which helped to get them elected. [Business lobbying is also a worrying trend](https://theconversation.com/how-the-economics-of-lobbying-make-democracy-about-more-than-votes-40394). One leaked proposal from the European Commission [highlights how business lobbying](http://corporateeurope.org/power-lobbies) has resulted in proposals for lighter regulation that reduces the ability of the EU to regulate on issues relating to areas such as chemicals, climate change and social conditions.

There has also been concern that other traditional brakes on corporate power such as pressure groups, NGOs and unions are becoming increasingly toothless. The argument runs that NGOs have been co-opted by business through partnership agreements and unions have been wounded by successive legislation which seeks to [limit their power](http://www.unrisd.org/80256B3C005BCCF9/%28httpAuxPages%29/1CA8A49E3513DE1C80256B610059BA0D/%24file/utting.pdf).

What it all means is that worrying about which political party is in charge, or the legitimacy of a party with a small minority, is pretty much pointless. The real power over the electorate is wielded by shadowy CEOs, unelected, and relatively unaccountable. For example, while the political parties have been arguing over how to deal with the funding crisis in the NHS, there is relatively little airtime given to the legitimacy of companies who benefit at the expense of taxpayers.

## Legal highs

BBC Radio 4’s Inside Health programme [has highlighted the case of the pharmaceutical giant Roche](http://www.bbc.co.uk/programmes/b055g8zm). The Swiss group had two drugs – one cheap, one expensive – that medical trials had proven equally effective at treating macular degeneration, a common eye complaint in older people which can lead to blindness. However, Roche has only licensed the expensive drug to treat the condition, a decision that is great for Roche’s bottom line, [yet costs the UK taxpayer about £84m](http://www.taxpayersalliance.com/_avastin_vs_lucentis_how_the_nhs_pays_over_the_odds_for_drugs).



Getting to the point. Drugs companies and the NHS. [Nicola Sapiens De Mitri](https://www.flickr.com/photos/quatar/12977337115/in/photolist-kLLfcD-aPhpgz-nof1zM-b5ZsH6-pGLnN-9nhsni-nErjPi-6EKeq-mYunbu-8FXfRY-noeAD1-8FXfUm-26EvT-75B4e-nEw9uG-nErjti-7iJUSF-9fWF9y-7iTcxT-PnAgx-nUxhuR-rKnSK-a3NzH-27bJt-4c29KQ-8FXjxd-4yaonk-3fpFPS-7iKsN), [CC BY-SA](http://creativecommons.org/licenses/by-sa/4.0/)

It was interesting that the focus of the programme was on the doctor’s dilemma; the risk of being penalised for prescribing a cheaper drug, against prescribing a drug that costs thousands more than necessary. The idea that Roche should be under pressure to license the cheaper drug was hardly even considered.

The trouble is that we seem to have become used to the idea that business interests are aligned somehow with our own. It would seem that this assumption was in play when the Conservative party proudly publicised a letter showing the support of 100 business leaders before the election. [Labour’s response](http://www.theguardian.com/politics/2015/apr/01/labour-offers-counterpunch-to-daily-telegraph-business-letter) drew attention to the fact that few of the electorate are business leaders and that such a letter says little about the Conservatives' ability to meet the needs of all society. Nonetheless, few were in doubt that this sign of support from business leaders benefited the Conservatives at the expense of Labour.

It is an odd conclusion too. A closer examination of business behaviour would highlight some very worrying examples of where that alignment has failed, particularly after the last few decades which have seen wave upon wave of business scandals.

The consequences of those scandals for society and the environment have been devastating. Thousands lost their jobs and pensions [when Enron collapsed due to fraudulent accounting](http://www.nytimes.com/2001/11/29/business/enron-s-collapse-the-overview-enron-collapses-as-suitor-cancels-plans-for-merger.html) in 2001. The huge environmental, social and economic consequences of inadequate regard for health and safety seen in massive oil spills are still being felt today; look at [Exxon in 1989](http://www.theatlantic.com/photo/2014/03/the-exxon-valdez-oil-spill-25-years-ago-today/100703/) and [BP in 2010](https://theconversation.com/two-years-on-the-legacy-of-the-bp-deepwater-horizon-oil-spill-12754). Similarly, the global financial crisis of 2008 led to the collapse of financial institutions – or their expensive rescue – and presaged a global recession which has been associated with massive business failures, job losses, and the loss of trillions of dollars by households and businesses globally.



This disconnect between business and societal interests is particularly stark in sectors such as pharmaceuticals where we trust businesses with our health. It is of growing concern, for example, that the profit-maximising strategies of drugs companies are leading to an innovation crisis in terms of treatments for important diseases. This is because it is more profitable to make treatments for common but trivial diseases suffered by the wealthy, rather than risk research and development into life-threatening diseases such as cancer, or diseases that [primarily affect poor populations](http://www.palgrave.com/page/detail/unhealthy-pharmaceutical-regulation-courtney-davis/?K=9780230008663).

But healthcare is just one example. Across policy areas, the real decisions that affect our lives are happening in corporate boardrooms. Our democratic system has developed checks and balances as a means to prevent abuses of power by political leaders of the kind experienced in previous centuries. The idea was that a multi-party democracy with a vigilant media, and separation of executive and legislative function, would protect us from a malign dictatorship. However we are fighting the battles of the last century. We need new forms of checks and balances that acknowledge and tackle the new corporate globalised reality.

So don’t be too happy if your chosen party got elected, and don’t be too sad if it didn’t. The difference political parties can make to our lives in practice gets less with every passing year. Political power is waning – we need to wake up to the reality of where the real power lies, and start considering how we can apply the same principles of transparency, legitimacy and democratic accountability to business as we do to government.