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On Dugger and Corporate Hegemony

Working Paper No. 51

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Abstract: This inquiry seeks to establish that in his writings, William Dugger offers insights into the phenomenon of subreption in his effort to clarify the emergence of corporate hegemony. Focusing upon the changing organizational structure taking place within U.S. corporations, especially in the second half of the 20th century, Dugger emphasizes how the corporation’s rise to dominance diminishes the influences from other institutions—thereby undermining pluralism. Corporate hegemony emerges through *invaluation* processes that Dugger identifies, resulting in the positioning of the corporation as the dominant institution in economy and society. Through processes associated with subreption there takes place the internalization of corporate values, enabling corporate culture to exert forms of social control that serve to ever further strengthen corporate hegemony.

***Journal of Economic Literature* Classification Codes:** B25, B31, B52, P12

Key Words: Corporate hegemony, Institutional Economics, Subreption,
William Dugger

This inquiry seeks to establish that in his writings, William Dugger offers insights into a process that he labels and defines as subreption that has assisted in promoting the emergence of corporate hegemony. What Dugger considers is the evolution of the corporation over the course of the twentieth century, exploring its linkages and influences on and over other key institutions in the United States.

What Dugger teaches us is that the corporation's growth and quest for ever greater wealth leads towards the emergence of an increasingly influential corporate culture. As an institution, the corporation evolves by changing its organizational structure and through implementing mechanisms of control that assist in securing its growing levels of power. Subreption is identified as a process and is argued to proceed as set of identified 'invaluation' processes that go so far as to ensure the internalization of corporate values as a means to enhance social control over members of society. Dugger's institutional analysis and his usage of the concept of *subreption* draw from the field of 'Original Institutional Economics' (OIE) inspired by the writings of Thorstein Veblen.

The Evolving Corporation

In Dugger's view the corporation is understood as an evolving institution. Using Veblen's theory of social evolution, Dugger analyses the changes in the institutions integral to economic processes, especially. In his article "Power: An Institutional

Framework of Analysis,” Dugger (1980, 898) defines an institution as organized habits of thought and patterned roles learned by the individuals performing them that are commonly enforced with favorable or unfavorable sanctions. Dugger (1980, 898) states that American society is composed of six major clusters of institutions. The economic institutions that also includes the corporation and the labor unions are viewed as in charge of producing and distributing commodities. The educational institutions—such as the university—produce and disseminate knowledge. Military institutions prepare and train for performing in war. Kinship institutions, such as the family, produce and rear children. Political institutions write and enforce laws, with the legal rights to sanction with violence. Lastly, religious institutions induce faith in a doctrine of supernatural beliefs. These institutions that are argued to help make up a society are seen as interrelated.

In the view of Dugger (1980, 897), the institutional structure of a society wields great power, for it is through institutions that individuals learn ideals, means, and goals from participating in society’s full range of institutions. Dugger (1980,897) defines power as “the ability to tell other people what to do with some degree of certainty that they will do it”. Furthermore, when power is exercised without coercion it is unnoticed and secure. Dugger considers the ways in which, as an institution, the corporation increased its power relatively to other institutions. He observes that as organized labor came to represent a shrinking percentage of the

labor force in the U.S., the corporation became dominant. Dugger (1980, 898) advances the view that through a process of what is known as ‘subreption’ corporations came to influence and alter other institutions, and in this manner increasingly gained control over a range of the nation’s institutions as the power of labor unions diminished. One outcome is that what were noneconomic institutions came to serve as means for corporations to achieve their pecuniary ends and ultimately hegemony.

In his article “An Institutional Analysis of Corporate Power,” Dugger (1988, 80) explains that increases in size serves as a way to also increase power. As corporation increase in size there likewise takes place a need for controlling and managing an ever-growing organization. In this manner corporate power and growth are seen to interact in a cumulative and reinforcing cycle, leading towards corporate hegemony. Corporations pay their managers well for their abilities to expand and preserve corporate power, and not for their efficiency in technological advancement or for successfully promoting an efficient performance of the enterprise in society. Dugger (1988, 80) asserts that in order to continue expanding, expansion-oriented corporations need an improved structure, imposing novel cultural adjustments on members of society. The corporation seeks to implement external and internal controls to secure its power.

In the view of Dugger (1988, 85), the excessively large corporation has become nothing less than an imperial conglomerate, requiring the adoption of the M-form organization. In this structure the corporation is broken-down into autonomous divisions wherein each part is focused on and accountable for their own profit-making operations. According to Dugger (1988, 84), by relying upon this M-form of management, corporations set themselves up for continuous expansion while also remaining manageable, for this M-form of management allows for stronger control over financial flows than in the earlier used U-form of management. While the sophisticated M-form enables an effective decentralization of operational decisions, it is just a form of external control. From this contemporary form of organization there emerges a new challenge for securing a synergistic interaction between all the divisions of the conglomerate organization.

Dugger (1988, 85) suggests that the threat to synergy within the large corporation makes long term planning and coordination at the main corporate level more crucial than ever. Imperial conglomerates and their needs for greater capacity of information processing leads towards the emergence of information-based technology and of information-based jobs. This pressure for changes, in hand with the data-technological revolution, serves as a sign that the corporation should be understood as an evolving institution. Nevertheless, Dugger (1988, 85) highlights

that the evolutionary tendency is actually much more about organizing and controlling people than about producing goods and services. In order to preserve power, the corporation requires internal controls besides the information technology and change in structure.

As the growing corporation seeks the unification of its autonomous parts, it also promotes as 'corporate culture' that can serve as a form of internal control. Dugger (1988, 86) indicates that the development of a shared "corporate culture" unites the divisions into a larger synergetic entity, carrying out the pursuit of common purpose. Dugger (1988, 86) defines *corporate culture* as a collection of inculcated values and shared beliefs by employees of the corporation. Dugger teaches us that corporate culture is internalized corporate control because it reshapes an employee's general wishes to do a good job into reinforcing a compulsion to surpass and compete in a manner that promotes hard work and loyalty to a corporation. Corporate culture, as a social control tool, leads to corporate hegemony.

Dugger (1980, 901) writes that an institutional hegemonic structure can be clearly identified as emerging in the later part twentieth century. He emphasizes that institutions possess power, but usually exercise power in ways that serve corporate ends. Dugger writes that singular corporations become contained in an "institutional structure of corporate hegemony". Dugger (1980, 905) goes further

and teaches us that in the case of corporate hegemony, power proves difficult to observe as it can be based upon and secured by voluntary compliance. The institutional analysis developed by Dugger aids us in the understanding of corporate power. Corporate culture is argued to spread to and transform other institutions in society through what he identifies as ‘subreption’. The mechanisms of subreption that lead to corporate hegemony are explained in the following sections.

The Invaluation Processes

In his writings, Dugger seeks to identify evolutionary processes that lead to corporate hegemony. To understand the internalization of corporate control, Dugger (1988, 92) explains how altering people’s values serves as the most effective and secure way to exert power and control over others. In addition, this form of social control proves more permanent than coercion because it is based upon willing acceptance and becomes legitimate and deemed right or good by the subjects of this power. Legitimate corporate control can be achieved through members of society embracing corporate values, sometimes even making these corporate values parts of their personal character and identity. The willing acceptance of corporate culture is related to the internalization of corporate values.

Dugger (1980) advances the view that there are indeed instruments of hegemony that can be identified and that also prove important for understanding corporate power. According to Dugger (1980, 901), four social mechanisms operate as instruments of hegemony that aid in the emergence of corporate domination. The mechanisms are contamination, mystification, emulation, and subreption. By 1988 his ideas had developed further, and in his updated framework from 1988, *subreption* is thought to take place through four ‘invaluation processes’. Dugger (1988, 93) mentions that Veblen learned how beliefs and values were distorted by American ambition and the quest for pecuniary gain. Dugger suggests that the cultural changes and distortions can be best understood by studying the invaluation processes first proposed by Veblen. Taken together, the processes are noted to encourage evolutionary change through ‘subreption’. The processes Dugger emphasizes are noted as contamination, emulation, subordination, and mystification. In future writings, Dugger refer to these invaluation processes as ‘power processes’ because these processes can play roles in achieving social control.

Dugger (1980, 902) states that the process of contamination takes place when an institution’s motives expand and challenge the functions of other institutions. When corporations move into position as the dominant institution, the suitable intentions for corporate roles contaminate the performance of other

institutions, making noncorporate roles less relevant. In the view of Dugger (1988, 93), through contamination our instinct of workmanship is manipulated and turned into a corporate career. Originally, people had valued their crafts because they recognize the intrinsic worth. In contrast, careerist values work for reasons that are extrinsic or external. Dugger (1988, 94) notes that the aspiration for success serves to contaminate appreciation for workmanship, making the careerist labor primarily for advancing her/his own career rather than advancing her/his craft.

Dugger (1988, 94-95) notes how *subordination* is intimately related to the process of *contamination*. If people resist contamination, their values could still be overcome if they are subordinated to the higher values of the dominant institution. Dugger (1988, 95) notes that the role of *careerism* and *ambition* can be observed in how a manager seeks to advance her/his career for a value of a higher order. For example, a manager might subordinate her/his personal values to career values. The subordination process is not typically direct, as there exist no explicit rules that mandate or coerce people to place pecuniary ends above all others. Dugger (1988, 96) adds that this process could be exemplified by how community and family values become subordinated to corporate career values.

The process of *emulation*, as described by Dugger (1988, 96), takes place when people begin to envy or admire the values possessed by higher-status individuals. Engaging in 'invidious distinction', people are wont to imitate or

mimic others in an effort of raising their own personal status. Expanding beyond the single-individual engaged in invidious distinction, emulation can also promote a widely spread societal competition. Dugger (1980, 902) explains that the acquisition of high status comes from displaying a successful performance of the ruling institution's main roles. Since emulation implies attempting to resemble other persons, it manifests through attraction. Dugger (1988, 96) states that for successful emulation it is necessary to have constant self-aggrandizement presented in the conspicuous display of success in conventional channels approved by society. In a pecuniary status-ranked society, in order to raise one's standing people must earn big money, spend it, and also flaunt it. Dugger (1988, 97) observes that during the twentieth century in the United States, the persistent pressure to emulate drastically increased the accepted living standard and lowered the self-respect of the people who were not able to keep up, placing individual blame and responsibility as a burden on them.

In the view of Dugger (1988, 96), *emulation* serves as the most potent invaluation process because it is the source of competitive conformity and career advancement. Dugger views a *careerist* as an agent of emulation as she/he mimics and wishes to be like the highly respected individuals in their field. According to Dugger (1988, 98), the emulative demands of middle-class society and white-collar careerism created a widespread insecurity that served the emerging corporate

culture in the United States. The quest for success rooted in insecurity makes managerial personnel susceptible to the internalization of specific corporate values and ideologies. In addition, Dugger (1980, 902) claims that through emulative pressures corporate leaders become heads of different institutions. The people fulfilling roles in those institutions willingly accept this process and new hierarchy because they would like to emulate the corporate benefactors, and through this, denigrating their own status.

Dugger (1980, 903) explains that *mystification* occurs when an institution constructs and provides the symbols in society that are valued the most or given the highest importance. Relatedly, other institutions then seek to support or emulate them. Dugger (1988, 99-100) notes that this process of mystification mainly requires the distortion and manipulation of highly valued symbols. In addition, it involves confusing people into supporting values they would normally oppose their own. Mystifying corporate values in a ceremonial way enables conglomerate profits to be viewed as a higher good in society. Through mystification people associate different positively charged values with corporate objectives. An example offered by Dugger (1988, 100) points out how people work additional unpaid hours in their home because they believe they will get promoted, and they do so with pride and not with guilt as it means advancing their careers. A

very positive and ecstatic embracing of careerism in a society serves to demonstrate that this process of mystification is relevant and influential.

The invaluation processes are closely related to ambition, particularly in American culture. In Dugger's analysis (1988, 92) ambition serves as a powerful mechanism exerting social control, and that successfully replaces coercion and enables the invaluation processes to wield effects. Since ambition is deeply rooted in the ideal of the 'self-made man' in American culture, then an internalized ambition proves more effective than coercion that is asserted through fear. The confused values of liberty and individual success then seen to serve as a more secure base for the expansion of corporate power and the emergence of corporate hegemony. According to Dugger (1988, 92), the power that ambition has in the United States manifests in the widespread careerism characteristic of members of the managerial strata. We can note that ambition and careerism became internalized in the values and beliefs shared by the members of the American middle class during the twentieth century.

It is through this process identified as *subreption* that these invaluation processes support the expansion of corporate power. Dugger (1980, 903) explains that *contamination* infiltrates corporate purposes while transforming noncorporate functions; *emulation* allows corporate leaders gain acceptance and respect when engaging in noncorporate leadership positions; and *mystification* protects the

emerging corporate hegemony with valued symbols in American culture. Ambition and careerism are internalized through the invaluation processes while subreption unites all institutions in order to enable the usage of noncorporate institutions as instruments to fulfill corporate ends. Dugger (1980, 901) states that through this process of subreption the supposedly autonomous groups of institutions in the United States have become subordinated to the dominant institution of the corporation, thereby destroying the pluralistic foundation of society.

Dugger's Understanding of Subreption and Corporate Hegemony

The emergence of corporate hegemony is aided by an attendant corporate culture. Corporate hegemony can be initially observed when members of a society internalize corporate values. As Dugger (1988, 109) explains, managers have learned to be optimistic and to work faster and harder by voluntarily exploiting themselves in the interests of realizing corporate successes, what became valued as a higher good. Managers readily intensify their efforts and extend their working time in a manner that diminishes their scarce free time. Dugger (1980, 905) observes how anyone could follow an implicit pecuniary animus without consciously realizing that they have borrowed and applied corporate motives to noncorporate tasks. People do so willingly because, in their perspective, they individually and freely want to. The institutional behaviors and control

mechanisms identified by Dugger have been continuously observable around the world.

As noted above, Dugger's Institutional Analysis is heavily influenced by contributions to Evolutionary Economics advanced by Thorstein Veblen. Dugger (1980, 901) defines subreption as "the process whereby the function performed by one cluster of institutions becomes the means of another cluster of institutions". In the article "Subreption, Radical Institutionalism, and Economic Evolution" coauthors John Hall, Alexander Dunlap and Joe Mitchell-Nelson assess Dugger's research as important and note that his thinking assists in reviving Original Institutional Economics.

Coauthors Hall et al. (2016, 485) find that Dugger explicitly acknowledges Veblen's seminal contributions; therefore, his definition of subreption is entirely consistent with the ideas advanced decades earlier by Veblen. Dugger's connection to Veblen supports my understanding of subreption and its relation to institutional evolution. In addition, Hall et al. comment that Dugger continues expanding the idea of subreption originally found in Immanuel Kant's writings. Hall et al. (2016, 489) observe that the works of Kant, Veblen, and Dugger explain subreption as an initial step that allows the commencement of subsequent evolutionary effects.

According to Hall et al. (2016, 485), in Dugger's understanding, subrepting values that control institutions and individuals can work as a mechanism for

obtaining and enhancing societal and economic power. Hall et al. (2016, 475) explain that in the view of Dugger, subreption allows institutional hegemony to replace institutional autonomy in the U.S., leading to the emergence of corporate hegemony. Hall et al. (2016, 489) conclude that, in Dugger's perspective, the increasing power of the pecuniary values related to expanding business promotes changes that enable the emergence of a global corporate hegemony. Hall et al. add that the evolutionary process identified by Dugger has led to the extension of corporate dominance beyond the U.S. Relying upon Dugger's contribution, enables one to understand and even observe that corporate hegemony is present in the growing globalized economy of the twenty-first century.

In a hegemonic corporate culture, shared beliefs and values held by members of a society tend to be influenced by the dominant corporate institution. According to Dugger (1988, 101), the four invaluation processes serving corporate power have taken the U.S. away from its earlier, pluralistic culture in which institutions tended to be autonomous and independent. Extending Dugger's thinking, Hall et al. (2016, 487) write that the rise of corporate hegemony's is closely related with the increasing dominance of pecuniary values in a deteriorated reality that supports hegemony and avoids institutional pluralism. Hall et al. agree with Dugger in his argument that the people's ability for ethical reasoning can indeed become degraded in a society that becomes dominated by a hegemonic institution like the

corporation. In his institutional analysis of corporate hegemony, Dugger (1908, 906) concludes that this power structure—based upon corporate hegemony—must be confronted because it proves inconsistent with democracy, liberty, and equality through altering the social processes and institutions that support it.

Conclusion

This inquiry has sought to establish that in his writings William Dugger offers insights into subreption as a way for explaining the emergence of corporate hegemony. In Dugger's view, subreption takes place as the invaluation processes that he identifies as contamination, subordination, emulation, and mystification enable the functioning of the key institutions to evolve and serve corporate ends and thereby increasing corporate power. Reasoning in the tradition established decades earlier by Thorstein Veblen, Dugger considers and analyzes the evolving structures and the increasing power displayed by U.S. corporations over the course of the twentieth century. What Dugger emphasizes is that the emergence of corporate hegemony likewise portends that other institutions would lose their influence relatively. Increasing the wealth and influences of corporations over the course of the twentieth century has led towards expanding controls and novel forms of domination that serve to further strengthen their interests and power.

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