

Corporate Violence and Beguiling Narrative

Towards a Radical Ethics of the Firm

By

James Bruton

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Ethics of the Firm

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Preface

This is not yet another book intended for decrying the morals of corporations, giving an account of how things should be different and calling for behavioural amendments. We know all very well what should be different. We know, too, that calls for change will echo briefly and subside just as abruptly. But resignation can hardly be an appropriate answer. Beginning as I must with a critique, my intention is rather to frame immoral corporate behaviour as just one—albeit important—facet of the violence, great and small, we experience everywhere in the world and then to search for ways to instigate change at corporate level, even if only in incrementally small steps—but ones that promise to stick. Thinking big and starting small is therefore my approach.

In my seminars on business ethics over the years, students at the beginning would often ask whether the combination of business and ethics was not a contradiction in terms. The two seemed to them to be more or less mutually exclusive, at least judging from their observations of corporate behaviour. Management school colleagues would acknowledge my work with a smirk. And so, I was often given to questioning whether what I did was worth students' time and mine. My own observation of public policies, on the one hand, and of how companies constructed their sustainability narratives, on the other, gradually gave me the impression that business ethics—my subject—needed radical overhauling if it was in any way to prepare graduate students for the real-world jobs they would eventually find themselves in. Thus, the notion of immoral corporate behaviour as violence on a wide spectrum came to mind and I set to work on thinking it through.

This book is the result of that endeavour. It adopts a multidisciplinary approach, incorporating insights from psychology, sociology, and network science and is intended for everyone interested in business

ethics and the subject of corporate violence, but especially for students and management professionals. Consequently, I have gone to great lengths to make it practical by providing enough detailed information to enable readers to follow my suggestions on their own. I hope that it serves their needs and reduces the burden of ethical dilemmas in their daily work, especially when they are left on their own to decide in the grey areas between right and “right”.

I would like to express my gratitude to Oliver J. Bruton, whose valuable comments and suggestions helped clarify complex issues. However, the responsibility for any remaining errors or omissions rests solely with me. I am also deeply grateful to my wife, Ursula, for her patience and support throughout the writing process. This book is dedicated to them—and to all who hold a vision of a world in which corporations are not only less violent, but also contribute, however modestly, to a more peaceful and just, and therefore, in my view, more functional society. After all, to borrow the words of the renowned American science-fiction author Isaac Asimov: “Violence is the last refuge of the incompetent.”

Brodersby, April 2026

Introduction

Hermann Josef Abs (1901–1994), a leading German banker during World War II and spokesman of the managing board, later chairman of the supervisory board of Deutsche Bank during the post-war era, is famously quoted as saying that “Profit is as necessary as the air we breathe, but it would be terrible if we did business for the sole purpose of making profit and every bit as terrible as if we lived only to breathe”.¹ Coming from the mouth of someone who was so firmly rooted in capitalism and the world of money, these words seem quite remarkable. With his far-reaching international network of contacts and expansive industry circle he used his formidable influence to advance the bank’s interests. A banker through and through, he seems to have been driven less by a keen mammonic desire than by the joy of being a key financial architect during Germany’s “*Wirtschaftswunder*”, i.e., the German Miracle or conspicuous economic growth spurt after World War II when he also served as a crucial advisor to Chancellor Adenauer. An accomplished musician himself, he likened his career to that of an organist wanting to play an instrument with the largest possible set of registers.

Deutsche Bank has been severely criticised for its complicity in the Nazi regime’s economic crimes, Aryanisation of Jewish property, and involvement in financing the construction of the concentration camp at Auschwitz. Deutsche Bank was also a major financier of IG Farben, the chemical conglomerate that produced Zyklon B for the gas chambers. According to the economic historian, Harold James, there is no specific evidence of Abs, a member of the supervisory board of IG Farben from 1940 parallel to his position as member of the managing board of Deutsche Bank from 1938 to 1945, having actively participated in Nazi crimes, arguably the most heinous cases of corporate violence ever recorded. Although not a Nazi party member himself

and in contact with the resistance, Abs declined to become actively involved. This is understandable given his high-ranking role and considering the powerlessness of bankers to change the course of history, as James puts it.² At the same time, he is credited with having done his utmost to help prominent Jewish bankers during the forced Aryanisation of Jewish business, securing comparatively reasonable arrangements under the circumstances for them.³ After the war he was interred by the Allies but released without charges shortly afterwards.

In the decades immediately following the war, Deutsche Bank's actions were contextualized within specific narratives meant to mitigate culpability, claiming the bank was merely engaging in standard business operations within the legal framework of the period, at times even suggesting the bank itself was a victim of Nazi pressure, pointing to ideological criticism of banks by the Nazi party, financial restrictions and the exclusion from certain business interests. When confronted with evidence of participation in the seizure of Jewish assets it was often individuals who were blamed, rather than the institution as a whole.

This reflects the typical structure of a corporate narrative when a company comes under pressure for a certain behaviour. At first there is a sweeping denial of having actively taken part in the criticised behaviour while portraying oneself as a victim of external circumstances or forces, in this case Nazi rule and the genocidal war on the Jews which left hardly any room for alternative behaviour. When the first excuse pointing to the economic system is challenged further and defeated, the blame tends to be loaded on internal scapegoats to ensure the protection of the institution—in the case of Deutsche Bank these people were referred to as “misguided” individuals and over-eager branch managers.

Deutsche Bank did not try to alter the post-war narratives contextualising its actions so as to mitigate culpability until late in the 1990s. To

mark its 125th anniversary, the bank broke with its defensive posture and commissioned independent historians to reappraise its controversial past which showed that the bank was in fact actively involved in the takeover of Jewish-owned banks and in financing construction work at the Auschwitz concentration camp.⁴ It had taken fifty years for the dust to settle before a new management with only second-hand knowledge of the past were able to express their “deep consternation” and acknowledge their “historical” responsibility. The example of Deutsche Bank also serves to illustrate the enormous span of time that the reversal of a corporate narrative can take. It also shows that simplistic interpretations of complex matters commonly result in premature, unsound judgements, as was often the case before historians were called in to do their research, and, finally, it shows that while power and authority, as in the case of Abs, are necessary to evaluate a leader, this aspect alone is insufficient to infer their moral character.

The subject of the book is, consequently, quite challenging. I approach it by dividing it into two parts. In the first part I begin by suggesting a comprehensive definition of corporate violence and examining it in the context of another more recent banking scandal, namely the involvement of Goldman Sachs in events that led up to the worldwide financial crisis of 2007–2008, but whose behaviour cannot of course be compared in any way whatsoever to the atrocious actions of Deutsche Bank. The Goldman Sachs case is interesting because it is a) complex and b) lends itself to divergent arguments from legal and moral perspectives. The violence of companies such as Deutsche Bank and Goldman Sachs—each in their own very different ways—are perhaps more dramatic than what we commonly see amongst other corporate players. To give an overview of what corporate violence means in businesses that provide for our most basic needs, namely food and water, clothing and housing, I present the results of my research on some of the largest international companies operating in these sectors in Europe and the United States. Interestingly, there appears to be a

great deal of similarity in corporate narrative structures, independent of the sector they operate in and their geographical location. The first part is concluded by a chapter on corporate responsibility and accountability. I argue there that an ever-growing body of reporting requirements, especially in the European Union, does not encourage corporate accountability because it tends to put companies on the defensive, at the same time promoting a mind-set of telling a good story that cuts corners when it comes to less flattering details. In laying the groundwork for the second part of the book, I discuss what it means to give an account of oneself from a very fundamental perspective, basing my description on the work of Martin Buber and Judith Butler. With the individual as the initial unit of study, I extend the analysis to the plurality of the firm, taking an ethical approach to examine the questions of firm purpose and agency.

The second part of the book addresses the central question of how to mitigate corporate violence. I begin with the root of the problem, which is not behaviour itself but its antecedent, namely the prevailing belief system. Belief is always a sure predictor of action. The problem with beliefs, however, is that they are usually obscure. People normally identify so well with them that they easily go unnoticed. Thus, we see the speck in another's eye before the log in our own and hence blaming comes easier than self-awareness. Depending on their nature, beliefs can foster or limit action. Common limiting beliefs in the business context relate to the self-worth of actors; they also relate to market and competition, to performance and failure. Thus profit—and money, for that matter—are often perceived as values in themselves and not as a means to an end. Beating the competition is seen as the road to profit in a zero-sum game in which there can only be winners when others lose. From this perspective, performance and growth are construed as a perpetual struggle, with value exclusively attributed to outcomes achieved through adversity. Limiting beliefs of this nature are the root cause of corporate violence.

Discovering core beliefs requires consistent reflection, which I approach using a dual methodology. Based on the work of the American psychologist, Steven Hayes, the first method helps leaders initiate and follow through on self-discovery, laying the foundation for greater psychological flexibility. While leadership is generally regarded as a social influence process aimed at maximising the efforts of others towards the achievement of shared goals, the crucial element of self-discovery often gets neglected because the essential disposition and skill set are often considered prerequisites, brought to the position from the outset. Leaders can immediately implement the detailed guidance in chapter five to create lasting benefits for themselves and their teams through consistent application. The second method leverages small-world networks to develop and propagate effective methods for addressing corporate violence. A small-world network is a type of connection structure found in real-world systems, such as social networks, neural networks of the brain and the electric power grid, where most nodes or connection points (people, neurons and electric substations, respectively) are not neighbours but can be reached from any other node in a very small number of steps. The affinity group or affinity space—a physical or virtual environment where people gather, interact and collaborate based on shared interests, activities or goals—is the type of small-world network that is addressed here. It is a setting which brings together novices and experts in a non-hierarchical, informal learning environment where the focus is on a mutual endeavour rather than on individuals.

The thought underlying such encounter and endeavour is to discover how we think and what we are saying. I am more concerned about “changes in the vocabulary rather than changes in belief”, as Richard Rorty describes it.⁵ Invoking Judith Shklar’s claim that “cruelty is the worst thing we do”⁶, Rorty argues that “our sense of solidarity is strongest when those with whom solidarity is expressed are thought of as ‘one of us’, where ‘us’ means something smaller and more local

than the human race"⁷ and that radical continuing doubts about the vocabulary we currently use confer on us the ability "to keep trying to expand our sense of 'us' as far as we can", to thereby gradually extend the community we show solidarity with.⁸ To this I would add that true expansion must first occur inwardly and then emanate outward from there. Furthermore, as Rorty sees it, persuasion is better than force for accomplishing change, and this is achieved by concrete comparison of particular alternatives and concrete descriptions of the kind of life we want to live. I believe that these are the issues which ought to be at the forefront of the affinity group's agenda.

The last chapter widens the focus to take a more comprehensive view of nonviolence. I pick up on Mahatma Gandhi's concept of *Satyagraha*, with "soul force" as a way of showing respect for all living beings without causing them harm and creating social change without ever resorting to violence. Martin Luther King Jr. later drew on Gandhi's ideas and embraced his philosophy in his struggle for racial equality, civil rights and social justice for Black Americans. These ideas also pertain to corporate nonviolence. Gandhi flips the script on the competitive business mindset and on the common belief that business is a cutthroat competition where yielding is tantamount to failure: surrender is not weakness, but a powerful act of nonviolence. It is an acknowledgment of our shared existence, proving that harming others is ultimately self-destructive. Gandhi and King invite us to respond to others with respect, empathy and care. Compassion is respect in action, driven by a desire to relieve suffering rather than just show pity. Yet, outwardly focused compassion is only sustainable once we learn to accept and bear with our own shortcomings.

Finally, I challenge the patriarchal mindset that seems to be omnipresent in economic life. Framed as the idea of the good father caring for his children, it turns out to be a more or less subtle way of exerting power, not for but rather against others. Patriarchs can be likened

somewhat to wolves in sheep's clothing, and it is a matter we need to address if we want to mitigate corporate violence. I argue that matriarchy—a modern approach appealing to some—is not the antithesis to patriarchy and that the current gender debate is futile. I discuss that having more women in leadership positions is per se not an enduring solution to the problem and rather suggest that true inner and outer leadership comprises both masculine and feminine qualities which can be accessed by both sexes. Ideally, they are present in both.

Part One

We Are Only in It For A World of
Good, *Lol*

Chapter 1

In The Eye of The Storm

“Technologically, man has advanced incredibly,
yet he remains as he has been
for thousands of years, fighting, greedy, envious,
burdened with great sorrow.”

—Jiddu Krishnamurti, *Beyond Violence*

Between 2006 and 2018, Lloyd C. Blankfein was at the helm of Goldman Sachs (for short also Goldman), the second-largest investment bank in the world after JPMorgan, where he had followed in the footsteps of Henry Paulson as chairman and CEO. Acting as it were in the eye of the storm, he was one of the key players in Wall Street during and after the financial crisis of 2007–2009.

On April 27, 2010, he was summoned to testify on the Goldman’s role before the Senate Governmental Affairs Subcommittee on Investigations to examine causes and consequences of the financial crisis. Strikingly, the atmosphere at the Investment Banks Hearing bore a noticeable undertone of aggression, with the statements and questions of the chairman, Senator Carl Levin, and indeed of most of the other senators on the Subcommittee, reflecting what appeared to be the public sentiment that actors in Wall Street were largely responsible for what turned out to be a major catastrophe. The senators formulated their questions as though they had already written down all the answers and only wanted to draw them out from the “horse’s mouth” to bring factual information out into the open.

Presumably acting on the advice of his legal counsel, Blankfein avoided all answers that stated the salient facts, while at the same time always seeming to find ways to make his own case. Levin's accusations centred around the statement that Goldman were selling securities to people without telling them that they, Goldman, were taking, and intended to maintain, a short position against the same securities. He described Goldman's "betting against" the securities as a clear conflict of interest. In his view, if investors expected the securities to rise in value and Goldman was hedging opposite positions because they expected them to fail, then Goldman ought to have informed them before they signed off on their deals.

Unsurprisingly, Blankfein saw no conflict of interest in the context of market-making, stating that Goldman always participated in the market of buying securities from sellers and selling them on to buyers. His company was selling the right kind of securities to clients with a high-risk appetite looking for a risk exposure. What they sold to them was supposed to give them exactly the risk they wanted. These were no ordinary people but rather institutional clients who understood and were well aware of the risks associated with their investments. Accordingly, in the various deals cited by the Subcommittee chairman, Goldman Sachs were not acting as advisors to their clients, in which case they would have had a fiduciary duty and an obligation to disclose all information pertinent to an investment decision.

Following Blankfein's argument, the buyers might well speculate on an appreciation in value of the securities, while Goldman Sachs, as sellers anticipating a security depreciation, hedged for a potential loss in asset value. They did this on either side of what is known as a Chinese wall, meaning that the buying and selling departments at Goldman acted independently and were unaware of each other's activities. The securities in question were rental mortgage-backed securities (RMBS), in other words financial instruments tied directly to the U.S. hous-

ing market. At the time, the housing market was extremely bearish, but Henry Paulson, the then Secretary of the Treasury stated in a talk given to a business group in New York in April 2007 that the housing market was “at or near the bottom” and he could foresee a turnaround judging from all the signs he looked at. Hence, for an investor wishing to bet on an appreciation of RMBS, this could have been a plausible investment strategy. To think that Paulson as the CEO of Goldman immediately preceding Blankfein might have been trying to aid his former employer does not seem plausible, for upon taking office as Secretary of the Treasury, he was required to shed his Goldman shares. This he complied with in full.

So, who was in the right, Blankfein or the senators on the Subcommittee? More importantly, did Goldman and the other players in Wall Street perpetrate violence, and, if so, against whom? To answer this question (in the final section of the chapter) I must, first of all, look more closely at the concept of violence as I use the word in this book. Then I need to review some of the complexities of modern structured finance.

What Counts as Violence?

“Violence is the last refuge of the incompetent.”

—Issac Asimov *Foundation*¹

Violence is a word that is so common in our language that we take its meaning almost for granted. At the same time, our societies have grown more sensitive than was the case a generation or so ago. For instance, whereas sexual harassment was often regarded as a petty offence, it is now mostly looked upon as a grave violation and is taken seriously even when no physical force or injury is involved. This example shows that the term violence can be elusive and since it is of

central importance in the book it is necessary to explain exactly what it stands for.

The World Report on Violence and Health issued in 2002 by the World Health Organisation is a useful starting point for looking at violence as a ubiquitous phenomenon. The WHO defines violence very broadly as:

“The intentional use of physical force or power, threatened or actual, against oneself, another person, or against a group or community, that either results in or has a high likelihood of resulting in injury, death, psychological harm, maldevelopment or deprivation.”²

Two things spring to mind immediately on reading this definition. Firstly, it appears to exclude unintentional acts. However, the words “use of ... power” also include omissions or acts of neglect. In the corporate context we often refer to these as carelessness or negligence, and gross negligence in its stronger form. Such acts are unintentional in the strict sense of the word, because no damage is wilfully intended, but the fact that it might (easily) be caused through an act or omission—and the perpetrator knew or should have known this—is mindlessly accepted and assented to. This is also underlined by the words “or has a high likelihood of resulting in injury ...”. The use and abuse of power through acts and omissions in power relationships in business is obviously a far more important issue than acts of physical force.

Secondly, “against oneself” seems unlikely to apply to corporate violence. In the definition of the WHO violence applies only to people and hence self-directed violence comprises self-abuse, deliberate self-injury and suicide. Corporations can be construed as legal entities in which corporate action is taken by people authorised to represent the corporation and acting on its behalf.³ But, assuming for the

moment that they are fictional entities, incorporated and maintained by a framework of contracts, the question still arises: can corporations self-harm like individuals? That can occur when those acting in its name behave in a way that causes damage to or even destroys the company. There are numerous infamous examples of fraud which have led to severe losses and bankruptcy. The following are just some of the more memorable cases in recent history.

WorldCom. As CEO of this giant internet and communications corporation, Bernie Ebbers was indicted for securities fraud, conspiracy, and filing false statements, overstating revenues and understating operating costs by recording current costs as rental payments for telephone lines. In 2002, the SEC announced that the assets of the company were overvalued by \$11 billion. Following the announcement, the company had to file for bankruptcy and protection from their creditors under Chapter 11. As a result, the share value plummeted by 90 percent, and more than 20,000 people lost their jobs. Because of this massive fraud, the United States Congress passed the Sarbanes-Oxley Act, which held executives liable for their company's financial statements and allowed whistleblowers to report financial foul play anonymously.

Enron. In each of the years from 1996 to 2001 Fortune magazine named Enron "America's Most Innovative Company". The corporation was formed just over ten years previously and made enormous profits trading natural gas and other commodities. In 2001, Sherron Watkins, a financial executive, warned Ken Lay, the CEO, that a serious accounting scandal was under way which could destroy the entire company. During an SEC inquiry into its financial state, Enron admitted that it had overstated profits by almost \$600 million. Shortly

afterwards, the company slashed 4,000 jobs and filed for bankruptcy, upon which a criminal investigation was launched.

Wirecard. In 2020, the news shocked the markets that the Germany-based electronic payments firm declared insolvency and regulators found that €1.9 billion (\$2.1 billion) was missing from the company's accounts, amid allegations that the money never existed. Marcus Braun, the CEO, was arrested and Jan Marsalek, CFO, fled the country, purportedly to Russia and accounts had it that he was working as a Russian spy.

Theranos. Originally a start-up specialized in a novel automated blood-testing method supposed to make tests more efficient, accurate and fast, this company convinced investors, and the company grew by leaps and bounds. By 2014 it was already valued at \$10 billion. Around that time, however, medical tests of the automatic equipment found that it was touted and unworkable. Soon afterwards, Elizabeth Holmes, the promising young founder of the company, and her business partner Ramesh Balwani were charged and found guilty of wire fraud and conspiracy. The high costs incurred in the ensuing legal battle drove the company into bankruptcy. See chapter 5 for a discussion of Elizabeth Holmes' character as a corporate leader.

These are just four of the more prominent examples of recent years where outright fraud caused the complete downfall of the companies involved. However, there is a multitude of self-harm cases of a less dramatic nature, in which management boards behaved in a careless and reckless manner, thereby causing a significant meltdown of corporate market value. They include, but are not limited to, management failures such as mismanagement, defeatism, under-planning, faulty risk management and lack of proper cost control.

According to the definition provided by the WHO and cited above, violence results in injury, death, psychological harm, maldevelopment or deprivation. We see similar effects in the context of corporations.

Consider the infamous Union Carbide case. In 1984, more than 40 tons of methyl isocyanate gas leaked from a pesticide plant in Bhopal, India, immediately killing at least 3,800 people and causing significant morbidity and premature death to many thousands more. After first trying to dissociate itself from legal responsibility for the industrial “accident”, Union Carbide Corporation later assumed moral responsibility and paid \$470 million in compensation, a drop in the bucket compared to the long-term health consequences of exposure and the number of people affected.

Psychological harm is very often associated with the workplace. The relevant issues include lack of role clarity, excessive workloads and poor support, lack of control over harassment, mobbing and bullying, poor organisational justice and a lack of proper change management. Psychological harm can result in sleep disorder, anxiety, depression and job burnout. These are widespread problems and, unsurprisingly, psychological health issues often top the list of work absences in industrialised countries. Psychological problems are not limited to issues around the workplace. By way of example, they may also take the form of creating artificial wants and perpetuating dissatisfaction or targeting vulnerable customers.

The issue of maldevelopment and deprivation in the context of the corporation is relevant to sourcing activities and the socially unjust treatment of workers at the beginning of the supply chain. We see this for example in sweatshops in the fashion industry and also in the mining of rare earth elements and digging for gold and diamonds.

Violence is closely associated with aggression. In social psychology aggression is defined as behaviour that is intended to harm another

person who is motivated to avoid that harm, whereas violence is an extreme form of aggression resulting in severe physical harm (e.g., serious injury or death).⁴ For the purposes of this book, however, I am using violence like the WHO as an overarching term on a spectrum with mild forms of aggression at the lower end and serious violence at the upper end. Competition in business often goes together with a certain measure of aggressiveness, for example when a company challenges the competition by using clever pricing strategies. In very many cases this is just the way business works and is generally accepted. Looking at the other end of the spectrum, though, companies sometimes try to use their financial power to eliminate a competitor to thereby establish a near-monopoly. This kind of instrumental violence contravenes anti-trust legislation, is economically detrimental and therefore unlawful.

An example of instrumental violence is a dispute between the premium ice-cream manufacturers Häagen Dazs and Ben & Jerry's that took place in 1984. Pillsbury the then owner of the Häagen-Dazs brand was first on the market with its "superpremium" ice-cream. Then, Ben Cohen and Jerry Greenfield entered the market with their competing product "*Ben & Jerry's*". Pillsbury directly challenged Ben & Jerry's and tried to obstruct them by informing distributors selling both brands that in future they would only be supplied if they refused shelf-space to Ben & Jerry's. Famous for their "*Doughboy*", Pillsbury had a greater market sway and intended to wield that power to oust Ben & Jerry's. The latter countered with a marketing campaign than ran by the title "*What's the Doughboy Afraid Of?*", describing it as follows:

"We believed that Pillsbury's actions were illegal ... but we knew that in a strictly legal fight we'd run out of time and money long before Pillsbury would. Our only option was to rely on our customers and the media to pressure Pillsbury into backing off. So we started print-

ing the slogan *"What's the Doughboy Afraid Of?"* on our pint containers, along with an 800 number for the Doughboy Hotline. Everyone who called got a Doughboy Kit, with protest letters addressed to the Federal Trade Commission and the chairman of the Pillsbury board, and a bumper sticker."⁵

In view of the campaign and subsequent legal proceedings in favour of Ben & Jerry's, Pillsbury finally backed off. However, such encounters do not always end well and, given the critical time element involved, small and mediums-sized companies finding themselves in a David and Goliath position can face an existential risk. For this reason, I argue that Ben & Jerry's campaign was an acceptable response, even if can also to be considered a form of violence in its own right. Importantly, however, building a reputation for competitive aggressiveness can endanger a company's opportunities with regard to future collaborations that may become vital as market scenarios unroll.

Taking the above considerations into account, I thus suggest the following definition which is based on the above definition provided by the WHO but amended to align it with the activities of corporations:

"Corporate violence is the intentional use of power by corporations or their representatives, either through acts or omissions, to cause or to risk causing injury, death, psychological harm, maldevelopment or deprivation, either immediately or latently, on individuals, groups, communities or the society at large in order to achieve corporate gain in the sense of profit, earnings or the general positive returns of a company."

This definition leaves out the words "physical force" and uses "power" instead, as this is a more accurate description of usual corporate behaviour. As already mentioned, the use of power also includes neglect and acts of omission, but I have stated this explicitly to avoid

confusion. I also consider that power abuse can produce immediate results, or its effects can be latent at first, only then to become manifest and linger on for years after the initial abuse. The victims can be individuals (e.g., in the workplace) or classes of stakeholders (e.g., employees, customers or suppliers), and whole communities or even the society at large can be affected.

Very often the state is regarded as an abstract stakeholder, but there is good reason to differentiate between local communities and the broader society. Local communities and the companies embedded in them have a more direct kind of relationship. For example, firms obtain their workforce from the communities they operate in and, by providing jobs, enhance the quality of life there. The notion of companies as “good corporate citizens” reflects this close relationship. In contrast, the connection with the national state is more distant. By providing and watching over various institutions, the state provides the infrastructure that companies need in order to be able to operate effectively and efficiently. This is financed for the most part through the tax system. When multinational corporations weave complex models to avoid paying taxes in the jurisdiction they operate, they are in non-regulatory violation of the state or community in which they are domiciled, depending on which of the two would otherwise have benefitted from tax revenues. This kind of violation produces a trickle-down effect, so that in the end companies are in fact violating people who suffer from a lack of funds to finance schools, kinder gardens or community swimming pools, for example. It reduces the quality of life in an area, but it also makes it more difficult for companies there to gain adequate access to a qualified local workforce as families relocate to better areas. This example illustrates how violation can have a reciprocating effect.

Moreover, businesses rely on many various commercial and institutional systems, such as the banking and financial system, insurance,

transportation, water and power supply, and telecommunications. Vital though they are for the existence of companies, commercial systems and institutions are not included in my definition of violence because they, themselves, cannot be victims of violence. However, attacks on them have serious repercussions on people. In this way, damaging commercial systems and state institutions also has a rebound effect on corporations.

Violence is used in general to achieve one or more goals. The ultimate goal of every company is to make profit or gain some kind of market advantage over competitors. For this reason, I have included this aspect in formulating the definition.

Two Types of Corporate Violence

“The violence and injustice of great conquerors are often regarded with foolish wonder and admiration; those of petty thieves, robbers, and murderers, with great contempt, hatred, and even horror upon all occasions.”

— Adam Smith, *Theory of Moral Sentiments*

The language of business is borrowed largely from the language of warfare. One example of such usage was posted on LinkedIn by a young Indian professional and a director at Morgan Stanley who writes:

“In today’s fast-paced and cutthroat business world, companies are constantly engaged in a battle for supremacy. The competition is fierce, and only those who understand the art of business warfare can hope to come out on top. The art of business warfare involves a strategic approach to gain an advantage over competitors, seize market share, and achieve business success.”⁶

Referring to competitive analysis and strategy, she continues about choosing your battlefield and attacking with precision and about using penetration and predatory pricing to steal market share and weaken competitors. The proposals she makes are admittedly standard business procedures, but I argue that it is the language that is problematic here. Importantly, language precedes mindset, and language creates mindset, thus upholding an unwholesome continuum. Also, business *sub specie belli*, with a “go, get them” mentality, creates a world in which any concept of sustainable development that is genuinely intended to mean as it portends must surely appear to hail from some kind of parallel universe which can be accessed only temporarily through a glitch in the system.

One example that many critics would regard as overt violence relates to Nestlé Waters, a division of the Nestlé food corporation, sporting a host of bottled water labels, among them *Sanpellegrino*, *Contrex*, *Acquarel*, *Perrier* and *Arrowhead Water*. Nestlé is criticized for siphoning pristine water from springs in various countries, in regions where potable water is in scarce supply, anyway, thereby causing the problem of groundwater sinkage.⁷ It was common for permits to be granted to Nestlé subsequent to lobbying activities, large donations of money and promises of local jobs. The concession levies imposed are reported as being very low, so that Nestlé makes high profits in bottling the water and selling it back. The pressing question raised by environmentalists is whether private enterprises should be allowed to commodify water and sell it, or whether water is a basic human right. This question is understandable in view of water being the second most important basic need in life after the air we breathe. Nevertheless, in a statement made in 2005, Peter Brabeck, Nestlé’s then CEO, said:

“Water is, of course, the most important raw material we have today in the world. It’s a question of whether we should priva-

tise the normal water supply for the population. And there are two different opinions on the matter. The one opinion, which I think is extreme, is represented by the NGOs, who bang on about declaring water a public right. That means that as a human being you should have a right to water. That's an extreme solution. The other view says that water is a foodstuff like any other, and like any other foodstuff it should have a market value. Personally, I believe it's better to give a foodstuff a value so that we're all aware it has a price, and then that one should take specific measures for the part of the population that has no access to this water, and there are many different possibilities there."⁸

Brabeck is careful in his use of language. He does not say that water is not a basic human right, although this meaning could be inferred from his words. He does not say that it is good and proper for Nestlé to be allowed to privatise water and bottle it for profit, while this appears to me to be the gist of the idea of having it priced as a commodity. His last remark appears rather cynical. One (who?) should help those who cannot afford to buy the water. One way or the other, he does not perceive this to be Nestlé's task. And it is clear from his words in the interview that it is a problem for others to deal with.

With environmentalists and the media flying in their face, Nestlé found themselves forced in the long run to draw up a form of narrative which I characterise briefly, using the information available on the German language version of Nestlé's website.⁹ This is where Nestlé lights a fog candle. Answering the question, "Is water a basic human right for Nestlé?", the statement on the website makes it clear that this is the case without any "ifs" or "buts", explaining that they earn their income by selling bottled water, while resolving any shortage of drinking water in the vicinity of the production plants by providing wells, toilets and washing facilities free of charge.

The second question that is formulated concerns water being disclaimed by Nestlé as a fundamental human right. According to Nestlé, no such assertion has ever been made. The misunderstanding was said to be about 20 years old, resulting from a statement by Peter Brabeck, the former CEO, who argued that the human right to water did not include the right to fill swimming pools and to water golf courses. Water should carry a price tag, so people would appreciate it and use it sparingly. Compare this with the Brabeck's original statement above. In the context of the commercial exploitation of water it may be possible that Brabeck alluded to the amounts of drinking water squandered when watering golf courses or lawns or filling up swimming pools. But such statements can just as easily have been confabulated to disperse any doubts about Nestlé's interest in conserving water and of being stewards of our water resources on the planet—with all of this woven into the narrative of Nestlé being in business for some 150 years and being key to protecting the earth and its resources, especially water. We must suspend judgement at this point, but I will discuss the pertinent issues systematically in the following chapters, including a more general discussion of Nestlé in chapter 2.

Many forms of covert corporate violence are to be found in our globalized economy, very often at the beginning of supply chains where injustice is often structurally programmed. Factory workers, very many of them women, are subjected to extremely adverse working conditions, with long working hours per day and extremely low daily wages. Abject working conditions also present grave health hazards. In November 2012, a fire at a garment factory in Dhaka, Bangladesh, thought to have been brought about by exposed wires, trapped workers in the upper storeys of the building owing to a lack of proper emergency exits. Factory supervisors were later accused of having padlocked doors to prevent workers from leaving the factory building. The blaze killed at least 117 and injured more than 200. It was the

most serious factory fire disaster in the country's history. The factory belonged to Tazreen Fashion, a subsidiary of the Tuba Group which supplied manufactured garments to companies in Germany, France, Italy and the Netherlands, major clients including Walmart, Carrefour and IKEA. Interestingly, Walmart America stated that the orders had been subcontracted without their knowledge and subsequently terminated their business relationship with the Tuba Company. In a kind of legal exit Walmart thus succeeded in wriggling their way out of the liability issue while playing it down for their domestic customers at the same time. In all such scenarios the purpose of a narrative is to rectify the past to protect the present, either through "alternative facts" or alternative framing. Even if the latter is constructed in good faith, such narratives liquify truth, thus making it difficult for those on the sideline to pin-point what is real.

The Dhaka fire disaster is a good example of structural injustice, which Iris Young describes as injustice generated by unacceptable transnational social structures.¹⁰ In this instance it poses several awkward questions, such as: who was accountable for this sort of injustice? More specifically: were the clients commissioning the goods responsible and, if so, to what extent? Can they be held responsible for actions pertaining to companies they do not control? How much effort should they have invested in determining the facts of the situation prevailing at the point where the supply chain began? If the client was (partly) responsible, who was answerable for the respective actions or omissions—the firm placing the order or the natural persons in charge of commissioning the products and managing the affairs of the firm? These are obviously difficult questions to answer, and I will return to them in chapter 3 with reference to Young's Social Connection Model.

Supply chain issues are also the subject of European and national legislations. In February 2023, the EU issued a draft Directive on Corporate Sustainability Due Diligence (CSDDD) to address problems pertaining

to human rights and the environmental issues in supply chains. The CSDDD establishes a corporate due diligence duty to identify, bring to an end, prevent, mitigate and account for negative human rights and environmental impacts in a company's own operations or those of their subsidiaries and in their value chains. According to the original proposal, 500 employees and turnover in excess of 150 mill. euro were defined as size criteria for applicable companies. In view of the amount of bureaucracy and the relatively high burden on small and medium-sized enterprises (SMEs) involved, the applicability threshold was considered to be too low by several of the EU states, including Germany, and it was therefore raised in March 2024 to a headcount of 1,000 and worldwide turnover of 450 mill. euro. Subsequently, a political majority was achieved, however with Germany still objecting, claiming that increased bureaucracy and liability for failure to comply would unnecessarily obstruct SMEs and deter investments in the EU from abroad. Prior to the Directive, Germany already had a similar national law in place which, however, is not as demanding on enterprises as the EU version. Above all, the German law does not make companies liable in cases of non-compliance, so that when defaulting they would not be subjected to monetary compensation in any subsequent civil proceedings.

In this case we see a form of concerted narrative that results in a prioritisation of profit over human rights, which should not hide the fact that companies are generally willing to support human rights and environmental endeavours—but only for as long as the regulations do not change the status quo in such a way as to endanger profitability. In other words, the ethical focus tends to get blurred when it comes to the bottom line, especially when the underlying issues are complex or unclear. Under such circumstances a narrative also evolves which frames the future along the lines of current interests. Power and the power of argument determine the rules of the game, and we can only ever know in retrospect what would have been the best way forward.