

(21) A lively discussion on the differences between the U.S. and Canadian approaches to race and ethnicity ensued in this session. To highlight the contrasts, we include in this book both the paper by Feagin and the one presented by Duchastel and Bourque.

(22) The paper given by Giovanni Arrighi in our conference explores how the world-systems approach, as contrasted with an approach he refers to as "comparative-historical," is better situated to grasp both the past and the future of globalization.

(23) Harriet Friedmann's contribution has a somewhat different "take" on this subject and the ways in which it should influence both sociology and social movements. Her essay will appear in the full book.

CHAPTER 1 OBSERVATIONS ON BUREAUCRATIC CAPITALISM: KNOWLEDGE ABOUT WHAT AND WHY

Gideon Sjoberg
University of Texas in Austin

My intention is to revisit the issue of "Knowledge for What?" However, I have for some years been persuaded that this query begs two other questions that are equally, and perhaps more, profound. One is: knowledge about what? The other: which standard (or set of standards) should social scientists (and others) employ in evaluating such knowledge?

This brings me to the issue of serious lacunae in sociological analysis. Two compelling shortcomings, in my view, demand consideration. One involves a general failure to understand the role of large-scale organizations in shaping "bureaucratic capitalism"; the second involves concern with how these organizations can be held morally (or socially) accountable for their activities, particularly if one is intent upon advancing democratic ideals of social justice.

When we examine complex organizations, we must do more than focus on the power of the state. We must confront the reality that state control is nowadays intertwined and integrated with corporate power and control. It was not so long ago that one group of sociologists was imploring their colleagues to bring the state back in. We must do the same for corporate organizations, for many of them, multinational in scope, are shaping not only the economic sector of societies but vital aspects of other social spheres as well.

Complex organizations (both corporate and state) are the engine that runs modern bureaucratic capitalism. These organizations have made possible the world-wide development of contemporary capitalism, and they have done so in ways unimagined only a few decades ago. At the same time, these organizations play a central role in fostering inequality, injustice, and other social pathologies in modern life. Yet how many sociologists currently focus on bureaucratic (or organizational) domination?

My conceptual formulation seeks to reorient sociological analysis of large-scale, bureaucratic organizations by melding a neo-Weberian framework regarding organizations with the pragmatist theorizing of Mead and Dewey. Such a perspective seems essential not only for comprehending how these organizations shape the economy, the polity, and other social spheres (including family arrangements), but also for recognizing how human agents

can hold these organizations morally and socially accountable and, in the process, reshape them.

The problem of moral accountability brings to the fore the contentious history of the fact-value debate in sociology. The positivists or logical empiricists have insisted that the two realms are distinct (although in practice many logical empiricists have adhered to a version of utilitarianism). The distinction between facts and values has been developed in another direction by Weber and his adherents as they have championed the need for "value neutrality" in social scientific activity.

A countervailing tradition exists within sociology; this is reflected in the writings of scholars whose theories differ considerably from one another. Durkheim, as recent commentators have observed, interpreted his social facts within a moral framework. So too, contemporary communitarians such as Robert Bellah, Philip Selznick, and Amitai Etzioni have challenged the fact-value distinction. We can also point to pragmatists such as John Dewey, who during his long and productive life insisted that the moral and factual realms are bound together in complex ways. Also, we can single out sociologists such as Dorothy Smith, Pitirim A. Sorokin, Alvin Gouldner, Barrington Moore, and C. Wright Mills, who perceive, in various ways, that moral standards are interconnected with empirical investigation. The relational logic that binds the moral and the empirical spheres is particularly pronounced in the study of power, as Steven Lukes has made eminently clear. All this is not to say that values (or morals) and empirical observations are the same. Rather, the two are bound together in ways that must be recognized and explored.

In engaging in a reanalysis of powerful large-scale organizations, I shall place my argument within the context of past and present scholarly debates. After that I shall reconceptualize the nature of organizations. For instance, it is significant that human agents and organizational structures have meaning only in relation to one another, yet neither can be reduced to the other. Contrary to the views of many sociologists, the processes by which organizational activities are constructed and the end-product of these activities do not stand in a one-to-one relationship.

With this framework in hand, we consider, albeit briefly, the manner in which powerful organizations are structuring the nature of modern markets. The emphasis is upon hierarchical power relationships, not upon those interconnections that emerge from social networks that are basically horizontal. True, bureaucratic organizations have advanced modernity, but they have also fostered grave inequalities and injustices -- or the process of "social triage." This leads me back to the problem with which I began: namely, the accountability of these organizations within the framework of a robust set of democratic (and moral) ideals.

The Intellectual Background

Parsons was well aware of Weber's concern with capitalist bureaucracy, but he chose instead to emphasize associational groupings in shaping modern social orders. Habermas, far more than Parsons, is attuned to the problems posed by Weber's iron cage. In the process Habermas seeks a way out of the relentless process of rationalization by emphasizing the lifeworld as a counterweight to the economic and administrative apparatus of the system in contemporary society. Although there is much to admire in Habermas's effort, he underestimates the pathologies associated with the organizational structure of modern capitalism.

As we turn to organizational theorists we find that they, too, seem ill-equipped to examine the consequences of organizational domination. Whether one adopts the human relations approach or the orientations advanced by Chester Barnard, Philip Selznick, and the new institutionalists, the focus is upon the virtues rather than the failings of modern organizational structures. Selznick is among the most sophisticated defenders of modern bureaucratic structures. He observes that these organizational forms are superior to earlier ones, and, while recognizing some of their limitations, he reasons that they have built-in correctives based on their procedural rules. However, he glides over the social and moral inequities created by modern organizational forms.

The Marxists have, with rare exceptions, shied away from a Weberian perspective on organizations (this holds even for the Weberian Marxists). As for the postmodernists, theorists such as Michel Foucault perceive power as existent everywhere. This built-in relativism makes any challenge to contemporary organizational domination well-nigh impossible.

Nor should we ignore the modern managerial literature. Although it is highly diffuse, Hardy and Clegg's challenging essay points to the manner in which some present-day managerial theorists define politics to be outside the realm of organizational analysis. This wing of managerial thinking conceives of any political activity as a threat to the organization itself.

In more general terms, we believe that when the history of our era is written, it will become apparent that scholarly endeavor in the West was heavily shaped by reactions to the Soviet model, particularly during the Cold War period. Thus, the proponents of the free market model such as Mises, Hayek, and Friedman effectively employed the Soviet Union as a counterorientation for advancing their theoretical analysis. The eventual collapse of the Soviet system lends support to their reasoning.

The free market model has contributed heavily to "state bashing." It has also deflected attention away from the power of corporations, which are among the bulwarks of modern capitalism. Although a number of sociologists have sought to counter the critiques of the state by supporters of the free market model, they have been far less willing to examine the corporate sector critically.

It would be well to revisit the earlier writings on monopoly capitalism by Edward Chamberlain and Joan Robinson, as well as the earlier work on the role of managerial domination. The problems posed by some of these scholars -- though not their solutions -- merit reconsideration.

The Nature of Bureaucratic Organizations

To many, examining the role of bureaucratic organizations in the modern world may seem to be misplaced in a social order in which various forms of diversity are increasingly apparent. Without doubt, the increase in social and cultural diversity in the realms of gender, race and ethnicity, and life styles (including familial relationships) can be documented. Although this social and cultural diversity is calling forth changes in large-scale organizations, it often does not directly challenge the growth of centralized bureaucratic power.

Somewhat in the same vein, a number of scholars are writing about fundamental changes in the nature of the organizations themselves. Many contend that these are becoming less hierarchical. Today, it seems rather fashionable to speak of post-Fordism, and at times to fantasize about organizations as only a virtual reality, for we are witnesses to ongoing decentralization in the form of outsourcing, flexible work arrangements, and so on. Yet if our argument is reasonably on target, many of these patterns made possible by new technologies are reinforcing, not undermining, centralized control.

Admittedly, any analysis of bureaucratic capitalism is complicated by the changing nature of the relationship between the corporate (or private) sector and the state (or public) sector. Although multinationals are not something new, their influence and reach are qualitatively different than in the past. For instance, in recent decades various financial markets have come to exist outside the range of regulation and control by nation states. The corporate vs. state relationship is further confounded by the push toward privatization, a pattern that varies within and among nation-states.

While relative to corporate power state power has receded, it has by no means disappeared. Despite the emergence of new political arrangements such as the European Union, nation-states continue to provide the political stability upon which corporations depend. In addition, the state defines property rights and enforces contracts. Nor can we set aside the fact that nation-states tend to wield a basic monopoly on the legitimation of violence, even though we recognize that the privatization of police functions has also been occurring.

In effect, in most highly industrialized orders we find hybrid organizations that are a mix of the public and the private. Thus I tend to speak of corporate-state structures, all the while cognizant of the fact that as we move toward the extremes, compelling distinctions between corporate and state structures become apparent.

Despite the aforementioned social trends, and despite traditional social and cultural differences, I nevertheless persist in emphasizing the rise of bureaucratic power and control -- and for compelling reasons based on empirical data. To the extent that routinization and standardization are part and parcel of bureaucratic structures, one stands almost in awe of the manner in which modern complex social orders have come to be coordinated. Even though we acknowledge a vast array of cultural differences, we can ill afford to downplay the standardization of activities within and across societies. In advanced industrial systems, food must be delivered and distributed daily if the urban sector is to survive; planes and trains generally run on time; and the provision of water and electricity is a standard bill of fare. In addition, consider the synchronization of radio and television programming and the rather standardized schedules adhered to by hospitals and schools. The rules and regulations are largely taken for granted, but any substantial rupture in them becomes newsworthy. What we discover is that life is ordered according to bureaucratic time, and in such a fashion that divergent spatial activities are linked together. Within this context, economic, political, and social sanctions are imposed upon those persons or groups who do not conform.

Along with the routinization and standardization of many strategic activities in advanced industrial-urban realms has come a wave of mergers within the corporate domain, especially in the past few decades. This has resulted in increased economic, social, and political centralization. Consider the centralization of economic and social control in, for example, agribusiness, telecommunications, the financial sector, and in mining and oil industries. Although countervailing forces are at work, large and powerful corporations-- within and across nation-states -- have become the order of the day.

One consequence of these patterns is that the elite sectors of the corporate-state apparatuses in cities such as Tokyo, Bangkok, Sydney, London, Buenos Aires, Berlin, and San Francisco, while differing in many cultural expressions, are more similar to one another than they are to the less privileged groups within their own societies. Moreover, the managerial sectors within the private and the public realms interact with one another far more readily today than only a few decades ago.

We have arrived at the point where we shall sketch out an alternative conception of bureaucracy. Although we begin with Weber, we depart considerably from him here. What can be preserved from Weber is his focus upon hierarchy, the division of labor, and efficiency. Hierarchy is not unique to modern societies, but the manner in which hierarchy functions is. Hierarchical control is seen as essential for coordinating highly specialized personnel and their tasks and for coping with the political struggles that occur within the organizational field.

Unquestionably, increasing specialization within and among organizations has been dramatic. This specialization is readily apparent if one compares the

offerings in course catalogues at large universities between 1950 and the present. Yet the specialization of knowledge has developed within the context of hierarchical coordination and control.

The matter of efficiency is more complex than Weber acknowledged. We can follow Fligstein in recognizing that efficiency is socially constructed. However, it is constructed within definite boundaries. In defining efficiency, managers, especially in the private sphere, must meet two objectives: one is organizational maintenance and development; the other is the matter of "profits." Yet profits in modern organizations are constructed through complex accounting practices that are far removed from the manner of determining profit and loss within a price-auction model. To a degree, this issue resurfaces below in our analysis of organizations and markets.

Our discussion of efficiency suggests that we must greatly modify Weber's schema. We must more clearly perceive the relationship of human agency to large-scale organizations and consider other matters as well.

1. Human agents. Although Weber placed human actors at the center of his sociology, he relegated them to the background in his analysis of bureaucracy. To understand how organizations function we must comprehend the intersection of human agents and bureaucratic organizations. With respect to the nature of human agency, Mead's (and Dewey's) conceptions are far superior to those of Weber. Mead talked not only about the social self but about the social mind (or Dewey's social intelligence); both the self and the mind are products of social interaction. Because of the social mind we can think about thinking, carry on conversations with ourselves, engage in complex social calculations, and sustain a social memory.

The reflectivity of human agents, especially as expressed through their social calculations, remains largely unexplored by sociologists. In the process of social interaction, human agents not only reason via formal rationality but also engage in classification (or typification), draw analogies, employ the dialectic (especially negation), and rely upon parts-whole logic. These modes of social calculation (or reasoning) make it possible to develop and sustain a variety of knowledge formations.

When we place active human agents within a formal organizational context, we find that they interpret and reinterpret rules (or norms). Yet concomitantly, they are unable to do so in the free-wheeling manner suggested by Mead, Dewey, or Blumer. One's position in the organizational hierarchy and in the web of the division of labor structures one's interactions with others and sets boundaries upon the kinds of interpretation that are possible (or even permissible), the kinds of information at one's disposal, and one's knowledge base in general.

An illustration will serve to illuminate one facet of this complex problem area. Holism is out of favor today in many strands of sociology. However, it is alive and well among many managers. Like military generals, managers often

reason that they must sacrifice parts of a system (e.g. through downsizing) in order to create a more efficient or effective whole. The logic of holism with regard to system maintenance and development lies at the core of the manner in which organizations come to be sustained.

2. Hierarchy, blameability, and responsibility. Within bureaucratic organizations, in both the private and the public sectors, there are fewer rules for those on top than for those below. Moreover, persons in positions of authority and power delegate blameability under the guise of responsibility. Although persons within the lower reaches of organizations are able to create social space for themselves, they are far more constrained than those in positions of power. For Giddens organizations serve both to enable and to constrain social action. However, organizations are more enabling for those above than for those below. They are more constraining on those below than those above.

3. Secrecy systems. Once we acknowledge that human agents can and do reinterpret rules, we can more readily understand why secrecy systems emerge. However, we must be careful not to confuse secrecy with the formal vs. informal distinction, because secrecy can be either formal (as with corporate or state secrets) or informal.

Secrecy systems (or hidden arrangements) emerge for several reasons. Within organizations they arise as persons in the lower echelons seek to seal themselves off, to a modest degree, from manipulation by those in positions of authority and control. Managers, in turn, generate their own hidden arrangements in order to enhance their claim to a monopoly of vital information. Among organizations, secret arrangements arise because of real or perceived threats from other organizations within the organizational field. The economic, political, and moral consequences of secret arrangements can be documented by the Savings and Loan debacle of the 1980s in the United States.

Let us take stock of the implications of our reasoning. Once we recognize the role of human agents within organizational settings, two strategic patterns can be identified. First, organizational structures can not exist without human agents; yet organizations are not reducible to human agency. The normative order, as well as the economic and political resources of organizations, have a reality apart from any particular set of human agents. Second, if we take account of human agents in shaping organizational arrangements, we discover that the end product (or the "official reality") can be constructed by somewhat different sets of activities.

We are now prepared to concretize our conception of organizations and human agency by detailing its implications for the construction of the market as well as resulting injustices.

Organizations and Markets

The nature of markets has, in recent decades, been of interest to sociologists. A variety of sociologists have addressed questions relating to labor, as well as to financial, consumer, and industrial firm markets, and they have challenged the taken-for-granted assumptions of economists regarding the nature of the market.

Perhaps the greatest impact has been made by sociologists such as Granovetter, who have emphasized the embeddedness of markets within institutions. Although the resultant theorizing and research on the interrelationships of social networks and markets represent a significant step forward, this approach neglects the role of bureaucratic organizations in shaping the market. It is increasingly imperative that we examine the processes by which powerful organizations shape the nature of supply and demand. We shall mention several cases that lend credence to our assertions.

First, the data suggest that some decades ago the managers of General Motors set out, through the use of enormous financial and political power, to construct a market for automobiles. Specifically, GM, working in conjunction with Firestone and Standard Oil of California, took steps to buy up (and ultimately destroy) the rail systems that served cities such as Los Angeles. Much of this was accomplished without consumers' knowledge of how their demand for automobiles was being shaped.

Second, there is the case of tobacco products. In the face of a large body of scientific data, cigarette companies persisted in denying that their products were harmful. Through aggressive advertising, as well as clandestine research efforts that sought to create a more addictive cigarette, these companies have structured the preferences of many consumers. Contrary to one of the sacred assumptions of many mainstream economists (or rational choice theorists such as Coleman), preferences are indeed subject to manipulation. Although the moral (and social) accountability of these corporations has been called into question, their sheer size provides them with economic leverage (fines are unlikely to have any substantial impact), and their political leverage is well understood. Bigness counts.

The third area is health care. During the 1980s Boyd Littrell conducted research on the health care market in Omaha. At that time hospitals were purchasing expensive medical equipment in an effort to retain their pool of physicians. After the equipment was purchased, the doctors came to have a stake in assuring that it would be utilized by their patients. Thus, the doctors were instrumental in creating certain consumer demands. Yet the medical equipment was paid for not only by increased patient fees but also by the depreciation allowances permitted by the IRS.

The market for health care in Omaha and elsewhere has changed enormously in the 1990s as the health care system becomes based on

managed care. Doctors, who had become small-scale entrepreneurs, are now being outflanked by hospital mergers and insurance companies. Under this new arrangement, insurance companies, in collaboration with large-scale corporations or public-sector organizations, provide their members with a choice of selected health plans. Under these circumstances, the insurance companies can estimate (given the morbidity rates of the population in question) their potential costs. In addition, these companies can shape (within limits) the kinds of treatment and charges that are permissible by doctors in the HMOs with whom the insurance companies have contracted. This is accomplished through bureaucratic regulation of the market. In effect, insurance companies can project, with reasonable precision, both the supply and the demand curves with respect to health services. In the process they assure themselves of making a substantial profit.

A fourth case relates to the informal economy. Portes and his colleagues have done more than any others to systematize our knowledge in this realm. Nevertheless, Portes's analysis needs to be anchored within a larger organizational context, for there are two kinds of informal economy: that which is hidden from state (and large corporate) structures, and that which is part of the corporate-state apparatus. In turn, both kinds of informal economy have legal, quasi-legal, and illegal dimensions.

In the main, Portes's discussion is oriented to the economy that is hidden from state organizations in particular. This economy, generally the province of the small-scale entrepreneurs, typically goes unreported. Although of considerable import, it may well pale in contrast to the informal economy that is part and parcel of the powerful corporate-state bureaucracy. That informal economy comes to public attention only during periods of social rupture, such as in the Savings and Loan scandals in the U.S. in the 1980s or the Mexican peso disaster of the 1990s. I suspect that economic turmoil in Russia today will dwarf both of these in its economic and social ramifications.

What we must understand about the informal economy which is embedded within powerful organizations is that much of it is actually legal or quasi-legal, not just illegal. We must take care to distinguish between rule avoidance and rule violation. Thus, corporations may engage in intraorganizational pricing in order to avoid the taxation systems of particular nation-states. Yet these activities may be legitimated by standard accounting practices.

If it were possible to examine more fully the kinds of cases mentioned above, we would find that many aspects of the economy cannot be understood without placing them within the context of powerful organizational settings. Human agents engage in a complex range of activities within organizations that are characterized by hierarchy, an intricate web of specialization, and an emphasis upon efficiency. Within large-scale, including multinational corporations, blameability and secrecy emerge, and these processes tend to shape the manner in which economic markets are created and sustained.

Organizations, Social Privilege, and Social Triage

What are the social consequences of the corporate-state apparatus we have been describing? If we employ such a criterion as life expectancy we discover that while bureaucratic capitalism has led to economic and social development, it has so far proved to be detrimental to the most disadvantaged sectors within and among nations. At the same time, the privileged sector has expanded not only within the developed world but also within developing nations. The "emerging markets" have created not only a source of cheap labor but also heightened consumer demand for many goods and services. Sociologists readily acknowledge the former but seldom address the latter. Yet the expanding privileged sector of developing nations seems to be a major market for goods and services produced by corporations based in the more developed world. One reason managers of corporate-state systems in, say, the United States can more or less ignore the truly disadvantaged is that the emerging markets are expanding so rapidly. Given this situation, we can perhaps understand why Keynesian economics has fallen on difficult times.

Global bureaucratic capitalism has resulted in enormous inequalities between the privileged and the truly disadvantaged. We must seek to understand the processes by which bureaucratic structures come to support and sustain privilege, as well as the processes by which social triage is produced.

The accumulation of capital does not occur within an organizational vacuum. Persons who attain privilege do so by relying upon corporate-state organizations, and they sustain their advantages through a complex set of organizational rules (reinforced by police power). In a larger context we know new billionaires are being created as corporate executives are able to award themselves handsome salaries and other perquisites with the approval of their corporate boards. Moreover, we have not grasped the broader implications of the Savings and Loan scandals or of the Mexican peso debacle. In effect, persons in powerful positions in the corporate sectors (in collusion with actors in the state apparatus) made fortunes while taxpayers were called upon to foot the bill. In turn, the resultant fortunes have typically been protected from estate taxes and public inspection.

The assumption that one can sustain universalism within the context of bureaucratic hierarchy and control is seriously called into question. Take the case of the educational structures in the United States. Although these organizations are loosely coupled, a hierarchical system of power nonetheless exists. For instance, privileged families reside in those neighborhoods that provide their children access to advantaged school systems in which many learn to master standardized testing and to acquire the intellectual and social skills necessary for access to the top-ranking colleges and universities. In addition, some slots in the more elite private universities are reserved for the

children of alumni. Despite the society's emphasis on merit in educational attainment, organizational arrangements exist that make the ideals unrealizable for most people.

In looking at the process of social triage we discover that persons come to be sacrificed for the sake of the privileged. Recall that blameability is extended by the organizational leadership downwards to persons who interact, often indirectly, with the corporate-state system. Consequently, people with the least knowledge of the system must interact with those organizational personnel who are the most constrained by the normative rules. More profoundly, the most serious burdens of the social order are heaped upon the least privileged sectors within and among social orders.

The environmental realm dramatizes the manner in which the privileged sector exploits the most disadvantaged. A considerable body of data supports the assertion that the poor (especially ethnic minorities) must bear the greatest burden with regard to toxic wastes or other litter produced by the more privileged sector.

Then, too, the poor pay more for products and services or are excluded from them altogether. Banking systems within the U.S. provide us with a glimpse of the manner in which the same organizational structure enhances privilege and generates social triage. The truly disadvantaged can not maintain bank accounts or obtain loans. Persons with only modest incomes pay relatively more for the privilege of banking than do more advantaged customers. The flip side of this is that the more money one possesses, the more one profits from banking. For instance, large accounts reap higher interest rates. For banks it is more efficient to serve a few wealthy customers than a large number of persons with modest means.

Yet we must not underestimate the creativity of bureaucratic capitalism in addressing issues related to the most disadvantaged sectors. The rise of the prison-industrial complex is a compelling instance of this. Christie, a Norwegian criminologist, discusses the emergence of the prison-industrial system in the West and raises the issue of *gulags*, Western style. The prison-industrial complex in the United States serves two functions. It sweeps the "unwanted" (especially members of racial and ethnic minorities) off the streets, and it provides a stable market for producers of a rather wide range of goods and services. One might reason that, from the vantage point of corporate-state structures, it would be more efficient to let most of the potential prison population die young.

The Moral Accountability of Organizations

This brief essay can do little more than mention new directions for sociological investigation on the question of moral (or social) accountability of organizations. There are several reasons why the significance of the moral

accountability of bureaucratic organizations will intensify rather than lessen. Somewhat alongside the rise of large-scale bureaucratic organizations has been the spread of democratic ideals, although the two are by no means synonymous. One wing of democratic theory has emphasized fairness, social justice, and equity (even equality itself). The privileged sector cannot evade the problem of political legitimacy. Moreover, we have reached a point in history when knowledge about highly sophisticated tools of destruction is being diffused among less advantaged groups within and among nations. This opens up the possibility of violence that would undermine the infrastructure on which the privileged members of bureaucratic organizations depend. And the problem of environmental degradation looms large. We now know that the Soviet model wreaked environmental devastation. Yet present-day corporate-state arrangements have not proved successful in resolving matters relating to the environment.

Under these circumstances, issues relating to social justice loom large. Nevertheless, except for the communitarians, most contemporary sociologists fail to explicate the moral presuppositions that underlie their call for greater justice or equity. It is not uncommon for sociologists to adopt a moral orientation that is anchored in utilitarian thought. With regard to large-scale organizations, it is frequently assumed that replacing the wrongdoer will correct organizational misdeeds. It is not that human agents are not responsible for particular ills. Rather, some of the most severe problems inhere within the nature of organizational arrangements. This is in keeping with our thesis that organizational structures possess a reality apart from any particular set of human agents, although organizations are subject to change by collective action. In actuality, some organizational arrangements have been judged to be morally unacceptable. After World War II, the victors deemed it necessary not only to hold individual Nazis responsible for their actions, but also to dismantle elements of the Nazi organizational apparatus such as the Gestapo. Likewise, because of internal and external moral demands, a number of the worst features of the apartheid system in South Africa have, to a considerable degree, been dissolved.

With the rise of large-scale multinational corporations whose structures transcend nation-state boundaries, there is an ever-increasing urgency to reconsider the moral accountability of organizational structures. In the face of these changes we must rethink the foundations of the question of how democracy can and should function. We stand in need of a minimal set of universal moral standards for evaluating both corporate and state organizations. Let us not forget how brutal state power can be -- for instance, the patterns of genocide in various parts of the world during the twentieth century.

The advocates of a free market have not only insisted on universalizing their bio-psychological conception of human nature but have backed this with

a utilitarian moral theory. In general, sociologists have countered utilitarianism by appeals to various forms of relativism or of system maintenance. Nonetheless, an alternative universal moral orientation is feasible. It seems to be embedded in the human rights tradition that emerged especially after World War II. A universal moral orientation grounded in human rights principles is far from being worked out, yet elements of it are in place.

Utopian realism (to appropriate a concept employed by Giddens) calls for a moral orientation founded on human rights. This affords humankind with a foundation for liberties, on the one hand, and for justification for the existence of a minimal set of social and economic rights, on the other. A minimal set of universal moral standards would make it possible for citizens of nation-states to lay claims against multinational corporations for violations against their citizenry; in addition, people worldwide could challenge the abuse of power by a particular state.

Concluding Remarks

We must, in my view, reassess the nature of modern bureaucratic structures, in particular as they relate to modern capitalism. Moreover, we must reassess the moral foundations by which we evaluate the functioning of the corporate and state structures on a global scale. Only then shall we be able to answer the question: Knowledge for what?

Sources and Acknowledgments

Space precludes citing the works of the authors mentioned in the text. Yet a few comments about sources are in order. I have approached this problem from the perspective of organizations, "organizational deviance," and economic sociology. Also my conceptualization has been shaped by such financial publications as the *Financial Times*, the *Economist*, the *Wall Street Journal*, and the *Far Eastern Economic Review*. Although publications on human rights are extensive, there is little work by sociologists on this topic, and there is little integration of democratic theory with a human-rights orientation.

My extended conversations with Boyd Littrell, Elizabeth Gill, and Norma Williams have deeply influenced the contents of this essay. In addition, the creative editing by Leonard Cain and Andrée F. Sjoberg has clarified my argument.