Chapter 12

Global Public Relations and Global Capitalism

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This paper argues that public relations is increasingly a global business activity and that the PR industry is intimately linked with the power of capital. It has two key inter-related functions: firstly to protect and enhance corporate power in order that secondly, it can promote consumerist ideology and practice. The PR industry is so intimately entwined with capital that it makes sense to argue that PR is global as a result of the globalization of capital and that PR has been instrumental in the globalization of capital.

In every sphere of political, economic and cultural life promotional professionals are in the background selling, marketing, managing issues and debates, and attempting to silence critics. The PR industry is an increasingly global phenomenon and has strong roots in the United States, which remains the biggest market for PR services. Perhaps surprisingly the UK has the world’s second biggest PR market surpassing that in Japan and roughly twice the size of that in France and Germany (Miller 2002). The 1980s were a key decade for the growth of PR and lobbying in the UK and this was linked to key changes in governance. In particular the return to the market ushered in by successive Thatcher governments which involved privatizing public assets in the context of the increasing mobility of global capital were strongly implicated in the eleven fold (real terms) increase in the PR consultancy sector in the period between 1979 and 1998 (Miller and Dinan 2001). The growth pattern suggests that PR is becoming more important, not simply as a result of the increasing complexity of advanced societies, but in consort with and as a consequence of the significant increase in inequality in the UK in the 1980s.

Public relations is generally agreed to have originated in the U.S. at the end of the nineteenth and beginning of the twentieth century. It is especially associated with the extension of the franchise between 1880 and 1920 and the response to this among the business classes. As Alex Carey puts it:

The twentieth century has been characterized by three developments of great political importance: the growth of democracy, the growth of corporate power, and the growth of corporate propaganda as a means of protecting corporate power against democracy (1995: 18)
The focus of much lobbying and public relations activity has also shifted from the centers of power in the nation state to transnational bodies. In Europe, Brussels has become a much more important target for both pressure groups (Greenwood 1997; Mazey and Richardson 1993) and the PR industry (Anderson and Eliassen 1995; Miller and Schlesinger 2000). The global level has also become markedly more important. Corporations are increasingly able to move capital globally to seek higher and quicker profits. Consequently, institutions of global governance such as the World Bank, International Monetary Fund and World Trade Organization have become more important in regulating the “free trade.” But in the wake of the globalization of capital has come the globalization of protest. The protests in Seattle against the WTO and in Prague against the IMF in 2000 signaled the emergence in the west of a heterogeneous assemblage of different interests from the developed and developing world united by their opposition to the free market and the dominance of predominantly U.S. multinationals. Anti-capitalist protests have occurred across the world as the global reach of corporations has made clear the interconnectedness of local protests. One key aspect of the protests is a specific opposition to the marketing, advertising and PR strategies of multinationals. This is expressed by pressure groups such as the Canadian adbusters (http://adbusters.org) and chronicled in Naomi Klein’s anti-branding polemic No Logo (Klein 2000).

So PR is important because of its economic and political role in general. But, it is worth considering two specific reasons for regarding PR and promotion as important topics for research. The first is that understanding PR is absolutely central to understanding the media and mass communications. Without PR there would be very little “news.” Yet in much commentary on the media in the academic literature the three great areas of media research are thought of as “production”, “content” and “reception” where production seems to have very little to do with PR and promotional influences from outside the media. So little has been written on PR that it is not unusual to find textbooks discussing media production without any reference to PR and promotion (See e.g. Abercrombie 1996). Where there is discussion of PR, it is often seen as simply a part of the media production process, rather than having any wider role. Even accounts which specifically examine the role of media “sources” can be “media-centric” in their treatment of PR and promotion in that they tend to see public relations activities largely through the lens of media relations. In fact promotional activity has a much wider scope than this as some recent work recognises (Davis 2002). It is central to policy processes and to governance. The role of PR and promotion in these areas is not really about public communication or about public debate (although it certainly impinges on it) but about private circuits of power and communication. This has been markedly under-researched. But it does link media and communication studies much more closely with political science and sociology. The second key reason for doing research on PR and promotion is that corporations, pressure groups and others clearly engage in political activities in pursuit of their interests. The role of corporations, especially, in this area has been under researched. In the formulation used here promotion is all the activities which corporations engage in to exert influence. These may or may not be carried out by personnel designated as PR professionals, but all the evidence suggests that promotional personnel (whatever their formal titles) are centrally involved in the planning and execution of corporate influence seeking strategies.

**WHAT IS PR?**

Public Relations has a bad image. The dismissive phrase “it’s just PR” encapsulates much of what the media savvy public feel about PR. It is about lies, manipulation and spin. Not about substance or reality. The phrase also suggests that PR is something ephemeral, easily seen through, perhaps as insubstantial as candyfloss. But such an interpretation vastly under-rates the contemporary importance of PR. Just as importantly it misdirects our attention from the very wide role that PR plays towards an over emphasis on its role in media manipulation. To be clear, PR is crucially important in the manipulation of the news and entertainment media and is becoming more so in direct relation to the commercialization of the media. But in a way, the term public relations is misleading, because the vast majority of PR is hidden from the public. PR is much more important than just media spin. It is the very lifeblood of the global capitalist system. PR can only flourish as a profession and an industry in a society run on market principles. The further a society moves away from neo-liberal dogma the less role there is for the PR industry and vice versa. In France and Germany, where social democracy retains a precarious foothold, the PR market is proportionately much smaller than in the UK, which has the second biggest PR industry in the world (the United States has the biggest). Mrs Thatcher’s former press secretary Sir Bernard Ingham has peremptively urged PR people to “defend capitalism or the PR industry dies” (Ingham 1999).

In our usage PR encompasses all the promotional activities of corporations including marketing communications, media relations, lobbying, regulatory affairs, investor relations, community relations, corporate social responsibility and citizenship initiatives. These can also be seen as the political activities of corporations. As Leslie Sklair has noted “global capitalism needs to be politically active to sustain its project” (Sklair, 2002b: 174). In our view the PR disciplines referred to above are a central part of PR. In practice this can be seen in the fact that these specialisms are usually the responsibility of PR staff (i.e. professional communicators) of one sort or another. However, we would also see a range of other political activities of corporations, not carried out by PR personnel as types of PR. In particular, the membership of trade associations and/or peak business associations are of note. In some cases, particularly with the most senior peak business associations, PR people are not involved and are replaced by more senior business representatives such as the CEO. We will refer to some of these organizations below.

**THE GLOBAL PR INDUSTRY**

The PR industry is increasingly global. There are two key dimensions to this: First the expansion and latterly globalization of PR posts in corporations; and secondly the rise of a separate industry offering PR services on a consultancy basis. The first corporations to globalize their PR were the first corporations to globalize
their activities, whether in terms of sourcing raw materials or in terms of selling products. So, for example, PR first came to Singapore in the 1950s while it was still a British colony:

The 1950s... saw a handful of multinational corporations, mainly oil companies, having in-house PR departments... As Singapore prospered into one of the region's key financial centers, it attracted MNCs' [multi-national corporations] which in turn, were followed by their international PR consultantcy. These foreign consultancies, which included Eric White, Burson-Marsteller, Dentsu, Young and Rubicam, Ogilvy and Mather, Hill and Knowlton etc, came for the purpose of servicing MNC clientele (Beng 1994:374).

This picture appears to obtain across South East Asia. "In Singapore and Malaysia, the greater the level of market development, the more likely it is that government ministries will use private sector advertising and public relations specialists as campaign advisers" (Van Leuen and Pratt 1996: 99). In Africa, too, the coming of MNCs brought PR as well. Mike Okereke spent many years working for Unilever in Nigeria which he claims was the first company to employ PR staff in Africa:

UAC of Nigeria PLC, a former Unilever company pioneered the development of Professional Public Relations in Nigeria. The first Public Relations Department in Nigeria was established by UAC in 1947. The company and Shell Petroleum Development Company Ltd appointed the first Public Relations Executive to the Board of their company in the 1960s. Today, membership of the Nigerian Institute of Public Relations has grown to over 4000.

Nigeria is in fact a key hub for African PR, having by far the largest PR Association on the continent (Okereke 2002). In fact Nigeria has had long involvement with international PR agencies. During the Biafran crisis in the late 1960s nine separate U.S. and UK PR firms acted for the various participants and their story formed the basis for one of the first book length studies of PR in Africa (Davis, 1977)

But PR developments are also fundamentally entwined with colonial PR practice. Rosaleen Smyth (2001) has shown the important role of propaganda and public relations in colonial practice in Northern Rhodesia (now Zambia). In Malaysia too British officials introduced PR as part of the colonial counter insurgency campaign of psychological warfare. The most thorough study of PR and psychological warfare in British colonial counter-insurgency is Susan Carruthers study Winning Hearts and Minds. Examining Palestine (1944-47), Malaya (1948-60), Kenya (1952-60) and Cyprus (1955-59) she found that while there were some differences of approach between government in Whitehall and the colonial administrators on the ground, public relations and propaganda quickly became central to counter insurgency efforts:

Propaganda and psychological warfare were soon regarded as central to defeating insurgents — often without a real understanding of the limitations on what both could achieve. But the colonial governments and the military became increasingly defensive as accusations, in all cases, of brutality on the part of the security forces mounted. In each case, as the Colonial Office's PR Noakes put it, "an extreme sensitivity to press criticism developed", which produced inappropriate measures to try to curb the unruly local and international press (Carruthers, 1995: 266).

The colonial origins of PR leave their mark for some considerable period after liberation both in terms of tactics and the organizational importance of PR. But the relationship between specifically British colonialism and PR has an enduring legacy, especially in Africa, where the biggest PR industries and professional associations are to be found in former British colonies (Nigeria, Ghana, Kenya, Uganda, South Africa, Zimbabwe). Aside from Nigeria, where the contemporary strength of the PR industry is due mainly to the oil industry, PR in former British colonies is stronger in the public rather than private sectors, bearing the mark of colonial government PR. As Okereke notes: "Public Relations practice in Ghana, Kenya and Uganda is stronger in the Public sector than in the Private sector."

This historical distinction is such that the Federation of African Public Relations Associations (FAPRA) attempted to create associations in former French colonies in West Africa (Cote d'Ivoire and Senegal). As Okereke (2002) remarks:

The French speaking African countries have been very slow in embracing professional Public Relations practice. It was for this reason that the Federation of African Public Relations Association decided to hold three of its conference in Abidjan Cote d'Ivoire and Dakar in Senegal. At the end of the first conference, FAPRA helped the Public Relations practitioners in Cote d'Ivoire to form a National Association.

These attempts have foundered on a lack of interest and in practice (according to Nigerians active in the Nigerian association) much of the PR in West Africa is carried out by Nigerian professionals. The PR industry has emerged and expanded in relation to the needs of both corporations and states.

**The Globalization of the PR Industry**

The biggest PR companies have offices in every continent of the world. For example the biggest three groups have the following global presence, clients and revenues (see Figure 1):

Interpublic [IPG] has offices in more than 130 countries, realizing worldwide revenue in 2001 of $6.7 billion, 57% of which was U.S. revenue and 43% international. IPG's five main clients (Coca-Cola, General Motors Corporation, Johnson & Johnson, Nestle and Unilever), contributed roughly 14% of their
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revenue in 2001, representing $941m of spending. The largest client spent a massive $457m purchasing services from IPG. Twenty of IPG’s clients accounted for about 25% of their revenue.

WPP’s 2001 revenues were $5791m: Advertising accounted for 46%; specialist communications, 27%; info and consultancy, 15%; and public relations and affairs, 12.3%. Including associates, the Group had over 65,000 full-time people in over 1,400 offices in 103 countries at the end of 2001. In 2001 WPP worked for over 300 of the Fortune Global 500 companies and over half of the Nasdaq 100. WPP serviced 330 national or multi-national clients in three or more disciplines and over 150 clients in four disciplines. Globally, WPP worked with over 100 clients in six or more countries (WPP 2001: 2).

Omnicon revenues in 2001 were $6,689 million. The Omnicom Group organises its PR work under the umbrella of The Diversified Agency Services (DAS). DAS comprises over 100 companies, which operate through a combination of networks and regional organizations. They serve international and local clients through 600 offices in over 65 countries. DAS includes three of the top seven public relations firms in the world, Fleishman-Hillard, Ketchum, and Porter Novelli International, as well as specialist agencies including Brodeur Worldwide, Clark & Weinstock, Gavin Anderson & Company, and Cone. According to the 2001 Omnicom annual report; “our agencies have more than 5,000 active client relationships in the aggregate. Our single largest client in 2001 [DaimlerChrysler] represented 5.4% of worldwide revenue [about $350 million], and no other client represented more than 2.5%. Our 10 largest and 200 largest clients represented 17.0% and 48.0% [average spend of $17 million] of our worldwide revenue, respectively” (Omnicom 2001: 14).

The advertising industry changed profoundly in the mid 1980’s. While the PR industry in the United States and UK was growing, the advertising sector was in decline. In 1986 the chairman of Ogilvy & Mather in the United States announced 60 redundancies, commenting: “The business has changed. Anybody who thinks it can go back to the way it was is smoking grass” (Feinberg and O’Kelly 1986). At this time, the seeds of current industry conglomerations were sown. WPP became a communication services group in 1985 and Omnicom was created in 1986. The Interpublic Group was formed much earlier, in 1960, and floated on the stock exchange in 1970. However IPG also underwent considerable change in the late ‘80s as the communications services sector began to coalesce into ever-larger conglomerates. The meteoric rise of the Saatchi & Saatchi empire is emblematic of this revolution in the business of marketing communications. An often neglected aspect of this story was the ability of the Saatchi’s to promote their own corporate vision, using publicity and PR to great effect:

- A savvy dose of press-releases, rumours, denials, off-the-record comments of the “certainly, but don’t quote me” type ... With Saatchi’s, the advertising industry
and high finance are mutually implicated... If the firm’s communication policy has had the not insignificant aim of enlarging its clientele, its primary function has been to make its expansionist projects more credible to stockholders, large and small, and to the financial community as a whole. For the main success of the British group in this phase of its social and economic asset has been to persuade a reticent stock market of the speculative value of the advertising sector. This is a merit which its international rivals freely acknowledge (Mattelart 1991:10).

The Saatchi’s were undoubtedly at the vanguard of the new advertising and communications sector. Martin Sorrell was an integral player in this project, closely involved with making the deals that underpinned the growth of Saatchi & Saatchi. Sorrell, now chairman of WPP, was instrumental in marrying communications to the financial sector (a relationship now under close scrutiny as accounting practices in the media sector are causing concern among analysts and shareholders). The key to the rapid expansion of British agencies in the 1980s was “improved access to capital, which permitted expansion through acquisition, rather than the servicing of British-based multinational companies” (West 1988: 467), fed by a booming British stock market, and a willingness of British merchant bankers to accept leveraged financing (substituting debt for a company’s assets) (Knobelsdorff 1987: 19).

CONGLomerATION AND CONCENTRATION

In the last twenty years the PR industry has expanded globally in line with the global expansion of TNCs. In the last decade the industry has been the subject of an unprecedented surge of concentration and conglomerations, bringing together advertising, marketing, market research, PR, lobbying, and a host of other communications services in ever fewer and ever bigger conglomerations. In 1991 22 of the 25 top PR firms were independent (see Figure 2). In 2001, there are only 6 independents in top 25. In 1991 the worldwide aggregated revenues for the top 25 totaled $1,040,271,054. In 2001 this figure had risen to $3,309,864,350 (unadjusted). The conglomerations and concentration of ownership has been so marked that the biggest four now control more than half the global advertising, marketing, PR and lobbying market.

WPP, Interpublic and Omnicom Group—the Big three ad organizations—became more dominant in 2001, claiming a collective 43.7% of the world’s advertising and marketing services gross income of $39.28 billion, up nearly 6 share points from 38% in 2000. If Publicis Groupe...were added to the group, the resulting top 4 could claim 54.6% of global ad and marketing services spending up from 48.6% a year ago. (Endicott 2002: 1)

Each of these groups now includes hundreds of firms. The PR and communication services industry is also expanding its reach and showing signs of convergence with other areas. Two examples include the convergence with the
accounting/auditing industry, with the big five accountants increasingly offering reputation management services and PR companies increasingly offering financial PR services, which involves financial analysis and the presentation and investor relations which involves financial presentation and investor relations which involves financial analysis and the presentation and in competitive intelligence corporate sly -ing, with all of the biggest groups entering this niche market in the past few years (Ashton, 2000; Freeman 2002, Shriver 2001; Tharp 2001).

In addition, public relations and journalism industries are converging. One symptom of this is where journalists train politicians or business people in public relations techniques. In the UK Independent Television News (ITN) owns a half relations techniques. In the UK Independent Television News (ITN) owns a half share of Corporate Television Network (CTN). CTN makes video news releases for corporate clients, some of which have been shown on ITN bulletins (Brooks 1995). This highlights the potential for increased conflicts of interest as media companies grow larger and diversify into other parts of the industry. The fact that commercial relations have already had an impact. CTN made it is alleged that these commercial relations have already had an impact. CTN made a corporate video for Shell on its role in Ogoniland in Nigeria which according to one observer was "total porkies... Its claims on environmental damage are incredible" (Monbiot 1998). Separately, an ITN journalist had interviewed Ogoni leader Ken Saro-Wiwa. This was Saro-Wiwa's last interview before his arrest by Nigerian authorities, but ITN refused to broadcast it because "Shell might sue us." The journalists involved later raised the question of whether the relationship between Shell and CTN was "the reason for ITN's refusal to run the Ogoni story?" (Whitehead 1998). In another example, two journalists in Florida were "bullied, censored, and then fired" for their investigation of the adverse effects of cattle growth hormone production by Monsanto. Coincidentally, or not, their employer Fox TV is owned by Rupert Murdoch, who also owns Actmedia, a promotions company which counts Monsanto among its clients (Cohen 1999: 138). Such trends will tend to place Monsanto amongst its clients as increasingly multinational media conglomerates limit journalistic integrity as increasingly multinational media conglomerates move into both promoting and reporting news. As things stand there are already significant overlaps between media and promotional businesses.

Such trends look set to be given legal blessing in the UK where the forthcoming Communications Bill proposes to abolish the restriction on advertising (and thus PR) for firms owning television franchises. The global PR industry is a reality, which is both the consequence of the rise of global capital and a key means by which it has become dominant and the sites of global decision making.

The global PR industry clusters around the centers of global power. The two greatest centers for lobbying power in the world are Brussels and Washington, DC. In the global PR industry, there is a big role for the oil industry and PR is expanding in parts of the Middle East, especially in the PR hub of Dubai. PR in Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels and Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels and Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing. In Brussels, Hong Kong, and increasingly (since China's accession to the WTO) Beijing.

The Example of China

We can look at the process of globalization by looking at the example of China. Before its return to China, Hong Kong was the business and PR capital of the region. U.S. PR consultancies opened there quite early on - Hill and Knowlton in 1962 and Burson Marsteller in 1973. The 1980s witnessed an increase in agency expansion into Hong Kong including the biggest UK agency Shandwick (then independent) in 1987. By the early 1990s according to the CEO of Shandwick Asia, Alan Mole, Hong Kong was "increasingly the center of choice for international PR covering the People's Republic of China, Taiwan, Indonesia, Malaysia, the Philippines, South Korea and in some cases Australia" (cited in Josephs 1991: 21). The expansion in Hong Kong was fuelled according to observers at the time by "the establishment and development of stock markets throughout Asia, the privatization of government run companies, and the increasing number of Asian firms seeking business in international markets" (Josephs, 1991: 21).

The People's Republic of China (like the former Soviet Union and Eastern bloc countries - Hanson, 1974) had very little use for PR when it ran a command economy. PR became important when China started to engage in joint ventures with Western enterprises as part of the process of "opening" China to the world market. According to life long PR practitioner, Sam Black: "the concept of public relations first developed in China in the Shenzhen Special Economic Zone through contact with foreign joint venture partners" (1992: 42). Strenski and Yue agree: "Under the previous planned economy, the field of PR was virtually unknown but foreign investment and joint ventures played a key role in advancing the profession" (1998: 25). As early as 1983 companies like Monsanto were investing significant effort in developing markets in China. Here, a Monsanto marketing executive gives an account of the route taken at the time:

Someday soon, your company may ask you to "roll out a promotional campaign for China." Yet you'd find that the scarcity of specialty trade journals there is exceeded only by the paucity of direct mail lists. Just how are you going to promote your industrial products in the Middle Kingdom? You'll probably start with the Chinese trade show and exhibition. It wins almost by default. Approximately 200 trade shows across China are accessible to Western companies. That's incredible when you recall that advertising in all forms was outlawed as a capitalist tool until the late 1970s... Monsanto's experience with Chinese trade shows started with Sinochem '85, a chemical industry exhibition held Apr. 3-9, 1985, in Shanghai. The organizers knew how to warm the cockles of many executive hearts. In their promotional brochure, they stated that the Chinese Ministry responsible for chemicals had as its goal to increase the nation's chemical output 500% by the end of this century. A year before that trade show, we committed our company to an 870 sq. ft. area and lined up 10 different Monsanto business units to split the costs. To staff the booth, we enlisted 25 Monsanto people from Hong Kong, Singapore, and the U.S.
who did not speak the official language, Mandarin, were aided by five local translators. Of the 25 Monsanto personnel, 20 routinely travelled throughout China. With our long lead time, they could plan to be at our trade show in conjunction with other customer visits. (Isham 1985: 50)

He Ming, executive vice president of the China International Public Relations Association, notes that the period 1980 to 1986 was formative of the emergence of PR in China:

The main characteristic of this phase is that the management style of Joint Venture helped to bring about an occurrence of PR practitioners. In early 1980s, a group of Joint Venture hotels appeared in both coastal and inland cities of China with the establishment of special economic zones such as Zhubai and Shenzhen. International standardized management introduced the function of PR and relative organization. In November of 1984, Baiyunshan Pharmaceutical Plant of Guang Zhou City set up a PR department which was the first PR department in state-owned enterprises. At the same time, foreign PR corporations began to enter the Chinese market. In 1984, Hill and Knowlton, one of the biggest PR companies in America, set up an office in Beijing. In 1985, Burson-Marsteller Co., which has a long history and Xinhua News Agency jointly established China Global PR Co., which is the first Chinese PR Co. (Ming 2001)

Lobbying, market research and media relations have all played their part in the pursuit of the interests of multinational corporations in China. For example, here is a description of the lobbying effort carried out on behalf of western chemical companies to circumvent environmental regulations issued in 1995. "Being engaged to represent one of the major international chemical firms, we were commissioned to embark on a study on 'the trends and attitudes of the regulation, the relevant agencies and officials'... Based on the results of the survey, we developed a strategy to convince the relevant officials and departments of adopting internationally accepted practices" (Yu 2000). The author of this account, Margaret Ya-fei Yu, lists as "two of her proud accomplishments... winning the 55% import duty reduction for Mars chocolate and obtaining the approval for the British advertising company Saatchi and Saatchi to set up in China" (Yu 2000). The nascent profession has been schooled in western techniques of PR and the information requirements of capitalist market systems. It is clear that the model of PR exported by the multinational corporations and the PR consultants is the U.S./UK model. After three trips to China in the late 1980s and early 1990s, Sam Black noted "in general, China has adopted the same definitions and functions of public relations as are currently accepted in the United States and Europe" (1992: 42). Since the return of Hong Kong to China the trend seems to have been for regional HQ's to begin to be set up in mainland China and for there to be something of an exodus from Hong Kong.

Although the accession of China to the WTO may start to change this picture, western PR firms have tended to do most of their work for multinational corporations rather than Chinese firms. When indigenous Chinese corporations have wanted PR advice it has been the multinational PR consultancies (rather than home grown ones) that have dominated the business (China Daily 2001).

The campaign to admit China to the WTO spawned an unprecedented PR and lobbying campaign in the United States (MacArthur, 2001; Public Citizen's Global Trade Watch, 2000). And the headlong rush to exploit the cheap labor offered in China was unsurprisingly seen with glee in PR circles. Richard Edelman CEO of Edelman, the largest independent PR group in the world, predicted that China would become the second biggest PR market in the world upon accession (China Daily 2001). His general manager in China, Alistair Nichols, was understandably even more optimistic, based as he was on site, predicting the Chinese PR market would become the biggest in the world. Research by the fledgling China International Public Relations Association apparently showed a growth rate of 50% in the Chinese PR market in 2000 (China Daily 2001). Trickett notes that WTO rules will allow direct PR access to Chinese markets:

One market that all eyes are on right now is China. Since its acceptance into the World Trade Organization last September, Western agencies have been greedily eying the firms there, in preparation for promoting Western brands there, and bringing Chinese brands here. And, as Lou Hoffman, CEO of The Hoffman Agency, points out, "While it hasn't gotten much notice, the new WTO regulations now allow PR agencies to form what are called Wholly Owned Foreign Enterprises. This is fairly important because previously PR agencies could only form representative offices - which technically can't deliver a service or product or a joint venture with a local Chinese partner." (Trickett 2002)

While some observers now claim that the future role of China as a leading economy has been exaggerated (e.g. Studwell 2002), it is also clear that TNCs, and as a result PR consultancies, are making a substantial investment in China. According to China Daily: "Of the top 20 PR companies in the world, half have entered the Chinese market. And the growth momentum is set to continue as more overseas companies enter China after the country joins the WTO. Foreign companies with a foothold in the country will continue to expand their presence." It is certainly true that the ability of the vast bulk of the Chinese population to become western style consumers is reasonably limited, but even a small percentage of the population would be a significant market. It is also apparent that the Chinese "market" is also desired for its cheap and plentiful supply of labor. PR investment will follow to deal with local regulation and defensive communications.

The case of China exemplifies our argument that the rise of PR is closely associated with liberalization of the economy and the interests of globalizing capital.

**GLOBALIZING CAPITAL AND PR DISCIPLINES**

The kinds of communication adopted by corporations depends strongly on the audience for the communication. This is so well recognized by corporations that a whole variety of sub-disciplines of PR have grown up in relation to varying audiences.
While media relations is the staple of many a public relations campaign it is important to recognise that corporate PR needs to do much more than supply information to the media. But the kind of activity that corporations engage in depends in part on the kind of corporation: banks tend to operate differently than mining companies. While purveyors of branded goods from Coca Cola to Nike to McDonalds face different challenges from companies which mainly sell their products to other businesses.

Furthermore, the range of tactics used by corporations vary according to the particular issues they face and the extent to which they are subject to criticism or to challenges to their interests from regulators, lawmakers, pressure groups or a host of other actors or events. Corporations involve themselves in a range of public relations activities which span the four disciplines noted below. According to critical accounts such as those by Staub and Rampton (1995) and Richter (1998), these involve the use of third party endorsements; intelligence gathering and monitoring, undermining or co-opting activist or pressure groups and a range of other overt and covert activities. The sub-disciplines we discuss below are predominantly defined in relation to the audience at which they are targeted.

1. Marketing communications
The rise of the U.S. multinational brought with it the need to market, advertise and otherwise promote U.S. goods overseas. The first US advertising and PR agencies in Europe were brought there by US multinationals particularly the car industry (Mattelart 1991; West 1988). The fundamental task of corporations is to sell enough products to make a profit. Marketing communications is the discipline of PR which is focused on working with advertising and marketing efforts to maximize sales and to encourage the continued purchase of goods. The audience in this case is consumers, who are targeted in segmented populations in order to persuade them to buy. Sklar (2002a) refers to this as the “culture-ideology of consumerism”, necessitated by the logic of capitalist production. Marketing communication has as a matter of fundamental necessity to promote consumerism as well as products.

2. Lobbying and Political Activity: Buying into the political process
Lobbying is largely concerned with direct communication between corporations and policy makers and decision makers, often with little recourse to the media. Furthermore, public opinion may well be incidental to lobbying campaigns. This marks lobbying out as significantly different to marketing communications.

This form of corporate communication has the longest history in the United States where lobbying and its attendant political concerns in the wider public are well established. The U.S. Senate conducted an investigation of the influence of lobbying on the political process as early as 1929. In the same year Herring noted that “there are no interests more fully, more comprehensively, and more efficiently represented than those of American industry” (cited in Davis, 1935: 423). Davis notes “these lobbies have been successful in securing the passage of legislation. This is so well known as hardly to need comment.” (1935: 423). However “very often it is unnecessary to use a lobby because the man selected for public office has been placed there by the special interests” (1935: 425). The “result of all these tactics has been such a direct and indirect control of the political machine that legislative control of corporations has usually been ineffective” (1935: 427). Although written in 1935 Jerome Davis’ remarks would hardly be out of place today.

As Jeffrey Birnbaum of the Wall Street Journal wrote in his 1993 book The Lobbyists “Washington has become a club in which the line between those inside and those outside the government is not clearly drawn” (1993: 3). Lobbyists accompanied the expansion of U.S. companies into international markets. One of the earliest was Coca Cola, whose lobbyist fought the French government and Communist Party in the 1950s to gain a market toehold in France, and won (see Prendergast 2000; Allen 1995). Later, with the creation of the European Economic Community, lobbyists started to establish a presence in Brussels, and during the 80s and 90s this trend accelerated. Today lobbying is practiced wherever legislation and regulation are enacted. The world’s two most important sites of decision making for lobbyists are within the “beltway” in Washington DC (USA) and in Brussels (location of the European Commission and European Parliament).

According to Bastian Van Apeldoorn “almost all academic observers agree that from the mid-80s onwards, the shaping of European policy making by private interests has been rather one-sidedly dominated by business” (Van Apeldoorn, 2002: 205). In the United States, a similar picture obtains. Paul Krugman (2002: 31), a columnist for the New York Times recently noted the mood in Washington as the misdeeds of Enron and Worldcom were quietly forgotten:

The mood among business lobbyists, according to a jubilant official at the Heritage Foundation, is one of “optimism, bordering on giddiness.” They expect the elections on Nov. 5 to put Republicans in control of all three branches of government, and have their wish lists ready. “It’s the domestic equivalent of planning for post-war Iraq,” says the official. The White House also apparently expects Christmas in November. In fact, it is so confident that it has already given business lobbyists the gift they want most: an end to all this nonsense about corporate reform. Back in July George W. Bush declared, “Corporate misdeeds will be found and will be punished,” touting a new law that “authorizes new funding for investigators and technology at the Securities and Exchange Commission to uncover wrongdoing.” But that was then; don’t you know there’s a war on?

Although the interesting views of top business lobbyists are not often the subject of high profile news coverage, there is a substantial amount of information about their activities and perspectives available on the public record.

3. Investor relations
Investor relations are also a key part of the corporate communicative armoury. Investor relations (and a latter day offshoot, analyst relations) are the direct product of the deregulation of financial markets and mass privatizations resulting from the neo-liberal policy turn in the United States and UK. Investor relations have become
hugely more significant with the rise in importance of shareholding following the globalizers agenda of opening every industry, utility, trade and service to the market. Investor relations were key to the Enron fiasco. Described as the corporations “unsung villains” by Investment News, Investor relations have also been singled out by the PR trade press: “The abuse of earnings reports has reached such a stage that the SEC has warned companies that they face legal action if they continue. Enron, which has gone spectacularly bankrupt used a device called ‘Special Purpose Entities’ which allowed it to have off-balance-sheet loans... Who puts out all these misleading and confusing reports? IR professionals” (O’Dwyer 2001)


Community relations encapsulates the corporate posture towards local communities and groups affected by the activities of that company. Community relations comes to the fore when corporations come under attack from the public and/or media, but the function is on-going and seeks to build support for the corporation, in good times and in bad. It is a means of dispelling the unpleasant taint of the profit motive and the side effects this can have (pollution, health problems, food poisoning, environmental destruction, human rights abuses, low wages, insecure and unsafe working conditions etc). Managing protest has been a time honoured tactic of the PR industry from the earliest PR visitor centers which were created by the meat industry following the famous expose of the filth and squalor of meatpacking factories by Upton Sinclair in 1906 (see Schlosser 2001: 206).

Corporate social responsibility (CSR) targets a variety of audiences, but it may do so directly by publications and pamphlets, discussion fora and face-to-face meetings rather than via the mass media. CSR may involve media relations work to draw attention to the good deeds of community relations and highlight positive “corporate citizenship.” But most CSR activity is invisible in the media and (in that respect can be said to be more than “merely” PR). Counter-intuitively, it is often an active attempt to pursue corporate interests rather than simply a defensive “image management” operation. CSR has been around for some time, but has taken on new meanings and urgency as global structures of governance have begun to emerge.

Global corporations under attack today engage in “giving something back” to the community in which they operate. Of course this never amounts to the same as the value of the natural resources they have taken away. But in recent years the social and environmental implications of corporate activity have become important in the global activities of companies. So in addition to “local” efforts there is the global effort to portray corporations as socially responsible or engaged in “sustainable development” (on which see Sklar 2000). Currently there is a huge efforts underway, presenting TNCs as engaged in sustainable development. All of this effort is directed at avoiding any meaningful controls on, or regulation of, TNCs in relation to their environmental and social impacts. The world’s leading corporations thwarted plans to regulate corporate activity at the Rio plus 10 World Summit on Sustainable Development in August 2002 in Johannesburg. One key initiative concerning the corporate co-option of the UN is the UN’s global compact. This encourages TNCs to behave in a more sustainable fashion, without any clear mechanism to ensure that such aspirations are met. In pledging to clean up their act participating TNCs get to use the UN logo without any binding reforms or reparations for the damage they have caused the planet.

SELLING FREE TRADE: THE ROLE OF THE PR INDUSTRY

As the system of global “governance” emerges the global public becomes more and more disenfranchised and powerless, denied basic information with which to make up its mind. The trend toward global “governance” has been boosted by the progressive dilution of democratic controls on capital as corporations have increasingly sought to buy their way into the political process. Across the Anglophone world books with very similar titles on this “corporate takeover” and the “sleeze” and “scandals” which go with it have appeared in recent years (Derber, 1998; Lull and Hinerman, 1998; Monbiot, 2000; Tiffen, 1999; Thompson, 2000). These developments suggest a weakening of democratic controls. They also suggest that the role of the media as some form of check and balance within the system is becoming less important; on the contrary, media agendas are increasing being set by corporate priorities to maximize profits (McChesney, 2000; Underwood 1995).

All over the world wherever corporate interests are threatened by citizen groups, trades unions, or governments, PR is implicated in manipulation and attempting to “engineer consent.” Among the early examples are the use in the 1950s of the father of PR, Edward Bernays, by United Fruit (now Chiquita) in their (successful) campaign to undermine the elected Guatemalan government with the aid of the CIA; the use of PR consultants Burson Marsteller by Nigerian state/corporate interests in the crushing of Biafra in the 1960s. More recently Burson Marsteller have seen action all around the globe protecting corporate interests in relation to Three Mile Island, Bhopal, the Exxon Valdez oil spill, promoting GM food and working for the WBbcd (see Table 1). Their work for Philip Morris in setting up fake scientific front groups to distort debate over tobacco has been exposed on the internet as a result of the class action lawsuit in the United States which forced the release of millions of company documents. These examples from one or firm are merely the tip of the iceberg of the documented cases.

As Eveline Lubbers (2002) shows in Battling Big Business, the evidence suggests that spin and media management are only the most visible and relatively legitimate end of the spectrum of activities. Corporations such as McDonalds, Shell, BP and Nitravet and others hire monitoring and intelligence agencies to collate information and spy on activist groups. The spies in the McDonalds case were so numerous that they on occasion outnumbered the protestors and reported on each other. Two years ago it was revealed that BP and Shell had hired a corporate intelligence company that spied on Greenpeace in Germany using a left wing filmmaker as an undercover infiltrator. In New Zealand, a treasure trove of documents from Shandwick (now the second largest PR firm in the world) were leaked to Nicky Hager (Hager and Burton 1999). They revealed Shandwick’s use of the full range of manipulative tactics aimed at justifying the destruction of New Zealand’s native forests. Given the obsessive secrecy of PR companies and corporations, the
documented cases must be a mere taste of the full range of PR manipulation and misinformation.

In the area of food, health and the environment corporations are particularly active in setting up front groups disguising their own role and in making use of science as a resource to pursue their interests. The trouble with discussing front groups, lobbying coalitions and the like is that there are just so many of them. Greenpeace produced a directory of anti-environmental organizations over a decade ago including over 50 separate mostly U.S. groups (Deal, 1993). This is a small snapshot of a much bigger and rapidly changing field. All over the world, Trans National Corporations organize into peak business associations and lobbying coalitions or pour money into allegedly ‘independent’ front groups (see Table 1).

All of the bodies in Table 1 have different organizational models, membership rules, relations with decision makers, target audiences and methods. But underneath

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<th>Table 1. Avenues of corporate influence</th>
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<tr>
<td><strong>The Scottish Parliament Business Exchange</strong></td>
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<td>The SPBE is promoted as an educational exchange allowing members of the Scottish parliament to learn more about all kinds of business. All corporate participants are required to sign a letter affirming they will not use the scheme for lobbying. In practice the exchange is dominated by TNCs who pay £6000 to join and three quarters of those taking part are full time lobbyists (See Miller 2002). <a href="http://www.spbe.org.uk">http://www.spbe.org.uk</a></td>
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<tr>
<td><strong>The Science Media Centre</strong></td>
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<td>The Science Media Centre is a London based media resource which claims that it is “independent,” but is in practice mainly funded by big business including the biotech industry. This might in theory not skew the output of the Centre, but in practice the SMC does not live up to its remit to represent the ‘full spectrum’ of opinions, tending to err towards versions of science promoted by corporations and to pro-corporate scientists. <a href="http://www.sciencemediacentre.org">http://www.sciencemediacentre.org</a></td>
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<tr>
<td><strong>The European Round Table of Industrialists</strong></td>
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<td>A peak business association of around 40 members, who are “Chairmen and Chief Executives of large multinational companies, representing all sectors of industry, which have their headquarters in Europe and also significant manufacturing and technological presence worldwide.” Membership is by invitation only. Almost all observers agree that the ERT is an immensely powerful body, which is well integrated into the EU machinery and has a key role in framing EU policies and directives. <a href="http://www.ert.be">http://www.ert.be</a></td>
</tr>
<tr>
<td><strong>The World Business Council for Sustainable Development</strong></td>
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<td>Swiss based peak business association of 150 TNCs dedicated to presenting business as environmentally friendly. It has played a key role in reshaping the debate on sustainable development in corporate friendly direction and was a key actor in lobbying for type II (voluntary) outcomes at the Johannesburg summit. <a href="http://www.wbcsd.org">http://www.wbcsd.org</a></td>
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their variegated surface all of them are means by which corporations protect and advance their interests. Some organise at the national or sub-state level such as the SPBE and SME, while others are transnational, such as the ERT and WBCSD. Some predominantly focus on managing the media, in the classic tradition of public relations, while others, focus on insider lobbying well away from the media. Others promote “partnerships” and “mutual understanding” between corporations and politicians or NGOs and community groups.

One of the key comparative studies of corporate political activity is by Michael Useem (1984). His book *The Inner Circle: Large corporations and the rise of business political activity in the United States and UK* examines the increase in business political activity and concludes that:

The rise of the new conservative forces [in the 1980s] that were among the pillars of the Republican and Conservative governments was a product of the formation on both sides of the Atlantic of informal and formal organizational networks linking together most large corporations. These networks facilitated the political mobilization of business — by helping business to identify the public policies most needed for its aggregate welfare, and by helping it to express its consensual preference in electoral campaigns, government lobbying and other forms of political intervention (1984: 192-3).

Useem is careful not to overstate the case in terms of the unity of the business classes or their effectiveness in influencing even new right governments in the early 1980s, preferring instead a picture of an “inner circle” of elite business interests. Such interests coalesce in “peak business associations” in order to pursue common aims. Since Useem wrote his book the inner circle of the title has transformed into a transnational elite, which some writers describe as the “transnational capitalist class” (Skiril 2001). Whether this is so, or not, it is certainly the case that transnational peak business associations have emerged and — by their own account — as well as by the account of most scholars have become important players in business-government relations (van Apeldoorn 2002).

**THE AGENDA OF PR**

The underlying agenda behind all these activities is the same, free markets, “flexible” labor forces and most importantly the continuing retreat of government regulation. The new global economic architecture constructed through the North American Free Trade Agreement (and its successor the Free Trade Area of the Americas), the WTO, GATS and the like did not emerge by accident or as a necessary product of inevitable processes of globalization. They were fought, struggled and lobbied for by corporations and their globalising state allies. As John Mc Arthur, the publisher of *Harpers* magazine, shows in his detailed and revelatory book *The Selling of Free Trade* (2000), the North American Free Trade Agreement (NAFTA) was passed only after an extremely hard fought campaign by the Business Roundtable and its allies in the Clinton administration. The full range of promotional techniques, from
political spin and advertising to lobbying, horse trading, and intense political pressure were used as a means of allowing capital to make use of the low wage Mexican labor force. Mostly this type of activity is not open to public examination. Yet all over the world the denizens of corporate promotion work quietly and covertly to push the same agenda. In Europe one current buzz phrase is "horizontal subsidiarity"; at the global level it is "type II outcomes." Just as vertical subsidiarity requires decisions to be made at the lowest possible (local, national, EU) level so horizontal subsidiarity requires decisions to be taken at levels lower than government. If regulation can take place at the voluntary level then the European Commission should not be involved. Although this can be defined as self determination by some on the left in the EU, the usage it carries in corporate/EC discourse in Brussels is quite different. Here EC officials tell business lobbyists at Brussels conferences that they "can expect and should demand" horizontal subsidiarity, meaning the ability to have a substantial say in determining the regulatory framework in which they will operate.

At the UN, the terminology is different, but the agenda is the same. At the Johannesburg summit on sustainable development in 2002 corporations lobbied fiercely and successfully against type I and in favour of type II outcomes. The former are of course binding regulation and the latter voluntary self-regulation. This agenda is one of the key reasons why corporations have become keen on developing partnerships with charities and pressure groups such as Oxfam or WWF. If they can demonstrate "voluntary agreements" with civil society binding regulation will be avoided. In both these cases and in many others across the world the same agenda is being pursued. All of this goes on behind the backs of the public, an indication that democracy is already in a parlous state and that this form of corporate PR is likely to make it much, much worse.

CONCLUSIONS

Public relations is increasingly global. The consultancy sector of the industry has globalized to service globalizing capital and in addition, Trans National Corporations have increasingly appointed in-house PR personnel as they expanded across the globe. Public Relations is closely enfused with the interests of global capital and has grown as a direct result of the neoliberals in the past two decades. Wherever corporate interests are threatened one can find PR professionals engaged in media relations, investor relations, lobbying, corporate social responsibility and sometimes more dubious activities such as monitoring, surveillance, spying and other ethically questionable techniques. All of these are united in the pursuit of corporate interests. Moreover, corporate PR on behalf of TNCs is distinguished by persistent advocacy of further neo-liberal reforms and the defence of the gains of big business of the last twenty years.

Defending the reputation and interests of TNCs is the core mission of corporate PR, and this activity often takes place beyond the gaze of the media. Conceptualising PR as merely media relations misses the wider political and social importance of PR. As governance structures change, and supranational institutions assume ever more power, our understanding of how democracy now functions must also adjust. This understanding should be informed by an appreciation of the myriad ways resource rich organizations like TNCs can and do actively pursue their interests, and the instrumental role of corporate PR in this process. Global capitalism needs global PR and global PR needs global capitalism. You can’t have one without the other.

REFERENCES

Chapter 13

Events, Issues and Social Responsibility: The Expanding Terrain of Corporate Public Relations

By Graham Knight & Josh Greenberg

Recent corporate financial scandals have highlighted a persistent strain within corporate public relations between reactive "spin" control characteristic of crisis management and more proactive forms of issues management and social responsibility. Proactive forms of public relations have grown in scope and importance as neo-liberal globalization has weakened the will and capacity of the state to fulfil social demands and intensified the focus of corporate strategy on short-term profits and stock price as the determinant measure of organizational performance. At the same time, neo-liberal globalization has also generated new forms of social movement activism (or "subpolitics") targeting the side-effects of corporate practices such as environmental degradation and social inequality. Both faces of globalization open up new forms of transformation of crisis events into issues that are framed in terms of a growing interest in and demand for corporate social responsibility.

Shortly after the accounting scandals at Enron, WorldCom and other large American corporations began to dominate the headlines, a CBC television news report (July 3, 2002) framed the problem not in terms of probity, potential illegality, or the structural effects of de-regulation and other neo-liberal policy changes, but in terms of image. Given the serious implications that the scandals carried, it is striking that Canada's public broadcaster would see the problem as effectively one of public relations. Corporate America's image had been damaged, and the view was that image repair work was badly needed on the part of both the corporate sector and political elites. While corporate malfeasance may seem like a boon to public relations (PR) practitioners, for PR theorists and educators it is probably a somewhat depressing reminder that the profession's own attempts at reconstructing its image in a more ethically inflected direction risk being compromised by the inevitable resort to damage control and spin doctoring on behalf of the privileged and powerful.

The growth of corporate PR over the last thirty years has been accompanied by a crisis of identity and legitimacy. The conceptions of PR as "propaganda" or the "engineering of consent" associated with the earlier theories of Edward Bernays