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Is Small always Beautiful? A Dialogue

For quite a few years, but in a very intermittent manner, the two authors have been engaging in dialogues about management issues. So far, they have been concerned with business ethics, capitalism, alternatives to management, and management education (Parker and Pearson 2005, 2013; Pearson and Parker 2001, 2008). This all started when we were teaching business ethics together at Keele University, England in the mid-1990s, and we found that debating our differences in class, in front of the students, seemed to be a good way to teach. Thinking about Plato's dialogues between Socrates and his various students, we liked the way that he would clarify the nature of a concept by asking questions and listening carefully to the answers, and we decided we would try and do the same. We disagree about many things, but agree that we respect each other's opinions, and can clarify our own viewpoints by debating them respectfully with another.

For the reader to find this format engaging, you might like to know something about the two characters who are staging their disagreement here. Gordon spent around thirty years in various companies, mostly with responsibilities for strategy. He then completed a PhD studying innovation, strategy and culture and joined academia. He is convinced, along with Sumantra Ghoshal, that bad theories have corrupted good management practices (Ghoshal, 2006) and should be set aside in favour of the lessons provided by practical experience (Pearson 2015). Martin, on the other hand, has spent most of his working life as a 'critical management studies' academic and believes that imagining alternatives to market managerialism is ethically and politically important (Parker 2002, Parker et al 2007, 2014). He agrees that business schools often teach bad theory, but thinks that means we need to teach better theory. The two participants below might be characterised as a 'practitioner idealist' (Gordon) and an 'academic idealist' (Martin).

For this dialogue, we decided to focus on the question of the scale of business operations. Martin has a particular preference for small scale enterprise, and for the localisation of the economy, because he believes that the giganticism of corporations is behind many of the problems we face today. As you will see, Gordon disagrees, arguing instead that other issues than scale are at the root of why some businesses do bad things.

The Dialogue

> 'How then can we rightly order the distribution of the land? In the first place, the number of the citizens has to be determined, and also the number and size of the divisions into which they will have to be formed; and the land and the houses will then have to be apportioned by us as fairly as we can. The number of citizens can only be estimated satisfactorily in relation to the territory and the neighbouring states. The territory must be sufficient to maintain a certain number of inhabitants in a moderate way of life - more than this is not required; and the number of citizens should be sufficient to defend themselves against the injustice of their neighbours, and also to give them the power of rendering efficient aid to their neighbours when they are wronged. After having taken a survey of theirs and their neighbours' territory, we will determine the limits of them in fact as well as in theory. And now, let us proceed to legislate with a view to perfecting the form and outline of our state. The number of our

citizens shall be 5040 - this will be a convenient number; and these shall be owners of the land and protectors of the allotment.'

Plato *Laws*, book five.

Martin: Plato's dialogue *Laws* is the only one not to feature Socrates. Like the much better known book *The Republic*, it concerns the ideal forms of government for a state, including the discussion of scale above. Plato liked the number 5040, because it was divisible by many other numbers, and it seems to produce a pleasing sense of proportion. For our purposes here, it is important to point to the fact that Plato appears to be concerned with the maximum size that a city should be in order that it can meet its responsibilities to its citizens and its neighbours. Even if his definition of citizen excludes women and slaves, he seems to have the intuition that there is a relationship between the number of people entangled in a social institution and the quality of their interactions.

Now, when ordinary people say that they have responsibilities, it suggests choices. We choose to shoulder burdens, to care, because we feel that we must, because it involves people that we love, or causes and values that we care about. Not to respond, to ignore a call to duty, would result in guilt and shame, in a judgement of self which is experienced as a kind of pain. Responsibility is a personal question that requires an answer, a relationship which is felt in the body of human beings when they engage with issues that we can describe as 'ethical', 'moral' or even 'political'.

But when an organization – a corporation - claims responsibilities, what might that mean? If it was a small business, a bakery perhaps, with customers with faces and names and who come in on regular days for particular kinds of bread, it would make sense to say that the owners, the baker, or the shop assistant might feel responsibilities. I suppose we might say the same for Plato's community of 5040 families, though that does already seem like quite a large number of people to care about. However, if we consider bigger organizations or states, though they can claim to care, and very often do make such claims, it is difficult to imagine exactly what that might mean. An organization (as such) can't speak, can't see, can't feel (Silverman 1970), so the language of responsibility can only be metaphorical, a phrase intended to produce certain effects.

It seems to me that scale and responsibility are opposed. The bigger an organization, the more people it employs and the more countries it trades in, the more irresponsible, the more sociopathic its behaviour is likely to be. This is not a new suggestion (Bakan 2003), but it is one that is gaining particular urgency now, as it becomes clear enough that big commercial organizations are engaged in a systematic avoidance of responsibility at the same time that they loudly claim to care about people and planet (Hadden *et al* 2014). That is why I propose, echoing Plato, that we should limit the size of all organizations in order to ensure that social responsibility means something, rather than being a phrase employed with shrill intensity in order to persuade others of corporate virtue. I would do this by preventing any organization owning another as well as breaking up large corporations in order to produce a population of smaller organizations which can do less damage, and are forced to take human scale responsibilities more seriously. Small is obviously more beautiful, when it is clear that giganticism causes such damage (Schumacher 1973).

Gordon: I'm sure we can both of us agree to forgive Plato his odd liking for the number 5040 and his limited relevance to the 21st century corporation. As I have suggested before, I fail to see how ancient philosophy can be particularly useful in solving contemporary business problems (Pearson

and Parker 2001). That being said, I imagine we might also agree that the mass production cost savings justification for large scale is no longer as persuasive as it used to be and seems likely to become even less so. Moreover, I agree wholeheartedly with you that 'imagining alternatives to market managerialism is ethically and politically important', particularly when so many business schools just teach their MBA students the virtues of self-interest. And finally, I'm sure we also agree that 'too big to fail' and 'too big to manage', where they apply, are persuasive arguments against large scale. Big is not always beautiful.

I hope that has got all the agreements out of the way, because there is a lot that I disagree with!

You recognise responsibility as a personal 'ethical', 'moral' or even 'political' question that only an individual can actually feel and therefore exercise. At one level, you might be right, but good management is very much to do with the establishment and maintenance of an organisational culture which defines 'the way we do things around here' (Bower, 1966). The organisation may not be able to feel, but all the people in it can, and in a well-managed organisation people will be aware of the relevant cultural norms. That applies to the small corner shop bakery, the high tech SME employing a few hundred people, or to a leviathan mass employer such as J P Morgan Chase which has, since 2008, paid tens of billions of dollars in fines for criminal fraud. Organizational culture is the issue here, not size. All big organizations are not evil and all small ones are not saints.

Martin: Size isn't the only issue, but it is a critical one. The endearingly vague concept of organizational culture is far too easily used as a distraction in this regard, a way of refusing to make any hard decisions about policy or structure. For quite a while now, it has been common for commentators and regulators to talk about culture. 'Changing the culture' is essentially a way of doing nothing, apart from issuing some codes or guidance which seem to be an attempt to tell regulators and customers that it won't happen again. So when the UK bank Barclays, in early 2014, decided to be seen to be doing something, they produced a website which summarised 'our values', which were summarised as respect, integrity, service, excellence and stewardship. There was talk of Quaker traditions, and restoring the trust of customers and citizens. This all sounded very nice, but a few months later the bank was exposed as being involved in the 'dark pool' fraud which favoured some investors over others. This particular scandal followed others – in Barclays and just about every other London based bank – which are simply too numerous to mention. The bank also announced in May 2014 that it would shed 19 thousand jobs, at the same time that the basic salary of its chief executive exceeds £1 million per year. To his credit, he did turn down his bonus of an extra £2.5 million in 2014, only taking £4 million of shares instead.

'Culture' does matter, because not all big organizations are criminal and not all small ones are responsible, but there are other factors that matter more. Unless we cut big organizations down to size, unless we change the inhuman structures that corporate business inhabits, we establish the conditions which encourage reckless and irresponsible behaviour, whatever they say on their websites.

Gordon: Culture is real; not just a distraction. Unlike you, I've lived it in both medium sized and very large organisations and it can be extremely important. The waffle about culture to which you refer, is not just 'window dressing', but deliberate lies intended to mislead. That's not culture; that's plain deceit which disguises the real culture.

When you refer to banks, you are often referring to criminal organisations. Almost without exception among the leading players in the global markets, they have paid hundreds of millions of dollars and pounds in fines for their criminality. Your example, Barclays, appointed Bob Diamond, MBA, as CEO after he had presided over the LIBOR interbank rate fixing scandal, for which Barclays paid £290 million fine rather than risk Bob being charged personally. When Bob was eventually forced to resign, Barclays gratefully paid him a £22m goodbye fee. That was not caused by size, but by corruption and poor decision making.

Or, to use another example, at the end of 2013, the Duke of York hosted J P Morgan and clients for dinner and entertainments at Buckingham Palace. That was only days after Morgan's agreed settlement of their $13 billion fine for fraud and criminality, with CEO Jamie Dimon, MBA, even then, under criminal investigation. Morgan's settlements, in lieu of criminal charges, now total over $35billion. The latest being over $1.3 billion when they joined UBS, Citigroup and Royal Bank of Scotland being fined 'for currency manipulation and collusion-like efforts on the part of the financial institutions' (Cummans, 2014).

As you say, the examples of banks criminality are 'too numerous to mention'. But the problem is not size but the practices of those who run these organization. So a solution is not to be achieved by simply arbitrarily reducing the size of these banks, as if that might ensure that only the saints were left in charge. There's something much deeper than that which needs correction.

Martin: Your logic puzzles me here. All the examples you have used are of big organizations, but you continue to insist that the problem is culture. So, let's make a list then - Enron, Parmalat, TyCo, Union Carbide, WorldCom, Tesco, Ford, General Motors, GlaxoSmithKline, Arthur Anderson, M G Rover, Siemens, American Airlines, BAE Systems, Firestone Tire, Global Crossing, Guinness, Halliburton, Southwest Airlines, Royal Dutch Shell, Volkswagen and so on, and so on. All of these large companies (and the list could have gone on for pages) have been involved in scandals of various kinds – from hiding losses to stealing money to disguising the characteristics of their products – and none are banks. Now I suppose we could say that they all had a bad culture, but in which case I think we have to explore the idea that there might be a relationship between culture and scale. That is to say, that the bigger the organization, the easier it becomes to avoid responsibilities – whether to employees, shareholders, customers, the environment or whatever. So, are you prepared to acknowledge that 'culture' is (in part at least) a function of scale?

Gordon: Of course, scale impacts on culture, but culture isn't the problem. I referred to culture as part of a solution. Let's put culture aside for the moment.

There is something much more important, much more dangerous, than 'giganticism' underlying the criminality of corporate abusers. Size is itself a red herring. The only reason your above list includes only the corporate leviathans is because smaller company abusers don't hit the headlines in the same way. In that sense, your outrage is merely a result of bad sampling rather than proper research. But smaller companies can be just as crooked as big companies, if not more so. I know this because I've seen it. Many years ago I worked for a medium sized company whose chairman, among other things, had his holiday cottage re-roofed at company expense and his domestic heating bills paid by the company, and he was at the time a regional chairman of the Confederation of British Industry. His fellow directors tended to follow his example. As another example, I provided a factual running history of one small company abuser, S.T.P. Ltd, in my book, *The Real Business of Real*

Business (Pearson, 2015). Size really is not the crucial point, though multinational operation certainly opens up new opportunities for criminality which require particular regulatory attention.

Simply attributing corporate criminality to size and the impossibility of managing such leviathans ends up by absolving those who hold that responsibility. It makes them into pawns of social structures, puppets having their strings twitched by others. But they are responsible. That is not to suggest they are necessarily villains by birth or inclination, but they act as criminals. The big question is 'why?' Asserting that it is because their organisations are so big is simply not a necessary or sufficient explanation.

Martin: Let's agree that all sorts of people behave badly, both the corporate CEO and the owner of my local bakery. I'm not trying to suggest that saints run SMEs and sinners run corporations – though let's come back to that later - but consider the relative impact of each. If a private company bidding for contracts with the tax payer funded UK National Health Service avoids paying tax through using a network of offshore holding companies, it means that the UK taxpayer loses millions. If a private bank has to be rescued in order to ensure its responsibilities to account holders, the UK taxpayer can lose billions. If your business person plays fast and loose with their 'expenses', the taxpayer might lose thousands. If my bread shop under reports their profits, the taxpayer might lose hundreds.

My point is that big organizations cause a lot of damage when they behave badly, which it seems to me that they very often do. But let me clarify something. You suggest that 'culture isn't the problem' (though you do suggest it's 'part of the solution'), so does this mean that you are going to try and claim that it's all about a few bad apples? A few naughty people who spoil things for the rest of us?

Gordon: Absolutely not. The few bad apples argument is only ever raised to protect the status quo by pretending there's nothing basically wrong. I am suggesting there's something 'profoundly wrong'. That was Tony Judt's expression at the start of his final book *Ill Fares the Land*: 'Something is profoundly wrong with the way we live today. For thirty years we have made a virtue out of the pursuit of material self-interest: indeed, this very pursuit now constitutes whatever remains of our sense of collective purpose.'(Judt, 2010: 1). That's the problem, not size.

I agree if an organisation goes rogue, then the bigger it is the more damage it is likely to do. But the problem is organisations, even whole industries, going rogue, rather than their size. We've already highlighted banking as the prime example. Between 2009 and 2013, the twelve global banks paid out £105.4bn worth of fines to European and US regulators for various criminal offences, and made provisions in their accounts for a further £61.23bn of anticipated fines for crimes which presumably they know all about, but which have not yet been uncovered. Even that 'eye popping' figure of £167bn, was 'unlikely to be the final hit' (Tett, 2014). According to Reuters the top 20 banks have paid fines of $235billion over the past seven years for criminal behaviour (Treanor, 2015).

That's the problem. In May 2015, the US Department of Justice ruled on bank manipulation of foreign exchange dealings. With what US attorney general, Loretta Lynch, described as 'breathtaking flagrancy' of 'brazenly illegal behaviour' on a 'near-daily basis', traders had set up a forex control group they themselves referred to as 'the cartel'. The simple aim was to defraud clients by collusion to fix prices. As one widely quoted trader put it: 'If you ain't cheating, you ain't trying.'

But it hasn't always been like this. Banking was necessarily built on trust. In order to function, it needed to be seen as the most proper of industries and that itself regulated behaviour. But nowadays it sets a routinely criminal example. That example has been followed by some other industries where participants believe that they can get away with it, having managed to eliminate the former soft and hard forms of regulation in order to maximise the possibility of profits. Consequently many mature markets are now 'fixed' by monopolistically inclined leading players. They may be big, but their size is not the reason that they behave as they do.

The problem is the widespread willingness, even eagerness, to act criminally. My argument is that it is the 'bad theory' that explains and even to a great extent justifies that behaviour. You, as an academic idealist, a professor of management, should be challenging that theory, rather than making a misguided general tilt at the badness of scale.

Martin: Interesting. You are quite happy to rant about the corruption of banks – a rant with which I agree wholeheartedly – but wish to blame the problem on 'material self-interest', quoting Tony Judt in support. I find this an odd logic. It's a bit like noticing that lots of people with guns kill people, and then suggesting that the problem isn't the guns, but the morality of the people who use them. Well, perhaps that is what the National Rifle Association does, but it seems to many people (including the current President) that the world would be a lot safer if the guns weren't around. Furthermore, it's much easier to intervene in matters like the availability of guns than it is to think about how we change the morality of citizens. Like 'changing the culture', vague explanations add up to nothing more than windy rhetoric.

To reiterate what seems to me obvious. All of your examples are big organizations. Therefore, why don't we look to their 'bigness' as an explanation. It's a perfectly scientific procedure, which just involves isolating one variable, and then trying to see if that might be a symptom of some sort of problem. It is quite possible to argue for this in two ways. One is to suggest, as I did above, that the ultimate 'cause' doesn't matter that much (bad apples, culture, distance from impact of decisions, market dominance or whatever) when we can see that the consequence of these 'too big to fail' organizations is so damaging for people, the environment, democracy, even the economy. In other words, whatever the reason, we can agree that big causes bad, so we should try to get rid of big. Again, guns kill people, so let's get rid of the guns.

However, I also think that it's quite possible to make the argument in different ways, and without being distracted by your general fluff about a decline in moral standards. For example, and as I suggested above, there seems to be some evidence that decision makers who are insulated from the effects of their decisions (by hierarchy or geography) are less likely to care much about the impacts on others. It's what Zygmunt Bauman, in his splendid book on the holocaust, termed 'adiaphorization', the making of something irrelevant to a particular decision (Bauman 1989). If I can't see and smell the pollution, if I can't hear the noise, if don't know the people without jobs, or the people who have to do two jobs, or the suppliers who can't cover their costs, then I am more likely to make decisions without regard for such 'externalities'. So, the bigger the organization, the more effectively it functions as a structure which hides pain from the privileged inhabitants of the executive suite. From the dizzy heights of the corporate tower, you can't hear the sounds of the street.

Might I persuade you to agree with me here?

Gordon: I agree up to a point! 'Out of sight, out of mind' facilitates, but doesn't inspire, big organisation executives to turn a blind eye to bad things that are being done by their organisations.

Take the example of Martin Winterkorn, VW's 'endlessly sorry' boss, who retired in disgrace after US regulators had revealed that VW had used 'defeat devices' to cheat US emissions tests for its diesel cars. He had accused his company of betraying their customers' trust. And, in a widely broadcast video, he had vowed to 'fight on doing everything in his power to restore faith in Germany's proudest industrial brand'. He denied all knowledge of it himself, though plenty of VW people must have known about it. Is it credible to imagine that he knew nothing about a widespread policy to evade emissions regulation in many countries?

Margaret Heffernan (2011) provides many examples, in mostly large organisations, of what she refers to as 'wilful blindness'. She describes in some detail the wilful blindness at BP ahead of the Deepwater Horizon oil spilll catastrophe. VW's 'defeat devices' may be in the same category. BP and VW are both huge organisations. But the point Heffernan makes is that the blindness is wilful. It's the wilfulness that has to be rectified. Winterkorn's weak assertion that he didn't know is, at the very least, a confession of ignoring something that he could easily have discovered.

The real question is what gives rise to wilful blindness? The wilfulness is not the result of size, but is motivated by 'bad theory'. That is to say, a set of assumptions about the co-incidence of self-interest and the effectiveness of markets which are dangerously common in economic policy circles and business schools. As Sumantra Ghoshal put it: 'by propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility' (Ghoshal, 2006: 76). That freedom affects organisations of all sizes; it's just that the big ones are more newsworthy.

Martin: I agree absolutely that 'bad theory' is taught in Business Schools, and they have their culpabilities here, but I'm not sure that you can blame them for VWs attempt to wilfully subvert the attempts by legislators in many countries to improve air quality for their citizens. That's rather like blaming primary schools for the moral failings of adults. There is a connection of course, because Business Schools (often) teach that the aim of commercial activity is profit, and the bigger you are, the more profit you make. There is a growth imperative built into such theories, and it's one that suggests that VW (in 2014) was the best car manufacturer in the world because it was the biggest. The second best was Toyota, close behind with a revenue of $216 billion. This was the same company that lied about problems with the accelerator for one of their models, twice, and ended up having to pay $1.3 billion in fines in the US in 2014. Third in the list is General Motors, which in 2014 was being investigated for claims that it knew about an ignition switch problem in 2001 which caused 13 deaths but was not made public because it would have cost too much to fix it.

Again, we are led back to some connection between scale and certain sorts of short term profit and salary maximising behaviours. You wish to make this into a moral question, blaming the business schools for teaching a theory of selfishness, and then expressing disappointment about the activities of some managers in some organizations. I think that the way that you frame the problem doesn't allow us to get to the bottom of it, which is that we now face a situation in which many markets are dominated by huge corporations. These companies have a collective interest in evading state regulation – I'm willing to bet that the VW story is the tip of the iceberg – and also in shaping the business environment in order to maximise shareholder value and executive pay.

I think that scale seems to be at the bottom of all this, whether it results in the avoidance of responsibility or the exclusive focus on profit. So, in the spirit of Plato, here's my proposal. No commercial organization should be allowed to have more than 5040 employees. If they get bigger than that, they have to split into two. Further, to ensure that we don't just develop complex nests of off shore tax evading holding companies, no company is allowed to own another. We give corporations their license to operate, so let's modify it a little, in the name of the common good. Simple. What's wrong with that?

Gordon: My point is that there is something much more sinister than simply size going on and that you are doggedly refusing to see that point. Instead, I think that the vast majority of human beings are not innately criminal, but they are corruptible. We should be asking what is it that is responsible for such corruption?

That being said, there is a lot of common ground here. It is certainly true that big bad organisations do more harm than small bad organisations. Moreover, organisations that have developed monopolistic ability and expertise in fixing and abusing markets are invariably big as well as bad. Similarly, organisations that have developed so that their failure might be thought likely to do huge damage, such as some banks, are also invariably big. And it is also true that some organisations are held to be too big to manage.

So, for the sake of the debate, I'll agree with you and Plato. Let's limit organisations to 5040 employees. How do you propose to do that?

Martin: Agreement breaks out, but yet I feel suspicious. Let me have a go at some further specification then.

First, I assume that we must be referring to one state. Much as I would like to be able to set global restrictions, that seems unlikely without effective trans-national agreements and a global regulator. So, let just assume that we are discussing the UK, and that I have a mandate to pass two pieces of legislation. The first only allows 5040 employees to be on any company's payroll. This does not include staff who are self-employed, though a problem for my plan could be staff who are employed by someone else – an agency for example – but who are working in a different organization. However, the agency could only have 5040 employees too, so it should even out in the end. A license to operate in the UK will depend on compliance with this law for any UK operations.

The second piece of legislation will prevent one organization from owning a majority shareholding in any other, in order to ensure that companies can't get round the first piece of legislation simply by owning other companies. Again, this sounds simple, but will doubtless have to be refined in order to cope with all the many exceptions that will be manufactured by lawyers, probably involving overseas territories, shell companies, beneficiaries and so on. (All practices that are particularly common in the UK, as well as being extremely profitable for the city law firms that set them up.)

Now, there are still plenty of problems in this, most notably the way that the actual size of companies can be disguised through off-shore holdings which are beyond the reach of UK law. But then we shouldn't be surprised that legislation in one state can't solve the problems of global business. This is a clear problem in many areas – taxation, accounting, carbon offsetting and so on – and I don't propose to be able to solve those problems here. However, what my new laws can do is

to prevent mega-corporations from operating in the UK as mega-corporations, and in the area of financial services at least, this is not a trivial matter. There will be threats about companies pulling out of the UK, but most won't. This is largely because they wouldn't want to lose access to such a large market. The same applies to any reasonably big economy, so unless a company decides to refuse to sell its goods and services in a particular part of the world, it will have to comply with local legislation.

Corporations can make profits in particular countries because our governments allow them to. We give them a license to operate, but policy makers often act as if it is they are flighty creatures who must be tempted with treats. With so much evidence that big companies cause big problems, let's take the initiative. Governments already intervene in what companies do, whether in terms of tax, health and safety legislation, environmental standards and so on - so why not also size? From the 1890 Sherman Antitrust Act in the USA onwards, there have been attempts to break up big organizations and this has sometimes been successful. For example, in 1911, the Rockefeller family's Standard Oil was sued by the US Justice Department under federal antitrust law which eventually resulted in it being broken into 34 separate companies. There is no reason why such legislation couldn't be enacted in the UK, for companies which are headquartered in the UK. As Senator John Sherman put it in 1890 – 'If we will not endure a king as a political power we should not endure a king over the production, transportation, and sale of any of the necessaries of life' (Reich 2014).

Gordon: Assuming we are referring to one state rather than the whole world, and assuming you have a mandate to pass two pieces of legislation, makes you sound a bit like a neoclassical economist or business school professor, stating the implausible assumptions before specifying unworkable models. We should make only one assumption - that we are dealing with the real world as it is, and trying to make the best of it.

I'm 100% with you regarding anti-trust legislation, but as usual you misunderstand the issue. It is anti-trust not anti-size. Breaking up monopolists whether or not they can be shown to be operating against the common interest has got to be right. That was a lesson learned in the 1930s following the Wall Street crash. UK Legislation to protect competition existed right through to the 1980s, together with the regulatory bodies to ensure it was actively applied. The Office of Fair Trading (OFT) could assess any merger and acquisition activity and if it looked like it was going to result in a market share of 20% or more they could refer it to the Monopolies and Mergers Commission (MMC). That would automatically either completely stop the deal or at least delay completion for a year or more, removing any opportunistic deals resulting from the short term coincidence of share prices. The OFT could also decide to review industries and markets if there was evidence of monopolistic practices which might be against the public interest, and then recommendations could be made to the MMC that could result in those engaged being broken up. The OFT was divested of those powers during the 1990s, after which it could only act on the basis of activities that could already be proved to be against the public interest. Proof necessitates much detailed analysis, and hence resources, but the resourcing of the OFT was reduced so that it was effectively made more or less powerless long before its remains were buried in the Competition and Markets Authority (CMA) in 2014.

So I do agree regarding anti-trust legislation, and I would like to see its operation properly funded and supported. Furthermore, there is a track record of it being practically feasible and effective in the real world. Making it apply around the world will certainly be more difficult in the globalised 21st

century than it was in the 1930s, but it's not impossible. This is a challenge academics like you should find worth addressing!

Martin: Agreed then. We like anti-trust legislation, but let me push this point further. You are right to say that there is no necessary relationship between size and monopoly, but it seems pretty obvious that there is a likely relationship. Assuming a largeish market, then we can assume that the organization that would be big enough to monopolise it would also be big. So, once again, why not assume that scale (relative to size of market if you like) is a problem. Why is that conclusion so unpalatable to you?

The anthropologist Robin Dunbar has suggested that the optimum size of a social group, for both primates and humans, is around 150 members. 'Dunbar's number', as it has since become called, has provoked considerable discussion since the early 1990s, when it was originally proposed (see Dunbar 1998). According to Malcolm Gladwell, the W L Gore company decided only to open buildings that housed around 150 employees. (2000: 177 passim). Other studies have suggested relationships between brain size in primates and humans, and the size of the average social group or social network. Dunbar and others have suggested that communication strategies are directly related to scale. Now, even if we don't accept some of the biological determinism implied by some of this research, it does seem common to sense to agree that there is, at least, a relationship between the size of a group and the quality of communication and interaction.

Now, 150 isn't very many, A lot less than Plato's 5040. Yet it does seem to me that the red thread in all of my arguments with you in this dialogue concerns scale. I agree with you that questions of regulation matter, that culture is an issue, that what business schools teach and what economists preach are important. But, setting all of these aside, it seems to me evident that all policy makers and academics who research and teach such matters should have a clear preference for small organizations, for states of affairs that maximise face to face interaction and meaningful senses of responsibility. This could well mean breaking up big organizations, but it most certainly means encouraging small ones, in the hope that an economy which is dominated by lots of small businesses (rather than a few very large ones) will be more equal, local and responsible. The rush to growth is increasingly recognised, in environmental and economic terms, as a pathology which we need to address if we are to find solutions to the global challenges which face us (Gibson Graham 2006, 2013; D'Alisa et al 2014; Felber 2015). In which case, let's not assume that organizations must grow to become successful!

So, as we reach the end of our discussion, would you like to summarise your position, your dogged defence of big companies, despite all the harm that they so clearly do?

Gordon: Indeed! Let's imagine we have set up a small craft chocolate manufactory whose prime strength is the secret recipe on which its main products are based. People love the product and want more. The growth achieved justifies investment in more efficient plant and pays for the investment in further development of technology and people. Such was Cadbury, established in a single shop in Birmingham in 1824, and growing to become the UKs biggest maker of confectionary. Limitation on size would destroy the motive to succeed, which is something very close to the magic of being human. Thus I oppose the restriction of scale per se.

You refer to W L Gore, a wholly admirable private company co-owned by the Gore family and the employees. Based in Newark, Delaware, it has sales revenue of around $2.5 billion and employs more than 8,500 people in nearly 50 facilities world-wide (Pearson, 2012; 212). Now if you are arguing merely to limit the number of employees per plant, rather than the size of the corporation in common ownership, that is something different. The optimum size will be dependent on the activity and the technology, but the Gore argument has a lot going for it.

However, I think breaking up the predatory corporate leviathans, which do so much damage, simply on the grounds of their size, is extremely difficult both to justify on logical grounds and to accomplish in practice. But in the past such corporate monsters have been broken up by regulation (eg anti-trust) and energetic exercise of the law. At this point in time, especially in US and UK, those regulatory powers have either been demolished or are simply left in abeyance, because they do not accord with the dominant neoclassical economic belief system which the self-perpetuating industrial, financial, media, academic and political establishment live by and promote. But that's a whole other story!

The softer side is, I believe, also important. By that I mean the development of benign and effective corporate culture, as, for example, demonstrated by W.L. Gore & Associates. 'There are no titles or conventional lines of command at Gore, where the only way of becoming a leader is to attract followers – if a project can't attract people to work on it, then it doesn't get done' (Caulkin, 2009). Corporate culture is important and can be very much dependent on what we teach in business schools and universities. Though we've touched on it, that is also another story. The key issue is that your focus on scale runs the risk of ignoring beliefs and behaviours, as well as punishing those who grow because they are successful. Small is not always beautiful.

Martin: A Brazilian friend of mine told me about a man who made beer for his family, friends and village. It was so good that it won a competition, and that led to an approach from a big company to buy the recipe for lots of money and sell the beer across Brazil. The beer-maker turned the offer down. He was happy making a little money by producing great beer in small amounts. The same could be true of Cadbury, since 2010 a brand which is part of the gigantic Mondelez corporation. (A company which, after accquisition, immediately closed one of the UK Cadbury factories, despite giving assurances that it wouldn't.) Why should growth be synonymous with success? Why can't we imagine a world with lots of small chocolate makers, each providing jobs in its own region, and using materials made or grown in that region? In times in which we all face the threats of global warming, a defence of growth on the basis of monetary incentives for innovators is no defence at all.

We started this dialogue with Plato, with a long dead philosopher who understood the importance of dialogue, and was audacious enough to believe that the ideas that it generates can help design a better world. Though we may differ about our versions of what this world should look like, I think we both believe that we can only get there if we clarify our differences and agreements in the way that we have here. But, I would remind you, and as any teacher knows, dialogue works best with small numbers of participants.

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