

8-2014

The Real World of Interdependence of Governments and Corporations: What We Know vs. What We Teach

David Menefee-Libey
Pomona College

Charles Herman
Pomona College

Chad Powell
Pomona College

Jeffrey Zalesin
Pomona College

Follow this and additional works at: <https://dc.law.utah.edu/ulr>

 Part of the [Business Organizations Law Commons](#)

Recommended Citation

Menefee-Libey, David; Herman, Charles; Powell, Chad; and Zalesin, Jeffrey (2014) "The Real World of Interdependence of Governments and Corporations: What We Know vs. What We Teach," *Utah Law Review*: Vol. 2014 : No. 4 , Article 11.
Available at: <https://dc.law.utah.edu/ulr/vol2014/iss4/11>

This Article is brought to you for free and open access by Utah Law Digital Commons. It has been accepted for inclusion in Utah Law Review by an authorized editor of Utah Law Digital Commons. For more information, please contact valeri.craigle@law.utah.edu.

THE REAL WORLD OF INTERDEPENDENCE OF GOVERNMENTS AND CORPORATIONS: WHAT WE KNOW VS. WHAT WE TEACH

David Menefee-Libey,* Charles Herman,** Chad Powell,*** & Jeffrey Zalesin****

INTRODUCTION¹

Around International Falls, the northern Minnesota town where I grew up, the border with Canada is mostly water. To get to Fort Frances, Ontario, most people drive across the bridge over Rainy River, where the U.S. and Canadian governments both have immigration and customs offices. The bridge itself was built by timber baron E.W. Backus and his Minnesota and Ontario Paper Company (MANDO) about a hundred years ago, and it is now owned jointly by Boise Incorporated and Abitibi-Consolidated, the companies that still run paper mills on either side of the border. Both the U.S. and Canadian governments rent private land adjacent to the bridge from those companies, and you have to pay Boise and Abitibi \$6.00 for the privilege of crossing their private bridge.

At some point in my childhood, I remember thinking that arrangement was strange. This was a border crossing between two countries, after all, patrolled by armed guards in the uniforms of the U.S. and Canadian governments. How could a private company own this public space? How could that company charge those governments rent? And why did my family have to pay the company for the privilege of crossing an international border, even if it was the company's bridge?

As I got older and began to study politics in college, I learned that the International Falls to Fort Frances border crossing is not strange at all. In fact, it reflects a common pattern that goes back for centuries in British, American, and Canadian practice. When governments have wanted to accomplish important policy purposes—for instance, to create an international border crossing—but have lacked the means to accomplish those purposes on their own, they have often collaborated with private actors, and particularly with private corporations. In this case, the U.S. and Canadian governments wanted a border crossing near my hometown, but didn't own any of the land where that border crossing would be

* ©2014 David Menefee-Libey. Professor of Politics, Pomona College. Special thanks to Michael Teter and all of the Symposium participants, as well as to the entire *Utah Law Review* staff. In particular, Symposium Editor Megan Baker did a tremendous job organizing the event and shepherding this piece through the editing process.

** ©2014 Charles Herman. Pomona College class of 2014, with Distinction in Public Policy Analysis and a concentration in Sociology.

*** ©2014 Chad Powell. Pomona College class of 2014, Phi Beta Kappa and Magna Cum Laude, with a major in Politics.

**** ©2014 Jeffrey Zalesin. Pomona College class of 2014, Phi Beta Kappa and Summa Cum Laude, with a major in English.

¹ David Menefee-Libey composed this introductory section.

easiest to arrange. MANDO owned it, and had even built a bridge there to help its paper-making business and make some money charging people for crossing. So a hundred years ago the U.S. and Canadian governments signed long-term leases to rent company land and set up their immigration and customs offices. No big deal, and not so strange at all.

People who study history, politics, public policy, and public administration, as well as people who work with governments, are very familiar with this real-world interdependency between governments and the private sector. It is conventional for us to observe that governments draw on the capacities of private-sector organizations—especially for- and nonprofit corporations—to accomplish public purposes. Governments have many ways of doing this, including granting corporate charters, writing tax laws that induce private actors to change their behavior, contracting for goods and services, engaging in or funding research and development, or simply requiring private actors to do certain things in the public interest. Likewise, we know that in the real world, all corporations—and not just business corporations like MANDO—depend on governments for their very existence, most fundamentally through government issue of a charter which grants a corporation legal personhood and the capacity to act. Corporations cannot function as they currently do unless governments limit their owners' liability, organize the economy, create infrastructure, educate workers, enforce contracts, and so on. Thus, corporations look to governments as customers for many of their goods and services, and they also try to shape government behavior by influencing elections and lobbying for advantageous public policy. This world of interdependence between governments and corporations is the real world, the world in which public and private sector actors collaborated to create the border crossing between International Falls, Minnesota, and Fort Frances, Ontario.

Ordinary people encounter that real world in everyday life as well, but we too often fail to recognize it.² My clock radio awakens me in the morning with a program from a local radio station, broadcasting on a frequency allocated to the station by the Federal Communications Commission. You shower with water delivered by the local public or private utility. And even if the utility is private, you know it is clean because of regular inspections to comply with the federal government's Safe Drinking Water Act. Your neighbor drives to work on a road constructed by a private contractor hired by the state government's transportation department. You eat lunch at a local sandwich shop that serves food that is safe because, in part, the county government's Public Health Department and the U.S. Department of Agriculture conduct regular inspections. You can see the pattern: interdependence of governments and private organizations, particularly interdependence of governments with corporations and other business firms. This has been a common pattern in America since colonial times, and will be in 2020 as well.

² Many authors have made related observations about government in everyday life. See, e.g., Douglas J. Amy, *A Day in Your Life*, GOVERNMENT IS GOOD, <http://www.governmentisgood.com/articles.php?aid=1> (last visited Apr. 28, 2014).

Despite all this, the conventional wisdom we encounter in public discourse is that governments and the private sector in the United States are separate and hostile. We are told every day that a core political conflict of our time is between governmental and private power, and that these run on incompatible worldviews: politics versus markets. Governments, we are told, are the opposite of markets, and only one of these worldviews offers the best way to organize our lives and solve our problems.³ Many, perhaps most, Americans share this belief that governments and the private sector have inherently conflicting roles in American society. Textbooks and journalism reinforce this belief by presenting politics and government as sharply separate from private and economic activity.

Because of this misunderstanding, much of American public debate is stale and dysfunctional, bickering about symbols and illusions rather than focusing on real choices about the exercise of power. This pattern is likely to continue to 2020 and beyond unless we challenge it and offer more realistic and constructive alternatives. A clearer understanding of the real nature of public and private can lead to revitalized politics and policy agendas at all levels.

Part I of this Article elaborates a bit more on what we mean by the phrase “the real world,” and briefly surveys what historical, social scientific, and policy analytic research have to say about the interdependence of governments and corporations. Part I enumerates some of the forms interdependence can take, especially as it has evolved in the last thirty or forty years. For the sake of simplicity, this Article mostly focuses on for-profit business corporations, though much of this analysis also applies to nonprofit corporations as well. Part II presents findings from our research into current American high-school civics textbooks, and shows how those textbooks present these aspects of the real world to American students. Through these textbooks, our schools often give students a formalistic view that exaggerates the boundaries among the various participants in our political system and our society. This Article argues that this view, in turn, impairs citizens’ understanding of how they might work constructively in that system to solve problems or pursue their aspirations.

Part III closes by proposing one innovation for thinking about interdependence, and argues that we could better understand the real world if we considered public/private as a third dimension of the separation of powers in the American system. We read in textbooks about the formal, constitutional dimensions of separated powers: first, across the legislative, executive, and judicial *branches* of government; and second, across the federal, state, and local *levels* of government. All American government textbooks explain that successful politics in our system requires collaboration across these lines of separation. We see this explanation as helpful, and argue that it also applies across the third, informal, nonconstitutional dimension of separation: between the public and private sectors, between governments and private organizations including corporations. This is the real world of American politics.

³ I have borrowed this formulation of governments as “the opposite of markets” from Monica Prasad, Op-Ed, *Land of Plenty (of Government)*, N.Y. TIMES, Mar. 3, 2013, at SR8.

I. WHAT WE KNOW ABOUT CORPORATIONS AND THEIR RELATIONSHIPS WITH GOVERNMENTS

A. *Governments and Corporations*

Governments relied heavily on business corporations in America well before the founding period of the 1770s and 1780s. Crown-chartered and investor-owned corporate “joint stock companies” like the Massachusetts Bay Company and the Virginia Company formed many of the early English colonies.⁴ The British colonial government and early state governments also chartered joint stock corporations to create toll roads, canals, and other infrastructure for social and economic development. For example, in 1799 the state of New York chartered the Manhattan Corporation (now the Chase Manhattan Corporation) to pipe drinking water to the city of Manhattan.⁵ George Washington himself led the group of investors that won a corporate charter from the state of Virginia for the Patowmack Company in 1785 to build a canal near the site of the city that now bears his name.⁶

The owners and managers of corporations certainly benefited from these practices, but for generations governments chartered the corporations because those governments benefited as well. When legislatures desired to accomplish goals but lacked the capacity to achieve those goals during the 1700s and most of the 1800s, they often chartered special-purpose corporations or purchased capacity from existing corporations. Indeed, William Roy shows that these special-purpose firms served as the initial model for latter-day business corporations:

Corporations were originally chartered by governments to accomplish public tasks, to build roads, construct canals, explore and settle new lands, conduct banking, and other tasks governments felt could not or should not be conducted privately. Contrary to the notion that corporations autonomously developed because they competed more efficiently or effectively in the market, governments created the corporate form to do things that rational businessmen would not do because they were too risky, too expensive, too unprofitable, or too

⁴ See generally BERNARD BAILYN ET AL., *THE GREAT REPUBLIC: A HISTORY OF THE AMERICAN PEOPLE* (1977).

⁵ Daniel Klein & John Majewski, *Turnpikes and Toll Roads in Nineteenth-Century America*, EH.NET, <http://eh.net/encyclopedia/turnpikes-and-toll-roads-in-nineteenth-century-america/> (last visited Apr. 30, 2014); see also Debora Spar & Krzysztof Bebenek, *To the Tap: Public Versus Private Water Provision at the Turn of the Twentieth Century*, 83 BUS. HIST. REV. 675, 693 (2009); Harris Corporation, *Founding Dates of the 1994 Fortune 500 U.S. Companies*, 70 BUS. HIST. REV. 69, 73 (1996).

⁶ Robert J. Kapsch, *George Washington, the Potomac Canal and the Beginning of American Civil Engineering: Engineering Problems and Solutions*, in *AMERICAN CIVIL ENGINEERING HISTORY: THE PIONEERING YEARS 129, 129–94* (Bernard G. Dennis, Jr. et al. eds., 2003).

public, that is, to perform tasks that would not have gotten done if left to the efficient operation of markets.⁷

It is also safe to say that such tasks would often be infeasible if left to the limited capacities of governments. These governments did not always lack capacity, of course. The Erie Canal stands as an enduring example of an unprecedented and successful venture entirely undertaken by a government.⁸ But governmental reliance on private corporations was common.

The national government followed states' examples of public-private collaboration in the 1800s, most notably by collaborating with corporations to create the transcontinental railroad.⁹ Brian Balogh shows the result was

a national government that was often *most* powerful in shaping public policy when it was hidden in plain sight. Such was the case when the national government created and nourished a corporate-driven market, stimulated expansion by subsidizing exploration and removing Indians, and influenced trade patterns through communication and transportation policies. The national government shaped internal development through an active foreign policy.¹⁰

Collaborations at all levels were also strongly shaped by the development and revision of corporate law by state governments through the last decades of the nineteenth century, as states competed with one another to encourage industrialization and employment growth, as well as to accommodate the growing political power of corporate leaders and stockholders. Under these laws, the nature of corporations themselves changed dramatically, as government-sanctioned monopolies waned and more competitive corporations gained increasing freedom to control their own destinies. By 1900, several characteristics of corporations became universal, most notably government-granted charters for legal personhood, limited liability, and legal status for managers and boards of directors largely separate from shareholders.¹¹

During the twentieth century, collaboration between governments and corporations became so routine and pervasive that it is now impossible to imagine life in the United States without this interdependence. It is recognized as commonplace in sociology, public-administration, and political-science research, which now describes corporations as essential collaborators with governments in implementing and delivering public policy. The collaboration continues in ways

⁷ WILLIAM G. ROY, *SOCIALIZING CAPITAL: THE RISE OF THE LARGE INDUSTRIAL CORPORATION IN AMERICA* 41 (1997).

⁸ See BRIAN BALOGH, *A GOVERNMENT OUT OF SIGHT: THE MYSTERY OF NATIONAL AUTHORITY IN NINETEENTH-CENTURY AMERICA* 271–72 (2009).

⁹ See ALFRED D. CHANDLER, *THE RAILROADS: THE NATION'S FIRST BIG BUSINESS* 48–58 (1965).

¹⁰ BALOGH, *supra* note 8, at 4.

¹¹ See ROY, *supra* note 7, at 144–75.

that have evolved beyond the patterns Balogh observed. Although the era of special-purpose canal or turnpike corporations ended with the advent of general incorporation laws in the 1800s, governments continued to engage heavily with corporations in evolving ways to pursue public policies.

The evolution has accelerated in recent decades, to the point where some scholars claim that policy developments have produced an entirely new form of governance in the United States and other countries. “Public-private partnership” became a common buzz phrase in campaign speeches and the annual reports of foundations and corporations in the 1960s and 1970s.¹² Donald Kettl was among the first scholars to recognize a dramatic expansion of interdependence, writing as the public sector became increasingly unpopular in the 1980s and governments at all levels contracted out important functions like social-service delivery and education to both for- and nonprofit corporations.¹³ With the popularity of “reinventing government” during the presidential administrations of Bill Clinton in the 1990s and George W. Bush in the 2000s, governments at all levels dramatically expanded the range of delegated policy domains to include prisons, elementary and secondary schools, and security for diplomatic personnel overseas.¹⁴ Lester Salamon and others continue to document and analyze the expanding range of collaborative methods, including grants, vouchers, tax incentives, loan guarantees, and the creation of government-sponsored entities like Fannie Mae and Freddie Mac.¹⁵

¹² See generally ROBERT HALPERN, *REBUILDING THE INNER CITY: A HISTORY OF NEIGHBORHOOD INITIATIVES TO ADDRESS POVERTY IN THE UNITED STATES* 131–45 (1995) (noting the emphasis on cooperation between government and community development corporations to redevelop the inner city among other initiatives).

¹³ See generally Donald F. Kettl, *Performance and Accountability: The Challenge of Government by Proxy for Public Administration*, 18 *AM. REV. PUB. ADMIN.* 9, 9–10 (1988) (recognizing the expansion of government reliance on private actors to implement government programs).

¹⁴ See generally KIMBERLY J. MORGAN & ANDREA LOUISE CAMPBELL, *THE DELEGATED WELFARE STATE: MEDICARE, MARKETS, AND THE GOVERNANCE OF SOCIAL POLICY* (2011) (outlining ways to delegate authority in the welfare state to accomplish the social policy aims more effectively); DAVID OSBORNE & TED GAEBLER, *REINVENTING GOVERNMENT: HOW THE ENTREPRENEURIAL SPIRIT IS TRANSFORMING THE PUBLIC SECTOR* (1992) (highlighting the pioneering efforts to reinvent government bureaucracy including efforts to conform with private-sector principles and cooperation with private actors to achieve government aims); ALLISON STANGER, *ONE NATION UNDER CONTRACT: THE OUTSOURCING OF AMERICAN POWER AND THE FUTURE OF FOREIGN POLICY* (2009) (articulating the significant expansion in government outsourcing to private actors to fulfill State Department, Pentagon, U.S. AID, and Homeland Security responsibilities among others); *BETWEEN PUBLIC AND PRIVATE: POLITICS, GOVERNANCE, AND THE NEW PORTFOLIO MODELS FOR URBAN SCHOOL REFORM* (Katrina E. Bulkley et al. eds., 2010) (noting that private and sometimes for-profit companies run some public schools).

¹⁵ See generally *THE TOOLS OF GOVERNMENT: A GUIDE TO THE NEW GOVERNANCE* (Lester M. Salamon ed., 2002) (outlining the broad set of tools governments have to achieve their aims).

Not everyone believes that this interdependence is a good thing.¹⁶ Suzanne Mettler and others have observed that these relationships often “hollow out” the capacity of governments to accomplish things without reliance on corporations.¹⁷ Critics find particular fault with contracting and outsourcing, most recently in the troubled rollout of online insurance exchanges under the Affordable Care Act.¹⁸ Nevertheless, interdependence continues to grow in scope and scale. Public policy and public administration researchers, as well as scholars in sociology, economics and political science, and finally practitioners throughout the public and private sectors, recognize that governments collaborate very closely with private-sector actors, and particularly with corporations.

Based on this research literature, we can identify six types of contemporary government activities that engage corporations as collaborators with government in serving public purposes. We label them with the letter G to signify that they are government activities:

- G1. Organizing the economy for all: Defining rules of property including intellectual property, creating currency, enforcing contracts, setting market rules, providing public goods and ameliorating externalities, and educating a labor force, among other things;
- G2. Legislating specifically to benefit corporations: Granting corporate charters that create legal personhood, limited liability, and other protections for owners and managers, then writing tax and other laws that treat corporations differently from “natural persons” or noncorporate forms of business organizations;

¹⁶ See Lester M. Salamon, *The New Governance and the Tools of Public Action: An Introduction*, in *id.* at 1, 6–9 (finding current decentralized government delegation overly complicated among other problems).

¹⁷ See generally SUZANNE METTLER, *THE SUBMERGED STATE: HOW INVISIBLE GOVERNMENT POLICIES UNDERMINE AMERICAN DEMOCRACY* 4–5 (2011) (discussing federal policies that lay beneath the surface of the U.S. market and federal tax system that provide incentives, subsidies, and payments that divert public resources to private industry); H. Brinton Milward, *Symposium on the Hollow State: Capacity, Control, and Performance in Interorganizational Setting: Introduction*, 6 J. PUB. ADMIN. RES. & THEORY 193, 193–95 (1996) (introducing a Symposium that explored implementing public-private partnerships, effectiveness of management-control mechanisms, and the evaluation of network performance).

¹⁸ E.g., Jerry Markon & Alice Crites, *Health-Care Web Site’s Lead Contractor Employs Executives from Troubled IT Company*, WASH. POST (Nov. 15, 2013), http://www.washingtonpost.com/politics/health-care-web-sites-lead-contractor-employs-executives-from-troubled-it-company/2013/11/15/6e107e2e-487a-11e3-a196-3544a03c2351_print.html; PAUL CHASSY & SCOTT H. AMEY, PROJECT ON GOV’T OVERSIGHT, *BAD BUSINESS: BILLIONS OF TAXPAYER DOLLARS WASTED ON HIRING CONTRACTORS* (2011), available at <http://www.pogo.org/our-work/reports/2011/co-gp-20110913.html> (asserting an increased dependence upon contractors to perform government services and other government functions has not been a cost-saving measure as promised by various presidents).

- G3. Contracting for goods and services produced by corporations, and using those goods and services to implement public policies;
- G4. Subsidizing corporations in various ways: Providing corporations with land, goods, services, and trained employees; engaging in or subsidizing research and development of new technologies;
- G5. Mandating or regulating private behavior in order to produce or protect public goods, or to reduce negative externalities; and
- G6. Creating foreign policy with rules and norms that support corporations, including tariffs and trade treaties.

We will return to this list below.

B. Corporations and Governments

Interdependence of governments and corporations works in both directions. Throughout American history, corporations have been interdependent with governments and have relied heavily on governments in solving their problems or pursuing their aspirations. The research literature demonstrates that corporations and other private actors do many types of corporate activity that engage governments in the United States. We have identified four types, which we will label with the letter C to signify that they are corporate activities:

- C1. General economic activity: Hiring people, developing and producing goods and services in the general economy, and paying taxes
- C2. Contracting with governments to provide goods and services, the converse of category G3 above
- C3. Filling public offices, first by offering the practical experiences and employment that many officeholders use to launch careers in all avenues of public service, and second by recruiting, endorsing, financing, and campaigning for candidates for elective office
- C4. Shaping public policy by lobbying for preferred governmental action (or inaction), directly drafting legislative or regulatory language, and litigating in courts

None of these categories is exclusively corporate because private actors and organizations of all kinds may do any or all of them. The point is that, as they do these things, private actors engage the work and fortunes of governments.

This is what we know about the interdependence between governments and corporations in the real world. This raises a question: what do we teach students about this real world?

II. THE TEXTBOOK STUDY

A. *Why Look at Textbooks?*

How does this portrait of the real world compare to public discourse about the public and private sectors and about political economy in the United States? Do our public conversations reflect an understanding that governments and corporations are interdependent in that each relies heavily on the other to pursue its interests and values? One place to look for this public discourse is in what we teach American young people in our public schools. Specifically, what do textbooks say about relationships between governments and corporations?

We focus on textbooks because they embody our educational goals.¹⁹ Professor Rosalee Clawson notes “[t]extbooks are the most visible part of the curriculum, and texts play a central role in almost every classroom.”²⁰ Along with the teacher, textbooks are the most important embodiment of school itself. Professor Sherry Keith found that, for American schoolchildren, “textbooks account for at least three-quarters of their in-school exposure to the written word.”²¹

Civic education has long been part of the fabric of American education. The United States was one of the first nations to develop a broadly inclusive public elementary-education system, with local leaders establishing schools across the northeast in the early 1800s.²² In an increasingly diverse nation of immigrants, the first organizing principle of these schools was the creation of citizens capable of self-government.²³ Professor David Labaree maintains that this commitment to democratic equality remains among the core goals of public elementary and secondary education.²⁴ Educational psychologist Marilyn Chambliss presents a typical view: “In the ideal world, all students would be reading and learning from textbooks and other text materials that are comprehensible, concerned with important civic issues, and encourage students to participate in civic activities.”²⁵

¹⁹ See generally Jean Anyon, *Ideology and United States History Textbooks*, 49 HARV. EDUC. REV. 36 (1979) (discussing the pervasive use of textbooks and their influence on schooling).

²⁰ Rosalee A. Clawson, *Poor People, Black Faces: The Portrayal of Poverty in Economics Textbooks*, 32 J. BLACK STUD. 352, 353 (2002) (citations omitted).

²¹ Sherry Keith, *The Determinants of Textbook Content*, in TEXTBOOKS IN AMERICAN SOCIETY: POLITICS, POLICY, AND PEDAGOGY 43, 43 (Philip G. Altbach et al. eds., 1991).

²² See DAVID TYACK & ELISABETH HANSOT, *MANAGERS OF VIRTUE: PUBLIC SCHOOL LEADERSHIP IN AMERICA, 1820–1980*, at 28–31 (1982).

²³ See Lorraine Smith Pangle & Thomas L. Pangle, *What the American Founders Have to Teach Us About Schooling for Democratic Citizenship*, in REDISCOVERING THE DEMOCRATIC PURPOSES OF EDUCATION 21, 27, 38 (Lorraine M. McDonnell et al. eds., 2000).

²⁴ David F. Labaree, *Public Goods, Private Goods: The American Struggle Over Educational Goals*, 34 AM. EDUC. RES. J. 39, 43–46 (1997).

²⁵ Marilyn Chambliss et al., *Improving Textbooks as a Way to Foster Civic Understanding and Engagement 2* (Ctr. for Info. and Research on Civic Learning and

Civic education to introduce American children to American political systems should introduce them to the most powerful actors in those systems, and to the workings of those systems. Our research question is whether and how textbooks show students the interdependence of governments and corporations as an essential feature of those systems.

B. Data and Methods

To discover whether high-school American government/civics textbooks describe or explain the real world of interdependence between governments and corporations, we surveyed fifteen widely used texts chosen in two stages. First, we included any texts chosen by two or more of the twenty state governments which select or recommend the use of specific high-school civics textbooks.²⁶ Second, we included any texts chosen by large school districts outside of the twenty states already identified.²⁷ This method is not perfect: while we are confident in identifying textbook-selecting states, we were unable to discover textbook policies for some large school districts.²⁸ Table 1 lists the fifteen texts we identified and surveyed, including the edition reviewed and its year of publication.

Engagement, Working Paper No. 54, 2007), available at <http://www.civicyouth.org/PopUps/WorkingPapers/WP54Chambliss.pdf>.

²⁶ The twenty states that “select” or “recommend” specific high school civics textbooks are Alabama, Arkansas, Florida, Georgia, Hawaii, Idaho, Indiana, Kentucky, Louisiana, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Virginia, and West Virginia. California selects textbooks for many subjects, but not for high-school civics. See LAUREN STILLMAN & ROLF K. BLANK, KEY STATE EDUCATION POLICIES ON PK–12 EDUCATION: 2008, at 21 tbl.14 (2009), available at http://www.ccsso.org/Documents/2008/Key_State_Education_Policies_2008.pdf; see also THOMAS B. FORDHAM INST., THE MAD, MAD WORLD OF TEXTBOOK ADOPTION 70–77 (2004), available at http://www.edexcellencemedia.net/publications/2004/200409_madworldoftextbookadoption/Mad%20World_Test2.pdf.

²⁷ Eleven of the twenty largest American school districts are in states with prescribed textbooks in American government/civics. Of the remaining nine school districts, we were able to find prescribed textbooks for four. Ranked by enrollment, the school districts are the Los Angeles Unified School District (CA), Montgomery County Public Schools (MD), San Diego Unified School District (CA), and Prince George’s County Public Schools (MD). See *Availability of Core Textbooks and Instructional Materials for Use in School and Home*, PRINCE GEORGE’S CNTY. PUB. SCHS., <http://www.pgeps.org/~procedur/6000/6162.pdf> (last visited Apr. 28, 2014); *Certification of Sufficient Textbooks and Instructional Materials*, SAN DIEGO UNIFIED SCH. DIST., <http://www.sandi.net/Page/25704> (last visited Apr. 29, 2014); *Evaluation and Selection of Instructional Materials and Library Books*, MONTGOMERY CNTY. PUB. SCHS., <http://www.montgomeryschoolsmd.org/departments/policy/pdf/iibra.pdf> (last visited Apr. 28, 2014); *Williams Sufficiency*, L.A. UNIFIED SCH. DIST., <http://www.iltss.org/williams.php> (last visited Apr. 28, 2014).

²⁸ We were unable to find American government/civics textbook selection policies for New York City Public Schools (NY), Chicago Public Schools (IL), the Clark County School District (NV), and the Philadelphia City School District (PA).

Note that two pairs of these texts—those with the lead authors Davis and Remy—include a text targeted at American government/civics courses and a text targeted at courses which cover both American government/civics and economics. Similarly, the Massing text is targeted at courses that cover both American government/civics and economics. The two Davis texts present nearly identical treatment of issues related to the interdependence of governments and corporations, just as the two Remy texts do. We will return to this matter below.

Table 1: High School Civics Textbooks Considered in This Report

CHRISTINE BARBOUR & G.C. WRIGHT, *AMERICAN GOVERNMENT: CITIZENSHIP AND POWER* (2010).

JAMES E. DAVIS & PHYLLIS FERNLUND, *CIVICS: PARTICIPATING IN GOVERNMENT* (2003).

JAMES E. DAVIS ET AL., *CIVICS: GOVERNMENT AND ECONOMICS IN ACTION* (2007).

MATTHEW T. DOWNEY, *CONTEMPORARY'S AMERICAN CIVICS AND GOVERNMENT* (2007).

GEORGE C. EDWARDS, *GOVERNMENT IN AMERICA: PEOPLE, POLITICS, AND POLICY* (16TH ED. 2012).

LUIS RICARDO FRAGA, *UNITED STATES GOVERNMENT: PRINCIPLES IN PRACTICE* (2010).

WILLIAM H. HARTLEY & WILLIAM S. VINCENT, *AMERICAN CIVICS* (2003).

KENNETH JANDA ET AL., *THE CHALLENGE OF DEMOCRACY: AMERICAN GOVERNMENT IN GLOBAL POLITICS* (2012).

GREGORY I. MASSING, *CIVICS IN PRACTICE: PRINCIPLES OF GOVERNMENT AND ECONOMICS* (2009).

WILLIAM A. MCCLENAGHAN & FRANK ABBOTT, *MAGRUDER'S AMERICAN GOVERNMENT* (2011).

RICHARD C. REMY ET AL., *CIVICS TODAY: CITIZENSHIP, ECONOMICS, & YOU* (2010).

RICHARD C. REMY, *UNITED STATES GOVERNMENT: DEMOCRACY IN ACTION* (2008).

STEFFEN W. SCHMIDT ET AL., *AMERICAN GOVERNMENT AND POLITICS TODAY* (2011–2012 ED. 2012).

JANE W. SMITH & CAROL SULLIVAN, *UNITED STATES GOVERNMENT* (2005).

JAMES Q. WILSON ET AL., *AMERICAN GOVERNMENT: INSTITUTIONS AND POLICIES* (12TH ED. 2011).

We created a rubric for reading the fifteen texts that embodied the findings of the research literature outlined above. We first looked for and flagged instances in which a textbook's authors explicitly defined "corporation," either in the body of the text or in the book's glossary, and if so, what specific government-defined characteristics of corporations they included in that definition: charters and personhood? limited liability? management separate from shareholders? We then looked for coverage of several related topics that might include material on corporations: the textbooks' treatment of businesses, nonprofit organizations, foundations, and the private sector.

The remainder of the rubric focused on the ten types of governmental and corporate activity identified above, activities that involve public-private interdependence. Six numbered categories (G1–G6) capture governmental activities that affect corporations:

- G1. Governments organizing economies
- G2. Governments enacting corporation laws
- G3. Governments contracting with corporations for goods and services
- G4. Governments directly subsidizing or otherwise assisting corporations
- G5. Governments regulating or mandating corporate activities
- G6. Governments conducting foreign policy

Four numbered categories (C1–C4) capture corporate activities that affect governments:

- C1. Corporations engaging in economic activity
- C2. Corporations contracting with governments
- C3. Corporations influencing the filling of government offices
- C4. Corporations influencing public policy

We transcribed textbook passages captured by this rubric, and analyzed our findings using Atlas-TI software.

C. Findings: What are Corporations?

All fifteen of the textbooks mention corporations, and those passages focus primarily on business corporations. Of the fifteen, however, only eight make any effort to define what a corporation is. Of these eight, one effort is minimal and indirect: when the authors of the Schmidt text raise the topic of *government* corporations like Amtrak or public utilities, they note that these differ from business corporations in not having shareholders.²⁹ But they do not explain business corporations any further, or identify any of their other defining characteristics.

²⁹ STEFFEN W. SCHMIDT ET AL., *AMERICAN GOVERNMENT AND POLITICS TODAY* 491 (2011–2012 ed. 2012).

Eight of the texts offer fuller definitions: the two Davis texts, Fraga, Hartley, Massing, McClenaghan, and the two Remy texts.³⁰ All present some version of the core defining characteristics identified above: governmental recognition of legal status through a charter or as a person, protection of limited liability, and recognition of a managing organization which may be distinct from its shareholders. For example, the Hartley text includes most of these characteristics when defining “corporation” in its glossary: “A business organization chartered by a state government and given power to conduct business, sell stock, and receive protection of state laws.”³¹ Readers of the eight texts that provide such definitions have a basis to learn about relationships between governments and corporations.

We should note that of these eight texts that define corporations, three are joint American government/civics and economics texts,³² and two more are government/civics-only texts written by teams of authors who also produce joint texts.³³ These five texts tend to do more than others to draw connections between governmental and economic activity, though they also often draw sharp distinctions between forms of collective action undertaken in the public sector from those undertaken in the private sector. Two of these five take a “how to” approach to collective action in the private sector, presenting a reader with issues to consider if the reader wishes to form a business.³⁴ This is consistent with the way virtually all of the texts encourage readers to consider various collective action issues in the public sector: how to solve public problems, influence public policy, or win election to public offices.

D. Findings: Governments’ Activities that Affect Corporations

G1. Governments organizing economies. All fifteen texts have at least one chapter on economic policy in which they present descriptions and explanations of American governments’ roles in organizing the economy. Most focus on the special importance of the federal government. For example in the Davis texts, the authors explain that this role dates to the founding:

To make sure that the economy of the new nation would be strong and be able to grow, Article I, Section 8 of the Constitution gave Congress the power to coin money, collect taxes, borrow money, set up a postal

³⁰ See *supra* Table 1.

³¹ WILLIAM H. HARTLEY & WILLIAM S. VINCENT, *AMERICAN CIVICS*, at R20 (2003).

³² JAMES E. DAVIS ET AL., *CIVICS: GOVERNMENT AND ECONOMICS IN ACTION* (2007); GREGORY I. MASSING, *CIVICS IN PRACTICE: PRINCIPLES OF GOVERNMENT AND ECONOMICS* iv–xii (2009); RICHARD C. REMY ET AL., *CIVICS TODAY: CITIZENSHIP, ECONOMICS, & YOU* iv–vii (2010).

³³ JAMES E. DAVIS & PHYLLIS FERNLUND, *CIVICS: PARTICIPATING IN GOVERNMENT* iv–x (2003); RICHARD C. REMY, *UNITED STATES GOVERNMENT: DEMOCRACY IN ACTION* (2008).

³⁴ DAVIS ET AL., *supra* note 32; REMY ET AL., *supra* note 3233, at 598–623.

service, build roads, and regulate commerce. In other words, Congress was to lay a foundation on which a market economy could flourish.³⁵

Virtually all of the texts also note that governments are major participants in the economy themselves, employing millions of people and producing goods and services worth billions of dollars. But few of the texts explicitly link these governmental activities to the economic fortunes of corporations.

G2. Governments enacting corporation laws. As we noted earlier, state government activities are especially important to corporations, most notably because states issue the charters under which nearly all domestic business corporations operate. Eight of the fifteen texts—the two Davis texts, Fraga, Hartley, Massing, McClanaghan, and the two Remy texts—mention such state laws relating to corporations. Their coverage includes various combinations of other legally defined characteristics of corporations, including personhood, limited liability, and governance structures.

G3. Governments contracting with corporations for goods and services. A similar number of texts note that governments contract with corporations for goods and services. Eight texts describe such government contracting at least briefly—Downey, Fraga, Janda, Massing, the two Remy texts, Schmidt, and Wilson—though the Janda text considers contracting only with nonprofit corporations rather than business corporations.³⁶ Only the Fraga text briefly notes the role of contracting for goods and services with business corporations in the implementation of public policies: “Recently, governments at all levels have begun to privatize public goods. Privatization refers either to the sale of government property or to providing certain government services—such as garbage collection or operating county hospitals—by private businesses.”³⁷

G4. Governments directly subsidizing or otherwise assisting corporations. Fourteen of the fifteen texts mention one or more ways that governments use domestic policies to subsidize American businesses. There is no consistent focus or analysis among these passages, which cover topics including tax breaks, protection from domestic competition, the building of local special-purpose infrastructure, agricultural subsidies, direct business loans and loan guarantees, research and development, census data, and the Troubled Assets Relief Program (TARP). Further, none of these passages singles out government activities focused on corporations rather than other forms of business organizations.

G5. Governments taxing, regulating or mandating corporate activities. In their economic policy chapters, all of the textbooks offer substantial descriptions and analysis of taxation and government regulation of business activities, goods and services. Further, they all present content on government mandates that help to

³⁵ DAVIS & FERNLUND, *supra* note 33, at 346.

³⁶ KENNETH JANDA ET AL., *THE CHALLENGE OF DEMOCRACY: AMERICAN GOVERNMENT IN GLOBAL POLITICS* 589–92 (2012).

³⁷ LUIS RICARDO FRAGA, *UNITED STATES GOVERNMENT: PRINCIPLES IN PRACTICE*, at R22 (2010).

protect the public and public goods. All the texts explain that governmental regulation induces businesses to change their behavior for public benefit by, for example, avoiding predatory business practices, keeping workplaces safe for employees, producing food and other goods that do not harm consumers, and avoiding environmental destruction and pollution. Also, in their various discussions of federalism, all of the texts note that state governments regulate commerce within their boundaries. These discussions of regulation raise the issue of collaboration between the public and private sectors, but only indirectly. And none of the texts singles out ways these government activities might be directed at corporations any differently from other forms of business organizations.

G6. Governments conducting foreign policy. All of the texts have at least one chapter on foreign policy and the role of American governments in international affairs. All mention international economic policies like currency exchange rates, tariffs, and trade agreements as government activity with major impacts on Americans and the American economy. None specifically links these impacts to corporations, though three—Edwards, McClanaghan, and Schmidt—do mention that multinational corporations are especially interested in such policies.

E. Findings: Corporate Activities that Affect Governments

C1. Corporations engaging in economic activity. Only four of the texts specifically mention the importance of corporate economic activity to the broader economy of the nation, or to the effectiveness and perceived legitimacy of governments.³⁸ Davis, for example, notes that “[l]arge businesses organized as corporations dominate our economy today. They make nearly 90 percent of the total sales in the American economy.”³⁹ The Edwards, Massing, and Wilson texts make similar points.

C2. Corporations contracting with governments. Five of the texts—Edwards, Massing, the two Remy texts, and Wilson—offer at least minimal description and explanation of business and corporate efforts to win contracts with governments to sell them goods and services.⁴⁰ Interestingly, this roster of texts doesn’t match up cleanly with the roster of texts that mention government efforts to contract with businesses and corporations for goods and services, which included Downey, Fraga, Janda, Massing, the two Remy texts, Schmidt, and Wilson.⁴¹ In the case of corporations and businesses seeking government contracts, Massing offers the most benign view, simply stating that “[b]usinesses sell goods and services to households and the government.”⁴² The other four texts present a more politicized view, noting that businesses seek to influence public officials’ decisions about who will win contracts for goods and services.

³⁸ DAVIS ET AL., *supra* note 32; REMY ET AL., *supra* note 32, at 615–22; FRAGA, *supra* note 37, at R24–R25.

³⁹ DAVIS ET AL., *supra* note 32, at 385.

⁴⁰ See *supra* Table 1.

⁴¹ *Id.*

⁴² MASSING, *supra* note 32, at 558.

C3. Corporations influencing the filling of government offices. This latter point relates to the broader matter of corporations using various means to fill elective and appointive public offices. All the texts describe and explain efforts by American businesses to influence elections, especially by contributing money to election campaigns, but also by sponsoring advertising and other efforts to directly influence voters. None of these books has assimilated the U.S. Supreme Court's 2010 ruling in *Citizens United v. Federal Election Commission*,⁴³ which outlawed most restrictions on corporate electoral activity and campaign contributions.⁴⁴ The texts' campaign-finance sections therefore focus on activities governed by the old Federal Election Campaigns Act (FECA) and the 2002 Bipartisan Campaign Reform Act (BCRA). They focus on Political Action Committees (PACs), the separate organizations that businesses, trade associations, and unions established for campaign contributions in the pre-*Citizens United* era. These passages rarely distinguish the activities of business corporations from those of other forms of business organizations.

Only the Wilson text discusses efforts by corporations or businesses to influence the filling of appointive public offices.⁴⁵ It does so in a section on "The Revolving Door," a pattern in which people pass between employment in government and employment in businesses.⁴⁶ Wilson notes that corporations may foster, and benefit from, this pattern: "If a federal official uses his or her government position to do something for a corporation in exchange for a cushy job after leaving government, or if a person who has left government uses his or her personal contacts in Washington to get favors for private parties, then the public interest may suffer."⁴⁷

C4. Corporations influencing public policy. Every one of the fifteen textbooks also includes descriptions and explanations of the efforts of corporations and other businesses to influence public policy. This coverage is included both in chapters on governmental institutions like Congress and the presidency, and in chapters on the role of interest groups in American politics. In these chapters, to the extent that corporations are mentioned at all, their activities are not distinguished from those of other persons or organizations advocating for their interests. All participants are described as engaging in similar activities: shaping public opinion, joining in community activities visible to public officials, providing research and information, contacting public officials, and so on.

⁴³ 558 U.S. 310 (2010).

⁴⁴ *Id.* at 363–72.

⁴⁵ *See supra* Table 1.

⁴⁶ JAMES Q. WILSON ET AL., *AMERICAN GOVERNMENT: INSTITUTIONS AND POLICIES* 279 (12th ed. 2011).

⁴⁷ *Id.*

F. Analysis of Findings: Do the Texts Enable Readers to Understand the Real World of Interdependence between Governments and Corporations?

Our initial summary observation is that the fifteen most widely used high-school American government/civics textbooks fall into two categories in their treatment of the interdependence of governments and business corporations in the United States. Half fail to define corporations at all, never informing the reader that the business corporation is a distinct organizational form created under explicit governmental policies.⁴⁸ Though these texts mention corporations, and occasionally mention ways business corporations might differ from other businesses in their interactions with governments, they do not give a reader a basis for understanding how governments and corporations might be interdependent in distinct and patterned ways. These texts never tell the reader how governments might benefit from creating and nurturing the corporate form, or how this might relate to ways governments draw on the capacities of corporations in solving problems or pursuing policy goals. Likewise, these texts give the reader very little basis for understanding the broader context in which corporations engage governments, and how corporations might pursue their interests and values by engagement or even collaboration with governments.

The other half of the texts considered here define corporations explicitly, though each offers a slightly different definition.⁴⁹ These eight textbooks do note to greater or lesser degrees that American governments developed this form in part to encourage citizens to start, invest in, and run businesses, and that corporations require this recognition from government in order to exist. These texts are also more likely to mention specific government assistance to businesses, and government contracting with businesses. Conversely, these texts are more likely to note that corporations and businesses seek to contract with governments for goods and services.

Still, we must note that only one of the fifteen textbooks—Fraga, very briefly—specifically describes or explains circumstances under which governments rely on corporations for their own success, or how they contract with business corporations in order to implement a wide array of public policies.⁵⁰ The Janda text offers a different kind of example by explaining the importance of nonprofit organizations as partners in the delivery of public social services like nutrition, child care, homeless shelters, hospices, and so on.⁵¹ But, as we noted above, in the real world American governments at all levels have long relied on for-profit business corporations to implement policies as well, from paving roads to building fighter jets. Almost none of these texts present that reality.

⁴⁸ See *supra* Part II.C.

⁴⁹ The two Davis texts, Fraga, Hartley, Massing, McClenaghan, and the two Remy texts define corporations in some fashion. See *supra* Part II.C.

⁵⁰ See FRAGA, *supra* note 37, at R24–R25.

⁵¹ JANDA ET AL., *supra* note 36, at 589–92.

The fifteen textbooks are somewhat better in describing and explaining circumstances under which businesses may rely on government policies. All fifteen note that governments play important roles promoting and protecting the existence of markets and other economic exchanges; the word “rules” or the phrase “ground rules” show up in eleven of the texts. Similarly, they all note that variations in regulations, taxes, and trade laws can strongly affect the fortunes of particular businesses or industries. But none of the texts describes ways in which these conditions might differ between corporations and other business forms. And none mentions corporations that rely entirely on government contracts for their business, or corporations that form in order to work in markets created by government activity. Again, important aspects of the real world are simply left out.

G. Analysis of Findings: Alternative Narratives of the Relationships between Governments and Corporations

All of these textbooks describe a mixed economy that combines private enterprise with government activity. Government is never presented as entirely antagonistic to private economic activity, or to the goals of businesses. On balance, however, government is most often presented as constraining corporations in their pursuit of their interests and values, rather than enabling corporations to exist and flourish. Corporations are most often presented as responding to these constraints by contributing to the election campaigns of sympathetic candidates or lobbying elected officials for advantageous public policies. The relationships portrayed between governments and businesses or corporations are generally more antagonistic than collaborative.

Almost without exception, these textbooks explain this relationship through one or both of two common narrative approaches to the relationship between governments and corporations. One narrative describes and explains the relationship historically and tends to present American history as passing through four stages of patterned relationships between governments and corporations:

- American history up until the 1880s: Once the national government established the essential foundations for a functioning economy, businesses including corporations were relatively free from governmental interference.
- Roughly from 1880 to 1930: Corporations gained wealth and power after the Civil War, developing monopolies and anticompetitive compacts called “trusts.” In the 1880s and 1890s, progressive governments began to regulate these and other destructive business practices: child labor and unsafe food production, among others.
- Roughly from 1930 to the 1970s: The 1929 stock market crash and the Depression provoked further expansion of progressive regulation, which expanded in the 1960s and 1970s to include protections of civil rights, the environment, and workplace safety.

- Roughly from the 1970s to the present: The economic stagnation of the 1970s and growing globalization led to retrenchment of government regulation.

This narrative leaves the legal and policy origins of business corporations undescribed. It also presents only a minimal role for governments in the development of the national economy, contrary to the current view of mainstream scholarship, leaving the reader to understand that market economies develop naturally. From this narrative perspective, each stage of governmental engagement with economic or business matters is presented as a break with the past, and an expansion of government and interference with markets. This frames a consistent question: How much governmental interference is appropriate at this point in American history?

A second common textbook narrative does not tell a story of historical phases, but does present governments as antagonists to businesses, competitors with businesses for public approval through divergent means. From this perspective, governments are comprised of representatives chosen by voters in elections, and government officials seek approval in public opinion. Governments operate in a public, political domain, where majorities rule within constitutional structures. Business corporations, in contrast, are comprised of owners and managers who produce goods and services, and they seek approval expressed by consumer purchases of those goods and services in the marketplace. In this economic domain, consumers rule.

In this second narrative, conflicts between governments and businesses arise because market actors don't necessarily care about political considerations. Consumers may desire goods and services that the majority views as harmful, or firms might produce those goods and services in ways that harm people or the environment. Alternately, corporations might behave in ways that harm markets, for example through predatory or monopolistic competition, or markets themselves might be unstable and produce recessions, depressions, or social disruption.

Conversely, conflicts arise between governments and businesses because political actors don't necessarily care about economic considerations. Voters, politicians, and governments may desire policies that regulate or ban what they see as harmful products or production practices. Such policies may constrain the economic freedom of consumers and businesses. In this narrative, political and economic activities are presented as antagonists; democracy and markets threaten to harm or even destroy each other. This perspective frames consistent questions as well. How to strike an acceptable balance between these competing systems? How much government interference in the economy is appropriate? Or, given current policies, how much economic deregulation is acceptable?

None of the textbooks presents these two narratives so starkly—none of the textbooks, in fact, offers a cohesive overarching narrative about American government or politics—but all of the textbooks present passages with some variant of one or the other. More importantly, none of the textbooks presents a narrative that describes the real world of interdependence between governments

and corporations in the United States. Readers are most often left to consider a zero sum game, presented with the choice between more government and less economic freedom; or more economic freedom and less government. The literature surveyed in this Article presents a sharply contrasting view of the real world: that in the contemporary United States, governments and corporations, to at least some degree, need one another to survive.

III. IMPLICATIONS

There is a sharp contrast between what we know about the real world of American politics and what we teach public high school students about it. Unsurprisingly, students are confused about or disgusted by contemporary policy-making, in which they often see collaboration between governments and corporations, but have no means of understanding that collaboration. The temptation is to view it as a distortion of the system at best, or pure corruption at worst.

Our challenge as we move toward 2020, then, is to develop more accurate and productive ways of thinking about, describing, and explaining the American system.

A. *Rethinking the Separation of Powers*

One way to respond to this challenge is to build on familiar ideas. Conventional American textbooks explain the world to students by drawing clear boundaries: public power in the United States is exercised by governments, the public sector. Their authors observe that we have many governments in the United States: federal, state, and local. They also observe that most of these governments have separated powers: legislative, executive, and judicial.

This is true as far as it goes, but it does not go far enough: it implies wrongly that the public sector is clearly separated from the private. That is, it implies that because they are *private*, corporations and other businesses, churches and religious congregations, and various civil society groups and organizations play no role in the exercise of *public* power. We have shown that this implication is wrong, that virtually all governments commonly collaborate with such private organizations in exercising their power, and that public/private boundaries are not as sharp as the textbooks imply.

A promising corrective may come from the observation that there is in fact a third, *de facto* dimension to the separation of public powers in the United States: (1) among levels of government, (2) among branches of government, and (3) between public and private-sector organizations. On all three dimensions, successful politics and policy requires at least some degree of collaboration across lines of separation. In our diverse and pluralistic system, no actor or organization—public or private—can exercise power for long without collaborating in some way with others.

As we consider this third dimension, we must discard the common textbook notion that the public and private sectors are by their very nature in conflict, or that action by one risks “distorting” the other. Quite to the contrary, the public and private sectors need one another to some degree, and each shapes and constrains the other. Governments cannot function without the resources generated by productive economies. And, as Professor Theodore Lowi has noted, there can be no economy of any scale unless governments create and sustain property rights, contract law, currency, provisions for public goods, and adjudication of disputes.⁵²

Readers presented with this formulation will shift their focus away from stale abstractions about the relative legitimacy and virtue of government versus the private sector, and toward productive questions about power and values: who is collaborating with whom in exercising power, how, and for what purposes? Readers may then more thoughtfully recognize that politics is about all kinds of actors working strategically to advance their interests and values in these collaborative relationships.

This view broadens and deepens the scope of Professor Harold Lasswell’s traditional textbook question that defines politics: who gets what, when, and how.⁵³ It also applies these questions to private actors like corporations much more clearly than any contemporary civics or American government textbook.

B. Implications for U.S. Politics and Government in 2020

Americans hear noisy, fake debates every day about the supposed incompatibility of governments and the private sector. A recent example of this is the supposed “government takeover of health care” embodied by the Affordable Care Act in 2010. We are told we must choose between a government-centered society and a market-centered society. In the real world, however, things are not so simple and deadlocked. Throughout our history, all governments in the United States have collaborated closely with private sector actors and organizations, just as the federal government collaborates with Boise Incorporated at the bridge in International Falls, Minnesota. Similarly, private life in the United States—and especially economic life—has always relied on the work of governments. In the real world, development and growth of the American economy requires constructive relations, especially between governments and corporations.

History demonstrates that this interdependence is not *always* a good thing: it can be conducted in exploitive or corrupt ways. All parties to such collaborations of course bring interests and values of their own to the relationship. The resulting interdependence is often a tense affair, as a government may seek to “capture” a corporation so that it has no choice but to pursue the government’s interests at the costs of its own. The reverse is also true, as when corporations seek to become “too big to fail,” so that governments do not dare hold them fully accountable for

⁵² See Theodore J. Lowi, *Our Millennium: Political Science Confronts the Global Corporate Economy*, 22 INT’L. POL. SCI. REV. 134–35 (2001).

⁵³ HAROLD D. LASSWELL, *POLITICS: WHO GETS WHAT, WHEN, HOW* 3 (1958).

their actions. Citizens and investors alike must approach collaboration with a mixture of optimism and caution.

Once we better understand this interdependence, we can more carefully ask *how* the public and private sectors can and should collaborate, *for what purposes*, and *to whose benefit*. The real world political questions are not *whether* it will be done or how such things could happen. A more constructive real world politics will focus on how we will manage the interdependence of governments and corporations, and whose interests and values will be served by policy choices about the patterns and practices of collaboration. If we organize our public life around these questions in 2020, American politics will be much more productive and satisfying.