Preface

As I argue in my forthcoming historical overview of policy networks (Stokman, forthcoming), the increasing analytic possibilities of social network analysis in the Seventies of the past century gave rise to a large number of network studies to investigate power centers. The many studies on elite and intercorporate networks are a prominent example of this. Social network analysis of joint membership in clubs and organizations started to reveal the duality of meeting places of political and economic elites. On the one hand, similar educational and social background, joint membership in a large number of elite organizations and leading positions in powerful organizations, like large corporations, revealed who belongs to the ruling elite (Domhoff 1967). On the other hand, social network analysis revealed the many links between seemingly independent organizations, providing access and giving influence to each other. The newly developed network analytic methods uncovered hidden power centers. Prominent examples are studies at the local level by Laumann and Pappi (1976) and at the national level by Mintz and Schwartz (1985). Later studies compared these American studies with similar studies in other countries, like the study of Networks of Corporate Power (Stokman et al. 1985). Almost all interlocking directorates studies among the largest companies revealed that the banks were the spin in the center of these densely connected national networks.

Such studies were, therefore, able to reveal hidden power centers, but they were unable to specify their effects on policies. This is due to the fact that interests are not specified, but assumed. Whereas American scholars tended to interpret network power centers as homogeneous and interlocks as signs of shared interests, Marxist oriented researchers, like Fennema (1982), qualified this interpretation and emphasized that shared board membership (for example of two bankers within one board) may well imply competition. Moreover, the above-mentioned duality of interlocks as result of elite recruitment versus institutional link between corporations asked for longitudinal studies where stability of interlocks between corporations can be compared with career patterns of persons. Stokman et al. (1988) showed that both components are present and can be roughly specified by such a longitudinal study. More importantly was the revelation of a system of interlocking directorates, held together by a dense network of national ‘network specialists’, a group of persons, meeting one another at many places and consequently developing a strongly normative framework.

The present volume is unique in its scope by combining a comparative analysis between a large number of countries with a longitudinal analysis over the whole 20th century. This implies that the comparative element between national corporate networks in studies like Networks of Corporate Power can be combined with the evolution of networks over time, not only for one country but also for all national networks together. This results in a number of very interesting new insights. The most important ones are that the present study shows how interests fundamentally change over time, not just for one or a few countries but for all, revealing dramatic dynamic effects on these networks in certain periods. Whereas the studies in the Seventies and Eighties revealed national centers with national banks in the center, the present study reveals how these power centers developed in the late 19th and early 20th century, but rapidly declined after 1990. The early industrial revolution primarily took place within the nation states, normative constraints still had to be established and resulted in the crisis of 1929, followed by a stabilization of dense national networks in the period after that, even as long as till the period around 1990. Subsequently, however, globalization really broke through in the 90’s due to the fall of the Soviet system and the international market orientation of China. Global competition required international recruitment of corporate board members on the basis of American salary and bonus levels at the expense of national elite recruitment and resulting interlocks between national companies. But this increased the playing field of the financial sector as well and gave them freedom of operation without the confinement within the national business elites. Network theory and studies reveal time and time again that dense trust networks sustain normative behavior. The decline of the dense national networks resulted in less normative constraints in business and particularly in its national centers. It is likely one of the reasons why banks could exploit this loss of normative control for increasing their own profits by unethical practices, resulting in the financial crisis of 2005.

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