

We have to look much deeper to find the real cause for ...

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More sober voices than [those at The Times](#) are now suggesting that charities need to reform in the wake of what happened at Oxfam and, it is believed, elsewhere.

[Larry Elliott is one such voice](#). His criticism is that since the mid-noughties and the Make Poverty History era charities have effectively become outsourcing agents for governments intent on delivering a simplistic goal of aid being 0.7% of GDP with all parties failing to ask why this appropriate. In effect, his argument is that charities have bought into a 'volume of aid' model without asking whether this really achieves their goals. In the process he suggests two things have happened. One is that aid charities have been silenced, in effect by contract. I have certainly seen evidence of this. Second, and related, is the fact that they have lost their campaigning zeal.

Right wingers would no doubt not agree with the latter observation: it is the fact that aid charities continue to question that is at the core of The Times' chagrin. But read only a touch more into that and you will see that the issues are, as far as the right is concerned, related. The silence of charities has been bought, they think, but those charities are not abiding by the contract, is the argument.

I side with Larry. But actually, that's not my point, which is instead that the malaise within charities (and there is one) has another, much more significant, cause. It arises from the adoption of the corporate model of organisation by charities. The same, of course, could also be said of many government organisations as well.

The corporate form exists in its current guise to support an ethos. That is the cult of maximisation. I deliberately omit the word profit from that last sentence. What most managers realise is that they have no idea what profit is. And they also realise that they have no idea how to maximise it, even if they really understand profit. That is because those with any insight realise that doing so requires a knowledge of the future with a degree of certainty that is actually beyond us all. So what they instead do is suggest that other, easier to identify (and fulfil) goals be used as proxies for profit maximisation. Almost invariable that proxy is income growth. The maxim is simple. It is 'if it's bigger, it's better'. And so from the false microeconomic idea of profit maximisation was the

cult of growth born.

Let's leave aside the impact of this cult on the environment at present.

And let's also leave aside the harm this cult can cause to a business, where the single word Carillion makes the case.

Let's instead reflect on the fact that the outcome has been an almost universal, or [isomorphic](#), corporate form for much of human activity now. Although corporate structuring was adopted to minimise risk for shareholders, and although the idea that a small, and distinct group isolated from the owners of an enterprise should manage it was adopted as a means of ensuring the appropriate stewardship of collective assets, the resulting perverted form of this structure that is now prevalent around the world is now used to organise almost any activity.

That structure is frequently inappropriate.

By copying the distance that shareholders wished to put between themselves and liability the majority in an organisation are silenced, and effectively disenfranchised, as are shareholders in most modern companies.

By over-emphasising the significance of management the cult of supposedly enlightened leadership from a core elite developed.

By letting that core group set their own goals simple, but not necessarily appropriate, objectives that ensured that they could claim success on their own terms were guaranteed.

By allowing a tiny part of the organisation to control a vast and extended array of people and assets the ability of an elite to skim off reward in the form of enhanced financial remuneration was created. Now prevalent to the point of being systemically toxic within corporations, the spillover is seen in government funded activity, the health service, universities and some charities.

By letting the elite control the message the idea that their goals were the correct ones to follow has been relentlessly driven home.

And because the whole philosophy of the modern multinational corporation is built on greed and the maxim that more is better, growth was an easy line to sell. From the corporation it's spread into the goal for macroeconomic growth. And aid delivered. And health care interventions. And student numbers. And so much more.

And through it all the idea that a person - usually male, often white - is the source of all wisdom and power has taken shape. And it is taking a great deal to shake.

But is this how a charity, university, health services, local authority, or other

non-commercial organisation should be structured? I am not convinced. The argument for greater diversification of power - including to members, voters and users of the service has real appeal.

And is this how decision making should happen? In many organisations clearly not, and not only because of the waste seen time after time as one boss' fad is replaced by another's.

Is this how accountability is created? Very obviously not.

And is this a structure likely to permit or curtail abuse? Isn't the answer obvious?

But what we still get is the repetition of the belief that more is better.

And let me make a simple suggestion: maybe it isn't.

That belief would, however, threaten the whole power base of those who use the corporate form to sustain themselves in their own interests, and not in the interests of others.

As I tell my students, the whole of political economy is about the influence of power over the allocation of resources in society. The isomorphic model of corporate form is designed to deliver unaccountable power to a few at cost to many. As it has spread the consequences have become more obvious. But so too has the need for the consideration of alternatives, to which far too little attention has been paid. That's because if the modern cult of microeconomics is good at anything it is good at crushing alternative thought. We're all paying the price for that.